

# Cabinet

**12 September 2016**

**Present:** N Redfearn (Elected Mayor) (in the Chair)  
Councillors CA Burdis, R Glindon, IR Grayson,  
M Hall, JLL Harrison, CB Pickard, JJ Stirling and  
A Waggott-Fairley

**In Attendance:** K Archer (Young Mayor)  
R Layton (North Tyneside JTUC)  
P Wonders (Voluntary and Community Sector)

## **CAB41/09/16 Apologies**

Apologies were received from Councillor EN Darke and A Caldwell (Age UK).

## **CAB42/09/16 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported.

## **CAB43/09/16 Minutes**

**Resolved** that the Minutes of the meeting held on 15 August 2016 be confirmed and signed by the Chair.

## **CAB44/09/16 Report of the Young Mayor**

The Young Mayor reported on the following activities in which he and/or Young Cabinet Members had been involved:

- The North East regional Diversity and Brexit event which we co hosted with the British Youth Council.
- The Soup Dragons at Linskill Centre as part of the VODA National Citizenship Service.
- The Children's Council and Children in Care Council visited Rosebank Hall, North Tyneside Living retirement accommodation; they took part in an intergenerational project.
- Health and Wellbeing Board action day on obesity was attended by one of the youth councillors.
- Young Cabinet Members and the Children in Care Council would be taking part in a camera project as part of research carried out by Newcastle University. This research would inform the Doctoral Training in Digital Civics.
- Some Youth Councillors helped the North Shields Fishermans Heritage Project with their fundraising for a memorial and visitor attraction to be located on North Shields Fish Quay.
- The Young Cabinet Member for Work and Life attended the Greener North Tyneside Board meeting at Northumbria Water, and looked forward to a future visit to the former Fenwick pit site development.
- Youth Councillors attended the Wallsend Park users group where they gave their opinions on the continuing improvements of Richardson Dees Park.
- The Deputy Young Mayor attended the North Tyneside Disability Forum meeting.
- The Make your Mark ballots had gone into schools and colleges. This would help inform Youth Council of the campaigns and projects for the future.

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Cabinet were informed that North Tyneside's Member for UK Youth Parliament had stepped down and the Deputy Young Mayor had agreed to cover until February 2017 when the next elections would take place.

The Elected Mayor thanked the Young Mayor for the report, and commended him and the Youth Councillors for the work they were doing and the interesting initiatives they were involved with.

The Elected Mayor looked forward to receiving feedback from the Make your Mark ballots and finding out what issues are important to young people.

### **CAB45/09/16 Waste Collections Post 2017 – Report of the Environment Sub-committee (All Wards)**

Cabinet received a report detailing the recommendations of the Overview, Scrutiny and Policy Development Committee in relation to its study into the Authority's waste collection service post 2017. Councillor B Burdis, Chair of the Sub-committee and Sub-group presented the report.

It was agreed that the main focus of the study would be to consider the various options available in relation to the collection of household waste within the borough and to identify how changes to the collection of waste can improve levels of recycling in the borough.

Members held a series of evidence gathering meetings between October 2015 and June 2016. The findings and recommendations could be found in the Sub-group's report which was attached as Appendix 1 to the report.

The Overview, Scrutiny and Policy Development Committee considered the report at its meeting held on 5 September 2016 and recognising that waste collection and recycling is an important service to the residents of the borough agreed that the report should be presented to Cabinet. The Committee also suggested that, as part of the consultation proposed in recommendations 1 and 2 of the report, steps be taken to increase residents' awareness of waste minimisation, reuse and recycling and the benefits and implications, both environmental and financial, of the options available.

Cabinet was asked to consider the recommendations and was required to provide a response to the Overview, Scrutiny and Policy Development Committee within two months.

The Mayor and Cabinet Member for Environment thanked the Environment Sub-committee for the report and everyone who had contributed to it.

**Resolved** that the report of the Overview, Scrutiny and Policy Development Committee be noted, and a detailed response to the recommendations be provided at a future Cabinet meeting, no later than November 2016.

(Reason for decision – Cabinet has a statutory duty to respond to the Overview, Scrutiny and Policy Development Committee's recommendations within two months of receiving them.)

### **CAB46/09/16 2016/17 Financial Management Report to 31 July 2016 (All Wards)**

Cabinet considered a report detailing the budget monitoring position as at 31 July 2016, including forecast outturn positions for 2016/17 for the General Fund, the Housing

Revenue Account (HRA), School s' finance and the Investment Plan, including a summary of projects to be delivered during 2016/17.

In relation to the General Fund Revenue Account, this was the second monitoring report of the year. The forecast pressure had reduced by £0.590m, to £4.987m (from £5.577m reported in May's report). There had been some underlying improvement in the risks associated with the delivery of the 2016/17 budget, however, the headline pressure had only marginally improved. Pressures arising from demand in Adult and Children's Social Care, the impact of the Living Wage on our care providers (and the price for services the authority then has to pay) and the delivery of some aspects of the Creating a Brighter Future Programme continue to be forecast. All services were continuing to develop actions to mitigate these financial pressures and expect the out-turn forecast to improve as we move through the year. In addition, non essential spend was being considered along with a detailed review of demand led projections and a further review of Investment Programme delivery with its impact on cash flow and resulting cost of borrowing.

The Mayor and Cabinet Member of Finance and Resources had requested a member and officer group carry out a detailed review of the budget monitoring position and the actions being taken. This group would comprise the Mayor, Cabinet Member for Finance and Resources, the Deputy Mayor, Deputy Chief Executive and appropriate Cabinet Members and Heads of Service.

The HRA was forecast to have year-end balances at 31 March 2017 of £4.044m, which was £1.129m higher than budget. The higher than forecast balances were as a result of higher opening balances due to the impact of previous years' financial performance (£0.787m). The forecast in-year was an estimated under spend of £0.342m.

The report included an update in respect of work in progress with regard to 2016/17 school funding.

The Investment Plan for 2016/19 was adjusted for reprogramming and was £202.424m. Variations of £2.865m (£2.607m in 2016/17, £0.956m in 2017/18 and £0.698m credit in 2018/19) and reprogramming of £11.770m were proposed in the report. The report also set out delivery progress to date and planned delivery for 2016/17.

Cabinet considered the following decision options; to agree the recommendations set out in Section 1.2 of the report, or alternatively disagree with the proposals

**Resolved** that (1) the budget monitoring position, as at 31 July 2016, be noted;  
(2) the receipt of new revenue grants, be approved;  
(3) the level of spend on the Investment Plan as at 31 July 2016, be noted;  
(4) the variations of £2.865m and reprogramming of £11.770m within the 2016/19 Investment Plan, be approved.

(Reason for decision – It is important that Cabinet continues to monitor performance against the budget, especially given the current level of financial pressures faced by the public sector.)

**CAB47/09/16 2017-2020 Financial Planning and Budget Process incorporating the Council Plan and associated Engagement Strategy (All Wards) (Previous Minutes CAB122/01/16 and C93/02/16)**

Cabinet considered a report seeking approval to the proposed 2017-20 Financial Planning and Budget process, and as part of the process, the 2017/18 Budget Engagement

Strategy. The report also set out information in relation to the Efficiency Plan for North Tyneside Council, which would be submitted in advance of the 14 October 2016 Government deadline.

Since the Coalition Government's four year Spending Review of 2010, and as a result of the Local Government Finance Settlements for 2015/16 and 2016/17, North Tyneside Council had made a significant level of efficiency savings each financial year. The savings that had been required over this period are a combination of Government funding reductions and unavoidable spending pressures, some of which had arisen from national policy and new legislation (e.g. Rent reduction, National Living Wage, NHS cuts to Public Health budgets). Since the financial year 2013/14, we have had to make efficiency savings of approximately £60 million.

The financial climate continued into the current planning process for 2017-2020 with the need for services to be delivered within a more challenging environment of reduced funding and the consequent requirement for further efficiency savings.

For the 2017/18 Financial Planning and Budget process a three-year financial planning process was proposed covering the years 2017-2020. This planning process aligns with the remaining period of the current Local Government Finance Settlement, the Final Settlement for 2016/17 and a provisional Settlement for the following three years were issued on 8 February 2016.

The overall vision and policy context within which the Financial Plan and Budget proposals were set, were set out in The Our North Tyneside Plan. This vision and policy context had been developed in partnership through the North Tyneside Strategic Partnership. The Plan provided a clear framework for the Council to move forward. It also provided the strategic policy context for all financial decisions and the operational delivery of services at Borough level, but also increasingly as we work alongside other local authorities through the North East Combined Authority and with businesses through the North East Local Enterprise Partnership.

The Our North Tyneside Plan 2016-2019 (Council Plan) was refreshed as part of the 2016-2019 Financial Planning and Budget process. It was shaped through consultation and engagement with residents, service users and key stakeholders through: The Big Community Conversation in the summer of 2015; the Our North Tyneside Plan and Budget consultation from September 2015 to January 2016, feedback from the Residents Survey 2015 and also at the State of the Area event in October 2015.

The Our North Tyneside Plan was based around three key themes, Our People; Our Places; and Our Economy. For each theme there were a set of very clear policy outcomes, details of which were outlined in the report.

The Medium Term Financial Strategy was a key part of the Authority's Budget and Policy Framework which aimed to ensure that all financial resources are directed towards delivery of the Our North Tyneside Plan. The Strategy described the principles to be applied in developing and updating the annual budget and financial plan. The strategy was reviewed annually reflecting the dynamic nature of local government funding.

A Financial Strategy was critical in order to ensure that the Authority made decisions by focussing on strategic priorities and had a clear financial vision and direction for the medium term. This Financial Strategy needed to support delivery of the Our North Tyneside Plan 2016-2019 which is the key driver of our resources allocation. The Budget setting process helped the Authority respond appropriately to responsibilities and duties

placed upon local government through legislative requirements and the Government's drive to deliver savings.

Whilst decisions around Budget setting were approved on an annual basis the Authority must demonstrate medium-term financial and resource planning. Annual budget decisions should be taken in the context of the overall Financial Strategy that looked at all Authority services and took into account the Government's local government finance agenda.

Financial Management best practice highlighted the need for medium-term planning horizons. The Authority's three-year planning timeframe would assist in ensuring there is a clear demonstration of sustainability in its plans for the future. Key drivers for change and the improvement focus in resource planning included developing a 3 year Financial Plan. The Medium Term Financial Strategy supported consideration of the key drivers in developing the financial plan, and details of what it is expected to deliver was set out in the report.

The approach to developing the draft Financial Plan for 2017-2020 will continue to concentrate on ensuring that all of the drivers are embedded into the decision-making process for the allocation and re-direction of the Authority's finite resources, financial and otherwise.

The key components and principles adopted for the Authority's 2017-2020 Financial Strategy had been fully reviewed as part of this year's process and were summarised in detail in the report.

On 17 December 2015, the Secretary of State for Communities and Local Government announced a four year funding package to council's as part of the 2016-2020 Provisional Local Government Finance Settlement, with the figures for 2016/17 being confirmed on 8 February 2016. Details of the implications for North Tyneside Council of this Settlement were set out in detail in the 2016-2019 Financial Planning and Budget Reports to Cabinet and Council on 27 January 2016 and 18 February 2016 respectively.

In order to secure the funding for the final 3 years of the 2017-2020 Local Government Finance Settlement, each Local Authority were required to submit an "Efficiency Plan" to the Department for Communities and Local Government (DCLG) by 14 October 2016. Following receipt of Efficiency Plans, the Government would confirm the offer in writing shortly after the deadline.

The refresh of the Financial Strategy alongside the work in progress of the Senior Leadership Team, Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and Cabinet would be used to inform the North Tyneside Council Efficiency Plan. As noted in recommendation 1.2 (c) the North Tyneside Council Efficiency Plan would be approved by the Elected Mayor, in consultation with the Deputy Mayor, Cabinet Member for Finance and Resources, the Chief Executive, the Head of Finance and the Head of Law and Governance under delegated authority in advance of 14 October 2016 Government deadline.

The Authority had specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this was to ensure that the potential effects of decisions on people with protected characteristics were considered prior to any decision being made. Previous judicial reviews involving other local authorities had highlighted the importance of ensuring that these responsibilities are met. In North Tyneside we will continually monitor our budget setting process by using Equality impact assessments.

Full impact assessments would be included in all proposals going forward for inclusion with the initial Budget proposals in November 2016 in order to be available to Cabinet when it further considers the Financial Plan and Budget proposals on 28 November 2016.

The key aspects of the 2017/18 Financial Planning and Budget process timetable were set out at Appendix A to the report.

The Elected Mayor and Cabinet were responsible for formulating the Authority's Budget. The Cabinet Member for Finance and Resources, in close consultation with the Elected Mayor, had been nominated as the lead Cabinet Member for the overarching 2017-2020 Financial Planning and Budget Process. The Head of Finance would be the project sponsor.

The Authority was committed to being a resident-focused and listening Authority and encouraged residents and other stakeholders to help to shape its decision-making. Engagement with residents took place throughout the year and the information gathered would be used to inform the Financial Planning and Budget process. There would also be specific engagement activities as part of the budget setting process where residents and other key stakeholders would be able to be involved.

The programme of the engagement activity would ensure that all stakeholders were informed about the budget proposals, given an opportunity to be listened to and comment on the proposals, and receive feedback on outcomes from the engagement. The feedback from the engagement activities would form part of reports to Cabinet and Council to support decision-making.

Details of the Budget Engagement Strategy for 2017/18 were set out at Appendix B to the report.

Cabinet considered the following decision option: to agree the recommendations as set out in Section 1.2 of the report.

**Resolved** that (1) the proposed outline 2017-2020 Financial Planning and Budget Process, incorporating the key decision milestones and dates as set out at Appendix A to the report, be approved;  
(2) the Budget Engagement Strategy as part of the 2017-2020 Financial Planning and Budget Process, as set out in Appendix B to the report, be approved; and  
(3) the Elected Mayor, in consultation with the Deputy Mayor, Cabinet Member for Finance and Resources, the Chief Executive, the Head of Finance and the Head of Law and Governance, be granted delegated authority to approve the submission of the North Tyneside Council Efficiency Plan to the Department for Communities and Local Government in advance of 14 October 2016 deadline, in order to secure the final 3 years of the 2017-2020 Local Government Finance Settlement.

(Reason for decision – Decisions on the budget in relation to the General Fund, Housing Revenue Account, school's funding and the Investment Plan need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets.

The Authority will need to examine closely the links with key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed three-year resource planning period.

Cabinet and Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the three-year financial plan for 2017-2020 in accordance with the Authority's Reserves and Balances Policy most recently agreed by Council on 18 February 2016.

The Budget Engagement Strategy for 2017/18 will in part help to inform decisions about what will be included in the three-year Financial Plan for 2017-2020. Decisions on the budget for the General Fund, Investment Plan, Housing Revenue Account and schools' funding will need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets.

The Local Government Finance Act 1992 requires the Authority to set a balanced budget in the context of the resources available, including central government grants, business rates and council tax income.

The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual budget and council tax level, members and officers must take into account a report from the Chief Finance Officer on the robustness of the budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.

The 2017-2020 Financial Planning and Budget process has been prepared to comply with the time-scales required within the Budget and Policy Framework Procedure Rules contained in the Authority's Constitution. Decision making in relation to the Housing Revenue Account is the responsibility of the Cabinet, in accordance with section 9D of the Local Government Act 2000 (as amended.)

**CAB48/09/16 Council Tax Discounts 2017-18 (All Wards) (Previous Minutes CAB177/01/13 and C117/01/13)**

Cabinet considered a report seeking approval for further consultation to take place to determine if the empty property discounts should be reduced or removed entirely.

The Local Government Finance Act 2012 introduced changes in legislation that abolished two Council Tax exemptions and allowed local authorities to replace these with a level of discount or offer no discount at all. Further changes were also introduced allowing local authorities to reduce the discount offered to second homes down to 0%, and finally there was an option to local authorities to introduce a premium additional charge for properties that had been empty for a period in excess of 2 years.

On 16 January 2013 a report was provided to Cabinet outlining the many different options around the discounts available. Cabinet gave consideration and made proposals to full Council at the meeting held on 24 January 2013.

At the Council meeting held on the 24 January 2013 Council agreed the following options and these changes were implemented from 1 April 2013:

- a) Former Class A Exemption (unoccupied and unfurnished properties which are in need of or undergoing major repairs or structural alteration). The decision was taken to replace the previous 100% exemption with a 100% discount resulting in no impact on Council Tax payers and no additional debit created to collect.

- b) Former Class C Exemption (An unoccupied and unfurnished property). The decision was taken to replace the 100% exemption for 6 months with a 100% discount for 2 months.
- c) Empty Homes 50% Longer Term Empty Discount (This applied after the maximum 6 month empty exemption ceased). The decision was made to remove this discount entirely.
- d) Second Home Discount (this is where a second furnished property may be owned but not occupied). The decision was made to reduce the level of discount awarded from 10% to nil.

The changes implemented in April 2013 resulted in the Council Tax debit increasing by £1.2m. If Council had chosen at that time to remove all discounts, as it had the option to do, the total additional debit generated would have been £2.3m. The collection rate remained strong and fell by only 0.4% from 96.9% to 96.5% in year for 2013/14 and this included the collection of additional debit due to the Council Tax Support scheme and the general effects of a difficult economic climate including the impacts of welfare reform.

Changes agreed by Council in January 2015 were:

- a) Former Class A Exemption (unoccupied and unfurnished properties which are in need of or undergoing major repairs or structural alterations). The decision was taken to reduce the 100% discount for 12 months to 50% discount for 12 months. (Legislation permits the level of this discount to be reduced, but not the period.)
- b) Former Class C Exemption (an occupied and unfurnished property). The decision was taken to replace the 100% discount for 2 months with a 50% discount for 2 months.

The changes implemented in January 2015 resulted in the Council Tax debit increasing by £0.562m. The in-year collection rate in 2015-2016 actually improved to 96.6% from 96.4% the previous year.

There were a few remaining options available to Cabinet to recommend changes to the former Class A and Class C discounts for 2017-18. Our neighbouring authorities offered varying levels of support and some had removed all support from former Class A and former Class C discounts. These included Durham, Northumberland, South Tyneside, Stockton, Redcar & Cleveland and Middlesbrough councils.

Former Class A properties were properties that were unoccupied and unfurnished and in need of, or undergoing major repairs or structural alterations. These properties were currently entitled to 50% discount up to a maximum period of 12 months in North Tyneside. The law did not allow the Authority to reduce the maximum period of discount but did allow a reduction in the level of discount awarded. The report outlined the additional Council Tax debit that could be generated by implementing the various reductions.

Former Class C properties were properties that were unoccupied and unfurnished and were currently entitled to 50% discount for a period of 2 months in North Tyneside. For this discount the law allowed the Authority to change both the level of the discount and the period the discount is awarded for. The report outlined the additional Council Tax Debit that could be generated by implementing the various reductions.



Cabinet considered the following decision options:

Option1: To agree to undertake a public consultation exercise on the options for empty property discounts set out at tables 1 and 2 in the report and that the outcome of the consultation exercise be reported back to Cabinet on 12 December 2016 to allow it to make proposals to Council at its meeting to be held on 19 January 2017.

Option 2: To reject the proposal to consult upon changes to the empty property discounts and maintain the discounts at current levels.

**Resolved** that the Head of Finance, be authorised to undertake consultation between September 2016 and November 2016 on the proposed changes to the Empty Property Discounts (set out in tables 1 and 2 at paragraphs 1.5.8 to 1.5.9 of the report) and that details of the consultation responses be reported back to Cabinet on 12 December 2016 to allow consideration of the proposed changes, if any, to the Empty Homes Discount to be proposed to the Full Council on 19 January 2017.

(Reason for decision - It provides an opportunity to gain feedback from our residents and partner organisations on the options being considered. This will allow Cabinet to determine if it wishes to propose any changes to full Council on 19 January 2017.)

### **CAB49/09/16 Council Tax Support Scheme 2017-18 (All Wards)**

Cabinet considered a report seeking approval to undertake consultation on the proposed changes to the Council Tax Support (CTS) Scheme. Outcomes of the consultation will be brought back to Cabinet later in the year for a decision on which CTS Scheme Cabinet will propose to full Council.

The Local Government Finance Act 1992 stated 'For each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme'. The Authority 'must make any revision to its scheme, or any replacement no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect'.

The legislation advised that if any revision to a Scheme, or any replacement Scheme, had the effect of reducing or removing a reduction to which a claimant is entitled, then the revision or replacement must include consideration as to whether it is appropriate to introduce transitional provision relating to that reduction or removal as the authority thinks fit.

The current CTS Scheme was a means tested support which, to promote simplicity, generally followed the Housing Benefit rules around entitlement. It allowed a maximum amount of Council Tax Support of 90% for working age claimants liable for Council Tax. Pensionable age claimants received support based on 100% of their Council Tax liability as prescribed under national rules. In working out a claimant's entitlement to CTS, their income was compared against an Applicable Amount which was based on the claimant's circumstances. Where income was below the Applicable Amount the claimant received the maximum support; where income was above the Applicable Amount entitlement was reduced by 20% of the element of the claimant's income that was above the Applicable Amount.

Any changes proposed to the Scheme were subject to consultation, although the level and period of consultation was dependant on the level of change. As part of that consultation the Authority should before making a scheme:

- a) consult any major precepting authority which has power to issue a precept to it,
- b) publish a draft scheme in such manner as it thinks fit, and
- c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.

The final decision on the CTS Scheme to be implemented was a Council decision which would be made on 19 January 2017.

As at 30 June 2016 there were just less than 20,000 claimants receiving CTS. This was split between pensioner claims totalling 9,254 (46%) and working age claims 10,727 (54%), with the majority of CTS claimants living in a band A property. The caseload had reduced each year since the Scheme was first introduced in 2013/14, as more people moved into employment or as claimants' incomes increased and they no longer qualify for support.

Due to the reduction in the number of claimants, the forecasted cost of the Scheme for 2016/17 was currently around £14.765m.

There had been minimal reaction to the scheme since it was introduced in April 2013 and the Authority has had no appeals to the Valuation Tribunal.

In-year collection of Council Tax for year 1 of the Scheme (2013/2014) fell by 0.4% from 96.9% to 96.5%. In 2014/15 the collection rate again fell, although only slightly to 96.4% but in year 2015/16 the collection rate improved to 96.6%. Throughout these years there had been additional charges raised for empty property discount changes. In addition the general effects of a difficult economic climate caused by the impacts of welfare reform had also impacted on many residents on CTS.

The proposed change to the Scheme under consideration for 2017/18 was to reduce the maximum amount of Council Tax Support available to working age claimants thereby passing on a greater amount of Council Tax liability on to the claimant to pay. This would have the effect of reducing the cost of the Scheme and, as such, providing savings to the Authority.

Two options to reduce the percentage level of Council Tax Support were under consideration. The financial effect on both the claimant and on the Authority if the level of the Council Tax Support was reduced to either 87.5% or 85% from its current 90% was outlined in the report.

This report invited Cabinet to consider the options for the CTS contained in the report and for to decide whether it was appropriate to revise the current CTS Scheme for 2017/18 for working age claimants or alternatively for the Scheme to remain unchanged other than the inclusion of prescribed legislative changes.

Cabinet was requested to consider consulting on any, or all, of the Schemes below:

Scheme 1 - Continue to operate the current Council Tax Support Scheme with the maximum level of Council Tax Support available of 90% for working age claimants.

Scheme 2 - Reduce the level of Council Tax Support available from 90% to 87.5% for working age claimants.

Scheme 3 – Reduce the level of Council Tax Support available from 90% to 85% for working age claimants.

Estimated costs of Schemes 1 to 3 were outlined in the report.

Cabinet considered the following decision options:

Option 1: To agree the recommendations as set out in paragraph 1.2 of the report and consult on the Scheme or Schemes set out in paragraph 1.6 of the report as considered appropriate by Cabinet.

Option 2: Refer the matter back to officers for the consideration of an alternative Council Tax Support Scheme.

**Resolved** that the Head of Finance, be authorised to undertake consultation between September 2016 and November 2016 on the proposed changes, if any, to the Council Tax Support Scheme (set out at paragraphs 1.6.4 to 1.6.6 of the report) and that details of the consultation responses be reported back to Cabinet on 12 December 2016 to allow for consideration of the proposed changes, if any, to the Council Tax Support Scheme to be proposed to the Full Council on 19 January 2017.

(Reason for decision - It provides an opportunity to gain feedback from our residents and partner organisations on the Scheme or Schemes being considered. This will allow Cabinet to determine the Scheme it wishes to propose to Council on 19 January 2017.)

### **CAB50/09/16 Supporting Vulnerable Residents (All Wards)**

Cabinet considered a report which provided a summary of the work undertaken and support offered by the Mayor's Task Group for Welfare Reform to date. The report also acknowledged that further work is required to meet ongoing support needs as further legislation changes brought about by the Welfare Reform and Work Act 2016 take effect.

The Welfare Reform Act 2012 brought about many changes that affected the finances of our residents. In preparation for the changes being implemented a Mayoral Task Group was formed in 2011. On taking office the current Elected Mayor continued and developed this work with partners to do whatever was possible to help residents who lives were affected by Welfare Reform.

This group had developed over time and formed excellent working arrangements with our community and voluntary sector partners, Department for Work and Pensions, business sector, unions and multiple service areas of the Authority. The group also had a number of Cabinet Members in attendance demonstrating the importance that was placed upon supporting our residents.

The work of the group led to both regional and national recognition. The Association of North East Councils report on Welfare Reform highlighted the good work done at North Tyneside in working with partner organisations, particularly in the work done on benefit sanctions. At a national level the Authority was showcased on the national Citizens Advice Bureau (CAB) website as an example of best practice. This was with regard to working with partners and consulting with residents so they fully understood the implications of the Welfare Reform changes. It demonstrated who the Authority worked with, and listened to, the views of both residents and the community and voluntary sector and this engagement feedback was used in decision making. An example of this was the extensive consultation that was done before introducing the Local Council Tax Support Scheme.

One of the key tasks of this group was accessing relevant information on the welfare changes at local, regional and national level to understand potential implications for our

residents and indeed for the Authority and its partners. This also meant creating local schemes to deliver on our statutory responsibilities.

There was community engagement events delivered across the borough making our residents aware of the changes ahead of them being implemented. These were delivered in North Shields Centre, Seaton Burn, Wallsend, Whitley Bay and Meadowell. Members briefings were also delivered so members were aware of changes if residents visited their ward surgeries.

Community outreach sessions were also delivered by CAB, to support our residents with benefit and budgeting advice. These were delivered at Oxford Centre, John Willie Sams, White Swan Centre, The Meadows, Bewick Medical Centre and the Bangladesh Community Centre and Islamic Centre in Whitley Bay. This allowed residents that are unable to get to CAB main centres in Wallsend, North Shields and Whitley Bay to obtain support.

The Authority delivered its Welfare Assistance Scheme to support vulnerable residents who would previously have gone to the Job Centre for a Crisis Loan. This was done with reduced financial resource, but the Authority and its partners ensured that a holistic approach was taken in supporting our residents. It was no longer a quick fix of a Crisis Loan being offered but working with the residents to understand underlying issues and seeking a longer term solution.

North Tyneside Homes contacted all 2,000 residents that were being affected by the bedroom tax offering advice and support around moving properties where possible or improving household budgeting to meet any additional expenditure. These discussions led to changes to the Housing Lettings Policy to enable tenants with a low level of arrears to be able to apply to move home, particularly if arrears were beginning to accrue because of the bedroom tax.

The Task Group developed the Discretionary Housing Payments (DHP) Policy that was approved by Cabinet on 8 July 2013, and the Task Group had reviewed this each year since to ensure it delivered maximum support for our most vulnerable residents within the finances available from the fund. The Policy gave prioritised support to claimants in financial difficulty living in significantly adapted properties because of a disability. It also prioritised families in financial difficulty that had a formal agreement for child access in place and require a larger home to accommodate overnight visits to support family links between separated families and ensured they are not damaged by welfare reforms.

Recent changes meant that those making a claim for a DHP were referred for budgeting or debt advice to the CAB when it was considered that the claimant may benefit from this help. Feedback from CAB advised that this referral process was working well and claimants were engaging with the help offered. It ensured that help was provided at an early stage and issues can be worked through whilst financial support was in place.

Our Education to Employment Team had been working closely with families affected by the Benefit Cap, providing advice and support to manage this change and develop skills to allow the opportunity to move into employment.

A key success, which was recognised both regionally and nationally, was the work this group delivered on benefit sanctions. Community and voluntary groups at the Task Group reported back to the Mayor that the number of residents that were having their benefit stopped (sanctioned), because they were allegedly not meeting the requirements set by

the Job Centre were increasing. It was causing severe hardship for many, leading to an increased demand at our food banks.

As the Job Centre play a key role in the Task Group it was agreed that a sub group would look at why sanctions were happening in North Tyneside and explore ways we could make changes within the Job Centre and the Authority, as well as getting residents to understand their responsibilities to look for work and complete agreed actions to avoid being sanctioned.

A leaflet was jointly produced by Job Centre, CAB, other community groups and the Authority which was widely available in our public buildings. Leaflets were also put in with every food parcel given out as the foodbank reported back that sanctions was a main reason people asked for help. It was recognised that due to literacy issues, not all residents accessed information through leaflets and a YouTube Video was produced explaining what residents needed to do to avoid being sanctioned. We actually had residents volunteering to be part of the video to make it real for others.

This was a great success in that changes to working practices within the Job Centre and the Authority as well as great support from the community and voluntary sector groups in working with residents, to understand their responsibilities led to a 40% reduction in sanctions in the North Tyneside area and the lowest level of sanctions in the North East region. This clearly proved that partnership working within the group delivered real outcomes for our residents.

The focus of the Task Group for the past twelve months had been ensuring that support already in place is working well, but also preparing our residents for the introduction of Universal Credit in North Tyneside. Universal Credit for single claimants was introduced in North Tyneside in November of 2015. It was anticipated full roll out of Universal Credit to families would occur in North Tyneside in May of 2017.

A Universal Credit Delivered Locally Group (UCDL) had been set up as a sub group to the Mayor's Task Group on Welfare Reform and provided updates to the Task Group on a monthly basis. The DWP and the Authority have entered into a Delivery Partnership Agreement to deliver support to residents in budget management and IT skills. This support was mainly provided by CAB and the Authority's Education to Employment Team.

Numbers of residents referred to and attending CAB for budgeting advice and debt management along with the outcomes are presented to the UCDL on a monthly basis. Likewise numbers of residents presenting for IT access at the libraries or referred for IT skills support with the Education to Employment Team are also presented.

The Mayor's Task Group would also monitor the changes proposed in the Welfare Reform and Work Act 2016 and prepare actions to support residents at the appropriate time. Council Members along with partner organisations were being kept up to date as changes in legislation occur.

R Layton (North Tyneside JTUC) expressed his thanks that the trade union were involved with the work of the Welfare Reform Task Group.

Cabinet considered the following decision options:

Option 1: Agree the recommendation set out in paragraph 1.2 of the report.

Option 2: Reject the recommendation set out in paragraph 1.2 of the report.

**Resolved** that (1) the content of the report, be noted; and  
(2) further updates from the Mayor's Task Group, be submitted to Cabinet as appropriate.

(Reason for decision – It provides for further information to be provided to Cabinet on the work of the Mayor's Task Group and allows Cabinet members to be updated on the ongoing work being undertaken to support our residents.)

**CAB51/09/16 Tenders for the supply of frozen food, freshly prepared fruit and vegetables, fresh milk and fresh bread (All Wards)**

Cabinet considered a report seeking approval to carry out a tendering exercise for the supply of frozen foods, freshly prepared fruit and vegetables, fresh milk and fresh bread for the use in preparing meals across the borough including the preparation of school meals.

The Authority currently operated a very successful catering service that provided in excess of 2.4 million high quality, nutritional, healthy school meals per year. The service also provided a community based meals service and operated other catering outlets.

In support the Authority currently had a number of separate contracts in place for the provision of frozen foods, freshly prepared fruit and vegetables, fresh milk and fresh bread. The current contracts for these goods would expire on the 31 October 2016 and 31 March 2017.

The contract for frozen foods would be for a period of four years (three years plus the option to extend for an additional year).

The contract for freshly prepared fruit and vegetables, fresh milk and fresh bread would be for a period of four years (three years plus the option to extend for an additional year).

A procurement exercise to comply with European Legislation was recommended to establish that the Authority continues to secure service delivery and maximises opportunity from the market.

The contracts for each of the tendered lots would be awarded to one provider for each lot, however providers may bid for more than on lot.

The Mayor congratulated those responsible for school meals for getting good reviews and also for expanding the service into other local authority areas.

Cabinet considered the following decision options:

Option 1: Not to approve the recommendation set out in Section 1.2 of the report.

Option 2: Approve the recommendation set out in Section 1.2 of the report

**Resolved** that the Head of Commissioning and Investment, in consultation with the Head of Law and Governance, the Head of Finance, the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance, be authorised to undertake a procurement exercise and award contracts to those providers whose tenders are the most economically advantageous to the Authority.

(Reason for decision – To ensure continuity of service provision and increase opportunities to secure better value from the market.)

**CAB52/09/16 Cabinet response to Future Construction Options – Report of Overview, Scrutiny and Policy Development Committee (All Wards) (Previous Minutes CAB17/0715 and CAB 17/07/16)**

Cabinet considered a report seeking approval to a proposed response to the recommendations of the Overview, Scrutiny and Policy Development Committee in relation to the work undertaken by its sub-group on the Kier North Tyneside Joint Venture and the Authority's Future Construction Options presented to Cabinet on 11 July 2016.

Since it began in November 2009, Kier North Tyneside had been subject to supportive examination by members of the Overview, Scrutiny and Policy Development Committee. Significant work was done in 2010/11 that led to changes in governance and the way tenants were involved in the operation of the Joint Venture. The Committee had also continued to pay close attention to the performance of the Joint Venture both in terms of services to customers (particularly Council Tenants) and in terms of value for money.

On taking office in 2013, the Cabinet had concerns that the Joint Venture was not yet performing as well as was intended. Cabinet therefore asked the Cabinet Member for Housing and Transport to work with the officer team to challenge the senior team within Kier to ensure performance continued to improve and value for money was secured for the Authority and the tax payer.

Work was done through late 2013 into 2014 to sharpen Key Performance Indicators particularly to measure and incentivise "right first time": A priority identified by tenants. In addition, work was done to plan for improvement and to see those plans included in 2014/15 Service Plan.

In 2014, the Cabinet Member for Housing and Transport attended an Overview and Scrutiny Committee meeting and delivered a presentation on his portfolio responsibilities. At the meeting he asked if the Committee would consider carrying out a study into the future of the Kier North Tyneside Joint Venture (JVCo) partnership in two parts.

At its meeting in July 2014, the Overview, Scrutiny and Policy Development Committee considered and agreed its work programme to carry out two studies around the Joint Venture. Firstly, to Review Performance Priorities for the second half of the Kier North Tyneside Joint Venture to shape priorities for the remaining term of the contract through to March 2019.; and secondly, to consider the Long Term Construction requirements of North Tyneside Council and what delivery options should be considered post 2019 as well as those issues which would be important for Cabinet to consider when it weighed those options.

Cabinet received a report on 13 July 2015 detailing the recommendations of the Overview, Scrutiny and Policy Development Committee in relation to the work undertaken by its sub-group on the Performance Priorities for the second half of the Kier North Tyneside Joint Venture with Cabinet accepting the 10 recommendations made within the report. Those recommendations were incorporated into service planning with the Joint Venture for 2016/17 onward and are shaping activity in the second half of the contract term.

Since July 2015 the Sub-group focussed on understanding the Long Term Construction requirements of North Tyneside Council and what delivery options should be considered post 2019. This culminated in Cabinet receiving a report on 11 July 2016 detailing recommendations.

## Cabinet

As part of the review the Sub-group received information and briefing from a variety of stakeholders. Officers worked with the group to provide an extensive background to a number of issues which were outlined in the report.

In summary, the report considered the future construction needs of the Authority, the likely changes in the market and the options open to the Authority as Cabinet considered the way forward. Alongside this, the Sub-group outlined the issues that would be important in evaluating the construction options and, indeed, took the time to consider a wide range of choices that would face Cabinet.

Those issues were seen to be, strong customer involvement; careful consideration of the impact on the workforce; visibility of the supply chain and its employment practices; and value for money.

The Kier Joint Venture Contract required the Authority to enter into a six month period of evidence-based discussion beginning in April 2017 and concluding on 30th September 2017 when the Authority and Kier would agree on the approach to be taken from 2019. The decision on what would happen from 2017 covered a number of complex and inter-related issues. The options available to the Authority were very different and had different timetables and resource requirements.

Subject to Cabinet approval, it was therefore proposed to create a working group of Cabinet Members and Officers to work through the options available to the Authority, paying particular attention to the work of Overview, Scrutiny and Policy Committee. That working group would be required to consider in more detail the contractual position and process through to 2017 and then on to 2019. The legal, financial, HR and service delivery considerations would need to be further explored and there would be a need to understand the sensitivity and commercial aspects of the future delivery options. These need to be reviewed alongside an effective communications plan and management of the associated risks.

The Working Group would need to build on the work already carried out and tackle any specific issues that arise. It was envisaged that, as the work developed, it would be appropriate to seek further challenge and support from Overview, Scrutiny and Policy Development Committee.

It was envisaged that the Working Group would include the Deputy Mayor, Cabinet Member for Finance, Cabinet Member for Housing and Transport, members of the Senior Leadership Team, alongside representatives of Environment, Housing and Leisure, Commissioning and Investment, Law and Governance, Human Resources and Organisational Development, Finance and Business and Economic Development as required. Other Cabinet Member and stakeholder involvement would be required as thinking develops. For example the Cabinet Member for Children, Young People and Learning and Head Teachers and Governing Bodies when it comes to the construction needs of our schools.

It was important to note that this work was happening in clear sight of the Kier senior team. At the invitation of the Cabinet Member and the Chief Executive, Kier had been considering the Our North Tyneside Plan and the proposed operating model for the Authority. They were working up their own view of what might be required after 2019 for consideration during the discussions.

It was also important to note that Cabinet Members had specifically asked that there was sufficient time to give careful consideration to the issues. They had been clear that the 18



months that will remain of the contract between 2017 and March 2019 would not be long enough to handle any change. The key milestones were outlined in the report.

Cabinet considered the following decision options:

Option 1: Accept the response to the recommendation as set out in Appendix A of this report and notes the officers' suggested actions and suggested additional activity to support their implementation.

Option 2: Approve some of the recommendations in this report, and requests officers to look at other options and suggest additional activity to support progress.

Option 3: Reject the recommendations and suggests additional work to be undertaken.

**Resolved** that (1) the response to the recommendations of Overview, Scrutiny and Policy Development Committee detailed in Appendix A to the report, be agreed; and (2) the proposed approach, and timeline, for completing this complex piece of work, be accepted.

(Reason for decision: The creation of a Working Group and project team to undertake more detailed work around the options put forward by Overview, Scrutiny and Policy Development Committee will help ensure the Council takes account of the Key considerations.

It will take some time for the Council to fully consider this complex issue and ensure Cabinet achieves the best outcome for our tenants, residents and customers.)

### **CAB53/09/16 Cabinet response to Permit Parking – Report of the Overview, Scrutiny and Policy Development Committee (All Wards) (Previous Minute CAB16/07/16)**

Cabinet considered a report seeking approval to a proposed response to the recommendations of the Permit Parking Sub-group in relation to its study of permit parking in North Tyneside. The Permit Parking Sub-Group was established by Overview, Scrutiny and Policy Development Committee and recommendations were made to Cabinet at its meeting on 11 July 2016.

In October 2015 the Overview, Scrutiny and Policy Development Committee set up a sub group to carry out a study into permit parking in North Tyneside. This was in response to a request from the Cabinet Member for Housing and Transport, who requested that Committee review the current permit system and explore opportunities to improve and simplify the permit system across the borough. Members held a series of evidence gathering sessions with officers of the Authority, its technical services delivery partner, Capita, and local residents and business representatives.

As a result of the study, the Sub Group identified eighteen recommendations. Overview, Scrutiny and Policy Development Committee presented these recommendations to Cabinet at its meeting on 11 July 2016. The proposed response to those recommendations was set out at Appendix 1.

Cabinet considered the following decision options:

Option 1: Accept the recommendations as set out in paragraph 1.2 of the report.

Option 2: Not accept the recommendations as set out in paragraph 1.2 of the report.

Option 3: Amend any of the proposed responses at Appendix 1 of the report on an individual basis.

Option 4: Refer the matter back to officers for further consideration of particular issue(s).

**Resolved** that (1) the proposed responses to the recommendations of Overview, Scrutiny and Policy Development Committee in relation to its study into permit parking, as shown in Appendix 1 of the report, be agreed; and  
(2) a further report be brought to Cabinet to consider a business case and details of any resource requirements, when these have been determined.

(Reason for decision: In order to support the effective delivery of future measures in relation to permit parking in North Tyneside.)

### **CAB54/09/16 Salary Sacrifice – Childcare Vouchers (All Wards)**

Cabinet considered a report seeking approval to an EU-compliant procurement exercise to be undertaken in order to identify a preferred provider for a salary sacrifice childcare vouchers scheme.

The Authority currently had in place an Employee Benefits Package under which it offered a number of salary sacrifice schemes for employees to opt into. The salary sacrifice schemes offered were outlined in the report.

A salary sacrifice scheme was an arrangement whereby the employee agreed to a reduction in their pay in exchange for a benefit. The reduction (coming off gross pay) was not subject to Income Tax or National Insurance (NI) deductions. The employee therefore saved money by paying less income tax and NI; a variation in an employee's contract of employment was required to give permission for this to happen. For the Authority there were savings in employer's NI.

An employee benefits package, with salary sacrifice schemes, would also help to attract and retain top talent and to increase employee morale.

The Government commenced a consultation on 10th August 2016" on salary sacrifice for the provision of benefits in kind" This closed on 19th October 2016 and looked to limit the number of benefits in kind that attract advantages relating to income tax and National Insurance Contributions. Schemes excluded from the consultation document were pension savings, employer supported childcare and cycle to work as the government wished employers to continue to promote these.

The current child care voucher scheme had been supplied by Edenred. The scheme could be accessed by Authority employees (including Teachers) with responsibility for childcare for children up to the age of 16. The scheme was currently available to North Tyneside Authority and partner organisations. Employees signing up to the scheme to provide tax free childcare could now save over £850 a year.

Between 1 June 2015 and the 31 July 2016 there were 339 employees using the Child Care Voucher scheme, with an overall spend of £647,405.40 on vouchers.

The net saving to the Authority generated by the Childcare Vouchers salary sacrifice scheme over the previous five years was £117,584.

An employee on an annual salary of £19,245, paying £243 per month to child care would save approximately £48.60 in Income Tax and £29.23 in Employee National insurance contributions. The employer would save £33.62 in Employer National Insurance contributions. An employee would save roughly 12% on their NI liability and 20% on their tax. The employer would save approx 13.8% on their NI liability.

The employee enrolled on the current scheme by completing a salary sacrifice agreement. The provider of the current scheme sent a "Welcome Pack" that included details for the employee's care provider on how the scheme works, if they weren't already affiliated with the company. The employee then received paper vouchers which were given to the actual childcare provider. They then returned the vouchers to the scheme provider for redemption. Alternatively an electronic voucher membership card may be issued depending upon the childcare provider in question.

The new child care voucher scheme would continue to be made available to all employees of the Authority including Teachers, as a salary sacrifice scheme. As before, employees cannot take part in the scheme if the salary sacrifice means that their pay falls below the national living wage. Employees who were under notice and temporary and casual employees would not be able to enter the scheme.

The detailed guidance provided to employees on the scheme would be updated to reflect any changes required following procurement of the new provider.

There were a number of companies that were available to offer the scheme to the Authority. The Authority could choose to run its own independent EU-compliant procurement exercise to identify a preferred provider to manage the child care voucher sacrifice scheme on its behalf or it could use a framework already in place for another public sector organisation which would allow it to demonstrate Value for Money, such as the ESPO Framework 319 which was detailed in the report.

Suppliers on the framework had already been assessed during the procurement exercise for their financial stability, track record; experience and technical ability, there were no extra charges, pre-agreed terms and conditions, and minimum administration. A mini competition from this framework would allow further value for money. Therefore it was likely that this scheme would meet the requirements of North Tyneside Council, though an in-depth review of the exact terms and conditions of this scheme would need to be completed. If we were to use the ESPO framework we would be able to set up a 'call off contract' which would then allow us to agree specific start, end and extension dates.

It was not considered feasible to run a childcare voucher scheme in house due to potential costs associated with the set up and administration of such a scheme.

The Deputy Mayor explained that the Authority was currently working with the trade unions to produce a full package for employees, and that all employees would be made aware of this.

Cabinet considered the following decision options:

Option 1: Approve the recommendation to seek to extend the current agreement with Edenred for three months to allow for a procurement exercise to be completed. Also to undertake a procurement exercise in order to identify a preferred provider for a salary sacrifice Child Care voucher scheme and authorise the Head of Human Resources and Organisational Development, in consultation with the Deputy Mayor, the Head of Finance and the Head of Law and Governance, to undertake that exercise and award a contract to the successful bidder following the procurement exercise, in accordance with the recommendations as set out in paragraph 1.2 of the report.

Option 2: Not approve the recommendation to undertake an EU procurement exercise in order to identify a preferred provider for a salary sacrifice child care voucher scheme and refers the matter back to officers for further consideration.

**Resolved** that (1) an EU-compliant procurement exercise be undertaken in order to identify a preferred provider for a salary sacrifice childcare vouchers scheme. Which should include consideration of whether to rely on a framework currently being used by another public sector body where value for money can be demonstrated, be agreed; and (2) the Head of Human Resources and Organisational Development, in consultation with the Deputy Mayor, the Head of Finance, and the Head of Law and Governance, be authorised to undertake such a procurement exercise and award a contract for a period of 3 years, with option to extend twice for 12 month periods to the successful bidder following the procurement exercise.

(Reason for decision: If Cabinet approves the recommended option, the procurement will commence immediately to ensure the Authority is able to continue to offer a child care voucher scheme to employees.

If the preferred option is not approved, the Authority will be unable to undertake the proposed procurement exercise and will not be in a position to continue to offer a child care voucher scheme to employees. The requirement to return to Cabinet before a contract is awarded would also delay the implementation of a scheme, which would affect the amount of savings that can be achieved in the 2016/17 budget.)

### **CAB55/09/16 Member Development Programme 2016-17 (All Wards)**

Cabinet considered a report seeking approval for the Member Development Programme for 2016-2017 and seeking a delegation from the Elected Mayor to the Deputy Mayor to approve the Member Development Programme in future years.

The Council has had for many years a Member Development Programme which offered training to support elected members within their various roles. The training offered has included:

- Induction training
- Committee training for Regulatory functions
- Mandatory training for all elected members
- General training needs and skills development

It was a priority of the Authority to ensure that Members were supported and fully equipped to represent the views of their Wards in order to improve and shape services for the future. The Authority was committed to ensuring that Members were supported in continuously developing the range of skills needed to be outstanding community leaders and advocates for the Authority.

In previous years the requirements placed on Members to undertake and complete committee specific and mandatory training had been contained within the Authority's Constitution. Following the most recent changes to the Constitution, agreed at the Annual Council meeting, the requirements detailed above had been removed and replaced with a requirement to undertake training in accordance with the approved Member Development Programme.

In accordance with the provisions of the Local Government Act 2000 and the Regulations made under that Act, Cabinet were responsible for determining and approving the Member Development Programme.

The report outlined in detail the proposed Member Development Programme for 2016-17, including the type of training and required frequency for the specific training. Full details of

the Member Development Programme for 2016-17 were outlined in Appendix A to the report.

In consultation with appropriate officers, committees and groups the following subjects were recommended for delivery within the 2016/17 Programme:

- Planning and Development Control
- Scrutiny Training
- Workshop to Raise Awareness of Prevent (WRAP)
- Dementia Awareness
- Making Every Contact Count
- Equality and Diversity

Training offered from this programme was not mandatory; Members would be encouraged to attend sessions most appropriate to their role. Proposed training would be delivered by officers of the Council and external training providers.

In addition to the above programmes Members would have access to various online and self study tools to support their personal development. Details of the online and self directed learning were outlined in Appendix A to the report.

The Member Support Group had been regularly consulted on Member development matters and had made recommendations on training delivery. In addition specific committees and task groups had been consulted with to approve key elements of the Member Development Programme relevant to their areas of activity. This had included the Overview and Policy Development Committee, the regulatory committees and the Standards Committee.

It was suggested that consultation with the Overview and Policy Development Committee, the Regulatory Committees, the Standards Committee and the Member Support Group should be undertaken in relation to the future development of the Member Development Programme to reflect the particular development needs of those Committees and Groups.

The proposed timetable for consultation on the Member Development Programme in future years would commence in December of each year with a view to an approved Programme being finalised by March of the following year.

Cabinet considered the following decision options:

Option 1: Agree the recommendations set out in Section 1.2 of the report, approving the member development programme and delegated authority for future approvals to the Deputy Mayor.

Option 2: Not approve the recommendations set out in Section 1.2 of the report, and request officers to undertake further consultation, with delegated authority for future approvals to the Deputy Mayor.

Option 3: Not approve the recommendations set out in Section 1.2 of the report, and request officers to undertake further consultation.

**Resolved** that (1) the Member Development Programme 2016-2017, be approved; and (2) the Elected Mayor amends the Elected Mayor's Delegation Scheme to authorise the Deputy Mayor to approve the Member Development Programme in future years, following appropriate consultation as set out in the report.

## Cabinet

(Reason for decision: If Cabinet approves the recommended option, the programme can be implemented with immediate effect ensuring training is offered in a timely approach to Members.

Providing delegated authority to the Deputy Mayor will ensure amendments to the Member Development Programme can be implemented quickly to reflect the needs of Members and priorities for the Authority.)

### **CAB56/09/16 The North East Investment Fund (JEREMIE 2) (All Wards)**

Cabinet considered a report seeking approval to determine the Authority's membership of the Special Purpose Vehicle for the North East Investment Fund (JEREMIE 2).

JEREMIE funds were provided to areas by Government via Implementing Bodies to provide funding opportunities for businesses who meet the relevant criteria and for specific purposes.

The proposed North East Investment Fund (JEREMIE 2) Fund would provide a successor to the Finance for Business North East, JEREMIE 1 fund, which currently provided access to finance (equity and mezzanine loans funds) to Small and Medium Sized Businesses in the North East. The JEREMIE 1 scheme was due to end in December 2016.

Other regional JEREMIE funds were being consolidated into the Northern Powerhouse Investment Fund (NPIF), with the British Business Bank acting as the Implementing Body, which would be operated from Sheffield. The North East opted not to join NPIF, preferring to create a successor fund based in the North East, utilising existing expertise and infrastructure. In 2015 Government approval, in principle, was provided to establish a North East fund operated by an Implementing Body located in the North East.

The need for continued intervention via a renewed JEREMIE resource was demonstrated by an independent assessment report on the JEREMIE1 scheme. The resource would increase the amount of venture capital accessed by local businesses in order to support growth, jobs and to attract further external investors locally.

The JEREMIE 2 Fund was proposed to make £120m of investments, which would be financed by an ERDF grant of £60 million, matched by £60 million of loans from the European Investment Bank (EIB), the EIB provided the loan finance for the current JEREMIE 1 fund.

In order to satisfy the requirement of the scheme funders and Government Departments, the JEREMIE2 Fund must be managed by a fully compliant Special Purpose Vehicle (SPV) as the Implementing Body set up specifically for this purpose. The SPV in turn would oversee the activities of individual fund managers operating specific funds providing the access to finance to businesses. The process to procure the individual Fund Managers was currently underway in an EU compliant process.

In April 2016, the NECA Leadership Board agreed the principle of establishing the Fund and the SPV and authorised the procurement of the Fund Managers referred to above. Since then the precise governance arrangements had been developed by the LEP/NECA officer team tasked with the responsibility of implementing the North East LEP Area Fund of Funds.

The NECA Leadership Board considered the proposal that the NECA would be the sole member of the SPV. This option was explored however, as NECA had not yet been given

the necessary borrowing powers, which would enable the loan to be made by the EIB directly to the SPV, this could not be taken forward.

It was now proposed that the most appropriate structure would involve all seven local authorities being the owners of the company, with a guarantee limited to £1 for each local authority. This would be determined by the NECA Leadership Board on 20 September 2016, subject to the approval of the individual authorities. This would be the limit of the direct financial cost and liability of each council. No guarantee for the loan facility would be given by the SPV and there is therefore no loan liability for the local authorities. In the future, if NECA received the necessary borrowing powers from the Government, it would be possible to novate the agreements so that NECA became the sole owner of the SPV, if this was considered to be appropriate.

An application for ERDF funding of £58.5m had been submitted by NECA on behalf of the North East Local Enterprise Partnership. The application was being considered by written procedure of the ESIF committee at the beginning of October 2016. The NECA Leadership Board would meet on 20 September to consider a report regarding the proposals for the structure and governance of the SPV.

It was proposed, subject to the decision of the NECA Leadership Board meeting on 20 September 2016 that the Authority consider becoming a member of the company which would deliver the JEREMIE 2 Funds. Similar Cabinet decisions would be made by the constituent authorities.

As the Authority does not have a scheduled Cabinet meeting in the relevant time period, it was proposed that delegated authority was given to the Elected Mayor in consultation with officers to determine this matter following the NECA Leadership Board meeting on 20 September. Further detailed information would be included in a full report to the Elected Mayor to enable proper consideration of the delegated decision.

Cabinet considered the following decision options:

Option 1: Agree the recommendations as set out in paragraph 1.2 of this report.

Option 2: Reject the recommendations as set out in paragraph 1.2 of this report.

**Resolved** that subject to the decision of the NECA Leadership Board on 20 September 2016, the Elected Mayor, in consultation with the Cabinet Member for Finance, the Chief Executive, the Head of Finance and the Head of Law and Governance, be authorised to determine the Authority's membership of the Special Purpose Vehicle for the North East Investment Fund (JEREMIE 2) and associated matters to enable it to be appropriately established.

(Reason for decision: It will enable the Authority to consider and determine its position in relation to participating in the Special Purpose Vehicle within the required timescales. If the Authority participates it will enable the NECA area to have access to the JEREMIE 2 funds.)

## **CAB57/09/16 Exclusion Resolution**

**Resolved** that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

## **CAB58/09/16 Central Lower Promenade Reconstruction Scheme (All Wards) (Previous Minute CAB185/05/16)**

On 9 May 2016 Cabinet approved a competitive procurement exercise to enable a value for money exercise to be undertaken on delivery of the construction phase of the Central Lower Promenade coastal sea defence scheme. Given the complex nature of the works this was to ensure that best value for money was achieved for the Authority.

The purpose of this report was to advise Cabinet of the outcome of this exercise and to obtain approval to proceed with an alternative design and build delivery solution for the project.

Cabinet considered the following decision options:

Option 1: Agree the recommendations set out at Section 1.2 of the report, to proceed with an alternative design and build delivery solution for the Central Lower Promenade subject to an appropriate standing orders waiver.

Option 2: Not agree the recommendations set out at Section 1.2 of the report.

**Resolved** that (1) the outcome of the value for money exercise that has been undertaken as set out in section 1.5 of the report, be noted;  
(2) the Head of Environment, Housing and Leisure, in consultation with the Elected Mayor, the Head of Law and Governance and the Head of Finance, be authorised to engage Hartlepool Borough Council to provide external specialist engineering and project management support for the Central Lower Promenade Scheme; and  
(3) the Head of Environment, Housing and Leisure, in consultation with the Elected Mayor, the Head of Law and Governance and the Head of Finance, be authorised to enter into contractual arrangements with a contractor in accordance with the principles set out in paragraph 1.5 of the report to redesign and construct the Central Lower Promenade scheme, subject to an appropriate waiver being obtained in accordance with Clause 3(1)(b) of Contract Standing Orders.

(Reason for decision: It will allow the Authority to proceed with an alternative design and build delivery solution using Hartlepool Borough Council's Framework to negotiate an alternative design solution for the Central Lower Promenade Scheme.

If Cabinet approves the recommended option, the procurement process will begin immediately in order to ensure that the Phase 2 construction works can commence in accordance with the reprogrammed timetable of April 2017.

If the preferred option is not approved, the Authority will be unable to proceed with redesign and construction in order to secure best value for money for the Authority.)



**CAB59/09/16 Date and Time of Next Meeting**

4.00pm on Monday 17 October 2016.

**Minutes published on 15 September 2016.**

**The decisions contained within these Minutes may be implemented (unless called in by 3 Non-Executive Members for consideration by the Overview, Scrutiny and Policy Development Committee) immediately following the expiry of the call-in period; i.e. 5.00pm on 22 September 2016.**