

FINANCE AND POLICY COMMITTEE

AGENDA



Monday 22 August 2022

at 10.00 am

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

Those wishing to attend the meeting should phone (01429) 523568 or (01429) 523019 by midday on Friday 19 August and name and address details will be taken.

You should not attend the meeting if you are displaying any COVID-19 symptoms (such as a high temperature, new and persistent cough, or a loss of/change in sense of taste or smell), even if these symptoms are mild. If you, or anyone you live with, have one or more of these symptoms you should follow the [NHS guidance on testing](#).

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors Brash, Buchan, Cassidy, Harrison, Lindridge, Little, Martin-Wells, Moore, Morley, Prince 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 26 July 2022.
- 3.2 To receive the minutes of the meeting of the Safer Hartlepool Partnership held on 8 March 2022.

4. BUDGET AND POLICY FRAMEWORK ITEMS

None.

5. KEY DECISIONS

None.

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

- 6.1 Town Deal Business Case – Reimagining Middleton Grange Shopping Centre –
Director of Resources and Development (To Follow)

7. ITEMS FOR INFORMATION

None.

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For Information:

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

Monday 19 September, 2022 at 10.00 am
Monday 10 October, 2022 at 10.00 am
Monday 14 November, 2022 at 10.00 am
Monday 12 December, 2022 at 10.00 am
Monday 23 January, 2023 at 10.00 am
Monday 13 February, 2023 at 10.00 am
Monday 13 March, 2023 at 10.00 am



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

SAFER HARTLEPOOL PARTNERSHIP

MINUTES AND DECISION RECORD

8 MARCH 2022

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

Present:

Responsible Authority Members:

Councillor Stokell, Elected Member, Hartlepool Borough Council
Tony Hanson, Director of Neighbourhoods and Regulatory Services
Hartlepool Borough Council
Sylvia Pinkney, Assistant Director, Regulatory Services, Hartlepool Borough Council
Superintendent Emily Harrison, Community Safety, Cleveland Police
Karen Hawkins, Director of Commissioning, Strategy and Delivery, NHS Tees Valley Clinical Commissioning Group

Other Members:

Craig Blundred, Director of Public Health, Hartlepool Borough Council
Sarah Wilson, Office of Police and Crime Commissioner for Cleveland (as substitute for Steve Turner)
Angela Corner, Head of Community Resilience, Thirteen Group
John Lovatt, Assistant Director, Adult Services, Hartlepool Borough Council (as substitute for Jill Harrison)
Danielle Swainston, Assistant Director, Joint Commissioning Services, Hartlepool Borough Council (as substitute for Sally Robinson)

Also Present:

Chief Inspector Mark Haworth, Cleveland Police
Councillor Rob Cook, Chair of Audit and Governance Committee

Officers:

Rachel Parker, Community Safety Team Leader
Phil Hepburn, Enforcement and Car Parking Services Manager
David Cosgrove, Democratic Services Team

37. Appointment of Chair

In the absence of both the Chair and Vice-Chair at the commencement of the meeting, a nomination of a Chair for the meeting was sought.

Decision

That Councillor Cameron Stokell be appointed Chair for the meeting.

Councillor Stokell in the Chair.

38. Apologies for Absence

Councillor Moore, Elected Member, Hartlepool Borough Council.
Denise McGuckin, Managing Director, Hartlepool Borough Council
Jill Harrison, Director of Adult and Community Based Services, Hartlepool Borough Council
Steve Turner, Office of Police and Crime Commissioner for Cleveland
Ann Powell, Head of Stockton and Hartlepool Probation Delivery Unit
Andrew Robinson, Cleveland Fire Authority
Joanne Hodgkinson, Hartlepool Voluntary and Community Sector Representative, Chief Executive, Safer Communities
Sally Robinson, Director of Children's and Joint Commissioning Services, Hartlepool Borough Council

39. Declarations of Interest

None.

40 Minutes of the meeting held on 6 December 2021

Approved.

41. Domestic Abuse Strategy *(Director of Children's and Joint Commissioning Services)*

Purpose of report

To consult with members of the partnership on the draft domestic abuse strategy and for any views to be presented to Finance and Policy Committee on 14th March 2022.

Issue(s) for consideration

The Assistant Director, Joint Commissioning reported that the draft Domestic Abuse Strategy submitted with the report had received wide ranging consultation and included the input of those that had utilised the past services to gain a better understanding of the support they required. The Assistant Director highlighted that the strategy reflected the new statutory requirements placed on the local authority as set out in the Domestic Abuse Act 2021. It was highlighted that further statutory guidance from Government was still awaited.

The age range of those suffering domestic abuse was questioned, as the monitoring seemed to stop at age 74. The Assistant Director stated that these were the comparator statistics set by central government. Officers involved were concerned around the abuse suffered by older people remaining hidden and it was an issue also highlighted through the consultation process. Experience showed that older people tended to

suffer domestic abuse for longer before reporting it. It was being written into a needs assessment to ensure future monitoring.

Decision

That on the draft Domestic Abuse Strategy be received and no further amendments be proposed to the Finance and Policy Committee.

42. Serious Violence (*Director of Neighbourhoods and Regulatory Services*)

Purpose of report

To update the Safer Hartlepool Partnership on the planned introduction of duties in relation to serious violence and to seek approval for the commencement of work on a serious violence strategy.

Issue(s) for consideration

The Assistant Director, Regulatory Services reported that the Government announced that it would bring forward legislation introducing a new serious violence duty on public bodies, which would ensure relevant services work together to share data and knowledge and allow them to target their interventions to prevent serious violence altogether. The Government also announced that it would amend the Crime and Disorder Act 1998 to ensure that serious violence was an explicit priority for Community Safety Partnerships by making sure they have a strategy in place to tackle violent crime.

In line with agreed national approaches around serious violence, it is recommend that the partnership follow the key strands to the Governments Strategy and that of the Cleveland OPCC serious violence strategy which are:

- Early Intervention and Prevention;
- Supporting Communities and Local Partnerships;
- Tackling County Lines and Misuse of Drugs, incorporating ‘Organised Crime Group (OGG)’ pathways; and
- Effective Law Enforcement and Criminal Justice Response.

It was also proposed that a “public health” approach was taken to tackling serious violence as a partnership. Furthermore it was recommended that the Safer Hartlepool Partnership support the World Health Organization’s (WHO) definition of taking a public health approach to reducing violent crime.

In order to prepare and implement a strategy to prevent and reduce serious violence in the area, the partnership would collectively develop a strategy which would outline the multi-agency response that the partnership would take to address the drivers identified in the strategic needs assessment and work to prevent and reduce serious violence in the local area.

The strategy would need to contain bespoke solutions to prevent and reduce serious violence in the area, and would set out how the proposed actions will enhance and complement existing local arrangements responding to serious violence. This must be kept under review, which should be done on an annual basis and updated when necessary.

Decision

1. That the Safer Hartlepool Partnership approves to the principals laid out in the report for inclusion in the Serious Violence Strategy.
2. That a sub group be established to develop the strategy and work plan based on the strategic need assessment and that a further report is brought to the partnership for approval of the strategy.

43. Protect Duty (*Director of Neighbourhoods and Regulatory Services*)**Purpose of report**

To provide the Partnership with an overview of the Protect Duty and Publicly Accessible Places (PAL) project.

Issue(s) for consideration

Director of Neighbourhoods and Regulatory Services reported that the Protect Duty, previously known as 'Martyn's Law', was a new piece of anti-terrorism legislation which the Government intend to introduce, and was designed to ensure the public was better protected from a "multifaceted, diverse and continually evolving" terror threat. This legislation followed a campaign by Figen Murray, the mother of Martyn Hett, who sadly lost his life in the Manchester Arena terrorist attack in May 2017, who has highlighted the need to improve security standards in crowded public spaces and venues.

The Publicly Accessible Locations (PAL) is a Pilot Project which would commence on 1 April 2022 and operate in the North East Region involving 33 Local Authorities with different models of engagement and 7 Police Forces. The Pilot provided dedicated support to local authorities and would build on Council's capability to consider security and implement mitigation, with 8 Counter Terrorism Security Advisors (CTSA's) providing support to Local Authorities. New guidance, enhanced threat information and supporting tools would be provided, while a Develop Maturity model to assess impact had also been established.

Decision

That the report be noted.

44. Strategic Assessment October 2020 – September 2021 (*Director of Neighbourhoods and Regulatory Services*)

Purpose of report

For the Partnership to receive the Strategic Assessment October 2020 – September 2021.

Issue(s) for consideration

The Assistant Director, Regulatory Services presented the Strategic Assessment October 2020 – September 2021 which was set out in a confidential appendix to the report. 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. A public summary of the information was also appended to the report.

Decision

That the report be noted.

45. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 10.20 am.

CHAIR

FINANCE AND POLICY COMMITTEE

22nd August 2022



Report of: Director of Resources and Development

Subject: TOWN DEAL BUSINESS CASE – REIMAGINING
MIDDLETON GRANGE SHOPPING CENTRE

1. TYPE OF DECISION/APPLICABLE CATEGORY

For Decision.

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update the Finance and Policy Committee on the development of the project Business Cases under the Council's £25m Town Deal Programme, and to present the business case for the Reimagining Middleton Grange project.

3. BACKGROUND

- 3.1 Following the approval of our Town Investment Plan by the Department for Levelling Up Housing and Communities (DLUHC) in 2021, Heads of Terms were offered (an agreement in principle only for funding and to form a Memorandum of Understanding [MOU]) to the Council for 5 capital projects as set out in Committee Reports in April and July 2022.
- 3.2 Following the agreement of Heads of Terms, under Town Deal the Council has 12 months to develop, approve and submit Green Book compliant Business Cases with the agreed projects set out in detail, through an independent assurance framework together with a Summary Document to DLUHC. The programme is working to a timetable of submission to DLUHC by 31st August 2022. DLUHC will need to review and be satisfied with the Business Cases before any funding can be released from September 2022 onwards.
- 3.3 As set out in the previous Committee reports (25th April and 20th June 2022), the Strategic Development Team have been working with stakeholders to develop the options appraisals for each project, gather detailed evidence and analysis, and present a preferred option. This includes determining the viability and deliverability of each of the proposed schemes, providing a detailed assessment of the strategic, economic, commercial, financial and management cases for the project to ensure they remain fit for purpose and

viable with the Heads of Terms. Project Management Groups with the Council, Town Deal Board and stakeholder representation have governed the development of the Business Cases.

- 3.4 All five projects are different in terms of their aims, objectives, nature, scale and cost, and as such the individual Business Cases have been progressed at different paces over recent months. The timetable for completion of all five cases are shown in the table below and this Business Case is the last remaining project to be submitted for approval to DLUHC:

Business case	Draft Business case issued	To TVCA for Assurance	To Finance and Policy Committee	Final issue to F&P, EG&R Chairs	Submit to DLUHC
Health and Social Care Academy	31 March	1 April	w/b 25 April	31 May	1 June
Civils Academy	31 March	1 April	w/b 25 April	31 May	1 June
Middleton Grange	15 July	15 July	July committee	12 Aug	26 Aug
Waterfront	11 May	23 rd May	20 June	20 July	21 July
Wesley	31 March	1 April	20 June	27 June	21 July

- 3.5 A requirement of the Town Deal is to implement a Local Assurance Process for the development and sign off of individual Business Cases, including signed approved by the Council's Section 151 Officer (Director of Resources and Development) and Town Deal Board Chair. In February 2022 a Memorandum of Understanding was agreed with Tees Valley Combined Authority (TVCA) for each of the five projects to be independently assessed to identify residual risks against Town Deal criteria (Strategic, Economic, Commercial, Financial and Management). TVCA has provided the Council with a written risk assessment report on each of the four projects presented to F&P Committee in April and June 2022, for consideration by our Section 151 Officer and the Towns Fund Board. TVCA will provide a similar report on this Business Case in due course.

- 3.6 Upon receipt of a satisfactory assurance report, approval of the Town Deal Board and by Finance and Policy Committee Chair, the business case can be submitted to DLUHC for review. As yet, no firm timetable for approval has been provided by DLUHC for this Business Case, although it is hoped that the programme delivery stage of this project can commence in December 2022. The Reimagining Middleton Grange project has already utilised Early Drawdown funding to accelerate the programme to deliver key elements of topographical and structural surveys ahead of delivery stages. Section 4 of this report provides detail on the proposed redevelopment as set out in the Business Case, and **Confidential Appendix 1 - 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)** presents the detailed Business Case for redevelopment.

4. REIMAGINING MIDDLETON GRANGE BUSINESS CASE

- 4.1 Consolidating and rationalising the Town Centre's retail offer, diversifying uses to create a more multifunctional centre and restoring strategic heritage landmarks such as the Binns Building were set out as a mechanism to achieve placemaking, drive inclusive growth and enhance Town Centre accessibility were agreed as Town Investment Plan priorities in 2020. The need for Public Sector intervention through the external Town Deal Programme funding is evidenced through the Business Case as the optimal intervention in the form of selective demolition, repurposing and activating parts of the Town Centre to revitalise the Town's historic retail core and re-asserting Middleton Grange as the 'Heart of Hartlepool'.
- 4.2 The Council has a strong and close working relationship with both JLL Europe Ltd, operators of the shopping centre, and MARS Pension Fund as long term leaseholders and there is a shared vision for revitalising the shopping centre. The Towns Deal funded proposal is the first stage in bringing the vision to life with partial redevelopment of the North East area of the site and introducing new uses and growth to the centre. With a current oversupply of retail floorspace based on current and anticipated future market demand, declining footfall trends, access issues, disconnection to other town centre areas, unwelcoming physical barriers and poor quality urban environment, these factors combine to undermine Town Centre performance.
- 4.3 Following consideration of a number of options, the Business Case identifies a range of interventions that can be implemented using external grant funding that will unlock the potential and growth of the town centre, which would otherwise be financially-unviable. The interventions under the preferred option include:
- The Council acquiring the North East wing of Middleton Grange Shopping Centre and Binns Building;
 - Redevelopment of the North East wing of the Shopping Centre;

- New improved rear facing wall of the Binns Building, and a significantly improved gateway entrance to Middleton Grange from Stockton Road;
 - Creation of new public realm;
 - Restoration of the Grade II listed former Binns Building as a landmark and focal point for the town, through refurbishment of façades, interactive utilisation of ground floor, improving connectivity with the new public square and existing Memorial Square and creating flexible spaces for future uses to meet market demands; and
 - Improving access to Middleton Grange from all parts of the Town Centre and wider Town by a variety of travel means including walking and cycling.
- 4.4 The Towns Fund allocation of £13.9m for the project is subject to approval of this business case by Committee and DLUHC.
- 4.5 The economic detail is set out in section 3.4 of Confidential Appendix 1 and the Economic Case details that by rationalising, repurposing and restoring key assets at the Heart of Hartlepool, the preferred option for redevelopment can deliver a 'strong value for money proposition'. This is evidenced through the performance of economic metrics including the Benefit Cost Ratio (BCR) approaching 3.0, and a Net Present Social Value of +£17.6 million. The BCR demonstrates that for every pound of Town Deal Investment, the project will produce almost three pounds in net value. There are other significant economic benefits evidenced in Confidential Appendix 1:
- The proposed interventions should induce an increase in footfall across the shopping centre by 15-30%, which in turn will lead to additional expenditure within Middleton Grange, increasing turnover for businesses, supporting increased business viability, and sustaining employment;
 - A commercial property land value uplift of £10.5m for the commercial properties in the vicinity of the intervention area as a result of the transformed, multi-functional, mixed use asset;
 - The provision of c.750 sq m of net internal floorspace ,that can flex over time dependent upon need, for food and beverage uses from the redeveloped Binns Building;;
 - £9.2 million of gross welfare impact from additional employment at the Binns Building, with 35 unemployed residents re-entering the labour market; and
 - £4.6 million of gross social wellbeing impact from additional employment and wider expenditure-induced employment respectively.
- 4.6 The Re-imagining Middleton Grange project will have a positive impact on social value in addition to the economic benefits detailed in section 4.5. It is expected to create 185 construction stage jobs providing opportunities for local firms and subcontractors to secure work during the construction phase.

- 4.7 The Economic Case demonstrates that Re-Imagining Middleton Grange Shopping Centre Phase 1 represents 'high' value for money intervention. The development of the project to this stage has already stimulated the existing leaseholders of the remainder of the shopping centre to develop the early designs for Phase 2 and improvements to the wider shopping centre.
- 4.8 The financial case set out in section 4 of Confidential Appendix 1, demonstrates that the project is affordable from a capital and operational perspective, subject to confirmation of funding from the Town Deal Programme. It is acknowledged that financial risks remain in a scheme of this size and nature, and these are set out in table 4-4 on page 52 of Confidential Appendix 1.

5. LEGAL AGREEMENTS AND DELIVERY STAGE

- 5.1 HBC's legal and asset management advisors are currently working collaboratively with AEW, JLL and other key stakeholders to determine the process by which full development rights can be established for HBC, to allow the Council to bring forward this development.
- 5.2 The development site is subject to a complex pattern of land ownership, lease agreements and sub-lease agreements. The majority of the sites' freehold title is held by HBC as original land owners and developers of the shopping centre. However, the long term lease for the majority of the assets within the development area has passed to Mars Pension Trustees (acting via their agents, AEW) following HBC's sale of the site in the 1980s, with the freehold title of the Binns Building is held by Mars Pension Trustees. The assets are managed on behalf of Mars Pension Trustees by JLL. The ownership pattern is further complicated by the presence of sub-lease agreements with a range of third parties.
- 5.3 HBC are confident that land ownership does not represent a major risk to commercial deliverability, with positive stakeholder support for the project previously espoused by AEW, JLL and other key stakeholders. HBC has taken independent legal advice to inform options relating to the proposed acquisition and the options available to structure the transaction to allow HBC to take full ownership of the Binns Building and North East Wing of the Shopping Centre.
- 5.4 The Strategic Development Team is currently developing a Project Execution Plan on the basis of the legal advice received.
- 5.5 Subject to approval of the Business Case by Finance and Policy Committee and the Town Deal Board, submission will be made to DLUHC by 31st August and it is hoped that approval of the scheme will be made by DLUHC by late autumn 2022.

6. OTHER CONSIDERATIONS

Risk Implications	The key findings of risk register development was that most identified risks had control measures already in place, reflecting the thorough approach to risk management adopted by scheme promoters. Risk control is detailed in section 4 of the Confidential Appendix 1
Financial Considerations	The Business Case has demonstrated an economically and financially viable scheme. The scheme will only progress once full funding is secured and approved by DLUHC.
Legal Considerations	Independent legal advice has been provided on the issue of Subsidy Control due to the scale of the investments taking place under Towns Deal. HBC's independent legal advisors have also provided a report on the Council's proposed acquisition strategy
Consultation	Under the Town Deal Programme, a Communications and Engagement Sub Group of the Town Deal Board has been established, and the NHS Trust has supported strong consultation and engagement. A Youth Voice Group is also now established to form a part of the programme.
Child/Family Poverty Considerations	The scheme principally aims to provide wide ranging benefits and job opportunities for local people leading to reduction in unemployment and poverty. Appendix 2
Equality and Diversity Considerations	To be prioritised as part of the consultation and engagement mechanisms
Section 17 of The Crime And Disorder Act 1998 Considerations	The vacant grade II listed asset (Binns Building) lies adjacent to the derelict Wesley Chapel which has also been vacant for over 20 years and subject to significant crime and antisocial behaviour. However bringing both buildings into use and a 24 hours a day presence will ensure that crime and ASB associated with the building is significantly reduced and potentially removed
Staff Considerations	The Strategic Development Team manage the overall programme within existing resources.
Asset Management Considerations	The impact of operation of our assets and those to be included as part of this project will form a key component of the next phase of Town Deal. Following acquisition, the Binns building and vacant units will form part of the Council's portfolio

7. RECOMMENDATIONS

7.1 Members are asked to:

- Note the contents of the report and update on progress with the development of a complex Business Case for Middleton Grange; and
- Approve the submission of the Business Cases to DLUHC following independent assurance (by TVCA), as the latest stage in our approved Town Deal programme.

8 REASONS FOR RECOMMENDATIONS

- 8.1 Hartlepool Borough Council has succeeded in securing significant investment under the Towns Deal to improve the town, employment prospects and attract inward investment. This latest stage of Business Case development marks a significant milestone in bringing the fifth and final business case to fruition which will deliver significant employment opportunities, stimulate economic growth, and revitalise the town centre. The decision is required now to enable the Business Cases to be submitted to DLUHC for approval to ensure implementation as soon as practical.

9. BACKGROUND PAPERS

- 9.1 Finance and Policy Committee Report: Health & Social Care Academy and Civil Engineering Academy Business Cases, 25th April 2022
- 9.2 Finance and Policy Committee Report: Wesley Chapel and Waterfront Connectivity Business Cases, 20th June 2022

10. CONTACT OFFICER

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Sign Off:-

- Managing Director ☒
- Director of Resources and Regeneration ☒
- Chief Solicitor/Monitoring Officer ☒

POVERTY IMPACT ASSESSMENT

Appendix 2

1. Is this decision a Budget & Policy Framework or Key Decision? YES

If YES please answer question 2 below

2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES

If YES please complete the matrix below

GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Young working people aged 18 - 21	✓			<p>The Business Case finds that the redevelopment of the Middleton Grange Shopping Centre has the potential to unlock job creation through increasing employment opportunities across an improved retail offer, which could act to reduce unemployment pressures and deliver productivity benefits to the wider economy.</p> <p>Applying green book compliant employment densities to the corresponding floorspace allocated for each activity of the new development generates 43 full-time equivalent (FTE) employment opportunities when the redevelopment is complete and operational.</p>
Those who are disabled or suffer from illness / mental illness				
Those with low educational attainment				
Those who are unemployed	✓			<p>Increased annual expenditure as a result of this project could sustain c. 300 FTEs within Hartlepool Town Centre. It is estimated in the BC that around 10% of the new employment opportunities could accrue to unemployed residents in Hartlepool. This equates to 4 FTEs at the Binns Building and c. 30 FTEs across Hartlepool Town Centre in general. Average productivity for workers in Hartlepool is estimated at c. £45,000 per annum . Assuming a 40% tax wedge in line with departmental guidance , the welfare impact of increased employment and re-entry to the labour market for unemployed residents is estimated at £80,000 per annum (2021 prices) for FTEs at the Binns Building and £560,000 per annum (2021 prices) for FTEs more widely.</p>

POVERTY IMPACT ASSESSMENT

Appendix 2

Those who are underemployed	✓			Further to the productivity impact highlighted for those unemployed, a social-wellbeing benefit can also be applied for previously unemployed people gaining employment. Wellbeing analysis in the Business Case suggests the value of gaining employment for unemployed residents will be £5,980 per person per year
Children born into families in poverty				
Those who find difficulty in managing their finances				
Lone parents				
Those from minority ethnic backgrounds				

POVERTY IMPACT ASSESSMENT

Appendix 2

Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?

Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Overall impact of Policy / Decision				
POSITIVE IMPACT			ADJUST / CHANGE POLICY / SERVICE	
NO IMPACT / NO CHANGE			STOP / REMOVE POLICY / SERVICE	
ADVERSE IMPACT BUT CONTINUE				

POVERTY IMPACT ASSESSMENT

Appendix 2

Examples of Indicators that impact of Child and Family Poverty.	
Economic	
Children in Low Income Families (%)	
Children in Working Households (%)	
Overall employment rate (%)	
Proportion of young people who are NEET	
Adults with Learning difficulties in employment	
Education	
Free School meals attainment gap (key stage 2 and key stage 4)	
Gap in progression to higher education FSM / Non FSM	
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)	
Housing	
Average time taken to process Housing Benefit / Council tax benefit claims	
Number of affordable homes built	
Health	
Prevalence of underweight children in reception year	
Prevalence of obese children in reception year	
Prevalence of underweight children in year 6	
Prevalence of obese children in reception year 6	
Life expectancy	