

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

25 JUNE 2024

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

Present:

Councillor Brenda Harrison (In the Chair)

Councillors: Gary Allen, Rachel Creevy, Tom Feeney, Pamela Hargreaves,
Jim Lindridge, Sue Little, John Nelson, Karen Oliver, and Mike Young

Also Present: Edwin Jeffries, Hartlepool Joint Trades Union Committee

Officers: Denise McGuckin, Managing Director
Neil Wilson, Assistant Chief Solicitor
James Magog, Director of Finance, IT and Digital
Paul Dixon, Assistant Director, Corporate and Financial Services
Claire Robinson, Public Health Principal
Kieran Bostock, Assistant Director, Neighbourhood Services
David Cosgrove, Democratic Services Team

1. Apologies for Absence

Councillor Scott Reeve.

2. Declarations of Interest

None.

3. Minutes of the meeting held on 19 February 2024

Received.

4. Financial Position Statement (*Director of Finance, IT and Digital*)

Type of decision

For information.

Purpose of report

The purpose of this report was to provide an overview of the financial position facing the council.

Issue(s) for consideration

The Director of Finance, IT and Digital submitted a report which draws on internal and external data and benchmarking to provide members with the best possible insight into the financial challenges the authority faces. In doing so the report also set the scene for the MTFS update elsewhere on the agenda and identified the challenging financial position faced by the authority. The Director of Finance, IT and Digital gave a presentation to Members to highlight the key aspects of the report.

The Chair thanked the Director for the report and the presentation. The Chair commented that the messages were rather stark but it was important they were brought out and also key that the public understood why some of the things they used to see happening around the town were not happening now.

During debate, Members asked questions around the power station business rates. The Director of Finance, IT and Digital stated that while there was a 'safety net mechanism' within business rates there was still the potential for the loss of a significant amount of funding. If there was a re-setting of the business rates baseline by government and the power station closed to start its decommissioning phase, the loss could potentially be for an extended period of time.

There was discussion around the costs associated with children's social care and the rising fees particularly in the private sector. It was highlighted that despite huge financial pressures the Council continued to deliver highly rated services for children and adults social care, it was something of an oxymoron and could appear to the government that; if the services being delivered were excellent, why was there a need for more central government funding.

Members suggested that the issue of improved government funding should be actively pursued and that the Leader should be authorised to write to the new Secretary of State following the forthcoming general election making the case for improved funding for Hartlepool as a means of maintaining those excellent services. The proposal was seconded.

During the extended debate the Managing Director reminded Members that while the costs of children's and adult social care had to be met by the Council, this had meant that the budget cuts had disproportionately fallen on the departments providing non-statutory services. As well as being the services most visible to the community, the cuts also placed a huge pressure on the staff that remained in those services and moral was often, and understandably, difficult to maintain.

In closing the debate the Chair thanked the Executive Leadership Team, and in particular, the Director of Finance, IT and Digital and his team for the prudent management of the Council's finances as the position now faced, could have been much worse.

Decision

1. That the contents of the Financial Position Statement provided by the Director of Finance, IT and Digital be noted.
2. That the Leader of Council write to the new Secretary of State for the Department for Levelling Up, Housing and Communities following the forthcoming General Election to seek improved funding for Hartlepool.

5. Final Outturn 2023/24 *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

To provide details of the final outturn position for the 2023/24 financial year.

Issue(s) for consideration

The Director of Finance, IT and Digital reported that the council published its draft accounts on 31 May, in accordance with statutory deadlines and provided them to the Council's appointed auditors, Forvis Mazars LLP, who have now commenced their audit. The statutory deadline for the audit to be completed and for the council to publish its Audited Statement of Accounts is 30 September 2024.

The Director of Finance, IT and Digital outlined the final outturn position for the 2023/24 financial year, which built upon the quarterly budget monitoring reports presented to meetings of the committee throughout the year. The outturn position presented in the report corresponded to the position reported in the draft Statement of Accounts.

The revenue outturn position was a net overspend of £0.612m, after earmarking of reserves for specific purposes. The outturn represented an improved position to that presented at quarter 3, at which point an overspend of £2.616m was forecast. Much of the reduction was due to the significant work undertaken in departments to reduce spending, but also reflected some significant one off sums

The report went on to set out in detail the position for the Housing Revenue Account (HRA), Income Collection and the Collection Fund including Business rates and the Capital Budget Outturn.

The Director of Finance, IT and Digital highlighted that Hartlepool had been the only Council within the Tees Valley to meet the 31 May target for the publication of its draft accounts and he thanked his staff for the work undertaken to meet that deadline.

A Member questioned the underspend recorded in the Public Health Grant budget. The Public Health Principal stated that much was down to staffing; there were a number of vacancies within the Drug and Alcohol Service that were proving difficult to recruit to, though this was a national issue not just a local one. The Director of Public Health was looking to utilise the grant underspend to support some additional services around drug and alcohol support and additional funding. Work was ongoing with the North Tees NHS Trust to look to additional support being created for people with drug and alcohol issues when they were discharged from hospital. The Member questioned the number of drug and alcohol deaths recorded in Hartlepool and the Public Health Principal undertook to share those statistics with Members of the Committee.

The overspend at the Crematorium was also questioned by a Member. The Managing Director stated that this was mainly down to the reduced income from the crematorium at Stranton while work was ongoing to improve the facility.

Decision

1. The Committee noted the final 2023/24 outturn position of £0.612m overspend and the accompanying financial performance for the year;
2. The Committee noted the review of reserves and associated reserves creation and realignments;
3. The Committee noted the final 2023/24 outturn in relation to the Housing Revenue Account detailed within Section 5 of the report; and
4. The Committee noted the capital outturn position detailed within Section 7 of the report.

6. Medium Term Financial Strategy (MTFS) 2025/26 to 2027/28 *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to provide an update on the Council's medium term financial planning position and enable Members to approve the timetable for the 2025/26 budget.

Issue(s) for consideration

The Director of Finance, IT and Digital reported that the updated MTFS covers the three financial years 2025/26 to 2027/28. However, in consideration of the position over this period, it is important to recognise that the Council needs to be financially sustainable beyond this 3 year period. Decisions taken should reflect the position beyond the medium term and in to the longer term. Based on current information, there is no indication that the overall pressures facing the Council will reduce. Whilst we continue to make the case for additional funding and await the long delayed fair funding review, we cannot say with any certainty that funding will increase in the short to medium term. Fundamentally, the financial position is challenging and is likely to remain so.

The report outlined the series of budget pressures the Council would need to address including, for example, factors such as: - Pay Award Inflation, General Price Inflation, Adult Social Care Contracts, Children's Social Care, Energy Inflation and Waste Disposal.

In terms of funding into the Council, the report outlined in detail the central government funding and the continued the trend of one-year settlements for councils, which continues to significantly hamper financial planning and sustainability.

The areas of central government funding outlined in the report covered the Revenue Support Grant, Social Care Funding, Public Health Funding, New Homes Bonus, Services Grant and the Business Rates Top Up Grant.

The position on local funding through Business Rates and Council Tax were also reported.

The position on the use of Council Reserves was highlighted by the Director of Finance, IT and Digital together with the strategy for balancing the budget position for 2025/26. The gap to be addressed for 2025/26 was currently forecast to be £9.985m, with a three year gap to 2027/28 of £15.658. As Council Tax decisions would be made later in the budget setting process the position did not currently take any increase for 2025/26 or future years in to account. For every 1% increase in Council Tax, the Council receives around £0.500m of additional income.

A proposed budget time table was set out within the report and the Director of Finance, IT and Digital highlighted that the timetable may need to be amended in response to the outcome of the forthcoming general election and any related impact on funding announcements for local government.

A Member questioned the potential impact if Council Tax wasn't increased at the maximum permitted rate. The Director of Finance, IT and Digital

stated that this resulted in the permanent loss of this funding and that whilst increasing Council Tax was difficult for residents, it was the only option available to councils to raise core funding.

A Member questioned as to how long the council could last without additional government funding. The Director of Finance, IT and Digital responded that without additional government funding the forecast would be particularly challenging and while the Council may get through the next financial year fully utilising the reserves available, beyond that the situation could potentially become unmanageable.

Decision

1. The Committee noted the report;
2. The Committee noted the initial assessment of the forecast budget gap and proposed approach to address this gap as set out in Section 8 of the report.
3. The Committee noted the risks and scenarios outlined in the report which may impact upon the financial position presented as part of future MTFS updates; and
4. The Committee noted the proposed budget timetable.

7. Developing the New Council Plan 2024 – 2029 (Managing Director)

Type of decision

Key decision (DNRS 03/24).

Purpose of report

The purpose of the report was to share the findings of the Big Conversation, the Borough-wide consultation and engagement exercise, with Finance and Policy Committee and to seek agreement to the strategic priorities for the new Council Plan 2024/25 – 2028/29.

Issue(s) for consideration

The Managing Director reported that the Big Conversation consultation and engagement exercise closed on 14th February 2024 and in total there were over 1,600 engagements. This included:

- 662 public survey responses (including paper, online and easy read versions),
- 48 business survey responses,
- 149 responses to the quick poll,
- 522 postcard responses,

- 266 attendances registered at face to face discussions supported by officers from the Council,
- 18 face to face discussions held by the Council or other public, voluntary, community and social enterprise partner organisations.

The report and detailed appendices set out the feedback received during the consultation and the Managing Director indicated that based on the findings of the Big Conversation it was proposed, therefore, that the existing Council Plan priorities remain in place for the next 5 years with the following changes:

- a minor amendment to the second priority so that it is more inclusive and responds to the feedback received that everyone should feel safe;
- as all community safety activity will now be covered within the second priority 'safe' has been removed from the fourth priority;
- the addition of 'connected' to the fourth priority to respond to the feedback received about the need for transport connections across Hartlepool and between Hartlepool and the Tees Valley / wider region.

The Managing Director indicated that In order to respond to the points raised in the Big Conversation it was proposed that a new Performance Assurance Framework (PAF) was developed. This would be progressed over the summer by the Executive Leadership Team in consultation with Policy Committee Chairs and Vice Chairs and partner organisations.

Members commended the Managing Director and the staff that had undertaken the work on the Big Conversation. A Member commented that there did need to be a greater reflection in the Council Plan on housing and the building of low carbon sustainable communities. The Managing Director stated that the Council's Housing Strategy was being reviewed and there would be an interim plan in place whilst we took the time to ensure the new strategy reflected the demands and future aspirations of the borough, which would be presented to Members in the forthcoming months. A member added that safe housing both in the social rented and private rented markets needed to be addressed, with particular reference to issues around damp homes. The Managing Director stated that these issues were actively being addressed in the Council's HRA stock.

The communications with the public were also discussed with a Member expressing concern that the average reading age of some adults in Hartlepool was significantly below the national average. If these people could not read the information we sent to them the Council was effectively wasting resources and better ways of communicating had to be identified.

Members noted the significant work being done on adult reading through the community hubs and considered that better access to the hubs would help working age adults access the support they needed in improving their reading.

The Chair thanked the officers involved in making the Big Conversation consultation so successful.

Decision

1. The Committee noted the findings of the Big Conversation consultation and engagement exercise;
2. That the six strategic priorities for the new Council Plan 2024/25 – 2028/29 be renewed including the proposed amendments;
3. The Committee noted the next steps including the development of a new Performance Assurance Framework for the Council Plan which would include development of a detailed annual action plan, Performance Indicator (PI) set and updated Strategic Risk Register.

8. Sexual Health Service Re-procurement (*Director of Public Health*)

Type of decision

Key Decision – CJCS 147/24

Purpose of report

To agree the reprocurement of sexual health services for Hartlepool as part of a collaboration between the four Tees Local Authorities led by Stockton Borough Council and the NHS.

Issue(s) for consideration

The Public Health Principal reported that Sexual Health Commissioning across Tees is delivered through a collaborative commissioning partnership made up of six commissioning partners:

- Hartlepool Borough Council
- Middlesbrough Borough Council
- Redcar and Cleveland Borough Council
- Stockton-On-Tees Borough Council
- NHS North East and North Cumbria Integrated Care Board.
- NHS England & NHS Improvement (North East and Yorkshire)

Across Teesside, HCRG Care Group are currently commissioned to deliver sexual health services until July 2025.

The Public Health Principal reported that following consultation events and findings from reviews and needs assessments, a model had been developed to deliver a comprehensive and inclusive sexual health service across Tees that meets the needs of local people. Subject to Members

approval, the services would be commissioned in two lots with an aim of improving significantly the uptake of services by local GP's. The total budget contribution from Hartlepool would be an annual cost of £579,179.80.

Members discussed issues around improved access to the services and their advertisement. The Public Health Principal stated that the new contract would include a requirement for a centrally based publically accessible facility as well as much improved advertising of the services available. There would also be an improved digital access to services following the increased uptake of digital access following the Covid pandemic. Greater involvement of GP's was also a target with the new contracts and there was already increased interest from local GP's in providing these services in the future.

Members debated the issues around sexual health and the increased incidents of teenage pregnancies in Hartlepool. The Public Health Principal undertook to share numbers around teenage pregnancies with Members after the meeting. It was also noted that a strategy directed to addressing teenage pregnancies, as had been utilised in the past, was likely to be reviewed at a regional level.

Decision

That the proposal set out in the report for the commissioning of sexual health services across Hartlepool be approved.

9. Productivity Plan (*Director of Finance, IT and Digital*)

Type of decision

Non-key Decision.

Purpose of report

The purpose of the report was to provide members with the proposed "productivity plan" required to be submitted to the Department for Levelling Up, Housing and Communities (DLUHC) by the 19 July, 2024.

Issue(s) for consideration

The Director of Finance, IT and Digital reported that as part of the Local Government Finance Settlement, the government announced that councils would be asked to produce productivity plans. The request is part of the Governments review of productivity across all public services.

The purpose of these plans was to help government to understand what is working well, what common themes there were, whether there were any gaps and what government could do to unlock future opportunities. The government had not issued a formal template, but has provided four themes

to consider and as such our productivity plan follows these themes. A copy of the proposed plan was submitted as an appendix to the report.

The government has stipulated that member oversight and endorsement of the plan was required prior to submission. The plan must also be uploaded to our website. It was also suggested that councils should consider how they would update the plans and report on progress on a regular basis.

Members noted the changes to working practices following the Covid pandemic and questioned if productivity had been affected through the increase in home working. The Managing Director stated that managers were reporting that productivity was increased through home working. All officers were required to do a minimum of two days a week in the office but managers were reporting that home working was working very well with officer feedback showing the positive impact on productivity and quality.

Decision

That approval be given to the submission of the productivity plan as reported.

10. Transformation Plan *(Managing Director)*

Type of decision

Non-Key Decision.

Purpose of report

The purpose of this report was to seek approval to the Council's proposed Transformation Plan.

Issue(s) for consideration

The Managing Director reported that while working to deliver the 2022 peer review action plan and the four work-streams identified in the Medium Term Financial Strategy (MTFS), the Executive Leadership Team (ELT) recognised that it would be beneficial to develop a Transformation Plan that clearly articulates how we will continue to develop as an organisation and achieve our target operating model.

The Transformation Plan (set out at Appendix 1 to the report) sets out how the Council would change the way that resources were used so that we were able to continue to provide high quality services whilst responding to the difficult financial situation that we continued to face. It built upon the changes that the Council had delivered over the last 10+ years and outlined how we would continue to evolve as an organisation.

The Hartlepool Joint Trades Union Committee representative commented that the Trades Unions had sought the reintroduction of the previous

Business Transformation Board as a positive means of engaging with Managers, Councillors and Trades Unions in developing the future of the council's services. It was suggested that the approval of the Transformation Plan be deferred to allow proper consultation and discussions to take place with Trade Unions.

The Managing Director stated that there were regular meetings at senior management level and departments with Trade Union representatives and the Leader of Council had also requested that the Local Joint Consultative Committee meetings be reintroduced with a revised remit. This was to be considered by the Constitution Committee. The Managing Director was reluctant to defer the Transformation Plan as time was already tight for making the transformation in service delivery that was going to be required.

The Hartlepool Joint Trades Union Committee representative acknowledged the very good meetings that were taking place with management but did feel the tripartite discussions with elected members were still missing. Members supported the involvement of the trades unions in the development of the future of the services the council provided and it was suggested that an amendment be include in the proposed plan to reflect their involvement.

Decision

That the Transformation Plan, be approved, subject to the inclusion of reference to the involvement of Trade Union representatives in tripartite discussions.

11. Workforce Equality, Diversity and Inclusion Policy (*Director of Legal, Governance and Human Resources*)

Type of decision

Non-Key Decision.

Purpose of report

The purpose of this report was to update Finance and Policy Committee on key changes to the Workforce Equality, Diversity and Inclusion Policy and seek approval for the revised policy to be formally adopted.

Issue(s) for consideration

The Assistant Chief Solicitor reported that the Council's Workforce Strategy makes a commitment to ensure our workforce values equality and diversity and that the workforce reflects the Hartlepool community. In addition to this internal commitment, the Council also has statutory obligations in relation to the Equality Act 2010 and in particular the Public Sector Equality Duty. The Executive Leadership Team had formally agreed the updated policy on 29th April 2024.

To support the Council to deliver on the above commitment and obligations, the Equality in Employment Policy had been reviewed and refreshed and a copy of the revised policy was submitted as an appendix to the report.

Members questioned if agency staff were still used by the authority and if these polices would apply to those staff. The Managing Director confirmed that in the policy did apply to any agency supplying staff to the Council.

Decision

That the key changes to the Workforce Equality, Diversity and Inclusion Policy be approved and the revised policy formally adopted.

12. Work Experience Policy (*Director of Legal, Governance and Human Resources*)

Type of decision

Non-Key Decision.

Purpose of report

The purpose of the report was to seek Finance and Policy committee approval to the revised Work Experience Policy which had been updated to include a co-ordinated annual programme of work experience placements across the Council.

Issue(s) for consideration

The Assistant Chief Solicitor reported that the Executive Leadership Team has previously approved three initiatives that aim to provide work experience placements to care leavers, individuals with Special Educational Needs and Disabilities and students studying T-Levels at Hartlepool College of Further Education. This was in addition to ad-hoc placements received from schools, colleges and university students. The revised policy (submitted as an appendix to the report) incorporated prioritising these groups for a planned programme of work experience placements. The current Work Experience and Volunteer Policy and Procedure have been updated and the two elements separated so they were now stand-alone policies.

Members welcomed the policy and congratulated those staff that had been involved in its development.

Decision

That the Work Experience Policy, as submitted, be approved.

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

Type of decision

For information.

Purpose of report

To provide an update to Finance and Policy Committee on the progress made on the delivery of the Council Plan 2021/22 – 2023/24. The report also included the 2023/24 Performance Indicator Report and the latest version of the Strategic Risk Register.

Issue(s) for consideration

The Managing Director submitted an update outlining the progress made on the delivery of the Council Plan since the last report to Committee in February 2024.

A suite of Performance Indicators (PIs) have been identified that demonstrate the delivery of the Council Plan. The latest position on these PIs and comparison with the local and national average where available was set out in the PI report included as Appendix 1 to the report.

The latest full version of the Strategic Risk Register was attached as Appendix 2 to the report for the Committee's information.

The Managing Director commented that the update showed that despite the financial situation, how well services were being delivered. There were major issues to be addressed; recruitment was an issue, though the use of agency staff was being kept at a minimum. Members commented on the recruitment issues and suggested that there may be barriers for some in applying for posts when the only option was online via the North East Jobs website when many still did not have access to the internet. The Managing Director indicated that she would pass Members comments to Human Resources.

Decision

1. The Committee noted the progress made on the Council Plan 2021-2024 as at May 2024;
2. The Committee noted the Council Plan Performance Indicator report for 2023/24 as submitted;
3. The Committee noted the updated Strategic Risk Register as submitted, and the changes to individual risk scores and the additional new risks;

4. The Committee noted the development of the Council Plan Annual Report 2023/24.

15. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 12.15 pm.

**H MARTIN
DIRECTOR OF LEGAL, GOVERNANCE AND HUMAN RESOURCES**

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