

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

20 JUNE 2022

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

Present:

Councillor Shane Moore (In the Chair)

Councillors: Bob Buchan, Tom Cassidy, Brenda Harrison, Jim Lindridge, Sue Little, Andrew Martin-Wells, Melanie Morley, Amy Prince.

Also Present: Councillor Rachel Creevy as substitute for Councillor Jonathan Brash in accordance with Council Procedure Rule 4.2.
Councillor Veronica Nicholson as substitute for Councillor Mike Young in accordance with Council Procedure Rule 4.2.

Officers: Denise McGuckin, Managing Director
Hayley Martin, Chief Solicitor
James Magog, Assistant Director, Finance
Beverley Bearne, Assistant Director, Development and Growth
Sally Robinson, Director of Children's and Joint Commissioning Services
Nicola Clark, Public Health Principal (Interventions).
Danielle Swainston, Assistant Director, Joint Commissioning
Penny Thompson, Head of Housing, Hardship and Welfare Services
Jill Harrison, Director of Adult and Community Based Services
Tony Hanson, Director of Neighbourhoods and Regulatory Services
Steve Hilton, Communications and Marketing Team
David Cosgrove, Democratic Services Team

1. Apologies for Absence

Councillors Jonathan Brash and Mike Young.

2. Declarations of Interest

None at the commencement of the meeting.

During the discussions at Minute No. 7, Councillor Lindridge declared a personal interest.

3. Minutes of the meeting held on 25 April 2022

Received.

4. Medium Term Financial Strategy (MTFS) 2023/24 TO 2024/25 *(Director of Resources and Development)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to provide an update on the Council's financial position and enable Members to approve the timetable for the 2023/24 budget.

Issue(s) for consideration

The Assistant Director, Finance gave a presentation to the Committee outlining the main aspects of the report and highlighting the financial history that had affected the Council's income since 2013/14 and where the Council spent its budget.

The report highlighted the forecast deficits for 2023/24 and 2024/25 some of the emerging budget pressures which centred around inflationary pressures including the impact of the national living wage, pay awards, general inflation and energy costs. The Assistant Director, Finance also highlighted the issues around Government funding, the impact on income and fees following Covid and the emerging economic pressures and the reliance on Business Rate and Council Tax collection.

The Assistant Director, Finance indicated that on the basis of the updated information and taking into account some the still quite significant unknowns, it was reasonable to anticipate that the budget deficits for the next two years would increase from approximately £3m to £4.4m. The revised figure provides a more realistic planning figure – although Members needed to recognise that there are very significant upward risks and the actual deficit may be higher. These risks included the level of Government grant for 2023/24; if this funding was frozen the deficit would increase by £1.890m – i.e. to a total of £6.253m.

The report set out a proposed Budget Timetable for the development of the budget during the year, up to its submission to Council in December.

The Chair commented that the reality of the budget situation was very serious but was one that had to be dealt with or the Council simply could not move forward. The change in the balance of the Council's income was highlighted as being very significant by the Chair showing the Government's continued move towards Local Authority financing being based on Council Tax income rather than central Government Grant. The Chair also considered it significant that funding not keeping up with inflation over recent years was lost funding of over £13m to Hartlepool.

Members debated the issues raised by the report and the presentation and acknowledged the significant budgetary issues the Council faced and the difficulties Officers had in proposing measures to address this. It was suggested that the Town's MP be sent a copy of the report and invited to the September meeting of the Committee when Members would be considering a further updated report on the MTFS. Members commented that that the MP needed to be seen supporting the Council through lobbying at Government for an improved settlement for Hartlepool. It was suggested that the date of the meeting could be moved to facilitate the MP's attendance.

Members also discussed the issues around the impact of deprivation levels in the town on key services in adult and children's social care. Members questioned if the numbers of children in care could be exacerbated by the new inflationary pressures, particularly from fuel price increases, that are being placed on low income families. The Director of Children's and Joint Commissioning Services commented that these pressures were very tangible and the Authority received around 40 referrals every week up from around 25 pre-Covid. The aim was always to keep families together with targeted help as early as possible for vulnerable families. Unfortunately, early intervention services were not statutory services and had, therefore, fallen victim to most of the budget cuts required of the service.

Members also asked if future planning was underway to assess the impact of the Government's changes to the cap on elderly care costs. The Director of Adult and Community Based Services stated that such assessments were underway but there was still much uncertainty as to how much of the gap the government intended on funding, though most local authorities anticipated there would be a funding shortfall. There would be a future report to the Adult and Community Based Services Committee on this issue.

A Member also raised a question around the use of third party vehicles to create additional income for the Council. The Managing Director stated that Members could be reassured that the Corporate Management Team were looking at all avenues for income generation but there were issues of scale to contend with – small can be a strength but also a weakness – and the relationship and joint working already in place with the Tees Valley Combined Authority.

The Chair and Officers responded to questions from Members of the public around Council Tax and the Council Tax Base for Hartlepool. Details of the number of homes in the Borough in each Council Tax Band were to be circulated.

There was no dissent to the following decisions.

Decision

1. That the report and the presentation be noted.
2. That the significant inflation pressures now facing the Council and risk that these pressures will continue in 2022/23 and 2023/24 be noted.
3. The Committee noted that the 2021/22 outturn provided one off funding of £1m to help offset inflation pressures in 2022/23, although this may not be sufficient and budgets would need to be managed carefully in 2022/23;
4. The Committee noted the initial assessment of the forecast increase in the budget deficit from £3m to £4.4m and approved the development of a savings plan to address revised forecast deficits of:
 - £2.9m for 2023/24;
 - £1.5m for 2024/25.
5. The Committee noted that the above deficits assume a 4% Government grant increase, which if not provided would increase the deficits by approximately £1.9m. The Committee also noted that the deficits would increase when the full impact of inflation pressures had been assessed and details would be reported to a future meeting of this Committee.
6. In view of the risks that inflation up to 2023/24 is higher than forecast it was agreed that a saving plan of £4.4m was developed on a worst case basis of the saving being achieved for 2023/24.
7. The Committee noted that the acquisition of 7 Northbrook has avoided significant costs of purchasing alternative land and approved the resale of this property, with the re-aligned garden, in line with the original business case and the Committee delegated authority to the Managing Director, in consultation with the Director of Resources and Development, and Chief Solicitor to agree the final sale prices and to appoint a local Estate Agent to market and manage the sale process.
8. That the MP for Hartlepool be invited to the meeting of the Committee scheduled to be held in September (and the date of the meeting could be adjusted in order to facilitate the MP's attendance) and that a copy of this report be forwarded to the MP seeking her assistance in lobbying Government for an improved financial settlement for Hartlepool.

5. Local Welfare Support Scheme 2022/23 *(Director Children's and Joint Commissioning Services)*

Type of decision

Key decision. Forward Plan ref: CJCS 125/21.

Purpose of report

To seek approval from Members for a change to the delivery of Local Welfare Support (LWS).

Issue(s) for consideration

The Head of Housing, Hardship and Welfare Services reported that Hartlepool has operated a Local Welfare Support Scheme since 2013 comprising of 'In Crisis' (I am having a crisis and need help today with food/ gas/ electricity) and 'Non Crisis' (I need help with household goods as I am settling into the community) elements.

LWS was one of a series of tools officers had to support people in financial crisis and these also included Discretionary Housing Payments, a Greggs Foundation Grant, the Trussell Trust Foodbank and the wider free food network, school uniform schemes and other forms of local support to ensure residents get the help they need. In many cases a LWS award does not need to be made as another service or provider can and will help. This allows the Welfare Support Officers to make the fund stretch further.

Details of the numbers of people accessing the service were set out in the report. Hartlepool's levels of deprivation are by far the most challenging issue when operating a LWS scheme. Those that present for support are in the main not 'in crisis', they are suffering ongoing financial hardship being unable to manage on the money that the benefit system pays them. 21% of customers are repeat customers asking regularly for financial support.

A series of four options were set out in the report for Members consideration for the fund moving forwards. Consultation had been undertaken during October to December 2021 with a group of residents struggling with financial hardship to understand what would help most.

The four options were set out in greater detail in the report, but centred around;

- Option 1 - Continue the service 'as is' – the current benefit system does not always offer residents the support they need to make ends meet – LWS is 'the safety net beneath the safety net', albeit the fund can in no way meet the needs of all those that present for help.
- Option 2 - End the service altogether – the service is not equipped or able to mitigate effectively the failings of the benefit system.
- Option3 - Commission the service out – community organisations may be better placed to offer the support locally and more cost effectively.
- Option 4 - Provide a hybrid model – use some of the budget to deliver a reduced LWS service, bolster community intervention with some support from the LWS budget and then target the remainder for intensive welfare support to a smaller group of clients with the aim to make sustained change for individuals.

Members indicated their support for Option 4 as set out in the report and as recommended as providing the best opportunity to reach those in most need and also providing more time to work with those where some longer term support would make the most difference. Members expressed their concerns at the impact of some clients' behaviour on the team and supported the measures put in place to protect staff.

A Member commented that many of the people seeking support, often via foodbanks, were employed full-time and accessing foodbanks during their opening hours could be difficult. The Chair indicated that this had been acknowledged by the Trussell Trust who had started to offer a delivery service.

Members expressed their thanks to the Head of Housing, Hardship and Welfare Services for the work undertaken by the team and asked that this be shared with staff.

There was no dissent to the following decisions.

Decision

1. That approval be given to the implementation of option four (the hybrid model) for the future delivery of Local Welfare Support Scheme.
2. That officers make appropriate changes to the framework in line with the preferred option and subsequently publish the amended Local Welfare Support Scheme framework.

6. Updated Discretionary Housing Payment Framework (Director Children's and Joint Commissioning Services)

Type of decision

Key decision - General exception notice applies.

Purpose of report

To advise Members of reduction in budget and proposed updates to the Discretionary Housing Payment (DHP) framework as a result of a reduced budget and to seek approval to the proposed updated framework.

Issue(s) for consideration

The Head of Housing, Hardship and Welfare Services reported that since the Welfare Reform Act 2013, the council's Discretionary Housing Payments budget has largely risen year on year to cushion the impact of housing related welfare reforms on those suffering financial hardship. Funding for DHP is received direct from government. In 2021/22 the amount of DHP funding the council received reduced significantly. In

addition, the funding was split into two six monthly payments with uncertainty on what (if any) further funding would be received after the initial six months in that financial year. Notification of the funding for 2022/23 indicates a further reduction in funding and the intention to allocate again in two six monthly payments.

DHP is intended as short term support in order to provide people with the necessary time to make changes to their housing costs/ financial situation. Given the year on year increase in DHP funding, the council has been able to support eligible residents with multiple awards over successive financial years however the reduction in funding and the risks associated with six-monthly allocations must now be acknowledged and action taken.

Across the financial years 2019 – 2022, 124 households had more than 2 consecutive DHP awards totalling £285,257 – 25% of the DHP budget for that period. Of these, 49 had more than 3 consecutive awards totalling £108,637 – 10% of the total DHP budget. Reducing the number of consecutive awards would comply with the requirement to make short term awards, adjust to the reduction in grant funding, and also identify and reach out to those households that have never had an award previously.

Members questioned if any of the Housing Associations also had a similar scheme to help residents with short term issues in paying their rent. The Officer stated that some did, though they may not be well advertised to renters but generally there were always scope for negotiations.

Members questioned the provision of repeated support to renters for property bonds. The Officer stated that if support had been given with a bond and the renter was moving to a new property, there would be an expectation that the previous bond would be recovered to be used for the new property, i.e. the bond would follow the renter. Members were concerned that not all landlords were members of approved bond retention schemes. Officers indicated that it was usually the case that landlords were members of approved schemes but this would be built into the process.

There was no dissent to the following decision.

Decision

That the proposed changes to the Discretionary Housing Payment administration framework (set out in an appendix to the report) be approved in order that awards can be made within the funding allocated.

7. Defibrillator Policy (*Director Children's and Joint Commissioning Services*)

Type of decision

Non-key decision.

Purpose of report

This report outlined the proposed defibrillator policy and next steps for those defibrillators in council control.

Issue(s) for consideration

The Director Children's and Joint Commissioning Services reported that in April 2014, the Finance and Policy Committee agreed that £10,000 would be made available from the ring fenced public health grant to meet the costs of defibrillators and ongoing maintenance. In 2019 a number of requests were made concerning the location and availability of defibrillators in Hartlepool and so a review of defibrillators was carried out.

In 2021 following a number of requests for support for replacement parts of defibrillators and there being no policy on how the council deals with an open ended financial commitment, the decision was taken to complete a defibrillator policy. The council was also approached by a local charity with for support to place defibrillators in selected locations in the town. This had financial implications for the authority and came within the remit of the proposed policy.

A draft policy was submitted with the report which outlined:

- The Council's response to purchasing and placing defibrillators.
- Ongoing Maintenance.
- Supporting training for their use.
- Handover of selected council defibrillators to host organisations.

Councillor Lindridge declared a personal interest at this point in the meeting.

The meeting discussed the proposed policy in some detail, reference was made to the charitable efforts of Mr and Mrs Shurmer in raising funds for a significant number of defibrillators across the town and the support they were seeking regarding installation and ongoing maintenance in locations.. Members indicated their support and thanks to Mr and Mrs Shurmer and requested that officers look to identify funding to facilitate the installation and ongoing maintenance of defibrillators including appropriate legal costs supporting the proposed policy.

There was no dissent to the following decisions.

Decision

1. That the proposed defibrillator policy be approved.
2. That Officers be requested to explore potential funding options that could be made available to meet the costs of installation and running

costs of those defibrillators not transferable to the responsibility of a local Parish Council.

3. That the Council meet the legal costs associated with the transfer of responsibility for defibrillators to Parish Councils in accordance with the policy.

8. Town Deal Business Cases – Wesley Chapel Redevelopment and Waterfront Connectivity *(Director of Resources and Development)*

Type of decision

Non-key Decision.

Purpose of report

The purpose of the report was to update the Committee on the development of the project Business Cases under the Council's £25m Town Deal Programme, provide a programme update and present the draft cases for both the Wesley Chapel Redevelopment and Waterfront Connectivity for information.

Issue(s) for consideration

The Managing Director reported that the two business cases submitted still required final approval by the Town Deal Board before being submitted to the Department for Levelling Up Communities and Housing for approval before any funds could be drawn down. The Managing Director thanked all that had been involved in preparing the two business cases. The Chair echoed the Managing Director's comments and highlighted that the schemes were being led by the Town Deal Board and not the Council, and utilised government funding.

The Chair indicated that he supported both schemes and was particularly happy to see the scheme to bring the Wesley Chapel back into use. It was important to note that the owners, Jomast, were bringing forward significant investment for the scheme. The Chair also commended the Waterfront Connectivity Scheme to Members. It was important to see how visitors viewed Hartlepool and the scheme would improve the connectivity between the town centre and the Marina. It also had to be recognised that the Marina area was largely residential and the connectivity for local residents was a significant improvement.

There was significant concern expressed by some members with the Wesley Chapel scheme as it provided additional funding to an already well-resourced private business that had simply left the building in its fire damaged derelict state for several years. The Managing Director advised that the Town Deal contribution was purely for the conservation element of the project, the Chair commented that concerns had been expressed and

addressed at the Town Deal Board. Improving the Wesley Chapel had been the scheme the public most wanted to see when the original consultation was undertaken.

It was highlighted by officers that the overall project cost was £3.91million, with Towns Fund funding the Conservation Deficit of £1.25million only. Jomast Developments would fund the remaining £2.66million. Jomast had already confirmed that any cost increases will be met by their contributions, with the Towns Deal providing a fixed funding envelope. There was some concern also expressed at the meeting regarding the recent closure of the Grand Hotel.

The Chair noted Members concerns around the Wesley Chapel scheme. The recommendations were approved by a majority vote; 8 for, 2 against and 1 abstention.

Decision

1. That the contents of the report and update on progress with the overall programme be noted.
2. That the submission of the two Business Cases to Department for Levelling Up Communities and Housing be approved following independent assurance by Tees Valley Combined Authority.

9. Corporate Peer Challenge *(Managing Director)*

Type of decision

For information.

Purpose of report

To inform Members of the forthcoming Corporate Peer Challenge that will take place from 13th to 16th September 2022 supported by the Local Government Association (LGA).

Issue(s) for consideration

The Managing Director reported that the LGA corporate peer challenge (CPC) approach involves a team of experienced officers and members spending time with another council as 'peers' to provide challenge and share learning. Participating councils receive a comprehensive report and recommendations from the peer team and then identify their own action plan to respond. Peer challenges are an established tool that supports councils to drive improvements and efficiency. It had been 10 years since the last CPC and the Managing Director commented that it was, therefore, timely to review our strengths and areas for improvement with support from external peers who have relevant knowledge and experience to share.

The CPC Team would be on site from Tuesday 13th to Friday 16th September 2022. During that time they would meet with a range of people including elected members, Council employees and representatives from partners in the public, private, voluntary and community sector. A timetable would be prepared in advance of their visit and this will include a range of activities from meetings with individuals, small group meetings and wider focus groups. In addition the CPC Team may attend meetings that were already scheduled to take place during their visit including meetings of council committees or relevant partnerships or outside bodies. The visit would end with a formal feedback session which will outline the CPC Team's findings and their recommendations.

The Chair and Members welcomed the corporate peer challenge. The Managing Director commented that she and other Directors were involved in conducting peer reviews at other authorities.

Decision

That the report and that the Corporate Peer Challenge taking place from 13th to 16th September 2022 be noted and that the findings report and an action plan setting out the Council's proposed response will be brought to Council in December 2022.

10. Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – Terms and Conditions of Employment Saving *(Managing Director)*

Type of decision

Purpose of report

The purpose of this report is to provide an update on the proposed changes to employee terms and conditions of employment.

Issue(s) for consideration

The Managing Director updated Members at the meeting indicating that following further negotiations and a Trade Union ballot, the Council's proposals had been accepted with the ballot result being 'For 52.2 % and Against 47.8%'. The proposals would therefore be implemented from July and the buy-out payments would also be made that month.

The Chair thanked the Trade Unions for their input in the discussions process and for those officers that had gone out to discuss the proposals with staff during the consultation process. Members requested details of the ballot results in writing.

Decision

That the 2022/23 MTFS proposal for the removal of weekend enhanced payments be now implemented from 1 August 2022 following the Trade Union ballot result reported to Committee with the revised buy-out proposals being agreed and paid to relevant staff in July 2022.

11. Any Other Items which the Chairman Considers are Urgent

The Chair reported that the Council won the Institution of Civil Engineers North East Small Project Award in April and the Constructing Excellence North East Value Award on Friday night – both for Elephant Rock at the Headland – and this is the third time in four years the Council have won the Value Project at these awards. The Chair congratulated all involved in delivering the scheme.

The Committee noted that the next meeting would be held on Tuesday 26 July at 10.00 am in the Civic Centre, Hartlepool.

The meeting concluded at 12.45 pm

H MARTIN

CHIEF SOLICITOR

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