

Cabinet

A meeting of Cabinet was held on Thursday, 4th October, 2012.

Present: Cllr Robert Cook (Chairman), Cllr Jim Beall, Cllr Ken Dixon, Cllr David Harrington, Cllr Ken Lupton, Cllr Mrs Ann McCoy, Cllr Steve Nelson, Cllr David Rose, Cllr Michael Smith

Officers: N. Schneider (CEO); J. Danks, D. Hurwood, G. Cummings, B. Brown, (R); Paul Dobson, R. Poundford, R. McGuckin, J. Edmonds, DNS); J. Humphreys(CESC); P. Kelly (DPH) J. Grant, M. Henderson (LD).

Also in attendance: Cllr Ken Lupton

Apologies: Cllr Coleman

CAB 70/12

Declarations of Interest

Councillor Cook declared a personal interest in the item entitled LA Nominations, under paragraph 11, of the Council's Code of Conduct for Members, as he was named in the report as a nominee to Norton Primary School.

Councillor Nelson declared a personal interest, under paragraph 11 of the Council's Code of Conduct for Members, in the item entitled Tees Valley Tenancy Strategy, as he served on the Tristar Homes Limited Management Board.

CAB 71/12

Minutes of the meeting held on 6 September 2012

The minutes of the meeting held on 4 October 2012 were confirmed as a correct record.

CAB 72/12

LA Nomination

In accordance with the procedure for the appointment of school governors, approved at Minute 84 of the Cabinet (11th May 2000). Cabinet was requested to approve the nomination to school Governing Body as detailed within the report.

RESOLVED that appointment be made to the vacant Governorship subject to successful List 99 check and Personal Disclosure, as follows:-

Hardwick Green Primary School – Mr R. Stephenson
Hartburn Primary School– Councillor M. Clark
Mill Lane Primary School – Mrs J. Oliver
Norton Primary School – Cllr R. Cook
The Oak Tree Primary School – Cllr Mrs C. Clark

CAB 73/12

Major Transport Scheme Funding Devolution

Cabinet considered a report relating to the funding of Major Transport Schemes.

It was explained that the Government had produced a consultation paper to

take forward discussion about a new system for prioritising and funding local major transport schemes after the end of the current Spending Review period.

It brought together, into one paper, a discussion on the structure, sizing, configuration, governance and accountability arrangements for a new system beyond 2014-15. The consultation was with local authorities, Local Enterprise Partnerships and representative groups.

The Government's proposals centred on devolving capital funding for local major transport schemes to democratically accountable local transport bodies. The role of the body was to agree, manage and oversee delivery of a prioritised programme of local major schemes for delivery post 2015. They would oversee the delivery of individual schemes, but would not be the vehicle for their delivery, which would remain with individual local authorities or other relevant delivery agencies.

As a starting point, it was suggested that the membership of these bodies was based on the Local Enterprise Partnerships (LEPs) with further membership to be decided locally, although the involvement of the Local Authorities would be vital due to their responsibilities, expertise and leadership role on transport matters.

The devolution would mean that DfT would no longer have a formal role in the approval of schemes or appraisal of individual business cases. However, Local transport bodies would need to meet a central assurance framework in which it was proposed to include governance, accountability for decisions, financial propriety and regularity and meeting and testing value for money.

Local transport bodies would need to put in place processes and frameworks to deal with risks to delivery, such as cost overruns. Individual schemes should meet a minimum Value for Money threshold and Local transport bodies would sign-up to post-delivery evaluation of schemes, the outcomes of which could influence future funding allocations.

Tees Valley Unlimited (TVU) had provided a response to this consultation on behalf of the five Tees Valley Authorities. TVU already had a good record in making strategic, cross-local authority boundary decisions on key priorities for the area through, for example, bids to the Regional Growth Funds (Rounds 1 and 2) and the Growing Places Fund. In addition to this, the Tees Valley also had good recent experience in jointly delivering major transport schemes.

TVU had a well developed governance structure which included the transport agenda and therefore it was considered to be the most appropriate body to which local major transport scheme funding should be devolved and propose that the LEP and the local transport body were essentially one of the same thing. The mechanisms and governance structures were already in place to allow this to work effectively.

TVU and the five Authorities were confident that it could provide the Government with the necessary assurances on accountability and propriety with regards to managing such devolved funding. Indeed there were some good recent and appropriate examples of how jointly awarded funding from Government had proactively managed to ensure delivery of schemes and

projects to the specified budgets and timescales.

The Tees Valley Bus Network Improvements (TVBNI) project was perhaps the best example of this and was being managed through a dedicated project board, which was overseen and directed by the Transport and Infrastructure sub-board. The project board had put in place a number of agreed mechanisms and procedures to prioritise schemes and to manage issues such as project/programme delays, cost overruns or underspends and all major risks associated with project delivery.

The DfT had asked for each area to confirm its Local Transport Body (LTB) geography by 28 September. In the consultation response, TVU identified this as being the existing LEP geography in the case of the Tees Valley. The DfT had also suggested that it would require confirmation of governance arrangements by the end of the year and a provisional list of prioritised schemes by March. Members would be kept informed of progress.

RESOLVED that the content of the report, the responses made to the consultation and the next steps be noted

**CAB
74/12 Economic Climate Update Report**

Cabinet considered a monthly update report providing members with an overview of the current economic climate, outlining the effects that this was having on Stockton Borough, and the mitigations already in place and those being developed.

Members noted some of the positive and negative developments since the last report. Details of the support on offer to people and businesses was also provided.

Cabinet was provided with an update relating to the closure of the Direct Line call centre in Thornaby.

Members noted the recent announcement by JJB sports. Two stores in the borough, employing approximately 12 staff, were likely to be closed.

Cabinet was provided with details of the Community Energy Savings Programme which had created a variety of local business and employment opportunities via the energy efficiency measures being provided free.

Members noted that work to demolish Billingham House had commenced.

It was explained that updates on progress relating to Billingham Town Centre would be submitted to future meetings.

RESOLVED that the content of the report and the support being undertaken be noted.

**CAB
75/12 Tees Valley Tenancy Strategy**

Consideration was given to a report relating to the Council's first Tenancy Strategy. A copy of the proposed Strategy was provided to members together with supporting appendices.

Members noted that the Localism Act 2011 required all local authorities in England to prepare a Tenancy strategy.

Tees Valley Local Authorities had recognised that Registered Providers operated across local authority boundaries and it was therefore sensible to produce a sub regional strategy, that each authority would adopt.

The aim of the Tees Valley authorities was to work practically with accommodation providers and make the best use of housing stock to address the housing pressures faced collectively .

The Tenancy Strategy was required to set out when and why fixed term tenancies could be used. Members noted that, at that time, 'lifetime' and 'introductory/starter' tenancies were widely used across the Tees Valley and it was the collective view of the 5 strategic housing authorities that these tenancies helped to provide stability within local communities. On this basis the Sub Regional Tenancy Strategy detailed that it was the expectation of all 5 Tees Valley LAs that fixed-term tenancies should be the exception rather than the norm.

The majority of housing providers who responded to the consultation exercises also indicated they did not have a strong preference for a radical introduction of fixed-term tenancies. That said, the Government had introduced fixed-term tenancies i.e. to allow more flexible arrangements for people entering social housing and to enable social landlords to manage their homes potentially more effectively. On this basis it was recognised that in some circumstances, a fixed-term tenancy may be appropriate and that some RPs would potentially use them as a lettings tool, for example:

- To address under and over-occupation;
- To increase social mobility;
- Make best use of stock that may be in short supply;
- For family intervention tenancies; and
- To support prospective adopters and foster carers.

Section 4 of the proposed Tenancy Strategy clearly documented the authorities' expectations in relation to fixed-term tenancies, the length of term and what was expected when a fixed-term came to an end. To ensure that appropriate and consistent housing advice/assistance was provided should a fixed-term tenancy be ended each housing provider had been consulted on a 'Protocol' which detailed expectations in terms of each RP's roles and responsibilities, each RP would be asked to sign-up to this protocol. A copy of the protocol was provided to members.

It was explained that, currently, a number of RPs. operating in the sub-region had taken the decision to operate fixed-term tenancies on a limited basis. Others were still considering their position.

Cabinet was informed that each of the 5 Tees Valley LAs would, over the

coming weeks, seek member approval for the Sub Regional Tenancy Strategy. It was anticipated that the Strategy would become effective from November 2012 when all necessary approvals had been secured. A copy of the final document would then be shared with each social housing provider across the sub region and copies placed on the web pages of each LA.

To ensure that the Tenancy Strategy remained fit for purpose an annual review would be undertaken.

RESOLVED that

1. the introduction of the Tenancy Strategy, on a Tees Valley wide basis, be approved.
2. the draft Tees Valley Tenancy Strategy and its supporting Appendix be approved.
3. should the Tenancy Strategy require any minor revisions, before its formal implementation (as sign-off was required by each of the 5 Tees Valley LAs), delegated authority to agree any revisions be given to the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety.

**CAB
76/12** **Minutes of Various Bodies**

Consideration was given to the minutes of the meetings of various bodies.

RESOLVED that the minutes of the following meetings be received/approved, as appropriate:-

Stockton Local Safeguarding Children Board – 17 May 2012
Central Area Partnership Board – 28 June 2012
Stockton Safeguarding Children Board – 19 July 2012
Central Area Partnership Board – 26 July 2012

**CAB
77/12** **Local Authority Mortgage Scheme**

Consideration was given to a report relating to the introduction of a mortgage assistance scheme for First Time Buyers (Local Authority Mortgage Scheme (LAMS)).

It was explained that the LAMS scheme was aimed at first time buyers, providing help for potential buyers who could afford mortgage payments - but not the initial deposit – to get on to the property ladder. Under the scheme, each Local Authority would be able to specify the qualifying characteristics for those who should qualify for a mortgage under the LAM scheme. The criteria was driven by local housing needs surveys and housing strategies although the scheme itself was standardised as much as possible.

If a potential buyer met the strict credit criteria applied by the lender, and met the criteria set out by the Local Authority to qualify for a mortgage under the scheme, the Local Authority would provide a top-up indemnity to the value of

the difference between the typical Loan to Value (LTV) (i.e. 75%) and a 95% LTV mortgage. The potential buyer would thereby obtain a 95% mortgage on similar terms as a 75% mortgage, but without the need to provide the substantial deposit usually required.

It was stressed that the scheme did not promote reckless lending, it was essential that the applicants met the standard lending criteria as set out by the lender, and that the higher LTV mortgage was affordable. The Council had no role in selecting mortgage applicants; it would merely advertise the scheme.

The indemnity would be in place for a fixed 5 year period for each mortgage granted under the scheme, which may be extended for a further 2 years if a mortgage were to be in arrears in the last 6 months of the initial 5 year period.

The indemnity would only be called upon if a loss was crystallised by the lender. By way of example, a property valued at £100,000, with a 95% mortgage would have a Local Authority indemnity of £20,000. If the property was subsequently sold for £70,000, £25,000 less than the mortgage, then the full value of the £20,000 indemnity would be requested by the lender. If the property was sold at £90,000, £5,000 less than the mortgage, then only £5,000 would be requested from the Local Authority. If arrears were outstanding on the mortgage account the lender would also request this sum from the Local Authority but the overall sum payable would be limited to the total indemnity.

It was anticipated that the Council would set a maximum annual limit for indemnities offered, either in total or for the forthcoming year. The indemnity could be either unfunded or in the form of a cash deposit, depending on the requirements of the lender.

Whilst some schemes could be unfunded the majority would require a cash deposit from the Council. With a cash deposit the Local Authority was required to place a 5-year deposit at the start of the scheme to the full value of the indemnity being offered. The deposit would be in place for the term of the indemnity – i.e. 5 years (with the possibility of a further 2 year extension if the mortgage is in arrears at the end of the initial 5 years) - and may have conditions / structures attached. It was noted that the first, and major, lender to participate as a partner in this scheme required a cash deposit based indemnity. The guarantee would only be called upon if a loss was crystallised by the lender. In accordance with the legislation, the lender would not have a legal charge over the deposit. In the event of an indemnity being called and an amount being payable by the Local Authority to the lender, a request for payment would be made by the lender.

For both types of indemnity, and assuming no default by the buyer, the indemnity liability would terminate on the earliest of the end of the agreed indemnity period (i.e. 5 years) or an early repayment of the mortgage. In the case of a cash-backed indemnity, the fixed-term deposit would be repaid to the Local Authority at the date of maturity, plus interest due. In the Lloyds draft agreement, there was a provision for an extended indemnity period of 7 years where the borrower had been in arrears by more than 3 monthly payments at any time during the last 6 months of the 5 year initial indemnity period. The scheme would be run in partnership with either one or more national lenders. At present there were two major national lenders, Lloyds TSB Bank plc

and Leeds Building Society, and a small number of regional lenders. The general nature of the assistance provided had already been agreed:

- a. Each borrower in relation to the mortgage is a first time buyer (or in the case of joint borrowers at least one of them is a first time buyer) in accordance with the bank's standard criteria for determining eligibility for first time buyers.
- b. The loan was for an amount up to a standard financial limit specified by the Council.
- c. It would be available to purchase a property in the post code area that the Council determines, which means applications can come from anywhere in the UK.

Lloyds TSB Bank would not provide mortgages under this scheme for new build or shared ownership/shared equity properties. Other lenders may be able to provide this option, so this could potentially be an option in the future once more lenders join the scheme. Members noted that there were other schemes available which provide support for first buyers wanting to access new build properties, these include the Government backed "NewBuy" and "FirstBuy" schemes. However, there were no similar schemes for first time buyers who wanted to access a 'resale' property.

It was not available for buy to let mortgages. All applicants would be subject to the bank's normal affordability limits and credit checks.

The Council would determine the value of the overall indemnity facility that the bank could access for Stockton, the bigger the value, the more mortgages they would be able to provide. The Council could top up that facility but could not withdraw funds for at least 5 years. The facility would be used up on a first come first served basis. When the facility is used up, the bank would stop allocating mortgages under the scheme in Stockton.

It was recommended that the initial deposit and indemnity limit should be £1million, which should be sufficient to support between 50 and 75 mortgages, with a cap on the maximum loan value of £100,000.

It was possible to restrict the scheme to a single postcode, however there did not appear to be justification for this Stockton and as such it was recommended that all post codes in the borough should be included, therefore supporting an active housing market across the Borough.

It was noted that Sector Treasury Services would undertake an annual audit of the scheme to ensure both parties were fully compliant with the agreement.

It was explained that an agreement would need to be made with one or more lenders and finance arranged. To minimise delays delegated authority was sought to negotiate and finalise the agreements to the Corporate Director of Resources and the Head of Legal Services.

RESOLVED that:

1. the Local Authority Mortgage Scheme be adopted in accordance with the

outline provided within this report.

2. the following local criteria be approved and officers should seek to have incorporated in the final agreement:

a) All post codes in Stockton-on-Tees Borough Council's area of coverage should be included.

b) The initial deposit and indemnity limit should be £1million.

c) that the maximum loan guarantee be set initially at £20,000, being 20% of a maximum purchase price of £100,000.

3. the finalisation of the documentation and any ancillary matters be delegated to the Corporate Director of Resources and Head of Legal Services, in consultation with the Cabinet Members for Corporate Management and Finance and Housing and Community Safety.

**CAB
78/12**

Changes to Council Tax Charges for Empty Dwellings

Consideration was given to a report on the changes to Council Tax charges for empty dwellings.

The Local Government Finance Bill provided councils with more flexibility over the Council Tax charges that could be levied on certain empty dwellings and second homes. The changes would support councils' strategies to bring empty dwellings back into use and offer the potential to raise additional Council Tax revenue. The report described the new powers, which would take effect from 2013/2014. It presented a draft scheme, which implemented the changes to maximum effect and a draft consultation plan for approval.

The Council was seeking to identify ways of

- Bringing empty dwellings back into use in order to improve neighbourhoods and reduce homelessness lists; and
- Reducing its budget gap, currently forecast at £11.6m in 2016/2017

Implementing changes to Council Tax discounts and exemptions to maximum effect would make a positive contribution to both of these priorities and it was recommended that the discount amounts/charges shown within the report form a draft scheme to go out for consultation, with a view to implementation for the 2013/2014 financial year.

There were a number of specific circumstances where empty dwellings attracted an exemption from Council Tax. These exemption categories were not affected by the proposed changes. Details were provided to members.

The estimated number of dwellings that would fall within each category, together with indicative additional revenue if all discounts/exemptions were removed and the maximum Council Tax was levied was detailed within the report. It excluded short-term (less than 6 months) empty dwellings owned by charities, as these continued to be exempt. It was predicted that it would be more difficult than usual to collect sums due from non-resident owners and that there would be an element of avoidance and these factors had been built into

the estimates. However, potential additional income through implementing the changes was estimated to be £1.2m

With regard to the impact on Council Tax Payers although councils' responses to the consultation exercise asked for the new arrangements to provide as much flexibility as possible in terms of the ability to set different discount percentages for different periods depending on different circumstances, it was disappointing that the provisions in the Local Government Finance Bill did not offer this degree of flexibility.

Dwellings were left empty for a wide variety of reasons and this type of information was not held on the Council Tax system, unless specifically volunteered by the owner. Examples within the report illustrated the potential impact of the proposed changes on local Council Tax payers.

In exceptional circumstances, where properties were empty and on the market for sale and the owner was facing financial difficulties paying the new charges, a solicitor's undertaking that any outstanding Council Tax would be paid from the proceeds of sale would usually be accepted to prevent enforcement action, should the account fall into arrears. This practice was already in place for owners that were liable for the existing 50% empty property charge.

The Council also operated a discretionary "hardship relief" policy under Section 13A of the Local Government Finance Act 1992, and this would be reviewed to ensure that it could accommodate applications from those who find that the new charges were causing exceptional financial hardship.

A timetable for implementing the changes in time for 2013/2014 Council Tax annual billing was detailed within the report.

The timetable included a period set aside for consultation. Although there was no statutory requirement to consult, it was considered appropriate to provide an opportunity for interested parties to provide feedback about the proposals and inform the decision making process. The draft consultation plan, draft consultation document and questionnaire had been prepared and was provided for members attention.

RESOLVED that:-

1. the draft scheme for Council Tax charges on empty dwellings and second homes described in paragraph 5 of the report be approved as the scheme that would go out for consultation.
2. the draft consultation plan and consultation document/questionnaire attached at Appendices 1 and 2 of the report be approved and approval of the final consultation documentation and approach be delegated to the Corporate Director of Resources in consultation with the Cabinet Members for Corporate Management & Finance and Housing & Community Safety.
3. the timetable for implementation described at paragraph 8 of the report be noted, which will ensure that the new arrangements are in place in time for the 2013/2014 financial year.

**CAB
79/12**

Q1 Medium Term Financial Plan update

Consideration was given to a report that updated Members on the financial position of the Council.

A table that detailed the MTFP position of each service was contained within the report. Officers were continuing to monitor closely expenditure in all areas with particular focus on areas where services which were in the process of an EIT review.

With regard to Children, Education and Social Care the managed surplus at the end of the 2011/12 financial year was £1.7m and the report to Members in July 2012 discussed a number of ongoing pressures facing the service and indicated that the managed surplus would be required to fund pressures in 2012/13. The indications from the June budgetary control were that £1.3m would be utilised, £250,000 in respect of expenditure deferred from 2011/12 and £1m to support service pressures. These were summarised within the report.

The majority of the areas detailed within the report were subject to detailed review and analysis as part of the Councils approach to efficiencies ('Big Ticket'). The position would be monitored closely and considered as part of the 2013/14 medium term financial plan review.

With regard to Development & Neighbourhood Services although there was no change to the overall managed surplus, there were indications that planning fee income may be below target. This again was extremely volatile and would be monitored closely throughout the year

General fund balances were expected to remain at the level previously reported of £10.3m which was £1.8m above the 3% recommended target and given the financial climate it was recommended that these resources be retained.

The Capital budget for 2012/17 was attached to the report and summarised within the report.

RESOLVED that the Medium Term Financial Plan (MTFP) and the current level of general fund balances be approved.

**CAB
80/12**

Joint Health and Wellbeing Strategy and Delivery Plan

Consideration was given to a report on the development of the Joint Health and Wellbeing Strategy for Stockton-on-Tees. It outlined the feedback received from the consultation events held over the summer period and how this had been incorporated into the revised Strategy. In order to implement the Strategy, a delivery plan approach would be developed which would outline the actions and accountabilities required to meet the aims and aspirations of the Strategy.

The Health and Wellbeing Board and Partnership had undertaken the development of the Joint Health and Wellbeing Strategy for Stockton on Tees based on the emerging themes and issues identified through the Joint Strategic Needs Assessment (JSNA). As part of the process the draft Strategy was

consulted on during the period of 12 July to 25 August 2012.

As part of the consultation a number of engagement routes were undertaken and these were detailed within the report.

The full report and all of the consultation feedback was attached to the report and the feedback would also be used to inform the Joint Strategic Needs Assessment work as there would be specific elements which may help inform the “what people say” section.

In order to address the feedback, the Health and Wellbeing Strategy was redrafted and a copy was attached to the report. From the feedback received there were some priorities within the Strategy which emerged and these were detailed within the report.

There were a number of comments around ensuring the infrastructure enabled the delivery of these plans.

From the feedback the Health and Wellbeing Board and Partnership recommended that the Strategy had an overarching framework which maintained an oversight of the six Marmot Principles but that it focuses its attention on:-

- Give every child the best start in life,
- Addressing ill health prevention, and
- Getting the infrastructure right.

The Health and Wellbeing Board and Partnership had endorsed an approach to support the implementation, of the Strategy. It was proposed that the delivery plan be developed for the purpose of implementing, reviewing and monitoring the progress of the Strategy.

The objectives and actions across the Joint Health and Wellbeing Strategy required the input and contribution from a range of organisations and partners. The Delivery Plan arrangements needed to be proportionate, to provide challenge without creating an undue burden of reporting processes. Some work was being undertaken to map the various plans and strategies that link with the Health and Wellbeing Strategy (e.g. Family Poverty Framework, Sustainable Community Strategy and delivery plan etc,) which would help to inform development of the Delivery Plan and its links with other, existing partnership strategies.

The Local Authority Policy Officer Group (POG) would take a lead on drafting the initial delivery plan and would seek input from other stakeholders as the plan developed. The role of POG would also help bring together some of the specific feedback from the public consultation around actions / issues that needed to be considered. This might encompass elements such as the health needs of ex service personnel or targeting of work via specific areas or towards vulnerable groups, which may be overlooked in local plans. The Health and Wellbeing Board would maintain oversight of the delivery plan and ensure that the delivery plan was robust.

The format of the delivery plan should also enable the development of an

associated performance report. This would need to monitor the relevant outcome measures, ensure alignment with the national Public Health Outcomes Framework and enable the tracking of performance. This work would need to be integral to the delivery plan.

RECOMMENDED to Council that:-

- 1. consultation feedback be noted.**
- 2. the revised Health and Wellbeing Strategy based on the consultation feedback be agreed.**
- 3. any minor changes to the Strategy be incorporated and**
- 4. the delivery plan approach to support the implementation of the Health and Wellbeing Strategy be noted.**