

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

26 JULY 2022

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

Present:

Councillor Shane Moore (In the Chair)

Councillors: Jonathan Brash, Bob Buchan, Tom Cassidy, Brenda Harrison, Jim Lindridge, Sue Little, Andrew Martin-Wells, Melanie Morley, and Mike Young.

Also Present: Councillor Rachel Creevy as substitute for Councillor Amy Prince in accordance with Council Procedure Rule 4.2.
Councillor Ben Clayton.

Officers: Denise McGuckin, Managing Director
James Magog, Assistant Director, Finance
Beverley Bearne, Assistant Director, Development and Growth
Paul Taylor, Strategic Development and Sustainability Manager
Tony Hanson, Director of Neighbourhoods and Regulatory Services
Steve Hilton, Communications and Marketing Team
David Cosgrove, Democratic Services Team

12. Apologies for Absence

Councillors Amy Prince.

13. Declarations of Interest

Councillor Brash declared a personal interest in Minute No. 18.

14. Minutes of the meeting held on 20 June 2022

Received.

15. Minutes of the meeting of the Health and Wellbeing Board held on 21 March 2022

Received.

16. Final Outturn 2021/22 *(Director of Resources and Development)*

Type of decision

Budget and Policy Framework.

Purpose of report

To provide details of the final outturn position for 2021/22 financial year.

Issue(s) for consideration

The Assistant Director, Finance reported that the draft Statement of Accounts for 2021/22 would be submitted to the Audit and Governance Committee. The final revenue outturn position was a net underspend of £0.286m after earmarking of reserves for specific purposes. This underspend had been allocated to the Budget Support Fund. Appendices A to D attached to the report set out the financial position for the individual departments. The Assistant Director, Finance also highlighted the impact of the Covid-19 pandemic and the support provided by central Government.

The forecast outturn position consolidated the position on the General Fund budget and the final general Covid-19 grant of £3.178m owing to the service linkages and impact of Covid-19 on income streams. This envisaged a residual overall underspend of £1m. The overall position was more favourable given the further one-off grant flexibilities on specific initiatives. This exceptional outturn position allowed the earmarking of specific reserves, as outlined below, in order to meet expected or confirmed budget pressures, particularly those arising given the current high inflation environment;

- Energy Cost Reserve (£1.820m)
- General Inflation Reserve (£1.000m)
- Income Risk Reserve (£0.680m)
- Covid-19 Recovery Reserve (£0.714m)

Further to the agreement of the Defibrillator policy at Finance and Policy Committee on the 20 June 2022, a sum of £10,000 has been earmarked within the Strategic Change Reserve to meet the costs of the installation of defibrillators, Members should note this is a one off pot and will be reviewed at the end of the 2022/23 financial year.

The Assistant Director, Finance indicated that the report also detailed performance on income collection, together with updates on the Housing Revenue Account and the Capital Budget Outturn. The Assistant Director also reminded Members of the report to Finance and Policy Committee on the 30 November 2020 which set out the agreed subsidy arrangements with the National Museum of the Royal Navy (NMRN), including a phased reduction over a period of time.

Following discussions with the NMRN, an agreement had been reached, subject to member's approval, with the Museum that proposed further annual reductions over the 2022/23 and 2023/24 financial years, as set out in confidential Appendix K to the report. These savings would be taken into account in the Medium Term Financial Strategy. The appendix 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, information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Chair and other Members welcomed the finance identified to support the installation of defibrillators across the town.

A Member sought assurance that the Council had received adequate financial support from central Government to meet the additional costs incurred during the Covid-19 Pandemic. The Assistant Director stated that throughout the pandemic, the Council had to submit regular financial returns to Government on the spending of the financial support provided. The Assistant Director commented that he would not suggest the Council had lost out but that it was adequately, but not over, compensated.

The reserves allocated to meet the rising costs around inflation and energy costs were discussed with Members expressing concern at the current rate of inflation and rising energy prices. Members were concerned that future prices, when they returned to some kind of normality would still be significantly higher than recent years due to inflation alone. The Assistant Director stated that the Council utilised the purchasing power of NEPO (North East Purchasing Organisation) for purchasing gas and electricity and had benefitted from advanced purchasing. However, NEPO were reporting future gas purchase prices had risen significantly.

Members questioned the Council Tax collection rates reported, which were lower than in previous years and asked if this was specifically down to the Council's failure to collect or resident's inability to pay. The Assistant Director stated that during the pandemic the Council had refrained from using enforcement action to pursue outstanding council tax debt. Collection rates had been slow to recover from that period but it was anticipated they would recover during the current financial year. The current cost of living crisis would likely have an adverse effect.

The Section 106 monies gained through planning approvals were also discussed with Members seeking details of the Section 106 monies agreed with developers measured against the expectations the Council set for all large developments. The Director of Neighbourhoods and Regulatory Services undertook to provide Committee Members with the requested information after the meeting. Members also referred to the proposed new SEND school and questioned what the positive impact it would have on the budget for children with high needs. The use of the High Needs Block budget was also questioned in relation to its use by Academies. The

Managing Director stated that the Director of Children's and Joint Commissioning Services would be asked to provide a response.

The following decisions were agreed without dissent.

Decisions

1. That the final 2021/22 outturn position of £0.286m underspend and the accompanying financial performance for the year be noted.
2. That the transfer to reserves detailed within the report be noted.
3. That the capital outturn position detailed within the report be noted.
4. That approval be given to the revised subsidy arrangements for the National Museum of the Royal Navy on the basis of the terms set out in confidential Appendix K to the report. The appendix 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, information relating to the financial or business affairs of any particular person (including the authority holding that information).

17. Housing Revenue Account (HRA) and Council Housing Capital Strategic Financial Management Report - as at 31st March 2022 *(Director of Resources and Development)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to inform Members of the final outturn position of the Housing Revenue Account for the 2021/22 financial year.

Issue(s) for consideration

The Assistant Director, Finance reported that HRA outturn showed that the account balanced for 2021/22. The HRA operated separately to the General Fund and was required not to be in deficit. Minor variances had arisen from lower than expected income, but these had been offset by expenditure savings. Full details of the HRA were set out in the report and supporting appendices.

A Member suggested that next year it may be beneficial to those living in the Council's houses not to have rents increased at a time when the increase in the cost of living was running out of control. The Managing Director stated that the HRA business plan was predicated on the rent

increasing each year. A Member also commented on the use of the hard to let properties by charities working with the homeless.

The following decision was agreed without dissent.

Decision

That the report be noted.

18. Waterfront Regeneration Programme Business Case (*Director of Resources and Development*)

Type of decision

Non-key Decision.

Purpose of report

To seek approval of the Waterfront Programme Outline Business Case prior to its submission to the Tees Valley Combined Authority (TVCA) to secure the Local Growth Funding.

Issue(s) for consideration

The Assistant Director, Development and Growth reported that in October 2017 an Expression of Interest (EOI) in applying for £17,712,000 of Local Growth Funding from the TVCA was accepted. TVCA provided an initial development funding loan of £680,000 from this total fund to allow HBC to develop a Business Case and early project development (up to planning consent stage) for a Waterfront regeneration programme. The agreed objective was to develop a landmark visitor destination at Hartlepool Marina, utilising Jackson landing incorporating the National Museum of the Royal Navy Hartlepool and Museum of Hartlepool Museum complex.

The submitted Outline Business Case meets the information requirement of TVCA to secure Local Growth Funding in relation to the Waterfront programme and provide assurance on Indigenous Growth Fund allocations to projects. Following this, HBC would then be required to submit individual Full Business Cases in order to draw down funding.

The Assistant Director highlighted the economic case supporting the investment which demonstrated through evidence analysis that the benefits (i.e. additional spend from visitors with cautious growth in visitor numbers and spend) achieved over 5 years from 2024 – 2028 would be a value of £121,384,257 to the local economy. The economic case also showed a Net Present Social Value of £80,178,310 and a positive Benefit Cost Ratio (BCR) of 2.95:1. Net Present Social Value was the quantifiable financial benefits associated with increased life satisfaction of people who would otherwise be unemployed being able to obtain employment as a result of delivering the Waterfront Programme. Economic analysis demonstrated

that re-entering the labour market (i.e. moving from unemployment to employment) increased people's positive well-being which has a monetary value of c. £6,000 per year (over and above any financial benefit linked to wages/salary). The Assistant Director also highlighted to Members the anticipated potential increases in costs associated with the development due to the recent increases in costs of materials.

Members welcomed the proposal but sought assurance that wherever possible during the construction phase Hartlepool businesses and the local workforce would be utilised to ensure as much of the cash investment made its way into the local economy. The Assistant Director stated that wherever possible this would be achieved and the department was scheduling 'meet the buyer' events for local businesses to explain the Council's purchasing frameworks and how they could fit into those. There would also be a standard local employment clause in any contracts that were let to businesses not based in Hartlepool that had to be engaged for the delivery of certain specialised aspects of the build. The economic value of the development was also questioned in light of the significant sums quoted. The Assistant Director stated that these figures were calculated by specialised economic advisors employed by TVCA. The Chair stated that the individual business cases would be submitted to the Economic Growth and Regeneration Committee for approval.

Members also sought assurance that the swimming provision in the Highlight was adequate to meet the future needs of the town. The Assistant Director stated that the evidence base around this had been presented to Members as part of a Members Seminar and colleagues in the Adult and Community Based Services department had been very mindful of ensuring the long term delivery capability of the new facilities. Access to the facilities for people with disabilities was also discussed and the Managing Director assured Members that access for all had been considered during the design phase of Highlight Leisure facility. .

There was discussion around car parking and the issues with car parking at Navigation Point. It was indicated that parking would be provided at Highlight leisure facility. The future of the Mill House site was also discussed with some concerns around the future of the Indoor Bowls Club being expressed. The Chair stated that the future of the Indoor Bowls Club was secure.

The following decision was agreed without dissent.

Decision

That the outline business case for the Waterfront Regeneration programme be approved and submitted to Tees Valley Combined Authority to secure the Local Growth Funding.

19. Council Plan 2021-2024 – Progress Update *(Managing Director)*

Type of decision

For information only.

Purpose of report

To provide an update to Finance and Policy Committee on the progress made on the delivery of the Council Plan so far this year and to share with the Committee the latest version of the Strategic Risk Register. Also, to inform members of the intention to produce an Annual Report for 2021/22, the first year of the Council Plan.

Issue(s) for consideration

The Managing Director presented the progress update on the Council Plan to Members highlighting a number of areas to Members that reflected some of the achievements of the Council's staff in delivering significant additional work during the Covid-19 pandemic and beyond. These additional workloads, such as the payment of the Government's energy rebate were often being delivered by small teams alongside their day-to-day work. The Managing Director also highlighted that the Annual Report had been completed and distributed at the meeting for Members information.

The Chair commented that taking a step back to review what had been delivered during the past year revealed the significant work being undertaken by staff. The Chair commented on the wide range of services being delivered through the community hubs and requested that Members be provided with an update on the Northern Hub. The Chair also requested that Members ensure that as many residents as possible were informed of the Warm Homes Grant funding that was available.

Members raised concerns around the numbers of looked after children and the direct link between these and rates of poverty. The most recent figures revealed that 40% of children in Hartlepool were living in poverty and Members expressed their concern that addressing this issue was not being reflected though many of the schemes being brought to Committee when poverty impact statements stated there would be 'no impact'. The Managing Director assured Members that it was the first and foremost concern of the senior management team at the authority. The point on the impact statements was well made and would be addressed.

The meeting also discussed the issues around the numbers of new businesses being created in Hartlepool which was well below the national average and the longevity of those businesses. The Managing Director referred to the Inclusive Economic Growth Strategy which was approved at the recent Economic Growth and Regeneration Committee. The grants available to new business start-ups was also discussed and the Chair highlighted that much of the financial support available was now through the

Combined Authority and new start-ups needed to be encouraged to approach TVCA as there was support and advice available to them.

The increase in some of the risks within the strategic risk register was also commented on by Members. The Managing Director stated that officers were doing everything they could with the resources they had available and risks were managed as far as was possible but not everything was within our control.

There was no dissent to the following decision.

Decision

1. That the progress made on the Council Plan 2021-2024 at the end of June 2022 be noted.
2. That the updated Strategic Risk Register including increasing risk scores in 3 areas and the addition of a new risk covering inflation be noted
3. That the Annual Report for 2021/22 as tabled be noted.

20. Any Other Items which the Chairman Considers are Urgent

None.

The Chair highlighted that there was to be an additional meeting of the Committee on Monday 22 August 2022 commencing at 10.00 am.

The meeting concluded at 11.20 am

H MARTIN

CHIEF SOLICITOR

PUBLICATION DATE: 3 AUGUST 2022