

FINANCE AND CORPORATE AFFAIRS COMMITTEE

AGENDA



Monday 24 November 2025

at 10am

in the Council Chamber, Civic Centre, Hartlepool.

MEMBERS: FINANCE AND CORPORATE AFFAIRS COMMITTEE

Councillors Allen, Creevy, Hargreaves (C), Lindridge, Little, Morley, Napper, Nelson, Oliver, Riddle and Scarborough (VC)

Parish Council Co-opted Member:

M Ireland (Dalton Piercy Parish Council)

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting of the Finance and Corporate Affairs Committee held on 8 September 2025. *(previously circulated and published)*

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Budget Monitoring Report - Quarter 2 2025/26 - *Director of Finance, IT and Digital*
- 4.2 Hartlepool Investment Zone – Memorandum of Understanding - *Director of Finance, IT and Digital*
- 4.3 Council Tax Base 2026/27 - *Director of Finance, IT and Digital*
- 4.4 Local Council Tax Support 2026/27 and Housing Benefit War Pension Disregard 2026/27 - *Director of Finance, IT and Digital*
- 4.5 Medium Term Financial Plan (MTPF) 2026/27 to 2029/30 - *Director of Finance, IT and Digital*

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone. The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.

5. KEY DECISIONS

5.1 Acquisition of 9 Houses for Housing Revenue Account on the South West Extension – *Director of Neighbourhoods and Regulatory Services*

6. OTHER ITEMS REQUIRING DECISION

None.

7. ITEMS FOR INFORMATION

7.1 Council Plan Progress Report – *Chief Executive / Senior Leadership Team*

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

FOR INFORMATION

Date of next meeting – Monday 19 January 2026 at 10am in the Civic Centre, Hartlepool.



FINANCE AND CORPORATE AFFAIRS COMMITTEE

24TH NOVEMBER 2025



Subject: Budget Monitoring Report – Quarter 2 2025/26

Report of: Director of Finance, IT and Digital

Decision Type: Budget and Policy Framework

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people live healthier, safe and independent lives. (People)
- that is connected, sustainable, clean and green. (Place)
- that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
- a place with a Council that is ambitious, fit for purpose and reflects the diversity of its community. (Organisation)

2. PURPOSE OF REPORT

2.1 The purpose of this report is to inform Members of:

- i) General Fund forecast revenue outturn for 2025/26;
- ii) Reserves forecasts;
- iii) Housing Revenue Account forecast outturn for 2025/26;
- iv) Corporate Income Collection Performance; and
- v) Capital Programme Monitoring 2025/26.

3. BACKGROUND

3.1 The cost pressures reported to Finance and Corporate Affairs Committee in September as part of the quarter 1 2025/26 update have continued. The significant financial pressures being experienced by the Council are from inflationary and on-going increased demand, areas of income shortfall and significant cost pressures for Children's Social Care external placements. The latter increasing significantly again in quarter 2 of 2025/26. Quarter 2 has also seen the emergence of increased forecast overspend within Adult Social Care

linked to demand and cost rises for packages of care for Older People and Working Age Adults.

- 3.2 General inflation has levelled off in recent months with the Consumer Price Index recording 3.8% for both August and September, but concerningly this remains nearly double the governments target rate of 2%. This continued elevated inflation rate is compounding the profound impact of the now permanently embedded inflationary increases over the last 2 years. The Bank of England continue to set their policy approach to support their objective of reducing inflation to their 2% target.
- 3.3 The in-year forecast overspend outlined in this report and wider financial position of the Council will necessitate corrective action to be taken over the remainder of the year and beyond. Messaging regarding spend efficiency measures and reviewing staff vacancies continues, alongside action plans to mitigate the children's and adult's social care financial position.
- 3.4 The latest 2025/26 forecast revenue outturn position for the Council is outlined below. The position is reported in the old Directorate structure, but this will be amended for third review.

4. GENERAL FUND FORECAST REVENUE OUTTURN 2025/26

- 4.1 The current forecast outturn position is an overspend of £3.260m. It should be noted that the budget was set utilising £1.000m of reserves to balance the budget. As such the inherent overspend is actually £4.260m. The position by service area is detailed in **Appendices A to E**, with further commentary on variances set out from section 4.3 onwards.
- 4.2 As shown in the table below the financial position within Children's Services continues to be of serious concern given the level of forecast overspend, an increasing forecast overspend is also emerging within Adult and Community Based Services. Forecast underspends in other areas have partially mitigated these Children's Services cost pressures.

Q1 Forecast Outturn - Overspend/ (Underspend)	Departmental Budgets	Q2 Forecast Outturn - Overspend/ (Underspend)
£'000		£'000
800	Adult & Community Based Services	1,490
4,490	Children's & Joint Commissioning Services	5,520
145	Development, Neighbourhoods & Regulatory Services	190
(140)	Finance, IT and Digital	(195)
(95)	Legal, Governance and HR	(45)
(2,825)	Corporate	(3,700)
2,375	Total Forecast Budget Overspend	3,260

Adult and Community Based Services

- 4.3 The projected outturn is a net departmental overspend of £1.490m, consisting of a £0.950m overspend within Adult Social Care and a £0.540m overspend within Preventative & Community Based Services.
- 4.4 The overspend within Adult Social Care represents just over 2% of the net budget and mainly relates to historic demographic pressures, increased demand, greater costs and increased income budgets across packages of care for Older People and Working Age Adults. A Budget Recovery Plan has been developed by the department's senior management team. As the winter period is approaching, which can result in increased demand, budgets will continue to be closely monitored.
- 4.5 The overspend within Preventative & Community Based Services mainly relates to historic income pressures across Cemeteries and Crematoria and the Borough Hall and Town Hall Theatre. In addition, there are income pressures within Carlton Adventure. Work is being undertaken in each of these areas to explore options for increasing income or delivering services differently.

Children and Joint Commissioning Services

- 4.6 As part of the 2025/26 budget setting process additional specific resources of £6.9m were provided into Children's Social Care, given their unprecedented budget pressures. This is in addition to normal inflationary budget increases. Notwithstanding this significant budget increase the projected outturn is an overspend of £5.650m. This forecast represents a £1.030m worsening of the position since that reported in the Quarter 1 monitoring report in September.
- 4.7 As reported as part of the quarter 1 update, the main reasons for the overspend continue to be the increase in the numbers and costs of children requiring external residential placements and the associated impacts on social work staffing workloads and budgets. This reflects the increasing complexity of children's needs and the significant fees being charged by the external care market. Overall Hartlepool's Children in Care numbers per 10,000 children, continue to be above regional and national averages. This is because of a number of factors including high levels of poverty.
- 4.8 Between the end of quarters 1 and 2 there has been an increase in the number of children in our care (CiOC), from 345 to 352, and inherent within this an increase in placements required to be made with external providers in order to meet the individual needs of the young people coming into care.
- 4.9 With regard to external provider placement pressures, the current top 25 highest cost external placements are costing in the region of £230,000 per week, which equates to c£12m per year. The average cost of the current 49 external placements is £7,010 per week, with a range of £3,900 to £23,290 per week. There are currently 6 placements in excess of £10,000 per week which is as a result of the complexities of their bespoke needs.

4.10 As noted above, CiOC numbers are beginning to increase overall, albeit at a relatively small percentage. Within the overall numbers quoted for CiOC it is important to note that this is not a fixed cohort of children. Some children positively return home, and some children move into special guardianship order (SGO) or child arrangement order (CAO) arrangements. These SGO and CAO arrangements, although no longer classified as within our care, still retain financial support payments from the Council. This is another area of budget pressure.

4.11 To mitigate these cost pressures, 6 key strands of activity are progressing and are being overseen by Senior Management. The activity strands are focused around: edge of care support, prevention and early help, fostering and placement planning, reunification, care leavers support and corporate parenting.

4.12 The Council is in the process of opening a new in-house children's home with the possibility of further new homes in the future. In addition, the council is working with a local charity in their development of a children's home in the town, providing more local, lower cost capacity. Both developments will help reduce our exposure to the significant fees being charged by the external care market.

4.13 The Council is considering its own local fostering drive and is also included in a large-scale regional recruitment initiative. In addition, increased staffing resources have been provided during 2025/26. The Edge of Care team are providing support to families who are at risk of having children enter the care system. Increased respite support provision has also commenced.

4.14 Local case reviews continue to be carried out to ensure care is being provided at the correct level, whilst also challenging costs. Further activity to maximise partner contributions to care costs where appropriate has commenced. Regionally, in the medium-term, partnership working is being considered to try and address care market failures. Following successful pilots elsewhere in the country supported by the Department for Education, a project to consider a North East Regional Care Cooperative has commenced. Further work and consideration of this partnership will be carried out over the coming months.

4.15 From national government's perspective 'The Families First Partnership (FFP) Programme' was published earlier in the year. These changes centre around implementing: "Family Help and multi-agency child protection reforms" that make greater use of Family Group Decision Making. The roll-out of these reforms represents a significant step forward in delivering on the government's mission to provide children with the best start in life and break down barriers to opportunity." The approach to meeting the reform requirements, to commence during 2026/27, is currently being developed.

4.16 The Medium Term Financial Plan (MTFP) is predicated on £2.5m of budget growth for Children's Services in 2026/27. As such, the service has been tasked with reducing the overspend to a maximum of this level, and a detailed financial mitigation plan is being developed.

Development, Neighbourhoods and Regulatory Services

4.17 The current forecast outturn for the department is an overspend of £0.190m.

4.18 There is a forecast adverse variance in relation to fee income in a number of areas including:

- Planning
- Strategic Asset Management
- Procurement and Reprographics
- Public Protection

4.19 The adverse variance of £0.250m forecast within Public Protection is primarily due to anticipated demolition costs of Admiral Court amounting to £0.150m. On 12 February 2025, a notice under Section 79 of the Building Act 1984 was served to the property owner, requiring them to address the ruinous and dilapidated condition of the building through either restoration or demolition within four months of the notice being issued. The notice was neither complied with nor appealed within the statutory timeframe.

4.20 As a result, a decision has been made to exercise the Council's powers to undertake the necessary demolition works and pursue cost recovery from the owner. Restoration was considered; however, the estimated cost exceeded £1.5 million, making demolition the most cost-effective solution.

4.21 In addition to the forecast demolition costs, the Council has already incurred approximately £0.033m in previous years for site security and enforcement action. As a result, up to £0.183m is considered potentially recoverable from the property owner, either directly or through legal proceedings. However, due to uncertainty around the timing and likelihood of recovery, this amount is not currently reflected in the outturn position. The forecast will be updated as more information becomes available.

4.22 The forecast adverse variance for Facilities Management has increased since quarter 1 by £0.125m to £0.200m. This is due to fewer schools buying back the School Catering Service and increases in employer national insurance costs. A detailed review of expenditure and direct costs has been completed. Income is under close review, and mitigation options are being explored. A £0.050m saving was included in the 2025/26 budget, and the adverse variance is reflected in the “Budget Savings Monitoring” section of the report.

4.23 The £0.200m forecast adverse variance for Sustainable Transport remains unchanged, driven by changes in Concessionary Fare usage. This budget has historically underspent and a £0.300m saving was included in the 2025/26 budget. The variance is reflected in the “Budget Savings Monitoring” section of the report.

4.24 There are forecast adverse variances in relation to both Highways and Streetlighting owing to additional costs and activity in these areas, and staffing savings in relation to Road Safety will no longer be achieved following the reinstatement of school crossing patrollers.

4.25 However, there are a number of forecast favourable variances offsetting the position as outlined in Appendix C and the department will continue to monitor the position closely and action will be taken to attempt to mitigate the forecast overspend position.

Finance, IT and Digital

4.26 The current forecast outturn is an underspend of £0.195m. This is owing to favourable variances from staffing vacancies and staff not being at the top of their grade, which is offsetting a pressure in income generation and additional printing and postage.

Legal, Governance and HR

4.27 The forecast outturn is an underspend of £0.045m, a reduction of £0.050m from Quarter 1. The underspend mainly relates to vacant posts, staff not being at the top of their grade offsetting an overspend on supplies and services.

Corporate Areas

4.28 Interest income generated from the investment of the council's reserves, continue to provide a vital revenue stream to support the overall budget position. Interest of c£3.5m is forecast to be generated in 2025/26, with the council taking advantage of continued high rates of interest. This includes one-off longer term investments made during 2024/25, whereby some interest has accrued in the current year. As previously noted, these returns will not be achievable into future years as reserve cash balances reduce, coupled with the expected downwards trend on interest rates. This cashflow reduction will also necessitate the drawing down of planned borrowing from the Public Works Loan Board (PWLB) to support current capital programme activity.

4.29 The national pay offer for 2025/26 was agreed during July. The agreed pay increase from April 2025 is 3.2% for all employees. The pay award is marginally higher than the 3.0% increase provided for through the 2025/26 budget setting process.

4.30 The Tees Valley Multibank has operated via The Junction Foundation since its inception in 2024/25. A Multibank is a clothes, bedding, baby and hygiene bank all rolled into one. Companies have surplus goods people need, while local charities and care professionals know the people who need them. The Multibank concept connects the two to reduce the effects of poverty while contributing to a more circular economy and prevents surplus good from ending up in landfill reducing the impact on the environment. These include essential items, like warm clothes, bedding, hygiene products, and school uniforms, and items like crockery and household furnishings that help make a house a home. HBC agreed to contribute £25,000 in 2024/25, in support of the Tees Valley Multibank project with an efficiency review to determine the benefits of the programme for Hartlepool before committing to a further year. The efficiency review has now been completed, together with positive feedback from service users. It is therefore proposed HBC continue a further

£25,000 to support this initiative during 2025/26 and that provision be made for on-going support in the budget setting process for 2026/27 onwards.

4.31 A 2025/26 funding allocation increase from the Extended Producer Responsibilities grant is offsetting adverse variances in relation to property and other minor expenditure and income shortfalls.

Virements

4.32 During the financial year it is necessary to amend budgets to allocate resources held corporately or reflect changes in structures or activity.

4.33 During quarter 2 increases to all Departmental staffing budgets were enacted to reflect the agreement of the 2025/26 pay award. The budget provision for the 2025/26 pay award was previously held corporately.

4.34 Other minor adjustments were also carried out between corporate and adults and children services to better align budgets and operational requirements.

Budget Savings Monitoring

4.35 The 2025/26 budget included the implementation of £2.849m of approved savings plans for year. A number of plans have now been delivered, which is positive given the demands and pressures services have experienced. Directors continue to take the necessary action to mitigate any delays or issues with implementation.

- **£1.889m (66.3%)** of the savings have been fully realised.
- **£0.645m (22.6%)** of savings where good progress is being made, with a good prospect that full savings will be achieved.
- **£0.315m (11.1%)** is in respect of areas where delays and issues have been encountered, meaning savings are unlikely to be delivered as planned during 2025/26. These are included as pressure/overspends in the outturn position. Further information on the main areas are noted below.

4.36 A review of the work and charging arrangements for the Management Information Team within Children's Service has not yet delivered the planned £0.040m savings. Schools buy-backs have been less than anticipated in this area.

4.37 The forecast saving from the Concessionary fares budget has not materialised at the anticipated level. A saving of £0.300m was factored into the departmental budget for 2025/26, which re-based the budget, informed by charges in recent years. Due to increased bus usage by Hartlepool residents within the latest data, Hartlepool's relative share of the Tees Valley arrangements has increased, leading to a £0.225m shortfall on the savings target.

4.38 A planned saving of £0.100m from a review of Schools Catering and Cleaning, is forecast to be only partially achieved in 2025/26. At present £0.050m is forecast not to be achieved during 2025/26, this is as a result of increased costs of providing the services, and some schools no longer buying back the council services.

Pride in Place

4.39 Hartlepool has been awarded circa £20 million of funding over ten years as part of the government's Pride in Place Strategy. Initially launched as the Long-Term Plan for Towns in Spring 2024, it evolved into the Plan for Neighbourhoods in March 2025 and was confirmed as the Pride in Place Programme in September 2025. To date capacity funding has been provided for the development of the core programme. The annual capital and revenue allocations to fund the 10 year delivery programme will commence in 2026/27.

4.40 The programme objectives are:

- Build stronger communities – Foster relationships, belonging, cohesion, and resilience.
- Create thriving places – Deliver vibrant neighbourhoods with quality infrastructure and amenities.
- Empower people – Enable residents to influence the future of their community.

4.41 Governance: The programme is overseen by an independently chaired Neighbourhood Board, with diverse representation from residents, businesses, public services, and education. The Board aims to operate as a Local Strategic Partnership, providing oversight of the £20m programme and other cross-cutting investments. Governance is supported by approved Terms of Reference, Code of Conduct, and Conflict of Interest Policy.

4.42 Accountability & Assurance: Hartlepool Borough Council acts as the accountable body, ensuring compliance with the Local Authority Assurance Framework, Nolan Principles, and UK Procurement Act 2023. All investment decisions will be appraised for legality, risk, and value for money, with Council sign-off and regular reporting.

4.43 Planning & Delivery: The Board has developed a 10-year Regeneration Plan and a 4-year Investment Plan, informed by spatial analysis and engagement with 1,500 residents. Delivery will be monitored through a comprehensive assurance framework aligned with Best Value and Managing Public Money standards.

4.44 Transparency & Audit: Regular internal audits will verify funding use, compliance, risk management, and governance. Findings will be reported to the Board, Section 151 Officer, and the Council's Audit and Governance Committee, following CIPFA best practice. Updates will also be shared with the Housing, Growth and Communities Committee.

Pride in Place – Impact Fund

4.45 Whilst the Pride in Place Programme will target transformation over the longer term, the government has acknowledged that there is also a need for immediate support to ensure areas are able to deliver visible improvements to high streets and improve places and spaces of community value. The Pride in Place Impact Fund provides that support. Capital funding of £1.500m, covering 2025/26 and 2026/27 at £0.750m per year has been allocated to Hartlepool. The capital programme has been updated to include this investment.

4.46 In addition to the £0.750m of investment from the above fund for 2025/26, a further £0.300m of council resources will be utilised to deliver over £1m of activity cleaning up our streets, our communities, our estates and play parks.

Dedicated School Grant

4.47 Until the 2022/23 financial year, the Council had successfully managed High Needs Block (HNB) costs within the available annual grant allocation and HNB reserves. This has been achieved despite a significant increase in demands on this service, including the impacts arising from the pandemic.

4.48 Outturns for 2023/24 and 2024/25 were overspends of £2.348m and £3.343m, respectively. These overspends were considered necessary to invest in Hartlepool provision and so avoid placement of pupils with SEND outside the town, wherever possible. In time, this approach will reduce costs for independent and out of town provision and provide an improved outcome for Hartlepool children. A key part of this strategy was the opening of Hartlepool Free School in September 2024. Whilst the Free School transitions to full capacity over a 5-year period, the lag in funding contributes to the financial pressure on the HNB – circa £0.514m in 2024/25 and an estimated £0.243m in 2025/26.

4.49 At the end of 2024/25 the Dedicated School Grant (DSG) was £4.932m in deficit. Accounting regulations covering the period up to 31st March 2028 (previously March 2026) do not allow this balance to be included in the General Fund. In accordance with accounting regulations this balance was transferred to the Dedicated Schools Grant Adjustment Account which is an unusable reserve.

4.50 During 2024/25 the Council produced a DSG Management Plan for submission to the Department for Education (DfE). This was a complex spend, demand and demographics data exercise, which documented 4 years of actual data, the current years budgeted data and 6 years predicted data. Following meetings with the DfE the plan has been agreed and has continued to be updated and monitored.

4.51 The 2025/26 High Needs Budget exceeded the funding allocation by £4.257m. Mitigations included limiting inflation on Top Up Funding and Special Schools funding, putting in place a target to reduce the Out of Area

and Independent School places by meeting need in Hartlepool provision. The transfer of £0.436m (0.5% the maximum without Secretary of State approval) from the Schools Block and uncommitted funding of £0.080m from the Central School Services Block to the High Needs Block which was also proposed by School Forum and agreed by Children's Services Committee.

4.52 The 2025/26 projected outturn is an overspend of £4.970m, a further £0.713m than the budgeted overspend, offset by £0.300m from the Early Years Block underspend. This is predominantly owing to increases in payments to schools for Individual Pupil Support and increased spending on school based Additionally Resourced Provisions (ARPs) which keeps Hartlepool children being educated in the Town. This has resulted in a small saving in out-of-town specialist provision. A forecast overspend at this level would lead to a cumulative DSG deficit of £9.602m at the end of the 2025/26 financial year.

4.53 Current projections are indicating a forecast deficit of £18.4m by the end other the 2027/28 financial year, which critically is when the statutory overside provided through accounting regulations, is scheduled to end. Without government intervention this deficit will fall on the council's general fund. Based on current forecasts we will not have sufficient funding to meet this deficit, resulting in the likely need to borrow to fund this deficit via the Exceptional Financial Support framework or issue a S114 notice. Hartlepool is far from alone in facing this risk.

4.54 Nationally the HNB DSG is a forecasting deficit of £5bn by the end of 2025/26. This has been recognised by Government who included in their spending review plans funding to make mainstream provision more inclusive and deliver the specialist interventions children need to improve their outcomes, stopping parents having to fight for support.

4.55 Further details on the Government plans for the SEND system are to be announced as part of a Schools White Paper. This white critical paper was due to be published in the autumn, but the Government has now delayed publication until sometime in 2026. In the meantime the council is considering further interventions and will bring forward a SEND sufficiency and capital strategy in the near future.

Reserves

4.56 The current reserves position and the forecast usage of reserves by year is summarised in the table below, with a more detailed analysis included at **Appendix M**. The appendix includes the forward projections of the DSG Reserve deficit, driven by the HNB overspend.

Reserve Area	Balance as at 30 th September 2025 (Revised)	Forecast Usage		
		2025/26	2026/27 to 2028/29	Forecast Balance as at 31 st March 2029
	£'000	£'000	£'000	£'000
Unearmarked General Fund	5,500	0	0	5,500
Budget Support Fund	7,672	4,260	0	3,412
Budget Support – Transformation and Invest to Save	3,400	(700)	(2,350)	350
Other Revenue Reserves	21,767	(11,049)	(6,792)	3,926
Revenue Reserves Total	38,339	(16,009)	(9,142)	13,188
Capital Reserves	17,983	(17,620)	(363)	0
TOTAL	56,322	(33,629)	(9,505)	13,188
DSG Reserve	(4,932)	(4,670)	(15,583)	(25,185)

4.57 Please note the information provided excludes any ring-fenced School and HRA reserves.

5. HOUSING REVENUE ACCOUNT (HRA)

5.1 The HRA is budgeted to make a £0.008m surplus for the financial year. The forecast net nil actual position is expected to result in a £0.008m adverse variance when compared to budget. Further details provided at **Appendix F**.

5.2 It is anticipated that issues in relation to damp and mould will continue to arise resulting in a forecast adverse variance on the maintenance budget.

5.3 It is anticipated that this adverse position can be mitigated through a combination of the following:

- Slightly higher than anticipated rental income
- Reduction in voluntary contribution to the Major Repairs Reserve (MRR).

5.4 It should be noted that this reduces the future resilience of the HRA, as there will be less funding available for major repairs.

5.5 The HRA reserve is expected to remain at £0.500m

5.6 The HRA capital position is outlined in **Appendix G**.

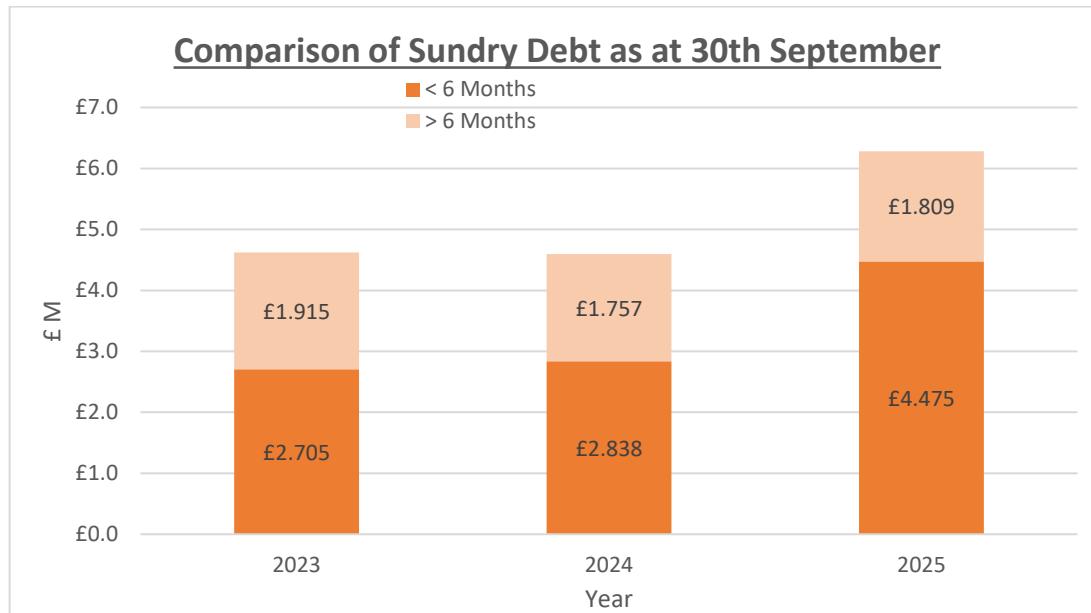
6. INCOME COLLECTION AND COLLECTION FUND

Sundry Debts

6.1 The Council collects significant Sundry Debts income for the payment of services provided by the Council. In total £20.442m sundry debts were raised

in the first six months of 2025/26. As at 30th September 2025, £16.987m (83.1%) of this amount had been collected.

6.2 Robust procedures for collecting the remaining outstanding debt are in place. The following graph shows the comparable positions at 30th September for the last three years for long term debt and current debt which has been outstanding for less than six months.



6.3 Debtors totalled £6.284m as at 30th September 2025, of which £4.475m (71.21%) relates to current debts (less than 6 months old). A significant element of this is across 2 invoices totaling £1.44m raised to other Public bodies within the last 2 months.

6.4 Included within the current debts (less than 6 months old) is debt where the customer has been invoiced for the whole of 2025/26 but payment is to be received in instalments throughout the year.

6.5 Debts greater than 6 months old total £1.809m. 95.87% of this amount is under recovery action and 4.13% (£74.7k) is now considered unrecoverable.

Council Tax

6.6 The in-year performance to the end of September is up on 2024/25. As at the 30th September 2025 the Council had collected 52.15% of the 2025/26 liability, compared to 51.62% for the previous year. Arrears collection continues to perform well.

6.7 Members may recollect that increased efforts were to be made targeting potential single person discount (SPD) fraud. In the first six months of the year the number claiming the discount has reduced by 311. The current claimant count is 16,392 a reduction of 1,019 (5.9%) from the 17,411 claiming SPD in March 2024 when the fraud awareness campaign began.

6.8 As at the end of September the Local Council Tax Support claimant count was 13,083 of which there were 8,622 working age claimants.

6.9 The Collection Fund in respect of Council Tax continues to be closely monitored.

Business Rates

6.10 At the 30th September 2025 the Council had collected 51.45% of the 2025/26 liability compared to 52.87% for the previous year. This is slightly down on 2024/25, but business rate collection tends to be volatile during the year, and is also impacted by changes to liability for businesses. At this stage we expect collection rates to be in line with 2024/25.

6.11 The recent news that Venator Materials UK limited has entered administration, will result in a circa £0.250m loss to the council in the current year's collection fund and a full year loss of circa £0.500m. It should be noted that this has not been included in the MTFP position pending any positive news regarding future operation. This will be kept under review and the MTFP position updated in January should the need exist.

7 CAPITAL MONITORING

7.1 Details of actual expenditure, budget variations and reprofiling of budget are provided in **Appendices H to L** and summarised below. Where applicable expenditure has been reprofiled into future years. Resources will also be carried forward to fund these commitments.

Department	Gross Budget	Actual to 31/3/25	Actual to end Q2 (30/09/25)	Budget 2025/26	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/26	Revised Budget 2025/26
			2025/26				
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Regeneration Schemes	117,940	35,456	9,183	32,540	0	(1,940)	30,600
Adult & Community Based Services	11,958	5,234	892	2,770	760	0	3,530
Children's & Joint Commissioning Services	14,571	3,171	2,058	8,315	(75)	11	8,251
Development, Neighbourhoods & Regulatory Services	32,916	10,968	4,012	19,029	13	(2,689)	16,353
Corporate	2,475	333	86	1,901	0	0	1,901
Total Capital Expenditure	179,860	55,162	16,231	64,555	698	(4,618)	60,635

7.2 As shown in the above table, actual 2025/26 in-year capital expenditure to 30th September 2025 (end of Q2) totals £16.231m and reprofiling of expenditure into future years totals £4.618m. After taking account of the

reprofiling and budget variations the forecast capital expenditure in 2025/26 now totals £60.635m.

7.3 The main areas of cost variation during quarter 2, included within the net £0.698m movement for additional scheme and cost variations column above are; an Additional Resource Provision (ARP) scheme at Kingsley School (£1.236) which is fully funded by available grant and the addition of the Pride In Place Impact Fund to the capital programme (£1.500m total), as detailed in section 4.45 above.

7.4 The main areas of reprofiling of expenditure included within the £4.618m column above relate to DSO Vehicle purchase (£2.307), Wingfield Castle improvements (£1.296m) and Dam Board improvements (£1.000m).

7.5 Full details of any budget variances and reprofiling of expenditure are shown in **Appendices H to L**.

Capital Receipts

7.6 There were no significant capital receipts received in Quarter 2.

8. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	No relevant issues.
FINANCIAL CONSIDERATIONS	The financial implications are fully set out in the main body of the report.
SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
SINGLE IMPACT ASSESSMENT (IMPACT ASSESSMENT FOTM TO BE COMPLETED AS APPROPRIATE)	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.

CONSULTATION	No relevant issues.
---------------------	---------------------

9. RECOMMENDATIONS

9.1 It is recommended that Members:

- i) Note the 2025/26 forecast outturn position of £3.260m overspend and the accompanying financial performance for the year;
- ii) Approve the £25,000 contribution to the Tees Valley Multibank for 2025/26, as noted at paragraph 4.30;
- iii) Approve the virements noted at paragraphs 4.32 to 4.34;
- iv) Note the Pride in Place accountable body arrangements and progress update at paragraphs 4.39 to 4.46;
- v) Note the forecast use of reserves at paragraph 4.56;
- vi) Note the 2025/26 forecast outturn in relation to the Housing Revenue Account detailed within Section 5 of the report; and
- vii) Note the capital programme position and approve budget variations detailed in Section 7.

10. REASONS FOR RECOMMENDATIONS

10.1 To inform Finance and Corporate Affairs Committee of the Council's 2025/26 financial forecast outturn position.

11. BACKGROUND PAPERS

11.1 The following background paper was used in the preparation of this report:-

Finance and Corporate Affairs Committee – Budget Monitoring Report Quarter 1 2025/26 – 8th September 2025.

12. CONTACT OFFICERS

James Magog
Director of Finance, IT and Digital
Email: james.magog@hartlepool.gov.uk

Paul Dixon
Assistant Director, Finance
Email: paul.dixon@hartlepool.gov.uk

Sign Off:-

Chief Executive	Date: 11/11/2025
Director of Finance, IT and Digital	Date: 10/11/2025
Director of Legal, Governance and HR	Date: 10/11/2025

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2025/26 as at 30th September 2025

2025/26 Budget £'000	Description of Service Area	Actual Outturn Adverse/ (Favourable) £'000	Director's Explanation of Variance
	Adult Social Care		
74	Carers	13	Minor variances.
4,502	Commissioning - Adults	119	Relates to a combination of historic income pressures relating to Court of Protection administration fees and increased spend across various supplies and services budgets.
225	Departmental Running Costs	(19)	Minor variances.
206	Direct Care & Support (including Telecare)	81	The overspend relates to a combination of Telecare income being lower than forecast and increased equipment spend.
926	LD & Transition Social Work	5	Minor variances.
2,098	Locality & Safeguarding Team	(14)	Minor variances.
1,490	Mental Health Services	(100)	The underspend relates to staff savings from incremental drift and vacancies over and above the departmental salary abatement target.
1,648	OT & Disability Equipment	14	Overspends against the OT equipment and adaptations budgets partly offset by staff savings from incremental drift and vacancies over and above the departmental salary abatement target.
30,784	Packages of Care	942	The overspend relates to a combination of historic cost pressures, increased demand, increased costs and income targets across a number of mainly Older People and Learning Disability packages of care budgets.
216	Transformation & Digital	(49)	The underspend relates to staff savings from incremental drift and vacancies over and above the departmental salary abatement target.
1,373	Working Age Adult Day Services	(42)	The underspend relates to staff savings from incremental drift and vacancies over and above the departmental salary abatement target.
43,542	Adult Social Care Sub Total	950	
	Preventative & Community Based Services		
72	Adult Education	(71)	Mainly relates to increased income from grants.
84	Allotments	2	Minor variances.
34	Archaeology	0	
(242)	Coast, Countryside, Heritage and Cemeteries	232	The overspend mainly relates to historic income pressures within the Cemeteries and Crematoria service area.
1,240	Community Hubs	32	The projected overspend mainly relates to a combination of increased spend across various supplies and services budgets.
88	Cultural - Events and Theatres	179	The overspend mainly relates to historic income pressures across both the Town Hall Theatre and Borough Hall.
548	Cultural - Museums and Galleries	37	Overspend mainly relates to the one-off costs of the decant of art works from Sir Willian Gray House.
724	Sports, Leisure & Recreation Facilities	129	The projected overspend mainly relates to reduced income at Carlton Adventure.
2,548	Preventative & Community Based Services Sub Total	540	
46,090	Adult & Community Based Services Total	1,490	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2025/26 as at 30th September 2025

2025/26 Budget £'000	Description of Service Area	Actual Outturn Adverse/ (Favourable) £'000	Director's Explanation of Variance
	Children's Services		
3,478	Children & Families	630	Overspend mainly relates to increases in the number of children subject to Child Arrangement Orders, Special Guardianship Allowances or receiving a Direct Payment.
27,476	Children in our Care	5,400	Overspend mainly relates to an increase in the number of children in our care requiring residential placements. This reflects the increasing complexity of their needs and the significant fees being charged by the external care market.
(205)	Early Intervention	15	Minor variances.
409	Housing, Hardship & Welfare	(540)	Favourable variance mainly relates to the receipt of 'one-off' grants and staffing vacancies.
0	Play & Care	27	Service ended June 2025, however as part of the 2025/26 MTFS savings proposals the budget was deleted from April 2025.
5,914	Safeguarding Children	290	Overspend mainly relates to increased social worker staffing costs.
668	Standards, Engagement & Development	0	
1,479	Strategic Commissioning	(167)	Favourable variance mainly relates to the receipt of a number of temporary, 'time limited', grants.
311	Youth Justice Service	0	An underspend is forecast, mainly arising from staffing savings, however any underspend will be transferred to the ring-fenced YJS Partnership Reserve.
39,530	Children's Services Sub Total	5,655	
	Education (excluding DSG)		
178	Access to Education	(5)	
59	Central Support Services	0	
507	Other School Related Expenditure	0	
475	Raising Educational Achievement	(30)	Favourable variance mainly relates to increased income generation offsetting overspends on training and room hire.
724	Special Needs Services	(100)	Favourable variance mainly relates to staffing savings arising from vacancies and incremental drift.
461	Strategic Management	20	Overspend reflects cost of interim arrangements.
425	Youth Service	(20)	Favourable variance mainly relates to staffing savings arising from vacancies and incremental drift offsetting reduced income.
2,829	Education Sub Total	(135)	
42,359	Children's and Joint Commissioning Services Sub Total	5,520	
	Public Health Grant		
4,059	Children's Services	(1)	Minor variances.
2,716	Substance Misuse Services	103	Increased prescribing costs and potential 'one-off' costs depending on whether the 'Drug and Alcohol Treatment and Recovery Improvement Grant' continues beyond 31st March 2026 and at what level of funding. If required, these additional costs will be funded from the ring-fenced Public Health grant reserve.
2,121	General Public Health Support Services	(226)	Staff vacancies and increased grant allocation since the budget was originally set. Some additional allocations have been made but work on-going to determine how to allocate the remaining ringfenced balance on public health activity.
657	Sexual Health Services	3	Minor variances. Budget allocation has increased using some of the unbudgeted increased grant.
27	Smoking Cessation	25	Spend originally planned to be funded from PH reserve.
460	Physical Activity	0	
14	Mental Health	0	
89	Health Checks	(4)	Minor variances. Budget allocation has increased using some of the unbudgeted increased grant.
212	Obesity	0	
(10,355)	Public Health Grant	0	
0	Contribution from ring-fenced Public Health Grant reserve (Substance Misuse)	(103)	This relates to the overspend on Substance Misuse Services and will be transferred from the Public Health Grant reserve.
0	Contribution to ring-fenced Public Health Grant reserve (General)	203	General net underspend transferred to the ring-fenced Public Health grant reserve.
0	Public Health Grant	0	
42,359	Children's and Joint Commissioning Services Total (including Public Health Grant)	5,520	

	Dedicated Schools Grant	Actual Outturn Adverse/ (Favourable)	
13,077	Early Years Block	(300)	
17,900	High Needs Block	4,970	
0	Schools Block	0	
30,977	TOTAL Dedicated Schools Grant	4,670	

DEVELOPMENT, NEIGHBOURHOODS & REGULATORY SERVICES

4.1 Appendix C

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2025/26 as at 30th September 2025

2025/26 Budget £'000	Description of Service Area	Actual Outturn Adverse/ (Favourable) £'000	Director's Explanation of Variance
	Neighbourhood Services		
40	Building Design Team	(75)	Forecast favourable variance reflects increased productivity in relation to large capital schemes.
132	Construction Team	0	
380	Engineering Services (including Coastal Protection and Contaminated Land)	(135)	Forecast favourable variance reflects additional income generation in relation to a change to the allowable recovery of costs for a number of grant schemes.
3,420	Environmental Services	(60)	Forecast favourable variance reflects lower than budgeted Fleet SLA costs.
2,916	Highways	80	Forecast adverse variance reflects additional costs in relation to the level of Unscheduled Highways Maintenance. Action will be taken to mitigate this variance but at present an adverse variance is anticipated.
2,364	Passenger Transport	(20)	Forecast favourable variance reflects SEN transport savings as a result of the new SEN school which has reduced the amount spent on out of town travel. The cost of tenders for the September cohort were also lower than anticipated. There has also been an increase in fees to reflect costs of service provision.
530	Planning & Development	135	Forecast adverse variance reflects shortfall in building control and planning income, the number of large planning applications is expected to be down compared to previous years.
177	Road Safety	10	Forecast adverse variance reflects staffing savings that will no longer be achieved due to the reinstatement of school crossing patrollers.
1,006	Street Lighting	100	Forecast adverse variance reflects ongoing maintenance costs and column replacements. Action will be taken to mitigate this variance but at present an adverse variance is anticipated.
1,923	Sustainable Transport	200	Forecast adverse variance reflects unfavourable contract negotiations and demographic changes in relation to Concessionary Fares costs which are significantly higher than in previous years.
(96)	Vehicle Fleet	0	
7,806	Waste Services	(400)	Forecast favourable variance reflects the impact of the increase in gate fees in not being as high as initially anticipated. This is expected to be a one-off saving with greater impact of fees expected from 2026-27.
20,598	Neighbourhood Services Sub Total	(165)	
	Regulatory Services		
(725)	Car Parking & Enforcement	(40)	Forecast favourable variance reflects increased income taken at the coastal car parks owing to the extended period of summer weather.
974	Community Safety & Engagement	(95)	Forecast favourable variance is linked to vacancies and the service actively managing the budgets to offset pressures elsewhere.
1,171	Facilities Management	200	Forecast adverse variance reflects the position in relation to a reduction the number of schools that are buying back the service, increases in National Insurance and the under recovery of direct costs. A detailed analysis has been carried out on expenditure & direct costs. Income is being closely monitored, and options are being explored.
247	Health & Safety	0	
771	Public Protection	250	Forecast adverse variance reflects shortfall in licensing income and anticipated demolition costs in relation to Admiral Court.
2,438	Regulatory Services Sub Total	315	
	Development & Growth		
456	Economic Growth	0	
106	Procurement & Reprographics	25	Forecast adverse variance reflects income shortfalls in relation to Reprographics.
(56)	Strategic Asset Management	115	Forecast adverse variance predominantly reflects shortfall in relation to fee income.
92	Strategic Development & Sustainability	0	
598	Development & Growth Sub Total	140	
	Strategic Management & Admin		
324	Strategic Management & Admin	(100)	Forecast favourable variance reflects anticipated over achievement of the salary abatement target.
23,958	Development, Neighbourhoods & Regulatory Services Total	190	

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2025/26 as at 30th September 2025

2025/26 Budget £'000	Description of Service Area	Actual Outturn Adverse/ (Favourable) £'000	Director's Explanation of Variance
	Development and Growth		
238	Communications and Marketing *	5	Minor adverse variance owing to delay in income generating activities.
175	Corporate Strategy and Performance *	0	
413	Development and Growth Sub Total	5	
	Corporate and Financial Services		
(1,068)	Central Administration Recharges	0	
1,610	Corporate Finance	(50)	Favourable variance owing to posts not being at the top of the grade.
233	Internal Audit	0	
816	Shared Services	(43)	Favourable variance owing to vacant posts and posts not being at the top of the grade.
275	Corporate Management Running Expenses	(25)	Favourable variance owing to savings on the corporate subscriptions budget.
1,866	Corporate and Financial Services Sub Total	(118)	
	Customer Services and IT		
451	Benefits	(80)	Favourable variance owing to a vacant post, posts not being at the top of the grade, additional income generation and non pay savings.
299	Corporate ICT	0	
1,139	Customer and Support Services	(60)	Favourable variance owing to vacant posts and posts not being at the top of the grade.
31	Registration Services	40	The adverse variance is owing to a reduction in income generation on both birth and death registration resulting from services being transferred to North Tees Hospital, along with a reduction in ceremonial certificates.
1,356	Revenues	(12)	Favourable variance owing to vacant posts, posts not being at the top of the grade and non pay savings.
(839)	Revenue & Benefits Central	30	The adverse variance is owing to overspends in supplies and services.
2,437	Customer Services and IT Sub Total	(82)	
4,716	Finance, IT & Digital Total	(195)	

* These budgets report to the Chief Executive

REVENUE FINANCIAL MONITORING REPORT FOR FINANCIAL YEAR 2025/26 as at 30th September 2025

2025/26 Budget £'000	Description of Service Area	Actual Outturn Adverse/ (Favourable) £'000	Director's Explanation of Variance
	Legal		
52	Civic Attendants	0	
135	Democratic	(10)	Favourable variance owing to reduced hours and posts not being at the top of the grade.
563	Human Resources	(5)	Favourable variance owing to posts not being at the top of the grade, offset by reduced income generation..
787	Legal Services	40	The adverse variance is owing to additional supplies and services costs.
163	Managing Director's Office	(12)	Favourable variance owing to posts not being at the top of the grade.
174	Municipal Elections and Registration of Electors	(40)	Favourable variance owing to fallow year for municipal elections.
48	Other Office Services	0	
120	Scrutiny	0	
152	Support to Members	(15)	Favourable variance expected owing to savings on supplies and services budgets.
34	Trade Union	(3)	The favourable variance is owing to less staff time against union duties.
10	Corporate Training	0	
2,238	Legal, Governance and HR Total	(45)	

HOUSING REVENUE ACCOUNT for 2025/26 as at 30th September 2025
4.1 Appendix F

2024/25 OUTTURN		2025/26 BUDGET	2025/26 Forecast Outturn as at 30/09/2025	Variance	COMMENTS
£'000		£'000	£'000	£'000	
(1,914)	Income				
(1,914)	Dwelling Rents	(1,915)	(2,023)	(108)	Favourable variance reflects higher anticipated rent collectable than budgeted owing to lower void rates for higher rent properties.
(42)	Income from Insurance Claim	-	-	-	
(24)	Non-dwelling Rents - Other Income	(30)	(25)	5	
(7)	Charges for services and facilities	(4)	(9)	(5)	
(1,987)	Income sub total	(1,949)	(2,057)	(108)	
	Expenditure				
662	Repairs and maintenance	538	697	159	Forecast adverse variance reflects the anticipated increase in the number and higher value repairs for damp and mould issues.
453	Supervision and management	487	499	12	Adverse variance reflects additional costs in relation to void properties.
19	Rents, rates, taxes and other charges	20	25	5	
5	Right to Buy Reserve	5	5	-	
-	Provision for bad or doubtful debts	-	-	-	
398	Depreciation (Major Repairs Allowance)	431	380	(51)	Reflects a reduction in the voluntary contribution to mitigate adverse variances from high repairs expenditure.
2	Discretionary Housing Payments	4	2	(2)	
13	Debt Management costs	13	13	-	
435	Net Interest payable	443	436	(7)	
1,987	Expenditure sub total	1,941	2,057	116	
0	HRA (Surplus) / Deficit for the year	(8)	0	8	
	Movement on the HRA Reserve				
(500)	HRA Reserve Opening Balance	(500)	(500)	-	
-	(Surplus)/Deficit for the year	(8)	-	8	
(500)	HRA Reserve Closing Balance	(508)	(500)	8	

COUNCIL HOUSING CAPITAL SCHEMES**CAPITAL MONITORING REPORT PERIOD ENDING 30th September 2025**

Code	Scheme Description	Gross Budget	Actual to 31/3/25	2025/26 Actual to end Q2 (30/09/25)	Budget 2025/26 (adjusted for prior year reprofiling)	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/2026	Revised Budget 2025/26	Comments
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
S106	Affordable Housing	1,431	0	0	225	0	0	225	
7182	Empty Homes - Phase 3	618	103	0	0	0	0	0	Individual business case approval required for each scheme. No immediate plans to utilise this borrowing approval albeit development schemes are currently being designed and modelled due to recent more favourable funding conditions.
7726	Resettlement Accommodation	1,306	1,306	0	0	0	0	0	Scheme complete.
8106	New Build	370	1	0	0	0	0	0	Individual business case approval required for each scheme. No immediate plans to utilise this borrowing approval albeit development schemes are currently being designed and modelled due to recent more favourable funding conditions.
8799	Major Repairs	210	103	0	107	0	0	107	HRA capital work funded from the MRR reserve.
9294	HRA Adaptations	141	41	0	100	0	0	100	HRA capital adaptations to housing stock funded from the MRR reserve.
9520	Social Housing Decarbonisation Phase 3	450	0	0	450	0	(225)	225	Scheme reprofiled to reflect two year programme.
COUNCIL HOUSING - CAPITAL SCHEMES		4,526	1,554	0	882	0	(225)	657	

CAPITAL MONITORING REPORT PERIOD ENDING 30th September 2025

Code	Scheme Description	Gross Budget	Actual to 31/3/25	2025/26 Actual to end Q2 (30/09/25)	Budget 2025/26 (adjusted for prior year reprofiling)	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/2026	Revised Budget 2025/26	Comments
		£000	£000	£000	£000	£000	£000	£000	
8958	A19/ Elwick Road/ North Lane Junction and Elwick Road/Hartlepool Western Link Project	24,497	1,962	117	1,723	0	0	1,723	
7550	CIP - Highlight	34,650	21,585	7,046	13,065	0	0	13,065	Further contract variation costs have been identified by the contractor and these are being closely reviewed and challenged.
9101	CIP - Borough Hall Improvement	2,300	139	8	500	0	0	500	
NEW	CIP - Town Hall Theatre Improvement	700	42	0	250	0	0	250	
9159	CIP - Wingfield Castle	2,200	504	96	1,696	0	(1,296)	400	Scheme in development - budget rephased in to 2026/27.
9160	CIP - Dam Board	1,827	237	140	1,590	0	(1,000)	590	Scheme in development - budget rephased in to 2026/27.
9161	CIP - National Museum of the Royal Navy (NMRN)	7,500	3,526	556	0	0	556	556	NMRN claim for development activity. Budget accelerated from 26/27.
9162	CIP - Museum of Hartlepool	1,000	203	231	297	0	0	297	
9130	CIP - Business Park Investment	760	461	3	299	0	(200)	99	Rephased to 26/27.
TBC	CIP - Bowling Club Refurbishment	600	0	0	0	0	0	0	
TBC	CIP - Brierton Sports Complex	534	23	4	100	0	0	100	
9165	Towns Fund - Middleton Grange	13,860	39	0	4,680	0	0	4,680	
9231	Towns Fund - Waterfront Connectivity	5,968	372	69	5,596	0	0	5,596	
7715	Towns Fund - Wesley Chapel	1,632	1,370	232	262	0	0	262	
9234	Towns Fund - Health and Social Care Academy	1,250	1,215	0	35	0	0	35	
9247	Levelling Up - Screen Production Village	18,662	3,778	681	2,447	0	0	2,447	
Major Regeneration Schemes		117,940	35,456	9,183	32,540	0	(1,940)	30,600	

CAPITAL MONITORING REPORT PERIOD ENDING 30th September 2025

Code	Scheme Description	Gross Budget	Actual to 31/3/25	2025/26	Budget 2025/26 (adjusted for prior year reprofiling)	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/2026	Revised Budget 2025/26	Comments
				Actual to end Q2 (30/09/25)					
		£000	£000	£000	£000	£000	£000	£000	
7218	Disabled Facilities Grant	7,260	3,271	793	1,545			1,545	
7711	Carlton Adventure Centre	502	32	7	470			470	
7811	Summerhill Cycle Hub	533	501	0	32			32	
9332	Centre for Independent Living	66	3	17	63			63	
9212	Relocate Cemetery Office	90	82	0	8			8	
8088	Community Hub South - Kitchen Replacement	47	47	0	0			0	
8088	Community Hub Central - Internal Alterations	34	34	0	0			0	
9232	Playground Equipment - Levelling Up Parks Fund	97	78	0	19			19	
Allot	Other Allotment Schemes	201	135	4	57	9		66	Additional S106 funding received.
8700	Waverley Allotments - Adult Education Scheme	50	50	0	1	(1)		0	Funding returned to revenue.
8828	Crematorium refurbishment	848	668	0	180			180	
9311	Changing Places - Community Hub Central	76	76	0	0			0	
7716	Seaton Library refurbishment	235	222	2	13			13	
8534	Church Street Townscape Heritage Project	113	33	67	80			80	
7232	Museums Acquisitions	4	2	2	0	2		2	Additional acquisitions funded by grant.
NEW	Art Gallery Tower Refurbishment	302	0	0	302			302	
NEW	Pride in Place	1,500	0	0	0	750		750	MHCLG Capital Grant for Pride in Place Impact Fund.
Total Adult & Community Based Services		11,958	5,234	892	2,770	760	0	3,530	

CAPITAL MONITORING REPORT PERIOD ENDING 30th September 2025

Code	Scheme Description	Gross Budget	Actual to 31/3/25	2025/26 Actual to end Q2 (30/09/25)	Budget 2025/26 (adjusted for prior year reprofiling)	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/2026	Revised Budget 2025/26	Comments	
									£000	£000
7768	Supporting Treatment and Recovery Together (START) - Substance Misuse Service	3,600	208	1,749	3,392			3,392		
8072	ICS Case Management Improvement	37	0	0	37			37		
9246	Children's Centre - Family HUB	236	178	1	58			58		
9439	Bevan House - Clinical Room	30	28	2	2			2		
9421	Purchase Children's Home	1,000	254	73	746			746		
7149	Star Centre Children's Home	658	666	(8)	(8)			(8)		
7355	CECA IT Infrastructure and Technology	18	18	0	24	(24)		0	Scheme complete, funding adjusted accordingly.	
7355	CECA TVCA Grant Unallocated	0	0	0	31	(31)		0	Scheme complete, funding adjusted accordingly.	
7474	High Tunstall 3G Pitch	35	22	0	14	(1)		13	Minor adjustment.	
7478	High Tunstall Grass Pitch	16	0	0	15	1		16	Minor adjustment.	
7521	Two Year Old FNE Capacity Funding	23	0	0	23			23		
9243	Rossmere Youth Centre Refurbishment	1,300	1,192	1	108			108		
7727	Throston Youth Project Centre Refurbishment	91	91	0	0			0		
7384	Devolved Schools Capital	559	227	22	160			160		
9238	Energy Efficiency Capital Funding	111	99	0	12			12		
7142	Schools General - Fire Safety Modifications (Conditions) 23/24	44	0	0	44			44		
7142	Kingsley - Fire Safety Modifications	115	76	0	37			37		
9516	Kingsley Primary School Fire Stopping Works (Ph 1)	49	0	6	49			49		
9517	Kingsley Primary School Fire Stopping Works (Ph 2)/Kitchen Shutter	93	0	9	95			95		
NEW	Golden Flatts Primary School - Heating Emitters / ventilation	0	0	0	26	(26)		0	Previously allocated funding returned to Schools Conditions budget given new build confirmed.	
NEW	Golden Flatts Primary School - Lintel Replacements	0	0	0	30	(30)		0	Previously allocated funding returned to Schools Conditions budget given new build confirmed.	
NEW	Golden Flatts Primary School - Building Stonework	0	0	0	20	(20)		0	Previously allocated funding returned to Schools Conditions budget given new build confirmed.	
NEW	Golden Flatts Primary School - Kitchen Floor Replacement	0	0	0	10	(10)		0	Previously allocated funding returned to Schools Conditions budget given new build confirmed.	
NEW	Golden Flatts Primary School - Mains Water & Gas	0	0	0	112	(112)		0	Previously allocated funding returned to Schools Conditions budget given new build confirmed.	
9508	Horizon School - Heating, Pipework	115	5	96	110			110		
9506	High Tunstall College of Science (North Building) - Electrical Rewire	92	8	0	84			84		
9507	High Tunstall College of Science (Shine Centre) - Electrical Rewire	50	4	0	36	10		46	Additional Conditions funding from 25/26 programme.	
9434	Horizon School - Student Entrance Door Replacement	38	14	7	24			24		
9513	Greatham ARP	8	0	8	8			8		
9498	Fens Primary School Refurb Toilets	34	0	0	34			34		
9499	Fens Primary School Heat Emitter Replacement	23	0	4	23			23		
9500	Kingsley Primary School Renew External Paving	14	0	0	14			14		
9510	Lynnfield Primary School Heating, Pipework, Radiator Renewal (Ph 3of3)	65	0	5	65			65		
9501	Rift House Primary School Window Replacement (Ph 2of2)	34	0	33	34			34		
9502	Rift House Primary School Electrical Rewire (Ph 2of4)	73	0	3	73			73		
9503	Throston Primary School Resurfacing and Drainage	21	0	1	21			21		
9504	Throston Primary School Toilet Renewal	50	0	1	50			50		
9515	Throston Primary School Fire Stopping Works (Ph 3of3)	72	0	5	72			72		
9505	High Tunstall College of Science Refurb Changing Rooms	25	0	0	25	(25)		0	Scheme on hold until 2026-27.	
9511	Rossmere Children's Centre Fascia, Soffits and Gutters Replacement	15	0	0	15			15		
9523	Kingsley Primary School - New Additional Resource Provision (ARP)	1,236	0	0	0	1,236		1,236	Approved at Childrens Services Committee 23rd September 25 - funded from High Needs Provision and Basic Need Provision.	
9004	Schools General - Schools Condition - 24/25 onwards	1,434	0	0	136	168		304	Funding returned from individual Schools Conditions schemes.	
9004	Schools General - Contingency	100	0	0	100			100		
9004	Schools General - SEMH Funding Pot	730	0	0	730			730		
9004	Schools General - Basic Need	1,680	0	0	0	(36)	36	0	Funding reallocated.	
9004	Schools General - High Needs Provision	257	0	0	1,457	(1,200)		257	Funding reallocated.	
9004	Schools General - Conditions unallocated	142	0	0	0			0		
7731	Early Years	121	81	40	40			40		
7743	Early Years North West Area	127	0	0	127			127		
Total Children's and Joint Commissioning Services		14,571	3,171	2,058	8,315	(75)	11	8,251		

CAPITAL MONITORING REPORT PERIOD ENDING 30th September 2025

Code	Scheme Description	Gross Budget	Actual to 31/3/25	2025/26 Actual to end Q2 (30/09/25)	Budget 2025/26 (adjusted for prior year reprofiling)	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/26	Revised Budget 2025/26	Comments	
									£000	£000
S106	Developers Contribution Fund	8,454	265	0	8,189			8,189		
7466	DSO Vehicle Purchase (updated for revised programme)	7,928	3,528	920	4,200		(2,307)	1,893	Forecast remaining purchase requirements of £973k in 2025/26. Remainder of budget rephased to 26/27.	
9514	Warm Homes Local Grant scheme	13	0	0	51	(38)		13	Budget amended for element to be utilised on revenue activity.	
8306	Schools - Kitchen Refurbishment	249	37	0	212		(150)	62		
7272	Wheelie Bin Purchase (current year allocation only)	353	173	36	90			90		
7344	NIP - Brougham (was Hindpool Close) Play Area	89	60	29	29			29		
7437	NIP - Sinking Fund	62	0	0	62			62		
7440	NIP - Central Park	120	118	1	2			2		
8996	NIP - Improvements to Parks	277	252	0	0			0		
9147	NIP - CCTV in parks	34	24	0	10			10		
9396	Waste Transfer Station	200	0	0	0			0		
7744	Food Waste Capital Transitional Grant	807	0	60	807			807		
7066	Avondene Accommodation, Church St	102	0	0	102		(82)	20	Forecasts indicating spend of c£20k in 2025/26. Balance rephased to 26/27.	
7220	Private Sector Housing Grants	84	15	14	69			69		
7577	EDM Hartlepool North NDIP Study	50	0	0	0			0		
7900	EDM Hartlepool Marina - North Pier	507	56	8	423	28	(150)	301	£28k of additional funding transferred to North Pier scheme following EA Communication. Spend profile reviewed and £150k rephased to 2026/27.	
7902	EDM Hartlepool Drainage Schemes	36	6	0	0			0		
8578	EDM Management Unit Study	0	0	0	28	(28)		0	Funding transferred to North Pier scheme following confirmation from EA.	
9331	EDM Hartlepool Easington Road Storage & Screen Study	60	0	0	60			60		
9332	EDM Hartlepool Bamburgh Rd Surface water drainage study	60	0	0	0			0		
9429	EDM West Park Flood Scheme	876	442	434	383	51		434	Scheme costs estimates exceeded. Additional funding received from Environment Agency.	
LTP	LTP Integrated Transport Block (ITB) - Indicative	5,495	2,192	1,606	1,777			1,777		
LTP	LTP Scheduled reconstruction - Indicative	5,718	3,383	704	1,610			1,610		
LTP/8722	LTP Additional Scheduled Highways Maintenance (SHM) Allocation	461	0	200	461			461		
LTP/8722	LTP Road Resurfacing Fund - Indicative	617	417	0	200			200		
7512	Tofts Farm Solar PV	264	0	0	264			264		
Development, Neighbourhoods & Regulatory Total		32,916	10,968	4,012	19,029	13	(2,689)	16,353		

CAPITAL MONITORING REPORT PERIOD ENDING 30th September 2025

Code	Scheme Description	Gross Budget	Actual to 31/3/25	2025/26	Budget 2025/26 (adjusted for prior year reprofiling)	Additional Schemes and Cost Variations 2025/26	Reprofiling of Expenditure 2025/2026	Revised Budget 2025/26	Comments
				Actual to end Q2 (30/09/25)					
		£000	£000	£000	£000	£000	£000	£000	
7036	Uncommitted Corporate Capital Fund	190	0	0	190	0	0	190	
7041	Corporate Capital Pot	541	0	0	379	(79)	0	300	Transfer of budget to Borough Hall and Exmoor Grove schemes
7065	Fire Risk Assessments (Fire Stopping / Compartmentalism)	100	15	0	85	0	0	85	
7200	Civic Centre Capital Project	75	13	0	62	0	0	62	
8970	Historic Quay Dilapidation Work	97	0	0	97	0	0	97	
7771	Borough Hall - Capital Maintenance	161	41	0	120	0	0	120	
7728	Exmoor Grove - Replace external windows and doors	50	19	0	31	0	0	31	
9329	Crematorium - Rewire	85	50	0	35	0	0	35	
NEW	Health and Safety Maintenance Fund	963	123	72	840	0	0	840	
NEW	Boys Welfare - Replace Water Heater	4	0	0	4	0	0	4	
7741	Exmoor Grove - External Ramp	39	2	0	28	9	0	37	Budget increase approved from Corporate Capital Pot.
NEW	Brierton Sports Centre - Replace Lighting	10	0	0	10	0	0	10	
9519	Borough Hall - Replace Lift	70	0	0	0	70	0	70	New Scheme approved from Corporate Capital Pot.
9436	Community Recovery	90	70	14	20	0	0	20	MHCLG Capital Grant for Community Recovery.
Corporate Total		2,475	333	86	1,901	0	0	1,901	

RESERVES FORECASTS (EXCLUDING SCHOOL BALANCES, HRA AND UNUSABLE RESERVES)

4.1 APPENDIX M

	Balance as at 31st March 2025	Forecast Use of Reserves				Forecast Balance as at 31st March 2029
		2025/26	2026/27	2027/28	2028/29	
		£'000	£'000	£'000	£'000	
Revenue Reserve	5,500	0	0	0	0	5,500
Budget Support Fund (BSF)	7,672	(4,260)	0	0	0	3,412
BSF - Transformation Costs	2,000	0	(500)	(750)	(750)	0
BSF - Invest to Save	1,400	(700)	(350)	0	0	350
Revenue Grants Unapplied	9,107	(6,266)	(1,257)	(1,003)	(125)	456
Business Rates Risk Reserve	0	0	0	0	0	0
Insurance Fund	2,902	(65)	(65)	(65)	0	2,707
Children in our Care Reserve	1,230	(200)	(1,030)	0	0	0
BSF - Treasury Management Income	650	(650)	0	0	0	0
Asset Management Reserve	840	(840)	0	0	0	0
Earmarked Revenue Reserves under £1m	7,038	(3,028)	(2,401)	(846)	0	763
Revenue Reserves Total	38,339	(16,009)	(5,603)	(2,664)	(875)	13,188
Earmarked Capital Reserves	6,303	(5,940)	(363)	0	0	0
Capital Grants Unapplied	11,680	(11,680)	0	0	0	0
TOTAL	56,322	(33,629)	(5,966)	(2,664)	(875)	13,188
Cumulative Balance		22,693	16,727	14,063	13,188	
DSG Reserve	(4,932)	(4,670)	(3,596)	(5,214)	(6,773)	(25,185)
DSG Reserve Cumulative Balance		(9,602)	(13,198)	(18,412)	(25,185)	

FINANCE AND CORPORATE AFFAIRS COMMITTEE

24 NOVEMBER 2025



Subject: HARTLEPOOL INVESTMENT ZONE – MEMORANDUM OF UNDERSTANDING

Report of: Director of Finance, IT and Digital

Decision Type: Budget and Policy Framework

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
- a place with a Council that is ambitious, fit for purpose and reflects the diversity of its community (Organisation)

2. PURPOSE OF REPORT

2.1 The purpose of the report is to:

- i) Agree the memorandum of understanding, including the reinvestment strategy, between Hartlepool Borough Council and Tees Valley Combined Authority with regard the Investment Zone within Hartlepool.

3. BACKGROUND

3.1 The Government invited Tees Valley Combined Authority to establish an Investment Zone during March 2024, with the aim being to increase inward investment, productivity and jobs in the regions digital and creative technology sectors. The proposal was signed off in April 2025 and brings with it £160m of government funding to support the Investment Zone over the first 10 years.

3.2 The final proposal included a Business Rates Retention site within Hartlepool, broadly covering the production village site, part of the town centre and stretching to Oakesway industrial site. The boundary of the site is shown with the memorandum of understanding, attached at **Appendix 1**.

- 3.3 The current Business Rates Retention system was introduced in 2013/14 and is complex in its detail. In simple terms business rates generated in our area are split 50% central government, 49% Hartlepool Borough Council and 1% Cleveland Fire Authority. Growth is accrued over the years until a baseline reset is undertaken by central government. The first system reset is planned for April 2026, with more regular resets now planned going forward.
- 3.4 Under the Investment Zone proposal 100% of the growth in business rates above the agreed baseline position are retained locally for a period of time, in this case, 24 years from 1 April 2025. This growth is not subject to periodic resets.

4. PROPOSAL

- 4.1 A memorandum of understanding has been developed to confirm governance both in respect of our role as Billing Authority, but also arrangements for the additional retained growth that is anticipated to be retained locally.
- 4.2 The Council will retain 50% of any growth above baseline, with 50% of the growth, i.e. the share that would normally go to central government, going to Tees Valley Combined Authority. All retained rates above the baseline will be utilised to deliver one of the programme objectives as set out in the reinvestment strategy, within the Investment Zone boundary, namely:
 - Infrastructure and Place
 - Business support
 - Research and Innovation
 - Planning
- 4.3 The combined authority estimate that over the next 24 years additional Business Rates income of £41million could be generated and retained locally. This would mean that circa £20.5m of rates retained by the Council will have restrictions on their use. It does though ensure that the 50% of rates normally paid to government, is retained locally and spent within Hartlepool. The full £41million would be outside the scope of any baseline reset over the period.
- 4.4 Over the period of the Investment Zone, the Council will retain and ringfence its 50% share. Projects for spend will then be developed and approved locally in line with the reinvestment strategy, delivered and reported to the combined authority as part of an annual report.
- 4.5 The council as billing authority will retain all responsibility for collecting rates in the usual way. The annual NNDR return to government will be amended to capture growth within the Investment Zone. The council will pay over the combined authorities share as part of this year end reconciliation.

4.6 The baseline position for the Investment Zone has been produced by the council and agreed with the combined authority and the Ministry of Housing, Communities and Local Government.

5. OTHER CONSIDERATIONS/IMPLICATIONS

FINANCIAL CONSIDERATIONS	These are outlined in the report.
RISK IMPLICATIONS	No relevant issues.
LEGAL CONSIDERATIONS	The MoU has been reviewed by both parties' legal teams.
SUBSIDY CONTROL	No relevant issues
SINGLE IMPACT ASSESSMENT (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)	Not applicable.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No relevant issues.

6. RECOMMENDATIONS

6.1 It is recommended that Members:

- Agree the memorandum of understanding, including the reinvestment strategy, between Hartlepool Borough Council and Tees Valley Combined Authority with regard the Investment Zone within Hartlepool.

7. REASONS FOR RECOMMENDATIONS

7.1 To agree a memorandum of understanding and investment strategy.

8. BACKGROUND PAPERS

8.1 None

9. CONTACT OFFICERS

James Magog
Director of Finance, IT and Digital
Email: james.magog@hartlepool.gov.uk
Telephone: 01429 523093

Sign Off:-

Managing Director	Date: 10 November 2025
Director of Finance, IT and Digital	Date: 10 November 2025
Director of Legal, Governance and HR	Date: 10 November 2025

Memorandum of Understanding Relating to Tees Valley Investment Zone Site**The Collection and Retention of Business Rates**

This Memorandum of Understanding is made the day of 2025

BETWEEN

1. **Tees Valley Combined Authority** of Teesside Business Suite, Teesside International Airport, Darlington, DL2 1NJ (**Authority One**)
2. **Hartlepool Borough Council** of Civic Centre, Victoria Road, Hartlepool TS24 8AY (**Authority Two**)

together the “Parties” (and any reference within this Memorandum of Understanding to a “Party” shall be a reference to one of the Parties unless the context requires otherwise).

A. Definitions

In this Memorandum of Understanding, the following words and phrases shall have the following meanings:

“Business Rates”	Shall mean the tax on non-residential properties pursuant to the Local Government Finance Act 1988 which is paid to local billing authorities and is based on a property's rateable value.
“Agreed Baseline Position”	Shall mean the baseline position that Authority Two provided to Ministry of Housing, Communities and Local Government (MHCLG) which can be found in Appendix 3 .
“Additional Business Rates”	Shall mean any additional business rates over the Agreed Baseline Position
“Business Rate Retention (BRR)”	Shall mean the retention of Additional Business Rates over and above the Agreed Baseline Position and subsequently uprated by MHCLG in the annual NNDR3 return.
“Billing Authorities”	Shall mean the local authorities responsible for collection of Business Rates and the term “Billing Authority” shall be construed accordingly.
“BRR Site”	Shall mean the site where 100% of the growth in business rates above a BRR

4.2 Appendix 1

	Agreed Baseline Position will be retained for 25 years commencing 1 April 2024 outlined in red on the plan(s) set out in Appendix 2
<u>“BRR Reinvestment Strategy”</u>	Shall mean the Business Rate Retention Reinvestment Strategy which sets out the principles and processes of reinvestment of Additional Business Rates as set out in Appendix 2 .
<u>“Governance Structure”</u>	Shall mean the governance structure set out in Appendix 1
<u>“Memorandum of Understanding”</u>	Shall mean this Memorandum of Understanding and its Appendices.
<u>“Objectives”</u>	Shall mean the objectives of the Investment Zone Programme set out in Appendix 1 (namely business support, infrastructure, research and innovation, crime & safety and planning).
<u>“Programme”</u>	Shall mean the wider Tees Valley Investment Zone Programme as summarised in Appendix 1 .
<u>“TVIZ”</u>	Shall mean the Tees Valley Investment Zone Programme as summarised in Appendix 1 within the Memorandum of Understanding.
<u>“Priority Sectors”</u>	Shall mean Creative and Digital sectors.
<u>“the Order”</u>	Shall mean the Non-Domestic Rating (Designated Areas) Regulations 2025 (SI 180/2025) which provides statutory authority for the Billing Authorities to retain business rates in accordance with the terms of the Order.

1. Background

- 1.1 The Government invited Authority One to establish the TVIZ which was signed off April 2025.
- 1.2 The Priority Sectors for the Investment Zone are Digital and Creative.
- 1.3 Flexible funding of £80 million, over 5 years from 2024/25, has been made available by Government for the benefit of the TVIZ to support this programme and is subject to a 60%:40% split between capital and revenue. This is expected to continue for a further five years on the same terms subject to performance, based on Government’s announcement in the Autumn Statement 2023 to extend the scheme to 10 years with funding of £160m.

4.2 Appendix 1

- 1.4 TVIZ also includes two BRR Sites in Hartlepool and Middlesbrough where 100% of the growth in business rates above the Agreed Baseline Position (**Appendix 3**) are retained for 24 years from 1 April 2025(which is over and above the £80m flexible funding as set out in 1.3).
- 1.5 Additional Business Rates arising from the BRR Site is to be retained 50% by Authority One and 50% by Authority Two. Authority Two as Billing Authority for the BRR site will be required to collect the Business Rates for the site and pay 50% to Authority One.
- 1.6 The Additional Business Rates will be invested in accordance with the Programme Objectives and BRR Reinvestment Strategy for the Priority Sectors only.
- 1.7 The Secretary of State, MHCLG has made the Order which provides statutory authority for the Billing Authorities (Authority Two) to retain business rates in accordance with the terms of the Order.
- 1.8 Government has asked that Authority Two as the Billing Authority and Authority One as the Accountable Body enter into a Memorandum of Understanding in order to set out the basis on which they will collaborate with each other to deliver the BRR Reinvestment Strategy against the Programme Objectives for the Priority Sectors.

2. Purpose of this Memorandum of Understanding

- 2.1 This Memorandum of Understanding sets out the intentions of the Parties to deliver the BRR Reinvestment Strategy including:
 - 2.1.1 the Agreement between the Parties;
 - 2.1.2 the parameters within which any Additional Business Rates received by the Parties through Business Rate Retention will be collected and utilised for the benefit of the TVIZ Programme;
 - 2.1.3 the principles of collaboration between the Parties;
 - 2.1.4 the respective roles and responsibilities of the Parties.

3. Agreement

- 3.1 This Memorandum of Understanding (MOU) sets out the intentions of the Parties. The Parties agree with each other as follows:
 - 3.1.1 They will deliver the Business Rates Retention Reinvestment Strategy in accordance with the provisions of **Appendix 2** and the wider provisions of this Memorandum of Understanding. In particular, the Parties agree that they will not spend any Additional Business Rates received pursuant to

4.2 Appendix 1

BRR on any purposes other than in accordance with the Programme Objectives for the Priority Sectors (**Appendix 1**).

For the purposes of this MOU, the BRR Site is the area known as the designated area and which is defined in the Order and shown for identification purposes on the location map in **Appendix 2**.

- 3.1.2 Authority Two as the relevant Billing Authority, agree to continue to collect business rates for the area including the BRR Site, for which it is currently responsible.
- 3.1.3 Authority Two is enabled by the Order to retain 100% of the business rates over the Agreed Baseline Position for 24 years from 1 April 2025, for the areas of the BRR Site, for which it holds billing responsibilities.
- 3.1.4 Authority Two agree that within 10 working days of the submission deadline for the NNDR3 return each year they will calculate the value of business rates over the Agreed Baseline Position for the BRR Site (being the Additional Business Rates), using the NNDR3 (National Non-Domestic Rates return that Billing Authorities are required to submit to MHCLG), and inform Authority One of this calculation.
- 3.1.5 Following the calculation by Authority Two pursuant to clause 3.1.4 above, Authority Two agree to pay to Authority One 50% of the Additional Business Rates in respect of the BRR Site within 14 days of receipt of an invoice from Authority One in respect of the Additional Business Rates annually for a period of 24 years commencing on 1 April 2025.
- 3.1.6 Deployment of Additional Business Rates will be made in line with the Programme Objectives for the Priority Sectors as detailed in **Appendix 1**.
- 3.1.7 Deployment of all Additional Business Rates will be made in line with the BRR Reinvestment Strategy (**Appendix 2**).
- 3.1.8 Authority Two will meet any monitoring and information requests as may be required by Authority One in its role as Accountable Body of the TVIZ.
- 3.1.9 All parties will work positively to maintain or enhance the value of business rates reinvestment within the parameters set in this MoU.
- 3.1.10 The parties agree to this MOU on the basis of there being no material changes to applicable Central Government Investment Zone policy (which could be driven by changes to the national Business Rates retention system) over the 24-year period from 1 April 2025, or other exceptional circumstances which could invalidate the agreement.
- 3.1.11 All Parties agree that any re-negotiation of its terms will require the consent of all Parties affected by any proposed amendments. The Parties agree to work together positively to agree any amendments necessary to reflect changes to policy as set out in clause 3.1.10 above.

4. Principles

- 4.1 The Parties agree to adopt the following principles when carrying out the TVIZ Programme (**Principles**):

4.2 Appendix 1

- 4.1.1 Collaborate and co-operate. Adhere to the Governance Structure set out in this Memorandum of Understanding to ensure that activities are delivered and actions taken as required;
- 4.1.2 Be accountable. Take on, manage and account to the other Party for performance of the respective roles and responsibilities set out in this Memorandum of Understanding;
- 4.1.3 Be open. Communicate openly about major concerns, issues or opportunities relating to the Programme;
- 4.1.4 Learn, develop and seek to achieve full potential. Share information, experience, materials and skills to learn from each other and develop effective working practices, work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost;
- 4.1.5 Adopt a positive outlook. Behave in a positive, proactive manner;
- 4.1.6 Adhere to statutory requirements and best practice. Comply with applicable laws and standards including public procurement rules, data protection and freedom of information legislation.
- 4.1.7 Act in a timely manner. Recognise the time-critical nature of the Programme and respond accordingly to requests for support;
- 4.1.8 Manage stakeholders effectively;
- 4.1.9 Deploy appropriate resources. Ensure sufficient and appropriately qualified resources are available and authorised to fulfil the responsibilities set out in this Memorandum of Understanding;
- 4.1.10 Act in good faith to support achievement of the Programme Objectives, delivery of the BRR Reinvestment Strategy and compliance with these Principles; and
- 4.1.11 Deliver the BRR Reinvestment Strategy (**Appendix 2**).

5. Escalation

- 5.1 If either Party has any issues, concerns or complaints about the Programme, or any matter in this Memorandum of Understanding, that Party shall notify the other Party and the Parties shall then seek to resolve the issue by a process of consultation. If the issue cannot be resolved within a reasonable period of time, the matter shall be escalated through the TVIZ governance structure. Firstly, to the TVIZ Programme Group, which shall decide on the appropriate course of action to take. If the matter cannot be resolved by the TVIZ Programme Group within 20 working days, the matter may be escalated

4.2 Appendix 1

by either Party to an adjudicator (“the Adjudicator”). The Adjudicator shall be selected by the President for the time being of the Chartered Institute of Arbitrators unless the Parties in dispute agree another appropriate person. The Adjudicator shall be deemed not to be an arbitrator but shall render his decision as an expert, and the provisions of the Arbitration Act 1996 and the law relating to arbitration shall not apply to the Adjudicator or their determination or the procedure used to reach the determination. Any cost of referring any matter to the Arbitrator shall be borne by the Parties in equal shares.

5.2 If Authority Two receives any formal inquiry, complaint, claim or threat of action from a third party (including, but not limited to, claims made by a supplier or requests for information made under the Freedom of Information Act 2000) in relation to the Programme, the matter shall be promptly communicated to Authority One. No action shall be taken which would adversely affect the Programme as set out in this agreement. For the avoidance of doubt, nothing in this clause 5.2 shall operate to prevent any Party from taking any action required by Law.

6. Term and termination

6.1 This Memorandum of Understanding shall commence on the date made, and shall expire on a date not earlier than 24 years commencing 1 April 2025 (unless otherwise agreed in writing by both Parties or required by operation of law). The Parties agree that following the expiry of the 24 year period, there shall be a further period of 12 months during which the Parties shall work together to monitor and evaluate the Programme.

7. Variation

7.1 This Memorandum of Understanding, including the Appendices, may only be varied by written agreement of the Parties.

7.2 The Parties expressly agree to work positively together to achieve any amendments necessary to ensure compliance with any changes to legislation, policy or guidance issued by Central Government.

8. Charges and liabilities

4.2 Appendix 1

- 8.1 Except as otherwise provided, the Parties shall each bear their own costs and expenses incurred in complying with their obligations under this Memorandum of Understanding.
- 8.2 Both Parties shall remain liable for any losses or liabilities incurred due to their own or their employee's actions and neither Party intends that the other Party shall be liable for any loss it suffers as a result of this Memorandum of Understanding save for situations where losses are suffered due to the negligence or breach of this MOU by the other Party.

9. Status

- 9.1 This Memorandum of Understanding is intended to be legally binding between the Parties.
- 9.2 Nothing in this Memorandum of Understanding is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute either Party as the agent of the other Party, nor authorise either of the Parties to make or enter into any commitments for or on behalf of the other Party.

10. Governing law and jurisdiction

- 10.1 This Memorandum of Understanding shall be governed by and construed in accordance with English law and, without affecting the escalation procedure set out in clause 5, each Party agrees to submit to the exclusive jurisdiction of the courts of England and Wales.

4.2 Appendix 1

Signed for and on behalf of Tees Valley
Combined Authority

Signature:

Name:

Position:

Date:

Signed for and on behalf of Hartlepool Borough
Council

Signature:

Name:

Position:

Date:

CONTACT POINTS

Authority One

4.2 Appendix 1

Name:

Office address:

.....

Tel No:

E-mail Address:

Authority Two

Name:

Office Address:

.....

Tel No:

E-mail Address:

Appendix 1

The TVIZ Programme

Overview

The Tees Valley Investment Zone programme will increase inward investment, productivity and jobs in the region's digital and creative technology sectors across the Tees Valley. The Investment Zone will seek to bolster the region's strength with investment in infrastructure, skills and workforce development, business support, planning and research and innovation. The Investment Zone is primed to help create more than 2,000 jobs and, potentially, unlock £175million of investment by 2034.

Objectives

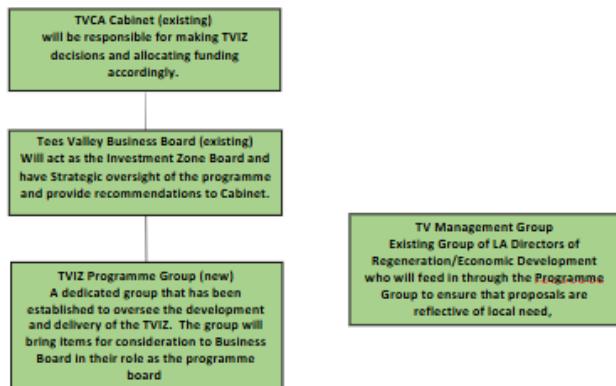
TVIZ has 5 objectives - business support, infrastructure, research and innovation, crime & safety and planning.

The £80m flexible TVIZ funding is being spent on a number of interventions as indicated below:

- Business Support
- Infrastructure and Place
- Research and Innovation
- Crime and Safety
- Planning

Governance

The TVIZ governance will follow the processes set out in the existing TVCA Assurance Framework and is set up as follows:



Appendix 2

BRR Reinvestment Strategy

Section 1: Background

Business Rate Retention

As part of the TVIZ Programme, two Business Rate Retention (BRR) sites have been identified with a total area of 198.3 Ha. These sites will enable the region to benefit from 100% retention of business rates growth over an agreed baseline, for a period of 24 years from 1 April 2025. The rates are retained 50% by Authority One and 50% by Authority Two. The TVIZ BRR Sites identified are town centre focused located in Middlesbrough and Hartlepool and are therefore inherently underdeveloped and underutilised land and property, which will be developed to increase occupancy and subsequent business density, and some brownfield undeveloped land. The retention of business rates in these areas, will provide a source of income to invest in the bespoke IZ Programme activity for longer, leveraging further impacts from the initial TVIZ flexible funding investment.

Retained Business Rates will be utilised to deliver against the Programme Objectives as follows:

- ***Infrastructure and place*** – Ongoing revenue support may be required for TVIZ capital investments such as incubator and grow on space. There may also be the need to invest in smaller scale infrastructure projects where there is a demonstrable strategic and economic need that is clearly linked to the target sector and cluster.
- ***Business support*** –we foresee a slightly lower proportion of BRR revenue going into business support compared to the current proportion of 64%. As the sector and clusters grow and strengthen it is envisaged that the R&I support will be increased. However, business support will continue to be required for the full 25 years to ensure that new and existing businesses in the sector and wider ecosystem continue to receive dedicated and specialist business support to help them grow and thrive.
- ***R&I*** – As above, we foresee a higher proportion of BRR revenue going into Research & Innovation activity compared to the current proportion of 12%. Continued support will be required for businesses to support innovation and digitisation.
- ***Planning*** – It is envisaged that the planning service will be self-sufficient within the first 5 years and therefore it is unlikely that BRR funding will need to be invested in planning. However, if funding is still required, Authority One has the ability to reinvest Additional Business Rates against this objective.

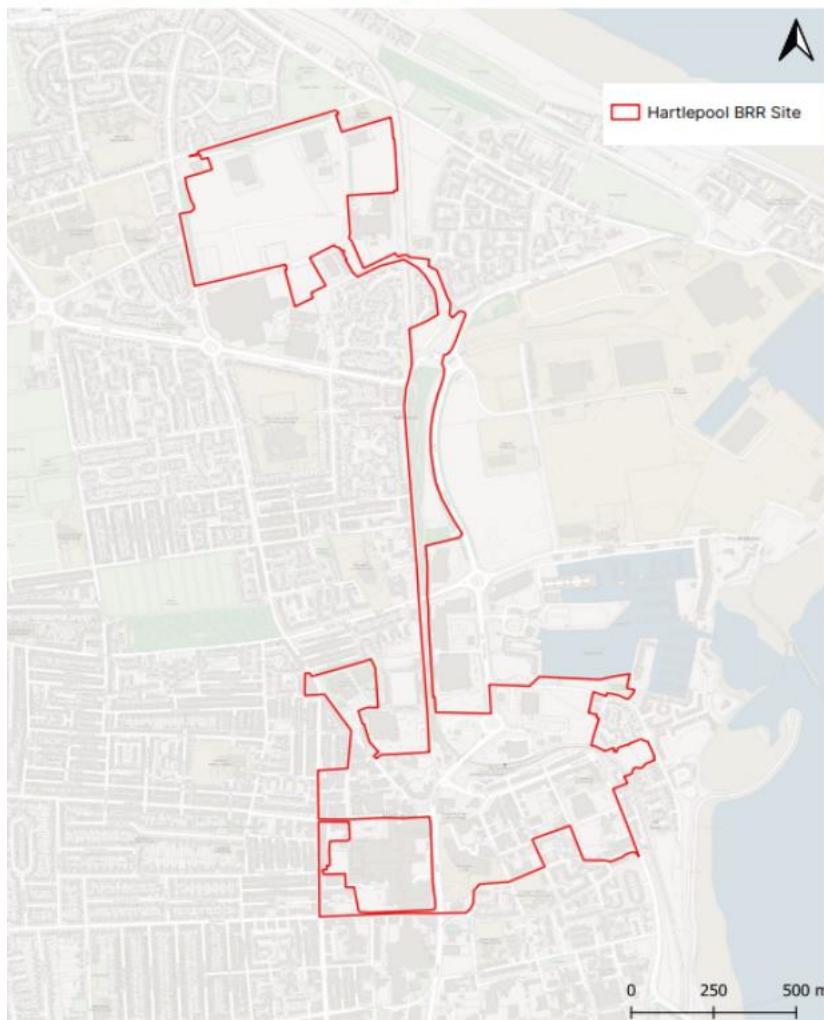
4.2 Appendix 1

For the purposes of this MOU, the IZ BRR Site is the area known as the Hartlepool Investment Zone BRR Site which is defined in the Order and shown for identification purposes edged in red on the plans below where there are existing cluster/s focused on the priority sectors.

The identified BRR Site will generate significant Additional Business Rates income over the next 24 years with a projected income of £41.33m by 2048/49.

Location Map

Tees Valley Investment Zone – Hartlepool Site



© Crown copyright and database right, Ordnance Survey licence number AC0000852475, (2025)

Section 2 - Principles

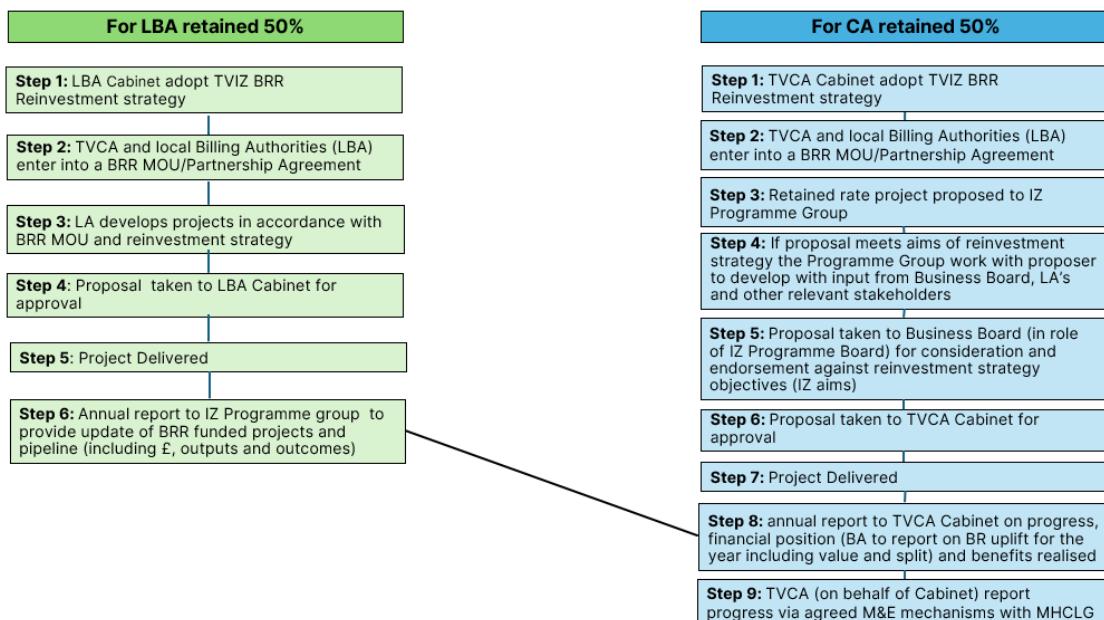
1. Authority Two as the relevant Billing Authority, agrees to continue to collect business rates for the area including the areas of the IZ BRR Site, for which it is currently responsible.
2. Authority Two is enabled by the Order to retain 100% of the Business Rates over the Agreed Baseline Position for 24 years from 1 April 2025, for the areas of the BRR Site, for which it holds billing responsibilities.

4.2 Appendix 1

3. Authority Two agrees that within 10 Working Days of the submission deadline for the NNDR3 return they will calculate the value of business rates over the Agreed Baseline (as detailed in **Appendix 3**) for the BRR Site (being the Additional Business Rates), using the NNDR3 (National Non-Domestic Rates return that Billing Authorities are required to submit to MHCLG), and inform Authority One of this calculation.
4. Following the calculation by Authority Two pursuant to paragraph 2 above, Authority Two agree to pay to Authority One 50% of the Additional Business Rates in respect of the BRR Site within 14 days of receipt of an invoice from Authority One in respect of the Additional Business Rates.
5. The retention of Additional Business Rates in respect of the BRR Site will provide a source of income to invest the Programme Objectives as set out in Appendix 1, leveraging further impacts from the initial £80m flexible funding investment whilst addressing key constraints and unlocking opportunities for the IZ priority sectors. Reinvestment must be in line with these objectives.
6. Deployment of the BRR funding will be made in line with the locally agreed principles as set out below (which has been agreed by Authority One and Two's Cabinets or Executive (as the case may be) and where relevant, elsewhere in this MOU

Section 3 – process

Process map:



Authority Two retained Additional Business Rates process:

- **Step 1** – Authority Two’s Cabinet or Executive, or relevant Committee with the necessary delegated authority (as the case may be) adopts Business Rate Retention Reinvestment Strategy for the BRR Site.
- **Step 2** – Authority Two enter a Memorandum of Understanding with Authority One which sets out the terms, principles and practices that will apply to the working relationship regarding the delivery and administration of the Business Rate Retention Reinvestment Strategy. This will include what the Additional Business Rates can be used for, how decisions are made, how projects are monitored and evaluated, how performance data is to be shared. The Memorandum of Understanding will also include how this partnership will work, including how any issues are escalated back up the IZ governance structure to Combined Authority level through robust reporting structures. The Memorandum of Understanding will agree a regular meeting schedule between all Parties to discuss BRR matters.
- **Step 3** – Authority Two develops projects locally that comply with the Memorandum of Understanding and the Business Rates Retention Reinvestment Strategy.
- **Step 4** – BRR funded project proposals will be taken to Authority Two’s Cabinet or Executive (as the case may be) for approval. This locally made investment decision, managed by the existing Local Authority procedures and constitution, mitigates any conflict from commercial interests on the proposal and ensures local buy-in, when selecting and approving the use of public funds.
- **Step 5** – BRR funded project delivered locally. If required, an agreement will be put in place with the proposer to formalise approval, reporting requirements, eligibility of spend, KPI’s, key milestones etc. Authority Two will deliver project in line with their agreement.
- **Step 6:** Authority Two to submit annual reports to Authority One to demonstrate how funding/Additional Business Rates have been used from their 50% share, project pipeline, realised outcomes/outputs and compliance with the Business Rates Retention Reinvestment Strategy /their original proposal. This will feed into wider IZ Programme level monitoring and evaluation.

TVCA retained rates process:

- **Step 1** – TVCA Cabinet adopt Business Rates Retention Reinvestment Strategy for the BRR Sites.
- **Step 2** – Authority One and Authority Two enter a Memorandum of Understanding which sets out the terms, principles and practices that will apply to the working relationship between them regarding the delivery and administration of the Business Rates Retention Reinvestment Strategy. This will include what the Additional Business Rates can be used for, how decisions are made, how projects are monitored and evaluated, how performance data is to be shared and escalated if required. The Memorandum of Understanding will also include how this partnership will work, including how any issues are escalated back up the IZ governance structure to Combined Authority level through robust reporting structures.
- **Step 3** – Expression of interest where relevant for BRR funded projects will go to the TVIZ Programme Group (as defined in governance section of Appendix 1) for consideration. This will go through an initial eligibility check to ensure it is compliant with Business Rates Retention Reinvestment Strategy before they are developed further in step 4.
- **Step 4** – BRR funded projects are developed in partnership with relevant partners and stakeholders (such as LAs, specialist Business Board members, Tees Valley Management Group and Teesside University) as part of the TVIZ Programme Group – utilising insights, intelligence ensuring additionality to other IZ intervention activity.
- **Step 5** – BRR funded project proposals are taken to Tees Valley Business Board for endorsement against the reinvestment strategy before they progress to step 6 for the final decision. The Business Board are responsible for strategic oversight and act as the Programme Board, ensuring that recommendations and decisions are rooted in the business needs of the target sector and clusters.
- **Step 6** – BRR project proposals taken to TVCA Cabinet for approval in accordance with Tees Valley Assurance Framework.
- **Step 7** – BRR funded projects delivered locally. If required, an agreement will be put in place with the proposer to formalise approval, reporting requirements, eligibility of spend, KPI's, key milestones etc. Proposer will deliver project in line with their agreement. They will work closely with the TVIZ Programme Manager to ensure that any issues are picked up and escalated through the IZ governance structure to CA level including regular catch-up meetings. They will need to submit annual returns to demonstrate how funding has been used, realised outcomes/outputs and compliance with the Business Rates Retention

4.2 Appendix 1

Reinvestment Strategy /their original proposal. This will feed into wider IZ programme level monitoring and evaluation.

- **Step 8**– An annual report to Authority Two’s Executive or Cabinet (as the case may be) and TVCA Cabinet on progress, financial position (incorporating annual report information from LBAs) to report on business rate uplift for the year including value and split) and benefits realised.
- **Step 9**– BRR monitoring information to be fed through to MHCLG in accordance with the Memorandum of Understanding, and in line with wider IZ programme M&E requirements and processes.

4.2 Appendix 1

Appendix 3

Agreed Baseline Position

As set out in:

[The Non-Domestic Rating \(Designated Areas\) Regulations 2025](#)

<i>Numbered map (Column 1)</i>	<i>Designated area (Column 2)</i>	<i>Billing authority (Column 3)</i>	<i>Value of J (£) (see paragraph 8 of Schedule 2) (Column 4)</i>	<i>Value of N (£) (see paragraph 8 of Schedule 2) (Column 5)</i>
4	Tees Valley Investment Zone —Hartlepool Site	Hartlepool Borough Council	695,027	1,388,596

FINANCE AND CORPORATE AFFAIRS COMMITTEE

24 NOVEMBER 2025



Subject: COUNCIL TAX BASE 2026/27

Report of: Director of Finance, IT and Digital

Decision Type: Budget and Policy Framework

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people live healthier, safe and independent lives. (People)
- that is connected, sustainable, clean and green. (Place)
- that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
- a place with a Council that is ambitious, fit for purpose and reflects the diversity of its community. (Organisation)

2. PURPOSE OF REPORT

2.1 The report seeks member approval, as required by statutory regulations, of a calculated Council Tax Base for 2026/27 which will be used for Council Tax billing purposes.

3. BACKGROUND

3.1 The Council is required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities, Police and Crime Commissioner for Cleveland and Cleveland Fire Authority, and local precepting authorities (Parish Councils), before 31 January 2026. The Council Tax Base is expressed as the number of Band D equivalent properties.

3.2 The amount of Council Tax levied on each Band D property located in the Borough of Hartlepool is calculated by dividing the total amount of the precepts determined by this Council, the Police and Crime Commissioner for Cleveland and Cleveland Fire Authority on the

Collection Fund in 2026/27, by the Council Tax Base. The amount of Council Tax payable for other bands is determined by applying a fixed proportion of the Band D amount. A separate report on the statutory calculation of the amount of Council Tax payable for each band for 2026/27 will be submitted to Council as part of the budget process.

4. CALCULATION OF TAX BASE

4.1 The calculation of the Council Tax Base is a detailed calculation and includes converting the number of properties in the eight Council Tax Bands into a Band D equivalent. To complete the Tax Base it is necessary to:

- (a) Calculate Item A - "the relevant amount" for the year for each valuation band in the valuation list. For each band this represents the estimated full year equivalent of each chargeable dwelling in that band, taking into account entitlement to exemptions, disability reductions, discounts, premiums and the forecast Local Council Tax Support (LCTS).

The relevant amount for each band is expressed in terms of Band D equivalents and are set out at **Appendix 1**.

- (b) Calculate the collection rate for the Council (Item B).
- (c) The relevant amounts for each band (Item A) are then multiplied by the collection rate (Item B) to calculate the Tax Base.

4.2. The calculation for the Parish Councils follows the same calculation as that of the billing authority except that for item A, the calculation only relates to the area covered by that Parish.

5. PROPOSED TAX BASE

5.1 The proposed Tax Base for the Council area for 2026/27 is **26,975**. This is an increase of 520 (1.97%) from the current Base. The forecasts includes a best estimate of the anticipated number of households eligible for LCTS.

5.2 The Band D make-up of the Base position is summarised in the table below, together with a comparison against previous year.

2025/26		2026/27
35,997	Chargeable Dwellings (after disregards / disability adjust)	36,504
-3,119	Less Discounts and Premiums	-2,883
-6,370	Less Local Council Tax Support Estimate	-6,485
350	Add forecast Base growth	250
26,858	Item A	27,386
98.5%	Item B – Collectability (%)	98.5%
26,455	Council Tax Base	26,975

- 5.3 The increase in chargeable dwellings represents a positive rate of housing growth within Hartlepool during the past year.
- 5.4 The net reduction in discounts and premiums reflects the anti-fraud work, specifically targeting Single Person Discount error and fraud, which has reduced the discounts applied. In addition, premiums were introduced from April 2025 on unoccupied, but furnished homes, often referred to as second homes.
- 5.5 The increase in the LCTS year on year reflects an under estimation of the cost in the current year, expectation of a Council Tax increase from our main preceptors, and inclusion of a small headroom to guard against an increase in take up in those eligible for LCTS. The increase is offset by a savings proposal to introduce rolling accuracy reviews.
- 5.6 The growth assumption for 2026/27 takes into account an increase of 250 Band D equivalent homes. This is positive, but slower growth than the current year due to the mix and maturity of key housing developments.
- 5.7 The proposed Council Tax Base has been reflected within the MTFP reported elsewhere on today's agenda.
- 5.8 Separate Base calculations have been made for each Parish Council and these are included in the recommendations.

6. RISK IMPLICATIONS

- 6.1 The Tax Base for 2026/27 and in the subsequent years is subject to the following main risks;

- The proposed Council Tax Base includes a best estimate of average LCTS claimants. There is a potential risk that claimants may increase due to the economic uncertainty or government policy, for example promotion of pension credit. This is mitigated by consideration of economic forecasts for future years and allowance of a small headroom in the calculation;
- Less growth in housebuilding. This is mitigated by understanding both developments in progress and planned developments to factor in the latest position in timing and value of house builds planned. Progress is monitored closely in year and over the MTFP period; and
- Reduced collection rate. The pandemic saw a significant dip in the in-year collection rate. On-going, year on year recovery of the in-year rate, coupled with the strong collection of arrears mitigates the risk. This is being kept under close review and regular management reporting is in place to ensure that collection rate is maintained.

7. FINANCIAL CONSIDERATIONS

7.1. The Council must budget to avoid a deficit on its statutory Collection Fund. In determining the 2026/27 Council Tax Base a number of underlying assumptions have been made. As part of the Council's Financial Governance Framework, throughout 2026/27 programmed monitoring reviews of Collection Fund Council Tax performance will be undertaken and reported to Finance and Corporate Affairs Committee.

7.2. Growth in the 2026/27 Tax Base had already been anticipated in the MTFP. The additional growth associated with the LCTS accuracy changes, is included within the savings proposals, and has been increased to mirror the final Base position.

8. LEGAL CONSIDERATIONS

8.1. To comply with statutory responsibilities as set out in the Local Government Finance Act 1992 the Council must determine the Council Tax Base for the forthcoming financial year by 31 January. This report ensures this responsibility is discharged.

9. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	No relevant issues
FINANCIAL CONSIDERATIONS	No relevant issues
SUBSIDY CONTROL	No relevant issues
LEGAL CONSIDERATIONS	No relevant issues
SINGLE IMPACT ASSESSMENT (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE)	No relevant issues
STAFF CONSIDERATIONS	No relevant issues
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues

ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues
CONSULTATION	No relevant issues

10. RECOMMENDATIONS

10.1 It is recommended that Members refer for approval for full Council, that:

- a) Approve a Hartlepool BC Council Tax Base for 2026/27 of 26,975 as detailed in Appendix 1.
- b) Approve a Council Tax Base for 2026/27 for Parishes who may levy a precept upon the Council's Collection Fund as follows:

Brierton	15.0
Claxton	42.2
Dalton Piercy	132.5
Elwick	247.0
Greatham	276.0
Hart	575.6
Headland	811.5
Newton Bewley	35.0
Wynyard	1,247.4

11. REASON FOR RECOMMENDATIONS

11.1 To enable the Council to discharge its statutory responsibilities.

12. BACKGROUND PAPERS

12.1 Council Tax Base 2025/26 – Report to Finance and Policy Committee 25 November 2024.

13. CONTACT OFFICER

James Magog
 Director of Finance, IT and Digital
 Email: James.magog@hartlepool.gov.uk
 Telephone: 01429 523093

Sign Off:-

Managing Director	Date: 31 October 2025
Director of Finance, IT and Digital	Date: 31 October 2025
Director of Legal, Governance and HR	Date: 31 October 2025

Council Tax Base - HBC

Appendix 1

FINANCE AND CORPORATE AFFAIRS COMMITTEE

24 NOVEMBER 2025



Subject: LOCAL COUNCIL TAX SUPPORT 2026/27 AND
HOUSING BENEFIT WAR PENSION DISREGARD
2026/27

Report of: Director of Finance, IT and Digital

Decision Type: Budget and Policy Framework

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people live healthier, safe and independent lives (People)
- a place with a Council that is ambitious, fit for purpose and reflects the diversity of its community (Organisation)

2. PURPOSE OF REPORT

2.1 The purpose of the report is to:

- i) Agree the Local Council Tax Support (LCTS) scheme for 2026/27 to be referred to full Council for approval
- ii) Agree the Housing Benefit war pension disregard for 2026/27

3. BACKGROUND

3.1 Local Council Tax Support (LCTS) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:

- Placed the duty to create a local scheme for Working Age applicants with billing authorities;
- Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and

- Prescribed that persons of Pension age would be dealt with under regulations set by Central Government and not the authorities' local scheme.

3.2 Since that time, funding for the Council Tax Support scheme has been amalgamated into other Central Government grants paid to Local Authorities and also within the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Central Government sources, but that this has been significantly reduced.

3.3 The current Council Tax Support scheme administered by the Council is divided into two schemes, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the local authority.

3.4 Pensioners, subject to their income, can receive up to 100 per cent support towards their council tax. The Council has no power to change the level of support provided to pensioners and therefore any changes to the level of LCTS can only be made to the working age scheme.

3.5 When Council Tax Support was introduced in 2013, for working age applicants, the Council broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. Due to the reduction in finance, the Council reduced the maximum level of support available to working age applicants in 2014/15 to 88%.

Simplified Scheme

3.6 Following public consultation, council agreed a revised scheme for operation in 2024/25. This “simplified” scheme introduced a number of income bands to determine support. It also increased the level of maximum support from 88% to 90% to provide additional support to those in most need.

3.7 Key features of the scheme include:

- To encourage work, a standard £25 per week disregard is provided against all earnings;
- Disability benefits such as Disability Living Allowance and Personal Independence Allowance are disregarded;
- A further disregard of up to £40 a week from your income if an individual, their partner or a dependent child living with them receives one of the above benefits, thereby maintaining the current level of support to those with disabilities;
- Carer's Allowance and the Support Component of Employment and Support Allowance is disregarded;
- Child Benefit and Child Maintenance is disregarded;
- The following elements of Universal Credit are also disregarded:
 - An amount in respect of the Housing Element;
 - Limited Capability for Work and Work Related Activity Element;

- Carer's Element; and
- Disabled Child Element
- The total disregard on war pensions and war disablement pensions continue (maintaining the Council's commitment to the Armed Forces Community Covenant);
- The capital limit is set at £10,000 with no tariff (or assumed income) being applied; and
- With regard to non-dependents a £5 per week deduction is applied.

3.8 In addition, in order to align Council Tax Reduction with Universal Credit, a minimum level of income for those applicants who are self-employed was introduced. This is in line with the National Living Wage for 35 hours worked per week. The income does not apply for a designated start-up period of one year from the start of the business and the Council would have the discretion to vary or waive the use of this facility in exceptional circumstances or where the Council considers that the applicant is unable to work that number of hours. Where the declared income is at or above the Minimum Income Floor, the declared income will be used in the calculation of Council Tax Reduction.

Claimant Numbers

3.9 Hartlepool has the highest claimant count per adult population in the country and is currently the 16th highest for pensioners. Given relative deprivation this is not unexpected and it also demonstrates our success in supporting take up of benefits where eligible. It does though raise concerns that there could be people receiving benefits who are not entitled to do so.

3.10 Comparison with our Tees Valley neighbours and the England mean is set out below:

Council	Working Age %	Council	Over 65 %
Hartlepool	14.4	Hartlepool	22.6
Middlesbrough	13.2	Middlesbrough	20.4
Redcar and Cleveland	10.7	Redcar and Cleveland	16.2
Darlington	8.3	Stockton	15.3
Stockton	8.2	Darlington	14.3
England Mean	5.8	England Mean	12.2

3.11 During the current year, the number of claimants has risen slightly. As at September 2025 there were 13,083 LCTS claimants, of which 8,622 were working age and 4,461 pension age.

3.12 Forecasting future claimant numbers is difficult. However, increased compliance and fraud prevention work is proposed elsewhere on today's agenda, and it is anticipated this will lead to a reduction over the coming

year or numbers and/or costs. The Council Tax Base report, elsewhere on today's agenda, includes the best available estimate for the year.

Collection Performance

- 3.13 Collecting Council Tax from LCTS households is more resource intensive than non LCTS households. These households are less likely to pay by Direct Debit, instead choosing to make payment in different ways e.g. cash. In addition there is a greater likelihood that payment is ultimately obtained through Attachment of Benefit. All recovery action is managed sensitivity, whilst seeking to maximise income collection.
- 3.14 Attachment of Benefits (AOB) can only be requested to the DWP following the Council securing a liability order via the Magistrates Court. Currently the highest attachment allowable is £31.41 per month for a couple who are both over 25. If single and under 25, the deduction is £15.85. Only one AOB deduction can be active at any one time. In the best case scenario, such an attachment could only be secured 3 months into the financial year, thus allowing 9 months of collection. The maximum collectable in this scenario is therefore £282.69 in total for the first year for the couple or £142.65 for a single individual under 25. The least amount payable for a Band A property is £166.38 for a couple, therefore in many circumstances, unless individual's circumstances change, debt continues to accrue year on year.
- 3.15 Currently 6,590 Council Tax accounts have an Attachment of Benefits, though these will not all be current LCTS accounts. In addition, there are 6,775 Liability Orders at pending stage. As at the end of September 2025 £5.29m of debt is outstanding to those with Attachment of Benefits. Collection levels remain high for this debt, albeit payment is not all received in the year the liability first became due.
- 3.16 Continued effort will be made to engage with and increase the collection rate for those in receipt of LCTS.

Housing Benefit War Pension Disregard

- 3.17 Housing Benefit and Council Tax Benefit (War Pensions Disregards) regulations allow for Local Authorities to develop a local scheme that can disregard War Pension income from the calculation of Housing Benefit. Since the introduction of Housing Benefit, the Council has always disregarded this income when calculating a claim for Housing Benefit. The Department for Works and Pensions requests that each local authority has their local scheme approved each year. The local scheme is discretionary and, as a result, the Council is expected to meet the cost. However, under the Housing Benefit subsidy arrangements, the government reimburses the Council 75% of the expenditure where a local scheme is implemented.

4. PROPOSAL

Local Council Tax Support Scheme

4.1 Given the introduction of the revised scheme on 1 April 2024, the fact that no significant issues have arisen and the need to establish the change to provide stability for our working age claimants, it is proposed that no change is made to the scheme for 2026/27, save for an inflationary uplift.

4.2 The September Consumer Price Index (CPI) figure is used by the national government to calculate uplift in benefits from the 1 April in the following year. The CPI rate at September 2025 was 3.78%. It is proposed to mirror this increase with our LCTS scheme, resulting in the following bands for 2026/27:

	Passported	Single	Single with 1 child	Single with 2 or more children	Couples	Couple with 1 child	Couple with 2 or more children
Discount Level	Weekly Income Levels £						
Band 1 (90%)	Relevant Benefit	£0.00 to £116.20	£0.00 to £185.92	£0.00 to £255.65	£0.00 to £162.69	£0.00 to £238.23	£0.00 to £302.13
Band 2 (70%)	N/A	£116.21 to £209.17	£185.93 to £278.89	£255.66 to £342.81	£162.70 to £278.89	£238.24 to £326.53	£302.14 to £395.09
Band 3 (40%)	N/A	£209.18 to £249.84	£278.90 to £296.32	£342.82 to £406.71	£278.90 to £336.99	£326.54 to £371.85	£395.10 to £464.82
Band 4 (20%)	N/A	£249.85 to £296.32	£296.33 to £325.36	£406.72 to £522.91	£337.00 to £395.08	£371.86 to £429.95	£464.83 to £557.77

4.3 Alternative options could be considered for the LCTS, including changing the bands or key features. To do so would require consultation. Given the scheme is in its relative infancy, is running smoothly, and the time and cost constraints of running a consultation, this is not recommended. Similarly a different CPI rate could be applied to the uplifts or no inflation rate applied at all. This was not considered appropriate given using September CPI aligns with national benefit uplifts as well as generally being aligned to government grant uplifts in the past.

4.4 As highlighted in paragraph 3.4, the Pensioners scheme is not subject to local discretion. Relevant regulations for the pensioners scheme tend to be confirmed in January each year. The council will enact any changes as necessary should regulations be revised.

Housing Benefit Local Disregards

4.5 It is proposed to continue with the local disregard for War Pensions when calculating Housing Benefits. As the council has always had this disregard, no additional costs are anticipated.

5. FINANCIAL CONSIDERATIONS

5.1 The estimated cost for 2026/27 is £16.206m and included within the Base calculation elsewhere on today's agenda. Costs are shared between the Council and the major precepting authorities based on the precept levied on the collection fund. For 2025/26 the proportions are as follows:

- Hartlepool Borough Council (83.50%)
- Police and Crime Commissioner for Cleveland (12.72%)
- Cleveland Fire Brigade (3.78%)

6. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	No relevant issues.
LEGAL CONSIDERATIONS	Councils are required to determine their LCTS scheme for each financial year before 11 March of the year prior to the scheme coming into place. Council is required to agree local disregards within Housing Benefit.
SUBSIDY CONTROL	No relevant issues
SINGLE IMPACT ASSESSMENT (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)	Attached as Appendix A
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	Not applicable given no changes are proposed.

7. RECOMMENDATIONS

7.1 It is recommended that Members:

- i) Agree the 2026/27 LCTS scheme as set out to be referred to full Council for approval.
- ii) Agree to continue the Housing Benefit war pension disregards for 2026/27

8. REASONS FOR RECOMMENDATIONS

8.1 To comply with legislation.

9. BACKGROUND PAPERS

9.1 Local Council Tax Support 2025/26 – Report to Finance and Policy Committee 25 November 2025.

10. CONTACT OFFICERS

James Magog
Director of Finance, IT and Digital
Email: james.magog@hartlepool.gov.uk
Telephone: 01429 523093

Sign Off:-

Managing Director	Date: 31 October 2025
Director of Finance, IT and Digital	Date: 31 October 2025
Director of Legal, Governance and HR	Date: 31 October 2025

Hartlepool Borough Council – Single Impact Assessment Form 4.4 Appendix A

Guidance for completing this form is available in the “Single Impact Assessment: Toolkit for Officers”, available from the Single Impact Assessment page on the intranet at <https://hbcintranet/Pages/Single-Impact-Assessments.aspx>.

Section 1 – Details of the proposed action being considered

1.1 Lead Department:	Finance, IT and Digital
1.2 Lead Division:	Finance (Benefits)

1.3 Title of the proposed action:

Local Council Tax Support and Housing Benefit War Pension Disregard 2026/2027

1.4 Brief description of the proposed action:

To approve an unchanged Local Council Tax Scheme, save for inflationary increases, for 2026/27. The scheme will support working age residents and families in their payment of Council Tax within Hartlepool

1.5 Who else is involved:

Revenues and Benefits team

Hartlepool Borough Council – Single Impact Assessment Form 4.4 Appendix A

1.6 Who will make the final decision about the proposed action:

Finance and Corporate Affairs Committee

1.7 Which wards will be affected by the proposed action? Tick all that apply

All wards	<input checked="" type="checkbox"/>	Hart	<input type="checkbox"/>	Seaton	<input type="checkbox"/>
Burn Valley	<input type="checkbox"/>	Headland & Harbour	<input type="checkbox"/>	Throston	<input type="checkbox"/>
De Bruce	<input type="checkbox"/>	Manor House	<input type="checkbox"/>	Victoria	<input type="checkbox"/>
Fens & Greatham	<input type="checkbox"/>	Rossmere	<input type="checkbox"/>	N/A - Internal council activities	<input type="checkbox"/>
Foggy Furze	<input type="checkbox"/>	Rural West	<input type="checkbox"/>		<input type="checkbox"/>

1.8 Completed By:

Name	Job Title	Date Completed
Gillian Harvey	Benefits Manager	12/11/2025

1.9 Version	Author	Summary of Changes	Date
1	Gillian Harvey	Initial Draft	12/11/2025

Section 2 – Explaining the impact of the proposed action

2.1 What data and evidence has informed this impact assessment?

Local Council Tax Support (LCTS) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP).

The scheme for working age claimants was amended for 2024/25 in order to simplify its operation.

We have the highest number of working age claimants in the country as a proportion of the population, confirming that a scheme is required to provide support.

Deprivation data supports the need for a support scheme.

2.2 If there are gaps in evidence or not enough information to assess the impact, how have you addressed this or how will you address it?

Gap(s) Identified	How it / they have or will be addressed
None	

Hartlepool Borough Council – Single Impact Assessment Form 4.4 Appendix A

2.3 Risk Score

Impact	Negative Impact Score	Explanation – what is the impact?
Age		
<input checked="" type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact	Likelihood score: e.g. Almost certain 4 Impact score: e.g. Major 3 Overall score: e.g. Red 12	The Government considered the position of low income pensioners associated with the abolition of Council Tax Benefit and the introduction of LCTS. The Government determined that unlike most other groups, pensioners cannot reasonably be expected to seek paid employment to increase their income. Therefore the Government determined that as a specific vulnerable group, low income pensioners should be protected from any reduction in support as a result of this reform. The Government has not changed its position on this core principle for 2026/27. The scheme is positive for this cohort since it can provide up to 100% support for eligible pensioners.
Disability		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.
Gender Reassignment		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.
Marriage and Civil Partnership		
<input type="checkbox"/> Positive Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.

Hartlepool Borough Council – Single Impact Assessment Form 4.4 Appendix A

Impact	Negative Impact Score	Explanation – what is the impact?
<input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact		
Pregnancy and Maternity		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.
Race (Ethnicity)		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.
Religion or Belief		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.
Sex		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.

Hartlepool Borough Council – Single Impact Assessment Form 4.4 Appendix A

Impact	Negative Impact Score	Explanation – what is the impact?
Sexual Orientation		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged.
Care Leavers (Local)		
<input checked="" type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The council supports Care leavers that reside in Hartlepool until the age of 25 as part of our Corporate Parenting role.
Armed Forces (Local)		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The proposed scheme continues with the core principle that every working age household should pay something towards Council Tax. The scheme does not provide protection of detriment to any specific working age group. A neutral relative impact is therefore envisaged..
Poverty and Disadvantage (Local)		
<input checked="" type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	The operation of a Local Council Tax Support Scheme means that those meeting the eligibility criteria will receive a reduction to Council Tax payable.

Hartlepool Borough Council – Single Impact Assessment Form 4.4 Appendix A

Section 3 - Mitigation Action Plan or Justification

Group(s) impacted	Proposed mitigation	How this mitigation will make a difference	By when	Responsible Officer
N/A				

Justification If you need to justify your proposed action explain this here

Section 4 - Sign Off

Responsible Officer sign off:	
Name	Gillian Harvey
Job title	Benefits Manager
Director sign off:	
Name	James Magog
Job title	Director of Finance, IT and Digital

Once the Single Impact Assessment is completed please send to impactassessments@hartlepool.gov.uk.

Section 5 - Review (To be completed after implementation)

5.1 Review completed by:		
Name	Job Title	Date review completed

5.2 Did the impact turned out as expected?

5.3 Were the proposed mitigations the correct ones and were they successful in reducing any negative impacts?

5.4 Were there any unexpected outcomes?

5.5 Following the review please identify next steps here (Select one)

- Additional mitigation required (give details below - 5.6)
- Original proposed course of action needs to be revisited
- No further action required

5.6 Additional mitigation(s) or justification

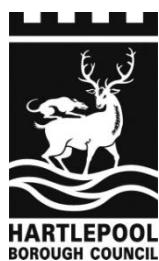
Group(s) impacted	Proposed mitigation	How this mitigation will make a difference	By when	Responsible Officer

Justification If you need to justify your proposed action explain this here

Submit form with completed review to impactassessments@hartlepool.gov.uk

FINANCE AND CORPORATE AFFAIRS COMMITTEE

24th November 2025



Subject: MEDIUM TERM FINANCIAL PLAN (MTFP)
2026/27 TO 2029/30

Report of: Director of Finance, IT and Digital

Decision Type: Budget and Policy Framework

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people live healthier, safe and independent lives. (People)
- that is connected, sustainable, clean and green. (Place)
- that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
- a place with a Council that is ambitious, fit for purpose and reflects the diversity of its community. (Organisation)

2. PURPOSE OF REPORT

2.1 The purpose of this report is to provide an update on the Council's financial position, the government's Fair Funding reforms and to approve the budget savings proposals to be referred to individual Policy Committees.

3. BACKGROUND

3.1 A comprehensive MTFP update report was presented to the Finance and Corporate Affairs Committee at its meeting in June 2025. The MTFP does not stand still and continuously evolves based on latest information, intelligence, government funding changes and changing circumstances, including the current financial year's forecast budget outturn.

- 3.2 The updated MTFP covers the four financial years 2026/27 to 2029/30. However, in consideration of the position over this period, it is important to recognise that the Council needs to be financially sustainable beyond this 4 year period. Decisions taken should also reflect the position beyond the medium term and into the longer term.
- 3.3 With regards the government's funding reforms, now referred to as 'Fair Funding 2.0', these are currently moving slower than initially indicated. Changes to the Secretary of State for the Ministry for Housing, Culture and Local Government (MHCLG) and the wider ministerial team, alongside significant lobbying on the proposed reforms has delayed the process timescales. Initial indications were that the Local Government Finance Policy Statement would be released in October and the full Provisional Local Government Finance Settlement by late November or early December. Current indications are that the Policy Statement will be released mid to late November and the Provisional settlement in week commencing 15th December. The delay in the release of information, on what will be a 3 year funding settlement, continues to hinder budget planning. Further details of the funding reforms consultation and the estimated impact for Hartlepool are included within section 5 of this report.
- 3.4 In addition to the specific local government announcements, the Chancellor will deliver her Autumn budget on the 26th November, which is later than in recent years. Speculation of a likely productivity forecast downgrade by the Office for Budget Responsibility (OBR) is placing further pressure on government finances, with tax increases and spending cuts a possibility in the budget statement. In addition to general tax and spending plans, the Autumn Budget is likely to provide further announcements on areas that impact the Council's budget, for example increases to the National Living Wage from April 2026.
- 3.5 At short notice, the Chancellor delivered a pre-budget statement to the nation on the 4th November. In the address the chancellor emphasised the need to responsibly manage the public finances and noted the government's priorities as being: cutting NHS waiting lists, national debt and the cost of living, but not through a return to austerity. Tax increases remain the likely option for the Chancellor to improve the fiscal position, but in response to questions on this, she advised the details of the budget would be provided on the 26th November, but she will "do what is right, not popular".

4. BUDGET PRESSURES

- 4.1 The Council must plan for a range of spending pressures and commitments in setting its budget over the MTFP period. Following the comprehensive update provided to members in June, the forecasts in the table below have been updated where necessary, and commentary on the areas of change provided in the subsequent paragraphs. A number of these changes are in response to additional cost pressures arising during

2025/26, driving a significant forecast overspend, as well as additional pressures forecast from April 2026.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Spending Pressures					
Pay and Price Inflation	6.868	4.118	5.270	4.392	20.649
Children's Social Care	6.000	3.120	2.182	1.726	13.028
Waste Disposal	0.500	0.000	0.000	0.500	1.000
Capital Financing	0.000	0.500	0.500	0.500	1.500
Supported Accommodation	0.250	0.255	0.260	0.265	1.030
Total Spending Pressures	13.618	7.993	8.212	7.383	37.207

Pay and Price - Pay Award Inflation

- 4.2 The national pay award for 2025/26 was agreed during July. The agreed pay increase from April 2025 was 3.2% for all employees.
- 4.3 Given the persistence of pay growth in the wider economy, the MTFP continues to include a pay award assumption of 3% for each year. The inflation forecasts and associated pay assumptions in relation to 2026/27 and beyond will be kept under review throughout the budget setting process.

Pay and Price - General Price Inflation

- 4.4 The Consumer Price Index (CPI) measure of inflation rose to 3.8% in July 2025 and has remained at this level in both August and September. This continued elevated inflation rate is nearly double the government's 2% target rate. The Bank of England continue to set their policy approach to support their objective of reducing inflation to their 2% target.
- 4.5 Inflation forecasts and general economic stability continues to be heavily caveated around the potentially volatile impacts of geopolitical factors, namely conflict in the Middle East, Ukraine/Russia conflict and the United States economic policy.
- 4.6 Given funding limitations and a focus on generating efficiencies, general inflation has been allowed for at 2% per year over the MTFP period. Bespoke inflation is included for contracts where specific inflation indices are used.

Pay and Price – Adult Social Care Contracts

- 4.7 The net budget for packages of care is approximately £35m and annual increases to care home fees and home care rates are determined using an established formula. The annual inflation uplift is based on a range of factors and recent increases have been driven predominantly by increases in the National Living Wage (NLW) and the level of non-pay inflation.

- 4.8 The NLW currently stands at £12.21 an hour (April 2025). The Chancellor is likely to confirm the rate from April 2026 in her Autumn budget at the end of November. The independent body who advises the government on the NLW, are the Low Pay Commission (LPC). The LPCs latest projections for 2026/27 were issued in August 2025 and set out an increase to £12.71 from April 2026 (with a range of £12.55 to £12.86).
- 4.9 A prudent, but reasonable assessment of fee uplifts has been included within this MTFP update, this is increased from prior planning assumptions. This remains an area of risk until uplifts are agreed based on confirmed data. Effectively every 1% increase or decrease in fees has a c£0.350m impact on the budget position.

Pay and Price - Income

- 4.10 Historically, for budget planning purposes it has been assumed that all discretionary fees and charges will increase in line with inflation each year. Given the council's financial position and the recent inflationary impact on the council's expenditure budgets, it is proposed to uplift discretionary fees and charges for 2026/27 by a minimum of 5%. Areas with existing income budget shortfalls will still action an increase in charges in April 2026 where appropriate, but prudently the overall income budget target will not be increased, allowing the price increase to address the existing gap.
- 4.11 Following a comprehensive review of fees and charges undertaken during the current year, increased fees and charges will be introduced in a number of areas, and further details are set out within the proposed savings later in the report.

Energy Inflation

- 4.12 Recent years have seen unprecedented market volatility, driven by Covid-19, the Russia-Ukraine war, extreme weather patterns and geopolitical tensions, as well as the UK and Europe's ambitions to move to better security of supply and alternative generation types. This has created a monumental shift in what typical market activity looks like. This movement from traditional market norms has created a market that is very reactive and has the potential to move far more substantially in very short windows of time.
- 4.13 In response to this turbulence, the Council progressed a twofold strategy of increasing the revenue budget for anticipated long term prices, coupled with use of an energy reserve for the shorter term spike. This approach has served the Council well since 2022/23.

- 4.14 The Council purchases its energy via the regional North East Purchasing Organisation (NEPO), which has an agreed Risk and Purchasing Strategy in place to forward buy energy as deemed prudent.
- 4.15 Although energy community pricing is forecast to fall during 2026/27, non-energy costs are forecast to rise at a higher rate. These non-energy related cost rises are driven by the Transmission Network Use of System (TNUoS) tariff. The TNUoS tariff is supporting network upgrades to accommodate increased renewable generation assets and support greater national energy security.

Children's Social Care

- 4.16 The budget pressures in this area continue to be of significant concern for our Council, and many across the region and country. Many areas of expenditure relating to children in our care are experiencing significant and on-going demand and inflationary pressures, these include; increasing numbers of children requiring external placements, independent foster agency (IFA) placements, Connected Care and Special Guardianship allowance payments as well as the associated staffing demands.
- 4.17 As part of the 2025/26 budget setting process additional specific resources of £6.9m were provided into Children's Social Care, given their unprecedented budget pressures. This is in addition to normal inflationary budget increases. Notwithstanding this significant budget increase the 2025/26 projected outturn for Children's Social Care is estimating an overspend of £6.195m.
- 4.18 The main reasons for the overspend continue to be the increase in the numbers and costs of children requiring external residential placements and the associated impacts on social work staffing workloads and budgets. This reflects the increasing complexity of children's needs and the significant fees being charged by the external care market. Overall Hartlepool's Children in Care numbers per 10,000 children, continue to be above regional and national averages. This is because of a number of factors including high levels of poverty.
- 4.19 Between the end of quarters 1 and 2 of 2025/26 financial year there was an increase in the number of children in our care (CiOC), from 345 to 352, and inherent within this an increase in placements required to be made with external providers in order to meet the individual needs of the young people coming into care.
- 4.20 With regard to external provider placement pressures, the current top 25 highest cost external placements are costing in the region of £230,000 per week, which equates to c£12m per year. The average cost of the current 49 external placements is £7,010 per week, with a range of £3,900 to

£23,290 per week. There are currently 6 placements in excess of £10,000 per week which is as a result of the complexities of their bespoke needs.

- 4.21 As noted above, CiOC numbers are beginning to increase overall, albeit at a relatively small percentage. Within the overall numbers quoted for CiOC it is important to note that this is not a fixed cohort of children. Some children positively return home, and some children move into special guardianship order (SGO) or child arrangement order (CAO) arrangements. These SGO and CAO arrangements, although no longer classified as within our care, still retain financial support payments from the Council. This is another area of budget pressure.
- 4.22 To mitigate these cost pressures, 6 key strands of activity are progressing and are being overseen by Senior Management. The activity strands are focused around: edge of care support, prevention and early help, fostering and placement planning, reunification, care leavers support and corporate parenting.
- 4.23 The Council is in the process of opening a new in-house children's home with the possibility of further new homes in the future. In addition, the council is working with a local charity in their development of a children's home in the town, providing more local, lower cost capacity. Both developments will help reduce our exposure to the significant fees being charged by the external care market.
- 4.24 The Council is considering its own local fostering drive and is also included in a large-scale regional recruitment initiative. In addition, increased staffing resources have been provided during 2025/26. The Edge of Care team are providing support to families who are at risk of having children enter the care system. Increased respite support provision has also commenced.
- 4.25 Local case reviews continue to be carried out to ensure care is being provided at the correct level, whilst also challenging costs. Further activity to maximise partner contributions to care costs where appropriate has commenced. Regionally, in the medium-term, partnership working is being considered to try and address care market failures. Following successful pilots elsewhere in the country supported by the Department for Education, a project to consider a North East Regional Care Cooperative has commenced. Further work and consideration of this partnership will be carried out over the coming months.
- 4.26 From national government's perspective 'The Families First Partnership (FFP) Programme' was published earlier in the year. These changes centre around implementing: "Family Help and multi-agency child protection reforms' that make greater use of Family Group Decision Making. The roll-out of these reforms represents a significant step forward in delivering on the government's mission to provide children with the best start in life and break down barriers to opportunity." The approach to

meeting the reform requirements, to commence during 2026/27, is currently being developed.

- 4.27 The Medium Term Financial Plan (MTFP) now provides for £6.0m of budget growth for Children's Services in 2026/27. This is a significant increase on the growth provided for in the June MTFP update (£1.5m) but reflects the current year forecast spending. The service has been tasked with reducing the overspend, and a £3.0m savings proposal is outlined later in the report. However, it should be noted that the budget for 2026/27 does not allow for any growth in Children in our Care numbers or additional cost associated with complexity. As such this poses a real risk to the robustness of the estimate for 2026/27.
- 4.28 Reflecting the significant and sustained pressures, future years growth has been increased, but with a downward trajectory reflecting the anticipation that local, regional and national initiatives may gain positive traction over the MTFP period.

Waste Disposal

- 4.29 Hartlepool has entered into a partnership with six other Local Authorities in the region to procure a new Energy from Waste facility. The procurement process is on-going, with an anticipated go-live date during 2029. The Council has benefitted from very competitive gate fees with the current incumbent, however, these fees stepped up significantly for 2025/26 as part of the contract extension arrangement.
- 4.30 The financial due diligence work continues in relation to the above. A forecast further budget impact of £1m remains within the MTFP period, and the latest understanding of the phasing is incorporated in the latest budget plans.

Capital Financing

- 4.31 A recurring annual saving of £2m has previously been taken over a 12 year period (2017/18 to 2028/29) following a change to the Council's Minimum Revenue Provision policy. This saving unwinds to £1m, with a reduction in 2029/30 of £0.6m and a further £0.4m in 2030/31. To avoid these cliff edge impacts on the MTFP and following a review on borrowing requirements, an increase of the capital financing pressure from £0.250m to £0.500m per annum was included in the MTFP June update.
- 4.32 A further review of borrowing profile and treasury management investment forecasts has indicated the opportunity to remove the £0.500m budget uplift in 2026/27. The council will continue to progress a Treasury Management Strategy that minimises borrowing costs and as such, this increase to the budget provision over the MTFP period will be kept under review.

Supported Accommodation

4.33 Supported, “exempt” accommodation provides invaluable support for a range of vulnerable people. Whilst we work with a number of supported accommodation providers, many of which make a positive contribution, there is a growing concern nationally regarding some of the less scrupulous providers. In such accommodation, rental levels tend to be far in excess of private sector Local Housing Allowance Rates, merely by such providers meeting a loose regulatory requirement to provide a level of ‘care, support or supervision’ to claimants. The government is currently reviewing such provision and intends to implement a number of measures to address some of the wider concerns in this area.

4.34 Supported, exempt accommodation schemes place an increased burden on Councils as many are delivered by charities or voluntary CIC organisations and not Registered Providers. As such councils can only claim partial subsidy for the Housing Benefit that they pay out. This means that Councils can incur significant costs, and, at times, funding substandard schemes which they do not need or require.

4.35 The subsidy loss for the Council was £0.076m in 2021/22. This increased to £0.282m in 2024/25 and is forecast to increase substantially in 2025/26 and over the MTFP period. In order to address this pressure £0.250m is included in each year of the period, but will be kept under review, in conjunction with any legislative changes.

Cyber Security

4.36 The growing sophistication and frequency of cyberattacks pose a significant threat to public sector organisations, including councils. Whilst the council has robust arrangements in this regard, the increasing threat requires ever growing diligence amongst our employees, but also on-going and likely increased investment in counter measures. A review of our cyber security arrangements has been carried out and investment in further software and systems is recommended. Provision of £0.200m in 2026/27 and a further £0.200m from 2027/28 has been added to the budget planning.

Other Budget Pressure Adjustments

4.37 Other budget pressure changes provided for in 2026/27 include an increase in the concessionary travel budget given in year budget pressures (£0.100m) and the removal of the profit share income budget associated with the Middleton Grange shopping centre given current and forecast lettings performance (£0.196m). A further pressure of £1.0m has

been included from 2028/29 for the impact of the Emissions Trading Scheme (ETS). The scheme is a mechanism for managing the financial cost of reducing carbon emissions between different sectors of the economy. From January 2028, the ETS will be extended to include emissions from the incineration of waste.

5. GOVERNMENT FUNDING

- 5.1 The Local Government Finance Settlement 2025/26 continued the trend of one-year settlements for councils. It provided Hartlepool with a 8.4% increase in Spending Power, against a national average increase of 6.0%.
- 5.2 The above average increase for Hartlepool, and deprived areas like Hartlepool, was the first step of the new national government to begin to reverse the funding cuts of the former government, which disproportionately fell on deprived councils.
- 5.3 The Settlement Policy Statement for 2025/26 confirmed that the additional core national resource (c£1.3bn) into local government, was to be distributed via existing grants but also via the creation of new grants namely the 'Recovery Grant' and 'Children's Social Care Prevention Grant'. The Recovery Grant was noted as being highly targeted towards those authorities with the highest levels of deprivation.
- 5.4 Looking forward to 2026/27, the government has commenced a Local Authority funding reform process (Fair Funding 2.0) including a reset of the business rates system. In addition, a commitment has been made to 3-year settlements from 2026/27, which will aid medium term budget planning.
- 5.5 The first stage consultation on the Funding Reforms was issued by MHCLG in late December 2024 and closed in February 2025. This early stage consultation focused on the underlying principles of local government funding including; review of relative needs formulae which calculate the cost of delivering services, review of area cost adjustments which take into account cost variations across the country, views on council tax equalisation adjustments for those areas which have low council tax bases, views on introduction of deprivation indices and also the period of transition to increased or decreased funding allocations.
- 5.6 Subsequently, in early April 2025, MHCLG published a further consultation paper specifically on, 'Resetting the Business Rates Retention System'. This consultation closed on the 2nd June 2025. The processing of 'resetting' the business rates system results in the rates growth currently sitting with those councils able to grow their business rates receipts being redistributed nationally. The current system was introduced in 2013, and

under original plans was due to be reset in 2018. The 2018 reset did not take place and continued to be stalled until now (2026/27). Hartlepool is currently a significant loser from this delay, as we are currently c£1m under our business rates base line position, in part due to the reduced valuation of the Nuclear Power Station, whilst other councils are significantly above the baseline. The consultation does confirm the system will be fully reset in April 2026, although transitional arrangements as part of the wider funding changes will be in place. Hartlepool is a net beneficiary of the resetting of the Business Rates system.

- 5.7 The second round of consultation on the Fair Funding 2.0 reforms was issued by government in June and closed on 15th August 2025. This second consultation moved on the ‘principles’ outlined in the first consultation to a greater level of detail on the direction of travel of the reforms, namely; Relative Need Formulae updates and weightings which drive funding allocations, approach to area cost adjustments which aim to reflect the differing costs of delivery across the country, council tax equalisation approach and lastly and importantly the transition period to the new updated allocations.
- 5.8 Through collaborative working with other local authorities and sector bodies, and engagement with local government funding specialists (Pixel), the information provided through the second round of consultation allowed local authority level, 3-year, funding estimates to begin to be calculated. These estimates continue to be heavily caveated given it is still the consultation stage of the process and MHCLG have not provided full details of the funding quantum available or illustrative examples of distribution, which are needed to provide more certain estimates.
- 5.9 In terms of funding movements, indications were that based on the current interpretation of the changes Hartlepool would be a modest beneficiary, but not to the level a deprived northern town would have expected from a Fair Funding reform package. In part, the increase in funding in 2025/26, particularly through the provision of the recovery grant has resulted in a lower increase for 2026/27.
- 5.10 Based on analysis undertaken by Pixel, the allocation changes currently estimated from Fair Funding 2.0 are particularly unfavourable to the North East, with four NE councils estimated to lose government funding (North Tyneside, South Tyneside, Sunderland and Gateshead). Middlesbrough Council are an outlier where fair funding appears to substantially increase their funding.
- 5.11 Following consultation feedback submissions, ministerial changes and significant and profound lobbying from both expected winners and losers, there are expected to be changes to the detail, but not to the fundamental principles and approach of the funding reforms.

5.12 The next step in the process is for MHCLG to issue the Local Government Finance Policy statement, which is expected mid to late November, followed by the Provisional Local Government Finance Settlement in week commencing 15th December 2025.

5.13 The current working funding assumption on what the Fair Funding 2.0, including a business rates reset, will deliver for Hartlepool is shown in the table below. It is important to note that the position estimated as at June 2025 already included an assumed general inflationary uplift on government grants and also a c£3.4m estimated benefit from the business rates reset.

Forecast total increases from Government Grant Funding reforms including Business Rates reset benefit

	2026/27	2027/28	2028/29	2029/30	TOTAL
MTFP Update – June 2025	(3.691)	(1.040)	(1.064)	(1.090)	(6.885)
Estimate – November 2025	(5.717)	(3.780)	(4.034)	(1.785)	(15.316)
Estimated Improvement	(2.026)	(2.740)	(2.970)	(0.695)	(8.431)

6. LOCAL FUNDING

Business Rates

6.1 Under the Business Rates Retention system, the Council retains locally 49% of Business Rate income. Inherent in the system is an annual uplift usually based on September CPI and this has been factored into the position, although this is yet to be confirmed by government. At present all other assumptions impacting Business Rates have remained unchanged i.e. provision for Appeals, uncollectable debt and discretionary reliefs will remain broadly consistent.

6.2 From 2026/27, new powers to set differing rates for particular sectors will likely allow permanently lower charges for those businesses in the Retail Hospitality and Leisure (RHL) sector. For 2025/26 the RHL sector has received relief of 40%, which is a reduction from the 75% relief provided in the 2024/25 financial year.

6.3 As noted in section 5, the business rates system will be reset and a new baseline rates position assessed for 2026/27. This provides a position from April 2026 whereby Hartlepool's funding from the government is predicated on an up-to-date view of actual business rates being received, which is welcomed.

- 6.4 As is always the case, the impact of inflationary cost pressures and reduced consumer demand in the wider economy may impact on the collectability of business rates.
- 6.5 The recent news that Venator Materials UK limited has entered administration, will result in a circa £0.250m loss to the council during 2025/26 and a full year loss of circa £0.500m in 2026/27. It should be noted that this has not been included in this MTFP position pending any positive news regarding future operation. This will be kept under review and the MTFP position updated in January should the need exist.

Council Tax

- 6.6 The Council has a track record of Council Tax base growth in recent years. Whilst new build growth continues to be positive, the position continues to be impacted by exemptions and discounts, including the Single Person Discount (SPD). Hartlepool is not unique in facing these pressures. Investment in fraud detection is providing reductions in the SPD claimants, which positively impacts the base position.
- 6.7 Whilst housing growth continues to be positive, there remains a risk that the wider economic environment i.e. interest rates and cost of living, may have a detrimental impact on growth as well as collectability of Council Tax should household incomes continue to be under strain. Growth in the council tax base of 520 per year is now allowed for in the budget model for 2026/27.
- 6.8 The formal Council Tax referendum limits for 2026/27 and beyond, are expected to be confirmed in the Local Government Finance Policy Statement. Consultation documents, briefings and national modelling are all based on the continued assumption of a total 5% increase referendum limit, in line with recent years.
- 6.9 Formal Council Tax decisions will be made in January and February 2026. The Leader of the Council, and the ruling Labour Group, have pledged to freeze Council tax for 2026/27. In doing so, this would limit the funding available for council services by £0.562m for every 1% foregone. Given the anticipated referendum, limit of 5%, this means foregoing £2.804m in 2026/27, equating to circa £30m cumulative impact available to the council budget over the next 10 years.

7. RESERVES

- 7.1 The Council holds reserves for a variety of purposes, including those allocated for known commitments and risks, including capital schemes,

the MTFP budget position and our insurance fund. The reserve position has been volatile in recent years given the significant inflationary and demand pressures experienced. The only unallocated reserve is our general fund reserve, which serves as a reserve of last resort.

- 7.2 Reserves have fallen over recent years and are forecast to fall further over the short to medium term to concerningly low levels. Details of reserves held and forecast reductions can be found at **Appendix C**.
- 7.3 The use of one-off reserves to balance the on-going revenue budget position is not a financially sustainable basis to set our budget. However, the volatility of local government finances over recent years, combined with local decisions on not to increase Council Tax by the amount allowable, has necessitated we do so. The Budget Support Fund is available to smooth the budget deficits where possible but must be used in a planned and carefully managed way.
- 7.4 For 2025/26 £1.000m of the Budget Support Fund was used to support the overall budget position. The one-off nature of reserves means that the budget position is detrimentally hit in subsequent years as their use unwinds. Given the in-year (2025/26) forecast overspend the Budget Support Fund is now at a concerningly low level.

8. STRATEGY FOR BALANCING THE BUDGET POSITION

- 8.1 Based on the position outlined in sections 3 to 7 above, which importantly includes the currently estimated impact of Fair Funding 2.0, the consolidated budget position to be addressed over the 4 year MTFP period is shown below. The gap to be addressed for 2026/27 is currently forecast to be £8.572m, with a four year gap to 2029/30 of £20.591m.
- 8.2 The position presented has both uncertainty and risk regarding spending pressures but also continued uncertainty linked to the government's funding allocations which won't be confirmed until the end of December. **Appendix A** provides greater detail of the main risks and associated sensitivities impacting on the position.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Spending Pressures					
Pay and Price Inflation	6.868	4.118	5.270	4.392	20.649
Children's Social Care	6.000	3.120	2.182	1.726	13.028
Waste Disposal	0.500	0.000	0.000	0.500	1.000
Capital Financing	0.000	0.500	0.500	0.500	1.500
Supported Accommodation	0.250	0.255	0.260	0.265	1.030
Total Spending Pressures	13.618	7.993	8.212	7.383	37.207
Government Grant Changes	(3.697)	(3.527)	(3.760)	(1.513)	(12.497)
Gap Before Local Funding					
Business Rates	(2.020)	(0.253)	(0.274)	(0.272)	(2.819)
Council Tax - Base Increase	(1.083)	(0.625)	(0.656)	(0.689)	(3.054)

Collection Fund (Surplus)/Deficit	0.754	0.000	0.000	0.000	0.754
Gap Before Current Use of Reserves	7.572	3.588	3.522	4.909	19.591
Temporary Use of Budget Support Fund (reversal)	1.000	0.000	0.000	0.000	1.000
Bottom Line Gap to be addressed (before Council Tax increases and Savings)	8.572	3.588	3.522	4.909	20.591
Cumulative Gap (before Council Tax increases and Savings)	8.572	12.160	15.682	20.591	

Transformation and Efficiency Strategy

8.3 A strategic and transformational approach to addressing the MTFP funding shortfall and wider financial planning has been adopted. The Council's Transformation Plan which was approved by the Finance and Policy Committee in June 2024 outlined the approach and principles to achieve the Target Operating Model for the council.

8.4 Transformation activity is progressing in the following key areas;

- **Demand Management;**
 - Adult Social Care – Sustainability
 - Childrens Social Care – Sufficiency
 - Waste and Recycling
- **Service Reviews;**
 - Leisure, Culture and Performance Venues Review
 - Schools Catering and Cleaning Review
- **Land and Property Review**
- **Fees and Charges Review**
- **Digitalisation and Back Office;**
 - Customer Contact
 - Income and Cash Management
 - Revenues collection and maximisation
 - ICT Transformation
 - Digital Blue Print Reviews

8.5 Activity is progressing well on these schemes, to deliver service improvement and savings that will be realised over the MTFP period. The latest activity within the Transformation Programme, and target budget savings impacting the 2026/27 and future years budget planning is provided at **Appendix B**. The budget savings total £4.117m in 2026/27, with an additional £383,000 of savings reflected in the Council Tax Base position.

8.6 The forecast MTFP position, taking into account the savings associated with the Transformation Programme is shown in the table below. In order to prioritise and accelerate the delivery of transformation savings for future years, a Transformation and Efficiency Board will be established in December.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Gap to be Addressed	8.572	3.588	3.522	4.909	20.591
Previously Approved Savings	0.155	0.000	0.000	0.000	0.155
Transformation Savings *	4.117	0.000	0.000	0.000	4.500
Bottom Line Gap to be Addressed (after Savings but before Council Tax increases and use of reserves)	4.300	3.588	3.522	4.909	16.319
Cumulative Gap	4.300	7.888	11.410	16.319	

* Transformation Savings total adjusted downwards by £0.383m given element achieved through council tax base improvements.

8.7 The transformation and savings proposals set out above will be referred to the next meeting of the relevant policy committee. Upon consideration and agreement by the Policy Committee, it is imperative that activity to progress the proposals, to deliver the identified saving, commences immediately. Where policy committees choose not to support a proposal an alternative proposal will need to be provided.

Council Tax

8.8 As noted above, the formal Council Tax referendum limits for 2026/27 and beyond, are expected to be confirmed in the Local Government Finance Policy Statement. Consultation documents, briefings and national modelling are all based on the continued assumption of a total 5% increase referendum limit, in line with recent years. Furthermore, there remains the expectation that the government will assume all

councils maximise their Council Tax increases, given the national spending restraints and significant financial pressures all councils are under.

8.9 As formal Council Tax decisions for 2026/27 will be made later in the budget setting process, and given the current political direction, the position does not currently include any council tax increase for 2026/27. However, given the continued financial strain the council is facing, the MTFP does assume rises at 4.99% in future years.

8.10 The MTFP position after assumed council tax rises at 4.99% from 2027/28 is shown in the table below.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Gap to be Addressed	4.300	3.588	3.522	4.909	16.319
Council Tax increase estimates	0.000	(2.836)	(3.010)	(3.194)	(9.040)
Bottom Line Gap to be Addressed (after Savings and assumed Council Tax increases)	4.300	0.753	0.512	1.715	7.279
Cumulative Gap	4.300	5.053	5.565	7.279	

Use of Reserves

8.11 As previously set out, the use of one-off reserves to balance the on-going revenue budget position is not a sustainable approach to setting the budget. Whilst it shunts some of the budget gap back a year, it presents a danger that the Council simply utilises one-off money on delaying decisions. In addition, this approach reduces the scope for the Council to invest and innovate in order to generate recurring savings.

8.12 The aim of setting the Council's budget is that it should be sustainable over the medium term period, with recurring spend funded by recurring income. Decisions on use of reserves should be made consistent with that aim. As such it continues to be proposed that any use of reserves should be done on a prudent basis over the period so that within the current MTFP cycle the budget is fully sustainable.

8.13 The Council's Budget Support Fund (BSF) helps to smooth the budget position over the MTFP period as well as meeting any one off costs associated with budget reductions e.g. redundancies. The table below shows the current reserve balance at the end of 2024/25 and forecast, usage to balance the 2025/26 budget. It should be noted that the forecast balance is lower than the forecast gap in 2026/27 alone.

	BSF £m
Balance as at 31 March 2025	7.672
Less	
Use of reserve to support 2025/26 budget (approved)	(1.000)

Use of reserve to support 2025/26 forecast overspend	(3.260)
Forecast uncommitted balance over the period	3.412

8.14 As noted in section 7 and shown in detail in appendix C, the council's reserves levels are forecast to dramatically reduce over the short to medium term. There are instances where ringfenced reserves may temporarily improve the position, linked to advanced payment of government grant funding, but these funds are very much linked to specific projects or initiatives. They do temporality support cashflow. In quite contrary fashion the council is currently cash-flowing the Dedicated Schools Grant (DSG) deficit, which due to temporary accounting regulations currently in place, can be classified as an unusable reserve. This temporary accounting arrangement is scheduled to end in March 2028, at which point, without government support, will be fully chargeable to the council's general fund. This is a real risk and concern to the council's financial position and most other councils across the country.

Overall Position

8.15 The updated MTFP position outlined in this report presents a significant MTFP gap, with a £4.300m gap in 2026/27 and £7.279m over the MTFP period (after assumed council tax rises from 2027/28)

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Gap to be Addressed	4.300	0.753	0.512	1.715	7.279
Cumulative Gap	4.300	5.053	5.565	7.279	

8.16 As previously reported, The Leader of the Council and the Labour Group, have pledged a Council Tax freeze for 2026/27. Statutory Section 25 advice will be provided as part of the MTFP report to the Finance and Corporate Affairs Committee in January 2026, and will be based on the latest information available, including the outcome of Fair Funding 2.0 and the Local Government Finance Settlement.

8.17 At this stage, based on the current position presented, it is unlikely that the budget can be signed off as robust, given the requirement to utilise significant reserves, cognisant of the risk around budget volatility and increasing cost pressures facing the council. The increase and sustained nature of social care pressures are a particular concern, including that no growth beyond current years pressures is allowed for in 2026/27, whilst additionally a challenging savings target has been set. To achieve a robust budget the following will be required:

- Significant increased government funding flows from Fair Funding 2.0 and the Local Government Finance Settlement beyond those already forecast; and/or
- Further significant budget savings or cuts to budgets are agreed; and/or
- Council Tax is increased in 2026/27.

8.18 Based on the current position, unless significant additional government funding is received, setting a budget for 2026/27 without an increase in Council Tax is not recommended.

8.19 For information - the additional income which could be generated from an increase in council tax at 2%, 3% and 5%, is shown in the table below:

Increase	2026/27
	£m
2%	1.124
3%	1.686
5%	2.804

9. **LEGAL CONSIDERATIONS**

9.1 The following issues are relevant in relation to this report:

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget – further reports will enable budget proposals to be approved and then referred to Council to meet this requirement;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Finance, IT and Digital) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. This requirement will be addressed in the January report.

10. **SINGLE IMPACT ASSESSMENT**

10.1 The savings proposals put forward may impact on the delivery of frontline services or service users to varying degrees. There are some proposals which simply by the nature of the service area that they cover will impact on those with protected characteristics e.g. children's social care relating to children who are in the Council's care. However, owing to the financial challenges facing the Council we have no choice but to change, redesign and potentially close services to reduce costs. Where we need to change,

redesign and close services we are working to minimise the impact on those with protected characteristics and will focus on securing services for those who are the most vulnerable within those protected characteristics.

- 10.2 Members are aware from previous MTFP reports that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups.
- 10.3 An initial analysis has been undertaken to determine the potential impact of the proposals put forward and these are detailed in the table in **Appendix B**.
- 10.4 Further consideration will be undertaken through policy committees and a cumulative assessment will be included in the MTFP report presented to Finance and Corporate Affairs Committee in January.

11. OTHER CONSIDERATIONS

RISK IMPLICATIONS	These are outlined in Appendix A .
FINANCIAL CONSIDERATIONS	As set out in the main body of the report.
SUBSIDY CONTROL	No subsidy control issues are expected to arise from the proposals within this report.
LEGAL CONSIDERATIONS	As set out in the main body of the report
SINGLE IMPACT ASSESSMENT	As set out in the main body of the report
ASSET MANAGEMENT CONSIDERATIONS	Asset Management implications of the proposed savings are included, where appropriate, within the Savings detailed in Appendix B .
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	Environmental, Sustainability and Climate Change considerations of the proposed savings are included, where appropriate, within the Savings detailed in Appendix B .

CONSULTATION	Consultation with local business representatives and Trades Unions will be carried out during January.

12. RECOMMENDATIONS

12.1 It is recommended that Members:

- i) Note the report;
- ii) Note the initial assessment of the forecast budget gap and proposed approach to address this gap in Section 8;
- iii) Note the advice provided at paragraph 8.17 regarding the robustness of the budget.
- iv) Agree the proposals that relate to Finance and Corporate Affairs committee contained within **Appendix B**;
- v) Refer the savings proposals to individual policy committees and instructs them to identify replacement savings if these proposals are not supported;
- vi) Note the risks and scenarios outlined in the report which may impact upon the financial position presented as part of future MTFP updates; and
- vii) Agree that the previously agreed budget timetable may need to be flexed dependent on the position post settlement, but that final approval of the budget must be made by council on the 19th February 2026 to ensure annual council tax billing commences promptly.

13. REASON FOR RECOMMENDATIONS

13.1 To enable the Finance and Corporate Affairs Committee to approve the proposals to progress the development of the MTFP.

14. BACKGROUND PAPERS

The following background papers were used in the preparation of this report:-

- Finance and Corporate Affairs Committee - Medium Term Financial Strategy 2026/27 to 2029/30 – 23rd June 2025.

15. CONTACT OFFICER

James Magog
Director of Finance, IT and Digital
Email: james.magog@hartlepool.gov.uk
Telephone: 01429 523093

Paul Dixon
Assistant Director - Finance
Email: paul.dixon@hartlepool.gov.uk
Telephone: 01429 523188

Sign Off:-

Chief Executive	Date: 12/11/2025
Director of Finance, IT and Digital	Date: 12/11/2025
Director of Legal, Governance and HR	Date: 12/11/2025

4.5 Appendix A

MTFP 2026/27 to 2029/30 - Risk Assessment

Key risks or issues that may impact on assumptions made and impact 2026/27.

Issue and Risk	Potential Impact			
	2026/27	2027/28	2028/29	2029/30
Pay Awards - Provision included in the MTFP based on 3% per annum. No contingency is built in for a higher award should inflation and wage growth remain elevated. Each 1% of pay award in excess of the MTFS provision costs c£675k.	Neutral	Neutral	Neutral	Neutral
Level of Reserves - the MTFP is currently based on using £1.0m of one-off reserves to set the 2025/26 budget and a further £3.260m to fund the forecast overspend. This in effect utilises a significant proportion of the Budget Support Fund. Revenue reserves overall are forecast to drop from £56m to £13m over the coming four years. This would just leave the emergency unallocated general fund, the insurance fund and a small number of earmarked reserves. There would be very limited reserves available should an in year overspend occur. The above position is not inclusive of the significant Dedicated Schools Grant deficit risk.	Negative	Negative	Negative	Negative
Childrens Social Care Pressures The updated MTFP includes for £11.5m of budget growth over the period. It is assumed that the Childrens Social care transformation plans will stabilise and contain pressures and deliver £3m of cost reductions. At present there is no guarantee that this will be achieved. Cost volatility in this area is extreme with a single child potentially adding £0.500m+ to the budget pressure. This is considered a significant risk and will be kept under constant review as part of the budget setting process.	Negative	Negative	Negative	Negative

Government Funding – The delayed release of information to inform 2026/27 to 2027/28 government funding understanding is hampering financial planning. Estimates derived from for the 3 year settlement Fair Funding consultation indicate funding increases at lower levels than were anticipated from the reforms. To compound this shortfall, the move to updated allocation levels will be phased over a likely 3 year transition period.	Positive	Positive	Neutral	Neutral
Inflationary Pressures - the risk around inflationary pressures remain, with current CPI inflation of 3.8% being nearly double the government's 2% target. Specific risks remain around the likes of energy prices and certain goods, given the geopolitical environment.	Negative	Negative	Negative	Negative
One-off Grants - the council relies on a number of one off specific grants to support initiatives and day to day spend on key service areas. A number of these grants are currently scheduled to end at March 2026, with no confirmation of continuation. Should this situation occur a number of preventative schemes will end, capacity across the council will be reduced and potential redundancy costs incurred.	Negative	Negative	Negative	Negative
Borrowing Costs - interest rates and borrowing costs remain stubbornly high. Whilst this is having a short term positive impact on the budget position, over the medium to long term we will need to borrow to fund the capital programme and as such we will require a reduction in these rates to prevent a shortfall in our debt charge budget. This will need to be kept under close review and may require some additional or temporary funding to smooth this budget.	Negative	Negative	Negative	Negative

Council Tax Base - the base position has seen a significant increase in 2026/27 due to a positive year of housebuilding, new premiums for empty, furnished properties and anti-fraud work. A more prudent estimate has been assumed for the remaining years but increased housebuilding could lead to an improved position.	Neutral	Positive	Positive	Positive
Waste pressures - there is current uncertainty regarding a number of waste initiatives, including food waste collection, producer responsibility and the suggestion of increased taxation on Energy for Waste facilities. This area will require close monitoring.	Neutral	Negative	Negative	Negative
DSG High Needs Statutory Override - the council held a negative overspend reserve of £1.589m at the end of 2023/24. A further overspend of £3.343m was recorded in 2024/25 leading to an overall deficit of £4.932 at the end of 2024/25. At this point the statutory override is scheduled to end on 31 st March 2028. The forecast position at this point is an overspend in the region of £14m. Should the override end as planned, the council would need to fund the deficit position at that point. Current forecasts we would unlikely have the useable resources to do so and as such may be required to use the council's general revenue reserve or seek Exceptional Financial Support.	Negative	Negative	Negative	Negative

Service	Committee	Transformation Theme	Overall Description	MTFS Savings 2026/27 £	MTFS Savings 2027/28 £	Single Impact Assessment £ (Positive / Neutral / Negative)	Impact Assessment Notes
Adult Social Care	Adult Services and Public Health	Demand Management - Adult Social Care Sustainability	<p>Financial Assessment reviews</p> <p>To ensure income for the council is appropriately collected by reviewing financial assessments, introducing online financial assessment, accelerating financial contribution and increasing debt recovery.</p> <p>a. Financial Assessment Review - update budgets to reflect the full year impact of the work undertaken during 2025/26 to review financial assessments.</p> <p>b. On-line financial assessments – implement a system module and further review processes to enable quicker indicative assessments, reducing waiting times and thus enabling income collection to commence earlier.</p> <p>c. Debt collection – embed the new strengthened debt collection arrangements via the councils central income and debt management team to sensitively maximise income collection and recovery.</p> <p>This is the full year impact of the proposal introduced in 2025/26 and already approved as part of 2025/26 budget setting.</p>	250,000	0	N/A	<p>There is no anticipated impact as there is no proposed change to the delivery of the existing service. The proposed change relates to back office processing activities.</p> <p>There is a potential positive impact identified for poverty and disadvantage due to the promotion of welfare benefit maximisation. This should increase the amount of previously unclaimed benefits being accessed by people with social care needs.</p>
Adult Social Care	Adult Services and Public Health	Demand Management - Adult Social Care Sustainability	<p>Use of technology to reduce ASC costs</p> <p>This project seeks to introduce integrated digital solutions for people with social care needs which will help to manage increasing demand for services and increased costs for people with high levels of need.</p> <p>Using in home digital solutions will allow adult social care teams to better understand the person's behaviours and needs, assess the effectiveness of commissioned support plans and, where appropriate, safely reduce in-person care hours through digital prompts, remote engagement and continuous monitoring.</p> <p>The digital approach will be implemented on a phased approach with the following cohorts:</p> <ul style="list-style-type: none"> - Working-age adults with high-cost support packages - Older people in the Discharge to Assess service - People requiring unscheduled reviews due to a change in need <p>The project is supported through transformation funding.</p>	250,000	150,000	Positive	<p>The anticipated impact is positive as people with social care needs (primarily working age adults with disabilities and older people) will have another option available that allows them to be supported to live independently in their own homes. This will be based on a comprehensive assessment of needs and remote monitoring. The technology can be adapted to meet the particular communication needs of the person and the support that's offered can be less intrusive than more traditional ways of meeting needs.</p>
Adult Social Care	Adult Services and Public Health	Council Wide Fees and Charges Review	<p>Fees and Charges</p> <p>This project aims to generate additional charging opportunities for the council and will look to develop and embed a more strategic and policy lead approach to charging. Following an externally commissioned review, utilising national and regional benchmarking information, the following amendments are proposed in relation to financial assessment for Adult Social Care contributions.</p> <p>- Implementing an automatic inflationary uplift in line with published pension and benefit rises and CPI for private income. This means that all contributions will be increased automatically from April each year rather than the current approach which applies an increase at the point of a person's annual review. This is a more equitable approach and will reduce transactions once implemented.</p> <p>- Remove the disregard for the overnight element of higher rate Attendance Allowance / Personal Independence Payment. This element of benefit is currently disregarded in the financial assessment process in Hartlepool, but other Councils have implemented a different approach which increases income. The fees and charges work estimated that 559 Hartlepool residents would be affected and that their contribution would increase by up to £36.50 per week.</p> <p>- Introduce fees for people for whom the Council acts as appointee to offset the costs of providing this service, which is very labour intensive. It is proposed that there will be two levels of fee based on light touch assessment (£55 per month) and comprehensive assessment (£85 per month). These fees are in line with the major national provider of appointeeship support Money Care, a social enterprise working with over 100 Local Authorities and a national partner of the Department of Work and Pensions. Aligning fees in this way ensures a fair and equitable approach and avoids a two-tier fee structure. The proposed future model is that Money Care will support the majority of Hartlepool residents who require an appointee, with the Council maintaining an offer for some existing people and those who have particularly complex needs. A pilot directing new referrals to Money Care will commence in January 2026 prior to the changes being implemented from April 2026 to test the approach and ensure a smooth transition.</p> <p>Introducing these changes will require the Adult Social Care Contribution Policy 'Determining Your Financial Contribution' to be updated and published following the budget consultation.</p>	164,000	64,000	Negative	<p>The proposals will potentially have a negative impact on people with assessed needs for care and support, particularly older people and working age adults with disabilities some of whom will have to contribute more to the cost of their support. The impact will be mitigated by ensuring that the updated Contribution Policy is compliant with the Care Act 2014 and Charging Regulations, the continued use of means testing to assess contributions and adherence to the Minimum Income Guarantee which ensures individuals are left with a minimum income after charges.</p> <p>There is a potential positive impact identified for poverty and disadvantage due to the promotion of welfare benefit maximisation. This should increase the amount of previously unclaimed benefits being accessed by people with social care needs.</p>
Waste Services	Neighbourhood and Regulatory Services	Demand Management - Waste and Recycling	<p>Recycling increase and contamination reduction</p> <p>Continue the existing project to review options with the aim of increasing recycling rates and associated income and reducing residual waste costs and associated costs. This project will dovetail with the new food waste collection requirements. The project will progress in 2026/27 to more targeted marketing campaigns and on the ground interventions.</p>	100,000	TBC	N/A	<p>The proposals focus on compliance arrangements to reduce contamination. They are not a change in policy or recycling requirement.</p>

Service	Committee	Transformation Theme	Overall Description	MTFS Savings 2026/27 £	MTFS Savings 2027/28 £	Single Impact Assessment £ (Positive / Neutral / Negative)	Impact Assessment Notes
Childrens Social Care	Childrens Services	Demand Management - Childrens Social Care Sufficiency	<p>Service wide demand and cost mitigations</p> <p>A comprehensive strategy is being implemented to reduce the number of children entering care, whilst ensuring that those already in care continue to receive the support they need to return home where it is safe to do so. Several key initiatives are being progressed across the service, each designed to address different aspects of the care system, the implementation of social care reforms, and importantly continue to improve outcomes for children and families. Each activity will report into the recently established Children's Services Transformation Board.</p> <p>As an initial priority, the service will conduct a review of the most costly placements to evaluate their effectiveness, ensure best value, and explore alternatives where appropriate. Other activities are listed below.</p> <p>a. Early Help for Families – Review and strengthen our early help offer to families to identify needs early and offer help before issues become more serious and escalate to statutory intervention. The early help team will co-ordinate support across different multi-agency partners to ensure joined-up, consistent support, ensuring children and families get the right support at the right time rather than having less handover points across the system.</p> <p>b. Edge of Care – Provision of an edge of care team to support young people (including those with additional needs) who are at risk of family breakdown, leading to a reduction in the number of children coming into care. The council is also working with Tees Valley councils and the ICB (NHS) to support edge of care for children and young people with complex needs.</p> <p>c. Fostering and Placement Planning – Development of a refreshed model for in-house foster carers that increases capacity of foster placements, including those with higher level of need/complexity. This will be accompanied with a local fostering drive. We will also ensure we fairly maximise Health Funding where appropriate and where the child has a defined health need.</p> <p>d. Reunification – Children have a fundamental right to live with, and be cared for, by their parents so long as this is in a safe environment. Reunification pathways help families to come back together safely and sustainably giving children a chance to grow up with their parents, while making sure that the issues that led to separation do not reoccur. Reunification supports a child's sense of belonging, identity and continuity. Children's services will form a dedicated reunification team to support parents in developing the skills and stability necessary to safely care for their children. This initiative aims to facilitate the return of children from external and foster care placements to their family homes, ensuring reunification is both safe and sustainable.</p> <p>e. Updated Education Strategy and SEND Reforms – Having a clear education strategy that covers SEND reforms within children's services is essential for ensuring that every child, including those with additional needs, receives the right support, at the right time, in the right setting. The Government's SEND and Alternative Provision (AP) reforms require local authorities to continue to: improve consistency, quality and accountability in SEND support; develop local inclusion plans; strengthen early identification and intervention; and ensure better outcomes in preparation for adulthood. An updated education strategy that aligns with these reforms will enable HBC children's services to be fully prepared for any changes reforms may bring, compliant with our statutory duties and strategically align with national policy.</p> <p>To this end, the service will update our education strategy which ensures our local offer is well co-ordinated, transparent and accessible to families, emphasising joint working between education, health, social care and families. Our strategy will promote: inclusive practice in mainstream schools; early help and graduated response models; alternative provision supporting reintegration; and one which champions the wider early intervention and prevention ethos.</p> <p>The updated strategy will be included as part of a suite of documents, including our SEND sufficiency strategy; SEND and alternative provision capital strategy, to improve planning and ensure sufficient local provision for those with SEND and those who are looked after.</p> <p>f. Care leavers support – The care leavers pathway is being refreshed to ensure young people transitioning out of care are supported to become confident and independent adults. The Transitions Operational Group (TOG) has been established to review and enhance our approach to pathway planning. This includes preparing care leavers for adulthood by promoting stable relationships, health and wellbeing, raising aspirations, and providing tailored support to access housing, employment, education and training opportunities. A review of a housing pathway for care leavers will be undertaken.</p> <p>g. Workforce demand and capacity mapping</p> <p>h. Corporate Parenting – Enhance understanding and accountability amongst all corporate parents regarding their roles and statutory responsibilities, to ensure the effective implementation of the seven corporate parenting principles (Children and Social Work Act 2017).</p> <p>The target of £3m is based on the current pressures identified at Quarter 1 of the financial year 2025/26, and the growth allowed within the MTFP. The proposals should be viewed as an all-encompassing package, rather than individual proposals with individual targets.</p> <p>The project will be supported by transformation funding. In order to ensure progress prior to April 2026, some financial commitments have already been entered into.</p>	3,000,000	0	Positive	The proposals focus on prevention, placement breakdown and reunification to best support the needs of children within Hartlepool. It is therefore anticipated that implementation of these strands will, on balance, have a greater positive impact than any potential negative impact which may occur in a minority of individual cases.

Service	Committee	Transformation Theme	Overall Description	MTFS Savings 2026/27 £	MTFS Savings 2027/28 £	Single Impact Assessment £ (Positive / Neutral / Negative)	Impact Assessment Notes
Cross Cutting	All	Council Wide Fees and Charges Review	<p>Fees and Charges</p> <p>This project aims to generate additional charging opportunities for the council and will look to develop and embed a more strategic and policy lead approach to charging. Following an externally commissioned review, utilising national and regional benchmarking information, amendments are proposed in a number of areas to bring the council more into line with charges elsewhere, or to more closely recover costs. In order to limit the impact, some of these proposals cover a number of years. All proposals are individually less than £100,000 in impact and as such are progressing through normal officer delegations. Where service area have operated at a shortfall on existing income targets, savings will be retained by the service to mitigate the existing shortfalls.</p> <p>Furthermore, fees and charges generally will increase at 5% for the 2026/27 financial year.</p>	213,000	61,000	Neutral	The bulk of the changes to fees and charges relate to charges for third party organisations rather than individual residents. Where changes do relate to individual residents, they are predominantly discretionary services.
ICT / Council Wide	Finance and Corporate Affairs	Digital Reviews	<p>Application Insight and Rationalisation</p> <p>A review of all software applications in operation within the councils IT estate and their usage to reduce unnecessary applications, avoid future costs, improve procurement and ensure we fully utilise the data held on these systems to inform decision making.</p> <p>The project will be supported by transformation funding. In order to ensure progress prior to April 2026, some financial commitments have already been entered into.</p>	63,000	0	N/A	There is no anticipated impact, since this is a review of internal software applications.
Accounts Payable / Council Wide	Finance and Corporate Affairs	Digital Reviews	<p>Invoice Payment Processing</p> <p>This project will improve the efficiency of invoice processing for the Council and generate a new income stream associated with amendments to supplier invoice payment terms. This will be achieved through:</p> <p>a) E-invoicing - introduction of e-invoicing software to capture information direct from suppliers e-invoices. The software is integrated direct to Integra, the Council's Financial Management System (FMS) and will improve the speed and accuracy of this current manual process and generate staff time savings.</p> <p>b) Early Payment Solution (EPS) – introduction of an EPS into the current payments process. The EPS allows suppliers to be paid more quickly in return for a discount on the invoice value being paid. This discount generates an income stream into the Council.</p> <p>Both solutions are widely used by public bodies across the country and councils in the Tees Valley and wider North east region.</p> <p>The project will be supported by transformation funding. In order to ensure progress prior to April 2026, some financial commitments have already been entered into.</p>	77,000	0	N/A	There is no anticipated impact. The saving arises from more efficient processes and a discount on invoices paid early.

Savings Proposals shown as an Increase in the Council Tax Base

Revenues and Benefits	Finance and Corporate Affairs	Revenues Collection and Maximisation	<p>Council Tax Support accuracy reviews</p> <p>The Council has the highest proportion of working age Council Tax support claimants in the country. 14.4% of the working age population receive support, compared to the Tees Valley average of 11.0% and the England average of 5.8%. We have the 16th highest claimant count for pensioners with 22.6% receiving support compared to the Tees Valley average of 17.8% and the England average of 12.2%. The cost of the scheme is £13.5m a year for the council. The reasons for the high numbers include deprivation, but also our approach to promoting the scheme to those eligible.</p> <p>The rest fraud prevention work on Single Person discount has seen the reduction of over 1,000 claimants (circa 5%). During this work, a number of cases where identified that pointed to fraud or out of date eligibility for council tax support.</p> <p>As such it is proposed to undertake ongoing accuracy and eligibility review of our council tax support caseload.</p> <p>It is envisaged that this could achieve a 3% reduction in costs of the scheme, equally to £400,000 of annual on-going savings. To do so, two additional benefit officers will be employed and data intelligence will be utilised to prioritise and reviews, thus reducing the net target to £325,000.</p> <p>It should be noted that those residents remaining on Housing Benefit within Hartlepool, are subject to similar checks instigated by the DWP on Housing Benefit eligibility.</p> <p>Anti-fraud work on our Single Person discount caseload will continue, and this will support an increase in the target to £375,000.</p> <p>In order to secure progress prior to April 2026, recruitment has commenced for the two additional posts.</p>	383,000	0	N/A	Accuracy reviews are intended to ensure the right support is provided to those eligible to receive it. Whilst the exercise will result in a reduction in the number of people receiving Council Tax support and/or a reduction in the value of support, it will ensure the appropriate amount of support is provided, and that fraud and error is reduced.
-----------------------	-------------------------------	--------------------------------------	---	---------	---	-----	--

Key - Equality & Poverty Negative Impact Identified Column

Service	Committee	Transformation Theme	Overall Description	MTFS Savings 2026/27 £	MTFS Savings 2027/28 £	Single Impact Assessment £ (Positive / Neutral / Negative)	Impact Assessment Notes
---------	-----------	----------------------	---------------------	------------------------	------------------------	--	-------------------------

C - Gender Reassignment I - Sexual Orientation

D - Marriage and Civil Partnership J - Poverty and Disadvantage

E - Pregnancy and Maternity

RESERVES FORECASTS (EXCLUDING SCHOOL BALANCES, HRA AND UNUSABLE RESERVES)

4.5 APPENDIX C

	Balance as at 31st March 2025	Forecast Use of Reserves				Forecast Balance as at 31st March 2029
		2025/26	2026/27	2027/28	2028/29	
		£'000	£'000	£'000	£'000	
Revenue Reserve	5,500	0	0	0	0	5,500
Budget Support Fund (BSF)	7,672	(4,260)	0	0	0	3,412
BSF - Transformation Costs	2,000	0	(500)	(750)	(750)	0
BSF - Invest to Save	1,400	(700)	(350)	0	0	350
Revenue Grants Unapplied	9,107	(6,266)	(1,257)	(1,003)	(125)	456
Business Rates Risk Reserve	0	0	0	0	0	0
Insurance Fund	2,902	(65)	(65)	(65)	0	2,707
Children in our Care Reserve	1,230	(200)	(1,030)	0	0	0
BSF - Treasury Management Income	650	(650)	0	0	0	0
Asset Management Reserve	840	(840)	0	0	0	0
Earmarked Revenue Reserves under £1m	7,038	(3,028)	(2,401)	(846)	0	763
Revenue Reserves Total	38,339	(16,009)	(5,603)	(2,664)	(875)	13,188
Earmarked Capital Reserves	6,303	(5,940)	(363)	0	0	0
Capital Grants Unapplied	11,680	(11,680)	0	0	0	0
TOTAL	56,322	(33,629)	(5,966)	(2,664)	(875)	13,188
Cumulative Balance		22,693	16,727	14,063	13,188	
DSG Reserve		(4,932)	(4,670)	(3,596)	(5,214)	(6,773)
DSG Reserve Cumulative Balance		(9,602)	(13,198)	(18,412)	(25,185)	

FINANCE AND CORPORATE AFFAIRS COMMITTEE

24 NOVEMBER 2025



Subject: ACQUISITION OF 9 HOUSES FOR HOUSING REVENUE ACCOUNT ON THE SOUTH WEST EXTENSION

Report of: Director of Neighbourhoods and Regulatory Services

Decision Type: Key (NRS 103/25)

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people live healthier, safe and independent lives. (People)
- that is connected, sustainable, clean and green. (Place)

2. PURPOSE OF REPORT

2.1 To seek approval for the Housing Revenue Account (HRA) proposed acquisition of 9 affordable rented houses on land at the Southwest Extension from Persimmon Homes. The proposals form part of the overall HRA business plan to grow through the delivery of new housing stock

3. BACKGROUND

3.1 Hartlepool Borough Council have agreed in principle with Persimmon Homes to acquire 9 affordable rented homes to be delivered on their Southwest Extension site in Hartlepool. These units have been advertised to Registered Providers operating in Hartlepool and are being delivered due to the requirements of the S106. The scheme has full planning approval (H/2014/0405).

3.2 The Council as a registered provider operating a Housing Revenue Account has identified the need to grow its housing stock to firstly meet the affordable housing needs of residents but to strengthen the financial resilience of the HRA. These units will contribute to the aims set out in the HRA Business Plan approved by Members in January 2025.

4. PROPOSAL FOR CONSIDERATION

4.1 Agreement has been reached on the price and specification of the 9 affordable rented units which are a mix of four 2 bedroom and five 3 bedroom family homes to be constructed on the Persimmon South West Extension site (see plan included as **CONFIDENTIAL APPENDIX 1 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006)** namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).) Construction of these units is due to commence early 2026 and these units are in small clusters across the wider private market housing site. The homes are to be constructed and transferred to the Council on a “golden brick” (the point at which the dwelling walls are built past damp proof course level which minimizes stamp duty, with Persimmon acting as building contractor thereafter) arrangement and subject to Persimmon discharging all relevant planning conditions. Persimmon wish to exchange contracts by December 2025 subject to Committee approval.

4.2 The proposed house types and internal layouts meet nationally described space standards (NDSS). In addition, several improvements to the standard Persimmon Homes affordable homes specification have been agreed to help to meet the needs of tenants and to allow for long term ease of management and maintenance. An assumption on the cost of this additional specification has been made pending precise cost confirmation from Persimmon.

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	
	<p>The intention is that the Council enters into a fixed price contract with Persimmon Homes to deliver 9 affordable rented residential units within an approximate 8-month build program, exact timing of which is still to be programmed. Risks will be mitigated through the contract and payments made once certain agreed milestones of DPC/Roof/Practical Completion have been certified by a Compliance Officer. Once built, the properties will be owned and managed by the Council's HRA.</p> <p>Given the high demand for social housing and in particular new build, high quality homes in this area, the risk of void loss and stock turnover is limited and therefore are sustainable stock types for the HRA. Potential void loss and bad debt provision have been factored into the business case.</p> <p>As with any new housing acquisition there is a risk of Right to Buy however, this is mitigated by the cost floor calculation which will protect the HRA for a number of</p>

	<p>years. Recent changes to right to buy legislation have also made acquiring social housing less favorable to the tenant.</p> <p>This risk however, is factored into the overall HRA business plan.</p>
FINANCIAL CONSIDERATIONS	Details of the funding considerations and business model for this proposed scheme are set out in CONFIDENTIAL APPENDIX This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).
SUBSIDY CONTROL	There are no subsidy control considerations.
LEGAL CONSIDERATIONS	All legal considerations set out in Appendix 2 .
SINGLE IMPACT ASSESSMENT	Set out in Appendix 3 .
STAFF CONSIDERATIONS	There are no staffing considerations, all properties will be managed by the existing housing management team.
ASSET MANAGEMENT CONSIDERATIONS	The properties once acquired will be managed under the HRA with all maintenance costs being funded through HRA resources, costs associated with management and maintenance of these 9 additional units have been factored into the business case. There are no other asset management considerations.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	All units achieve present regulatory standards.
CONSULTATION	The intention to grow HBC's owned housing stock has been set out in the annual HRA business plan report to Members.

6. RECOMMENDATIONS

- 6.1 Committee is recommended to approve the principle of the Council's acquisition of 9 affordable rented units on a golden brick basis from Persimmon Homes with delegated authority given for the contract negotiation and approval of final heads of terms to the Director for Neighbourhoods and Regulatory Services and The Chair of Finance and Corporate Affairs Committee.
- 6.2 That the Committee approves the financial business case as set out in Confidential **Appendix 2** and refers the matter to Full Council for approval of the necessary borrowing to enable progression of the acquisition. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006)** namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

7. REASONS FOR RECOMMENDATIONS

- 7.1 The acquisition of the proposed 9 houses supports the objectives set out within the HRA business plan by bringing high demand good quality accommodation into the Councils housing stock profile and strengthen the financial resilience of the HRA. In addition, it provides affordable accommodation for local people and helps to meet the high demand for social housing units in the town.

8. BACKGROUND PAPERS

- 8.1 HRA Business Plan Report January 2025.

9. CONTACT OFFICERS

Tim Wynn – Strategic Asset Manager - 01429 523386
 Amy Waller – Principal Housing Officer (Place) - 01429 523539

Sign Off:-

Chief Executive	Date: 12/11/2025
Director of Finance, IT and Digital	Date: 12/11/25
Director of Legal, Governance and HR	Date: 12/11/25

Hartlepool Borough Council – Single Impact Assessment Form

Guidance for completing this form is available in the “Single Impact Assessment: Toolkit for Officers”, available from the Single Impact Assessment page on the intranet at <https://hbcintranet/Pages/Single-Impact-Assessments.aspx>.

5.1 Appendix 3

Section 1 – Details of the proposed action being considered

1.1 Lead Department:	Neighbourhoods and Regulatory Services
1.2 Lead Division:	Estates & Asset Management Section

1.3 Title of the proposed action:

ACQUISITION OF 9 HOUSES FOR HOUSING REVENUE ACCOUNT ON THE SOUTH WEST EXTENSION

1.4 Brief description of the proposed action:

The action proposes the acquisition of 9 affordable rented units from Persimmon Homes by the Council's Housing Revenue Account (HRA) on the South West Extension development site.

1.5 Who else is involved:

The action is proposed by, and will be delivered by, the Council in partnership with Persimmon Homes.

Hartlepool Borough Council – Single Impact Assessment Form

1.6 Who will make the final decision about the proposed action:

Finance and Corporate Affairs Committee

1.7 Which wards will be affected by the proposed action? Tick all that apply

All wards	<input type="checkbox"/>	Hart	<input type="checkbox"/>	Seaton	<input type="checkbox"/>
Burn Valley	<input type="checkbox"/>	Headland & Harbour	<input type="checkbox"/>	Throston	<input type="checkbox"/>
De Bruce	<input type="checkbox"/>	Manor House	<input type="checkbox"/>	Victoria	<input type="checkbox"/>
Fens & Greatham	<input checked="" type="checkbox"/>	Rossmere	<input type="checkbox"/>	N/A - Internal council activities	<input type="checkbox"/>
Foggy Furze	<input type="checkbox"/>	Rural West	<input type="checkbox"/>		

1.8 Completed By:

Name	Job Title	Date Completed
Amy Waller	Principal Housing Officer (Place)	10/11/2025

1.9 Version	Author	Summary of Changes	Date

Hartlepool Borough Council – Single Impact Assessment Form

Section 2 – Explaining the impact of the proposed action

2.1 What data and evidence has informed this impact assessment?

Data on housing need and demand provided by the housing waiting list team informed the decision as it provided confidence that there is strong demand in the Borough for 2 and 3 bedroom affordable rented family homes. The provision of this accommodation through the acquisition of these units will assist in meeting this strong demand for social housing.

In addition the evidence of scheme viability was used to inform decision making and provides evidence that there is a robust business case for the acquisition of these units and that this will financially have a long term positive impact on Housing Revenue Account resources.

2.2 If there are gaps in evidence or not enough information to assess the impact, how have you addressed this or how will you address it?

Gap(s) Identified	How it / they have or will be addressed
None identified	Not applicable

Hartlepool Borough Council – Single Impact Assessment Form

2.3 Risk Score

Impact	Negative Impact Score	Explanation – what is the impact?
Age		
<input checked="" type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact	Likelihood score: 2 Impact score: 2 Overall score: 4	The provision of 9 new affordable rented units will have a positive impact on any age group in housing need in particular families with children. It will provide new homes and security of tenure for Hartlepool residents in housing need.
Disability		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Gender Reassignment		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Marriage and Civil Partnership		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	

Hartlepool Borough Council – Single Impact Assessment Form

Impact	Negative Impact Score	Explanation – what is the impact?
Pregnancy and Maternity		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Race (Ethnicity)		
<input checked="" type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact	Likelihood score:2 Impact score:2 Overall score:4	The provision of 9 new affordable rented units will be let in line with the Council's allocations policy which is accessible to people of all ages, races, religions and orientation.
Religion or Belief		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Sex		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	

Hartlepool Borough Council – Single Impact Assessment Form

Impact	Negative Impact Score	Explanation – what is the impact?
Sexual Orientation		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Care Leavers (Local)		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Armed Forces (Local)		
<input type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input checked="" type="checkbox"/> No Impact	Likelihood score: Impact score: Overall score:	
Poverty and Disadvantage (Local)		
<input checked="" type="checkbox"/> Positive Impact <input type="checkbox"/> Negative Impact <input type="checkbox"/> No Impact	Likelihood score:2 Impact score:2 Overall score:4	The acquisition of 9 affordable rented units will have a positive impact given they will be allocated to those most in housing need and require either 2 or 3 bedroom properties. It will contribute positively to disadvantaged families providing them with new homes to live in and security of tenure as the Council as their landlord.

Section 3 - Mitigation Action Plan or Justification

Hartlepool Borough Council – Single Impact Assessment Form

Group(s) impacted	Proposed mitigation	How this mitigation will make a difference	By when	Responsible Officer

Justification If you need to justify your proposed action explain this here

Section 4 - Sign Off

Responsible Officer sign off:	
Name	Amy Waller
Job title	Principal Housing Officer (Place)
Assistant Director / Director sign off:	
Name	
Job title	

Once the Single Impact Assessment is completed please send to impactassessments@hartlepool.gov.uk.

Hartlepool Borough Council – Single Impact Assessment Form

Section 5 - Review (To be completed after implementation)

5.1 Review completed by:		
Name	Job Title	Date review completed

5.2 Did the impact turned out as expected?

5.3 Were the proposed mitigations the correct ones and were they successful in reducing any negative impacts?

5.4 Were there any unexpected outcomes?

Hartlepool Borough Council – Single Impact Assessment Form

5.5 Following the review please identify next steps here (Select one)

- Additional mitigation required (give details below - 5.6)
- Original proposed course of action needs to be revisited
- No further action required

5.6 Additional mitigation(s) or justification

Group(s) impacted	Proposed mitigation	How this mitigation will make a difference	By when	Responsible Officer

Justification If you need to justify your proposed action explain this here

Submit form with completed review to impactassessments@hartlepool.gov.uk

FINANCE AND CORPORATE AFFAIRS COMMITTEE

24TH NOVEMBER 2025



Subject: COUNCIL PLAN PROGRESS REPORT

Report of: Chief Executive / Executive Leadership Team

Decision Type: For information

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people live healthier, safe and independent lives. (People)
- that is connected, sustainable, clean and green. (Place)
- that is welcoming with an inclusive and growing economy providing opportunities for all. (Potential)
- with a Council that is ambitious, fit for purpose and reflects the diversity of its community. (Organisation)

2. PURPOSE OF REPORT

2.1 To provide an update to Finance and Corporate Affairs Committee on the progress made on the delivery of the Council Plan 2030 for the Potential and Organisation priorities.

3. BACKGROUND

3.1 The Council Plan 2030 was agreed by Finance and Policy Committee on 7th April 2025 and outlines the Council's priorities for the next 5 years, up to 2030, for each of the four agreed strategic priorities.

3.2 Within the Council Plan it was identified that Finance and Corporate Affairs Committee would receive a quarterly update on the Council Plan with each report focusing on one area of priority. This report covers the first two quarterly reports.

4. PROGRESS UPDATE - POTENTIAL

4.1 The latest progress update for the Potential priority is included as **appendix 1**.

5. PROGRESS UPDATE - ORGANISATION

5.1 The latest progress update for the Potential priority is included as **appendix 2**.

6. STRATEGIC RISK REGISTER UPDATE

6.1 The Strategic Risk Register (SRR) sets out the key strategic risks that the Council faces and sits alongside the Council Plan to form part of the Performance Assurance Framework of the Council. Risks within the SRR are currently being reviewed by the Executive Leadership Team and an updated version of the SRR will be brought to Committee with the next Council Plan Progress Report.

7. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	<p>An updated Risk Management Framework was agreed in October 2024 and this ensures that appropriate arrangements are in place for the management of the Council's key strategic risks. Embedding the identification and management of risk supports the achievement of our Council Plan and provides assurance to elected members that these risks are being appropriately managed. The Strategic Risk Register forms part of the Performance Assurance Framework for the Council.</p> <p>The Strategic Risk Register is monitored regularly to enable early identification and reporting to Members of any emerging risks which might prevent delivery of the strategic priorities identified in the Council Plan. The Strategic Risk Register is currently being reviewed and an updated version will be brought to Committee with the next Council Plan Progress Report.</p>
FINANCIAL CONSIDERATIONS	<p>The Council Plan is prepared alongside the Medium-Term Financial Strategy and the 5-year Capital Plan as three parts of a single plan to ensure the links between the three are strengthened. In addition, effective risk management arrangements should help improve the use of valuable and limited financial resources.</p>

SUBSIDY CONTROL	No implications.
LEGAL CONSIDERATIONS	Whilst there are no legal requirements to have a Council Plan it is good practice to have one in place.
SINGLE IMPACT ASSESSMENT	No implications.
STAFF CONSIDERATIONS	No implications.
ASSET MANAGEMENT CONSIDERATIONS	No implications.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No implications.
CONSULTATION	The Council Plan 2030 was informed by the Big Conversation, an extensive, 12-week consultation and engagement exercise between November 2023 and February 2024. This consultation included Elected Members through a dedicated Members Seminar in January 2024.

8. RECOMMENDATIONS

8.1 Finance and Corporate Affairs Committee are requested to note the progress made on the Council Plan 2030 as set out in appendices 1 and 2.

9. REASONS FOR RECOMMENDATIONS

9.1 Finance and Corporate Affairs Committee have overall responsibility for Performance and Risk Management and are the responsible Committee for a number of service areas contained within the Council Plan.

10. BACKGROUND PAPERS

10.1 Council Plan 2030 - report to Finance and Policy Committee on 7th April 2025

11. CONTACT OFFICERS

Denise McGuckin
Chief Executive
Denise.mcguckin@hartlepool.gov.uk
01429 523001

Sign Off:-

Managing Director	Date: 12 November 2025
Director of Finance, IT and Digital	Date: 12 November 2025
Director of Legal, Governance and HR	Date: 12 November 2025

Council Plan 2030

Hartlepool will be a place that is welcoming with an inclusive and growing economy providing opportunities for all. (POTENTIAL)

Progress Report 2025/26



Our priorities are...	Progress update
<p>Developing a thriving production village surrounding the film and tv studios which provides opportunities for supply chain businesses and improved employment opportunities.</p>	<p>£18.5m Local Regeneration Funding and £15m TV Investment Zone funding in place. Nine assets acquired for redevelopment and repurposing, and The Northern Studios to be expanded. Outline Design (RIBA stage 3) complete in May 2025, planning permissions secured in September 2025 and Technical Design (to March 2026) in progress. Early repair and demolition works begin November 2025, main construction begins July 2026, full completion due December 2027.</p>
<p>Increasing the number and range of businesses within Hartlepool and building opportunities for our young people to have great jobs and careers through the Inclusive Growth Strategy and regeneration schemes.</p>	<p>Delivery of the Hartlepool Inclusive Growth Strategy has continued throughout 2025 with ongoing initiatives and events being delivered to assist new start businesses and grow existing businesses.</p> <p>The 2025/26 Tees Valley UKSPF funded business support programmes were launched and in particular promoted to local businesses via events and via social media.</p> <p>The Tees Valley Youth Trailblazer scheme was launched with local businesses engaged to provide work placements for young people in Hartlepool.</p> <p>Marketing campaigns aimed at promoting visitor destinations have continued including Holidays at the Headland and Summer at Seaton.</p> <p>Local food and drink businesses have been encouraged to participate in the twice-yearly Restaurant Week initiatives.</p> <p>Hartlepool Business Week, Enterprise Week and Creative Business Week initiatives undertaken to raise awareness of the support available to our local businesses.</p> <p>Hartlepool as a business and visitor destination has been promoted at prominent national events such as the Great Yorkshire Show and UKREiiF as well as more</p>

Our priorities are...	Progress update
	<p>locally at the Tees Valley Business Summit and the Tees Valley Showcase & Supply Chain Event.</p> <p>Finally arranging the very popular annual Hartlepool Business Awards (16th October) to celebrate the success of local businesses.</p>
<p>Supporting our local supply chain to benefit from the opportunities created by the Council and its partners through public contracts.</p>	<p>The annual 'Doing business with the Council' event arranged to raise awareness of council contracts and opportunities for local businesses.</p> <p>There was also a local event held to publicise the opportunities for contractors on the Wingfield Castle restoration project.</p> <p>Initial consideration and discussions held regarding how to further embed social value in the procurement process and monitor delivery.</p>
<p>Embedding our approach to social value so that it is simpler for SMEs bidding for Council opportunities, supports cultural alignment with major suppliers and maximises the positive impact on our communities.</p>	<p>Initial consideration and discussions held regarding how to further embed social value in the procurement process and monitor delivery.</p>
<p>Developing a Community Wealth Growth initiative to stimulate investment, create jobs and keep Hartlepool's money in Hartlepool.</p>	<p>Hartlepool Borough Council has signed up as a partner in the Community Wealth Building Alliance.</p> <p>Work has started on developing our approach to social value across the Council.</p>

Our priorities are...	Progress update
<p>Working in partnership with North Tees and Hartlepool NHS Foundation Trust through the Health & Social Care Academy to increase the range of qualifications in health disciplines and promote social care as a career choice.</p>	<p>£1.25m Skills Academy capital build funded by Town Deal completed on time and on budget and launched in September 2024 with comprehensive prospectus. In first year of operation, 849 learners enrolled on new qualifications, 267 learners gained certificates so far.</p>
<p>Supporting the partnership with Hartlepool College of Further Education and delivery partners through the Civil Engineering Skills Academy – Hartlepool, to increase the range of qualifications and apprenticeships in fabrication, welding, construction and civils and promote engineering as a career choice.</p>	<p>£2.25m Skills Academy capital build, funded by Town Deal, completed on time and on budget across two sites.</p> <p>HCFE Exeter Street launched in April 2024 with new courses including plating, fabrication and welding with 113 new learners enrolled, plus apprenticeships.</p> <p>Seymour Civil Engineering at Brenda Road; launched in March 2025 with wide ranging prospectus and 1783 new learners undertaking qualifications.</p>
<p>Delivering bespoke employer led programmes based on the skills needs and priorities of local employers to create a skilled workforce.</p>	<p>In September, the Council's Jobs & Skills Service commenced a further bespoke employer led programme (BELP) in Early Years which is aligning training with real workforce skills needs. There have been 17 learners enrolled who are on placement within 12 local childcare employers in Hartlepool.</p> <p>This course follows the success of the first BELP which supported 15 learners in Hartlepool who all completed their Level 2 Diploma in Early Years, Paediatric First Aid and Safeguarding qualifications. By working closely with local employers, 12 of the learners have moved into work following the BELP. Feedback from employers has been incredibly positive with three childcare settings asking to host placements due to the impact and word of mouth following the first BELP.</p>

Our priorities are...	Progress update
<p>Supporting Hartlepool residents with complex barriers to employment get back into work through the national 'Connect to Work' programme, improving the employment rate, and improving economic activity.</p>	<p>Connect to Work will provide intensive support for people with disabilities, health conditions or complex barriers to enable them to find and sustain employment. The programme will provide £17.7m of additional support over the next five years helping 5,020 residents across Tees Valley. The Council received confirmation that we have been named as the Lead Authority for Connect to Work following TVCA Cabinet on 26 September. The Tees Valley Connect to Work Delivery Plan was then signed off by DWP on 9 October and the programme is expected to commence by the end of November.</p> <p>In addition, the Council's Jobs & Skills is leading on the Tees Valley Work Well Programme which is funded for 12 months through the North East & North Cumbria ICB. This will engage and support 457 individuals who are struggling to stay in work due to mental health, musculoskeletal (MSK) or other long-term conditions. The programme will offer tailored, person-centred interventions to address individual barriers and is expected to commence in November.</p>
<p>Working collaboratively with Tees Valley Combined Authority (TVCA) and the Hartlepool Development Corporation to bring investment into the Borough.</p>	<p>Planning permission secured for the Production Village and film studios expansion in Sept 2025.</p> <p>Delivery mechanism for the redevelopment of Middleton Grange Shopping Centre established which will see the Town Deal funding utilised to bring the former Binns building back into use and partial demolition of the shopping centre.</p> <p>Regular meetings (monthly) established to identify opportunities to further work collaboratively on strategically important sites such as the Mill House site once Highlight opens.</p>

Theme	Click the metric below to view the dashboard	Latest period	Latest position	Unit
Potential	Overall number of businesses in Hartlepool	2024	4169	Count
Potential	Business deaths	Q4 (Oct-Dec) 2024	60	Count
Potential	Employment rate (% population aged 16-64)	2025 Q1 (12 months ending)	65.4	%
Potential	Unemployment rate (% population aged 16+)	2025 Q1 (12 months ending)	5.6	%
Potential	Value of the visitor economy (local)	2024	273 million	£
Potential	Visitor numbers (local)	2024	3.88 million	Count
Potential	Percentage of the population with Level 2 or higher qualifications	2023	83.2	%
Potential	Percentage of Council spend that goes to local suppliers	2024/25	35.2	%

Number of businesses

This visual shows the changes in the numbers of private sector and public sector enterprises in Hartlepool over time. Private sector includes private companies (including building societies), sole proprietors and non-profit body or mutual associations. This is a snapshot of the Inter-Departmental Business Register (IDBR) as of March of the reference year and are equivalent to that published by ONS in the UK Business: Activity, Size and Location release.

Please note that all data are rounded to protect confidentiality. The figures are rounded individually therefore the sum of component items may be slightly different to the totals shown.

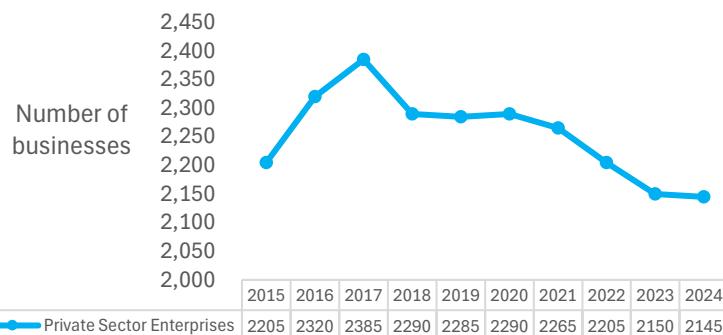
Polarity: Not applicable

Home

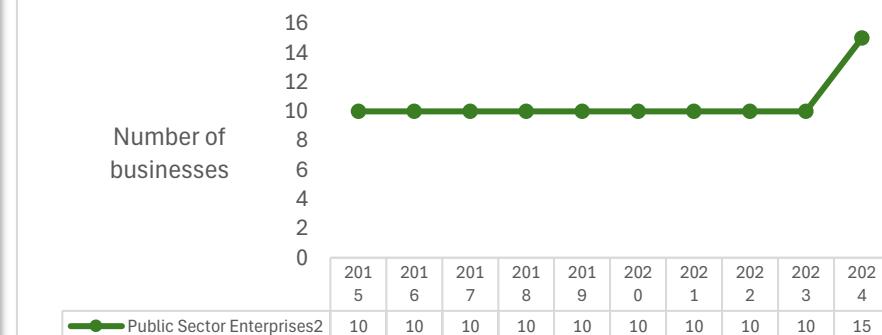
Total number of businesses in Hartlepool



Private Sector Enterprises in Hartlepool



Public Sector Enterprises in Hartlepool



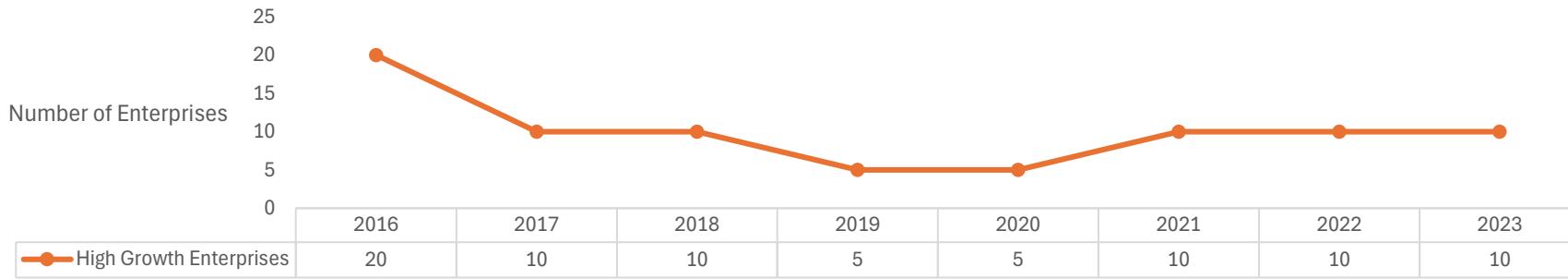
Contextual Information

Number of High Growth Enterprises

This is the number of high growth enterprises in the area. A high growth enterprise is defined as a business with ten or more employees which has seen at least 20% employee growth each year for the previous three-year period.

This data is produced from an extract taken from the Inter-Departmental Business Register (IDBR). The publication focuses on changes to the registered business population, that is, those businesses registered at HM Revenue and Customs (HMRC) for Value Added Tax (VAT) and/or Pay-As-You-Earn (PAYE) and at Companies House. Figures for each period are rounded independently to the nearest 5 using controlled rounding.

Number of High Growth Enterprises in Hartlepool



Business Births and Deaths

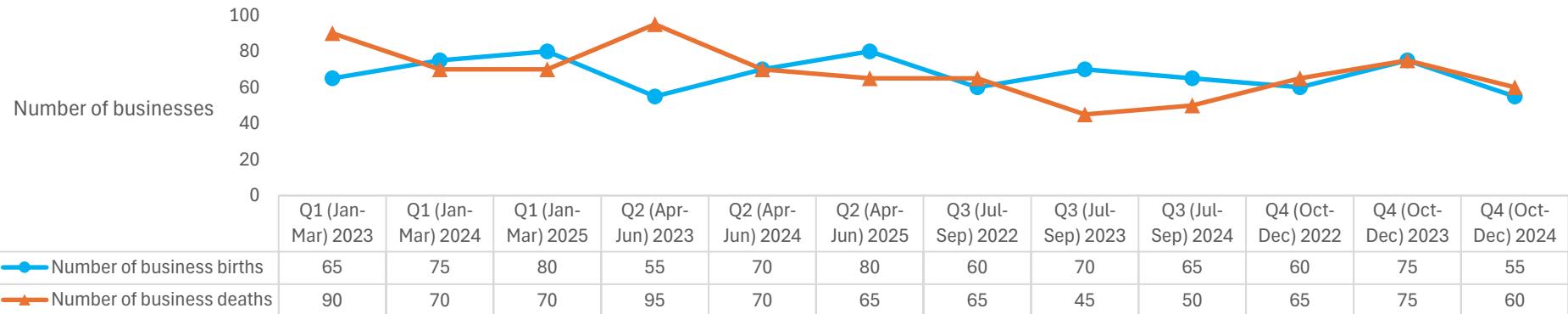
These visuals show the changes in the numbers of new enterprises (business births) and the number of business deaths in Hartlepool for the quarter and annually, shown over time. Figures for each period are rounded independently to the nearest 5 using controlled rounding.

The ONS statistics presented are "Experimental Statistics", so care needs to be taken when interpreting them. Care should be taken interpreting figures for a single period.

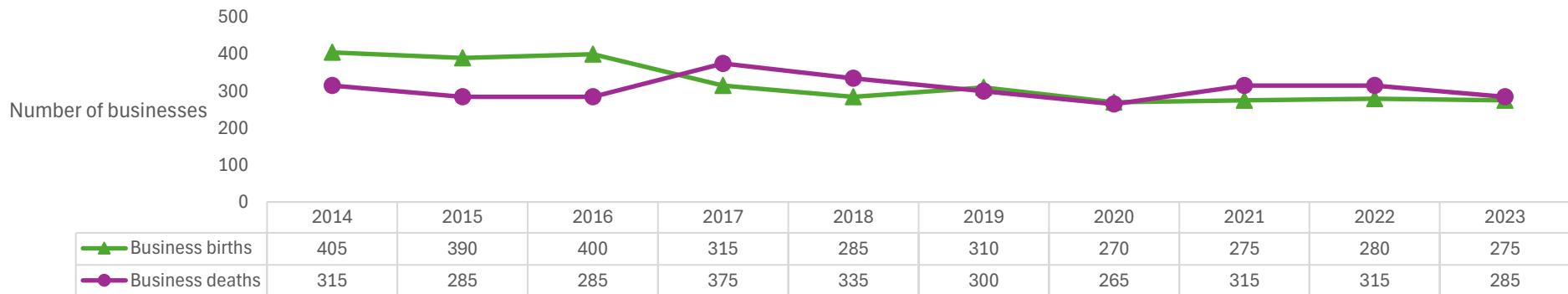
Polarity: Business births: High value is good; Business deaths: Low value is good

Home

Quarterly Business Births and Deaths in Hartlepool: Last 12 Quarters



Annual Business Births and Deaths in Hartlepool: Last 10 Years



Contextual Information

Business births and deaths above monthly rolling average

These two visuals highlight the periods where business births and business deaths were above the rolling average for the previous 3 quarters.

Business Survival Rate

The visual below shows the proportion of newly born enterprises still active one year after birth in Hartlepool. A business is deemed to have survived if having been a birth in year t or having survived to year t; it is active in terms of employment and/or turnover in any part of t+1. The starting point for demography is the concept of a population of active businesses in a reference year (t). These are defined as businesses that had either turnover or employment at any time during the reference period. Proportions are based on figures rounded independently to the nearest 5 units. Polarity: High value is good.

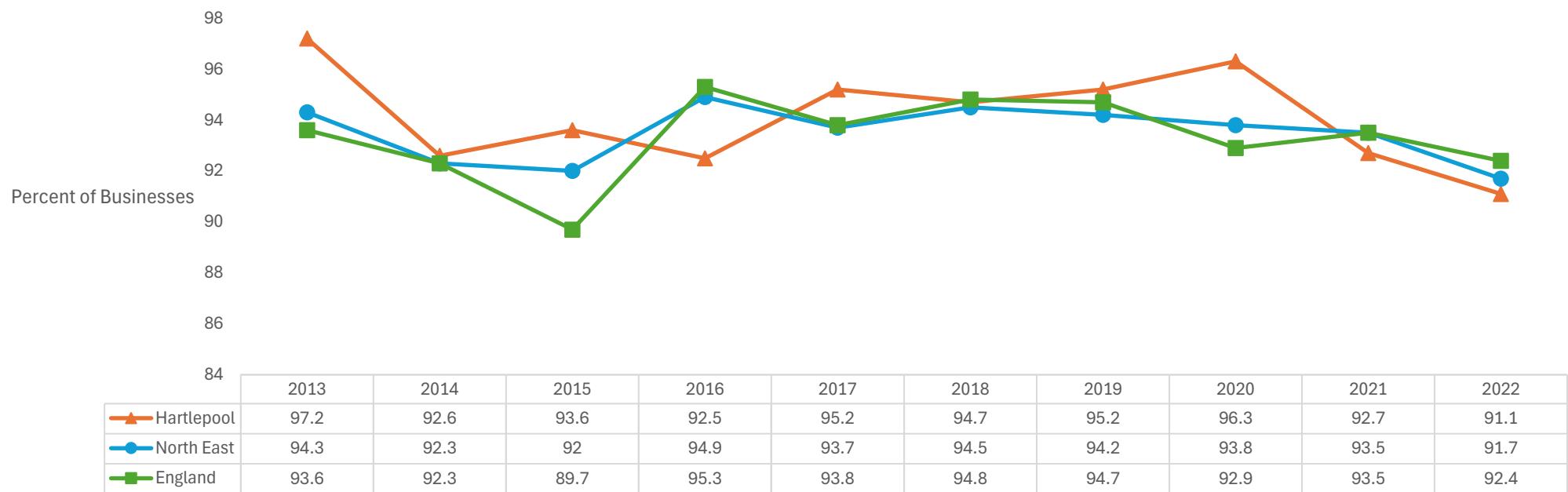
Quarterly Business Births in Hartlepool Highlighting Above the Rolling Average



Quarterly Business Deaths in Hartlepool Highlighting Above the Rolling Average



Business Survival Rate By Area



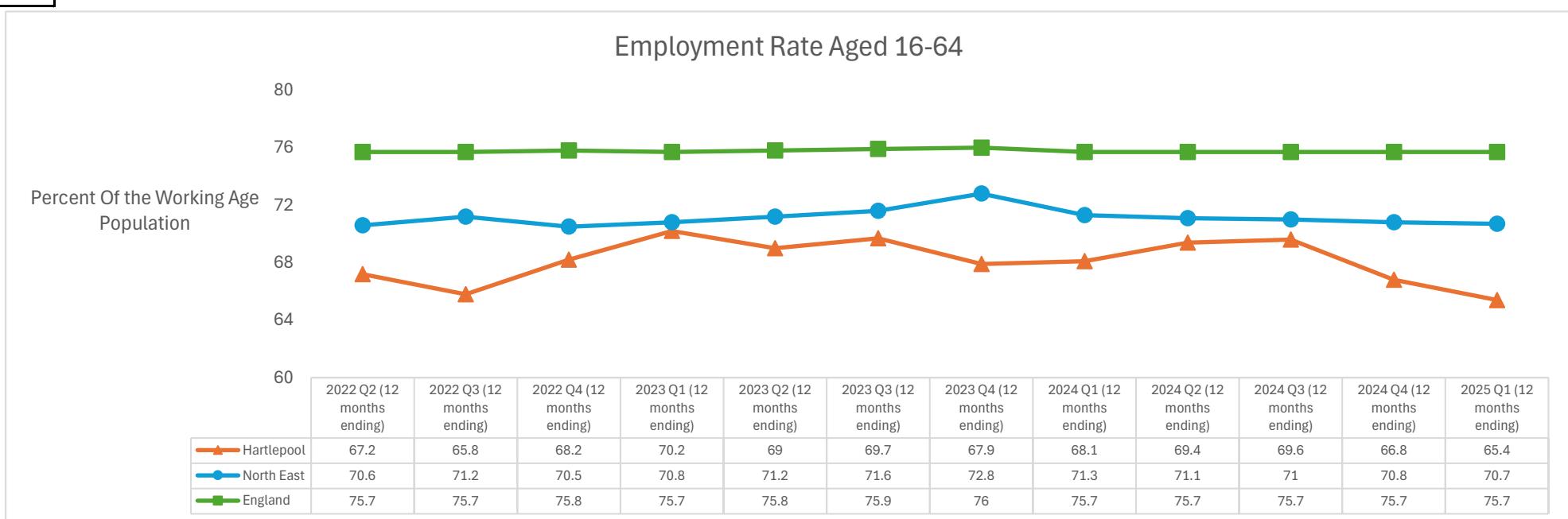
Employment and Unemployment

These visuals show the changes in the Employment Rate Aged 16-64 and the Unemployment Rate Aged 16+ over time.

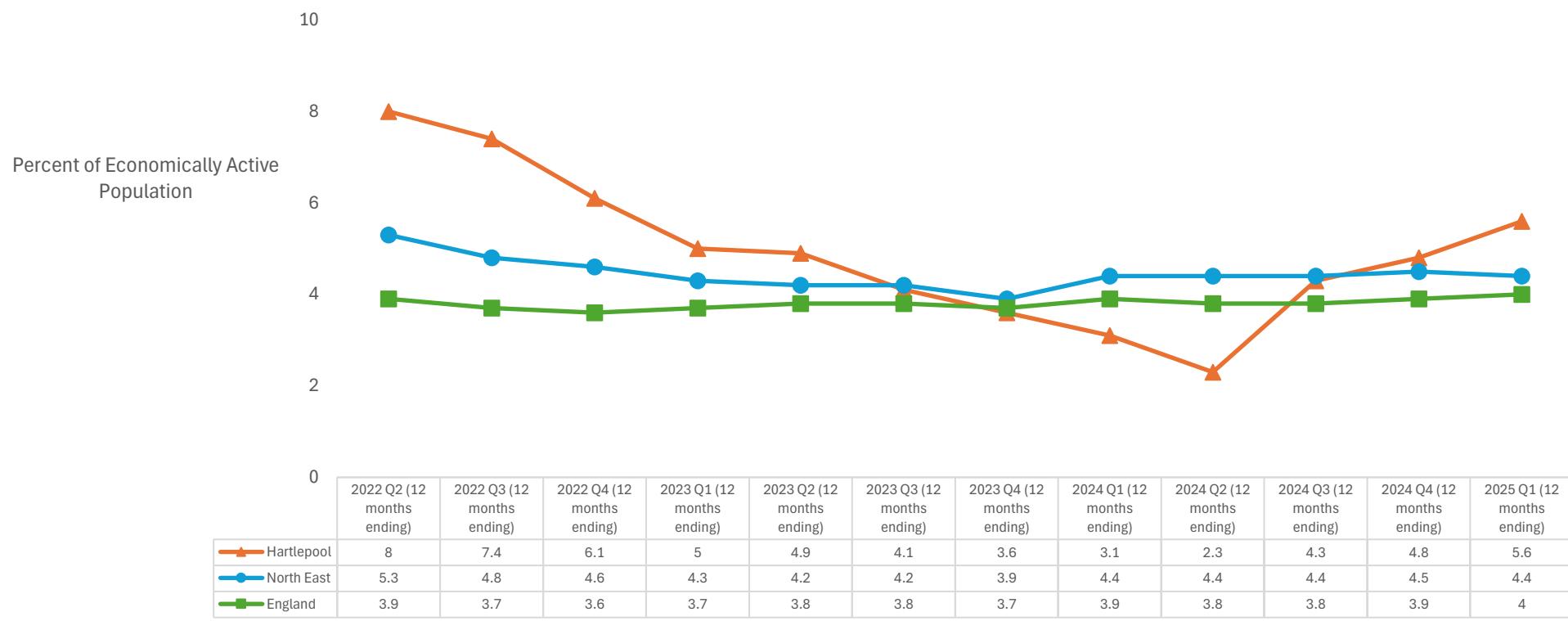
While the source is a rolling annual survey updated quarterly, a given 12-month period should be compared to the matching 12-month period in previous years to obtain valid comparisons. The data for district and unitary authorities is generally taken not directly from the Annual Population Survey but from associated modelled estimates produced by the Office for National Statistics, which provide greater accuracy.

Polarity: Employment: High value is good; Unemployment: Low value is good

Home



Unemployment Rate Aged 16+



Contextual Information

Economic Activity Rate By Gender

The visual below show the proportion of the population aged 16 to 64 who are economically active by gender along with visuals for youth employment and unemployment.

"Economically active" are people who are either in employment or unemployed and looking for work.

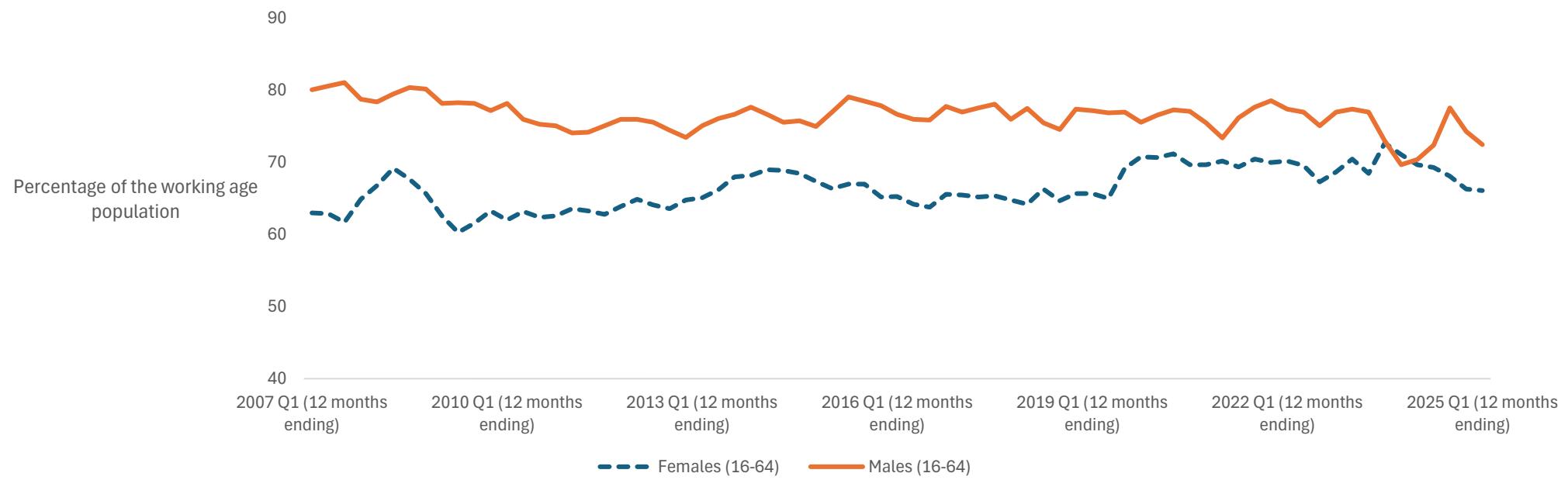
The chart shows that for most of the period Quarter 1 2007 to Quarter 1 2025, males were consistently more economically active than females, with the exception of Quarter 4 2023 where the male activity rate dipped below the female rate for the first (and so far only) time. The female economic activity rate is lower than the male rate primarily due to women being significantly more likely to be economically inactive due to caring responsibilities and long-term sickness, particularly in older women. Additionally, structural inequalities such as the gender pay gap and lack of family-friendly policies in workplaces mean that where women are in work, they are more likely to work part-time.

Youth Employment and Unemployment

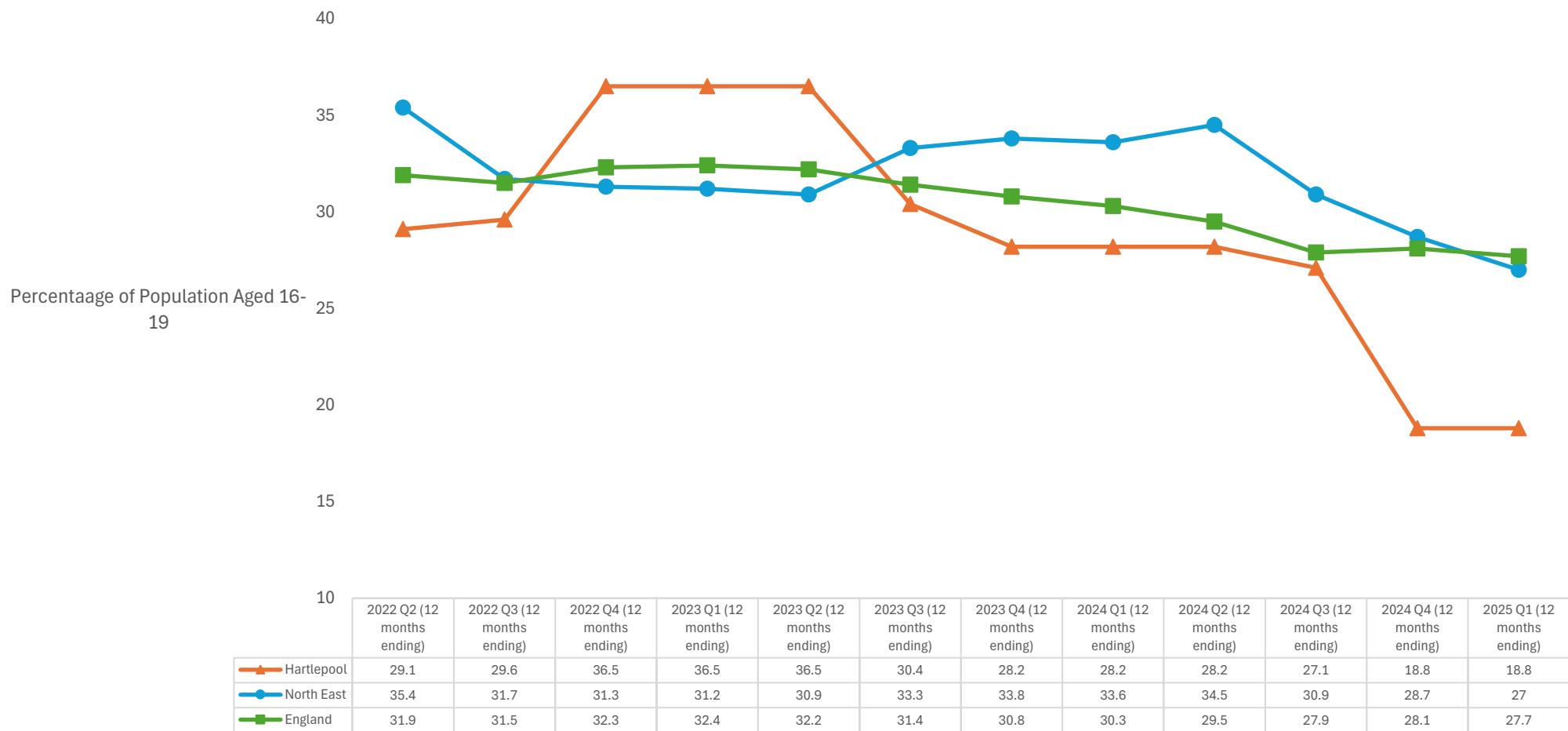
The lower charts show the Youth Employment Rate Aged 16-19, however there is no equivalent Youth Unemployment Rate. The Claimant Count Aged 16-24 is given instead. The Claimant Count is a measure of the number of people aged 16-24 claiming benefits principally for the reason of being unemployed, based on administrative data from the benefits system from DWP.

The Youth Unemployment Rate is for the *percentage of the population aged 16-19*, however, the claimant count is a *count of individuals aged 16-24*, therefore these charts should be used for illustrative, rather than comparative purposes.

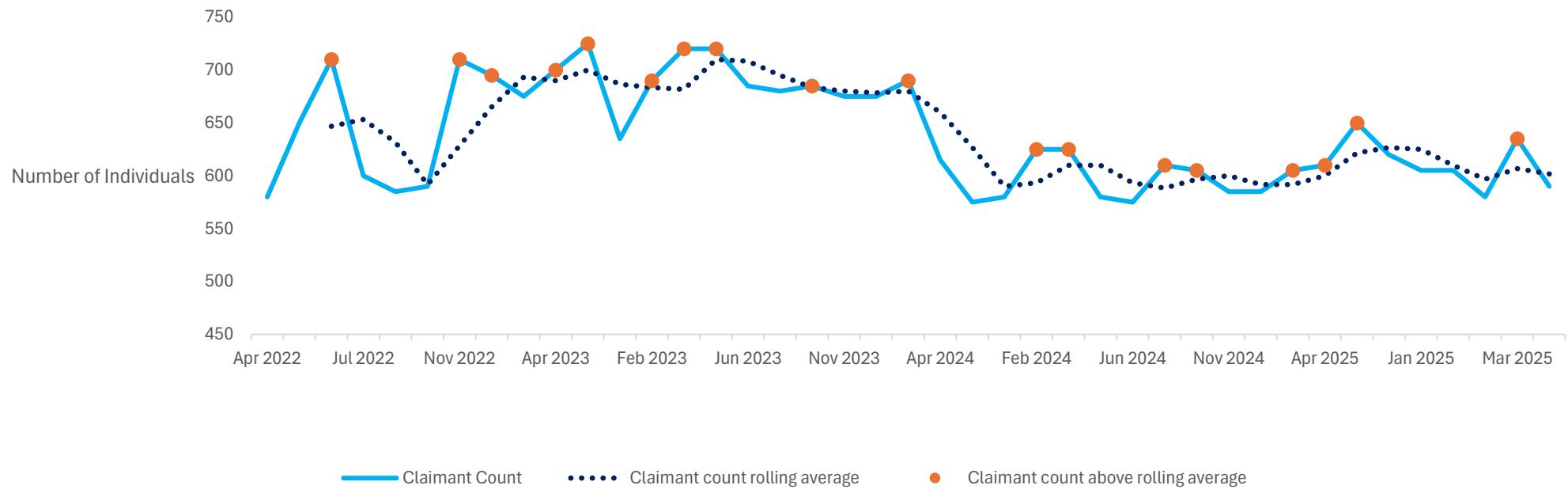
Economic Activity Rate for Hartlepool: Female / Male Comparison Over Time



Youth Employment Rate Aged 16-19



Claimant Count 16-24



Qualifications: Level 2 or Higher

These visuals show the percentage of the population aged 16 to 64 qualified to Regulated Qualifications Framework (RQF) level 2, 3 and 4 or higher. Data are from the Annual Population Survey (APS) which is a continuous household survey, covering the UK with a sample size of approximately 320,000 respondents. RQF level 1 data for Hartlepool for 2024 is missing.

RQF level 2 equals at least either 5 GCSEs grades A*-C (or equivalent, i.e., O levels, CSE Grade 1s), two A/S levels, or any equivalent or higher qualification in the Qualifications and Credit Framework.

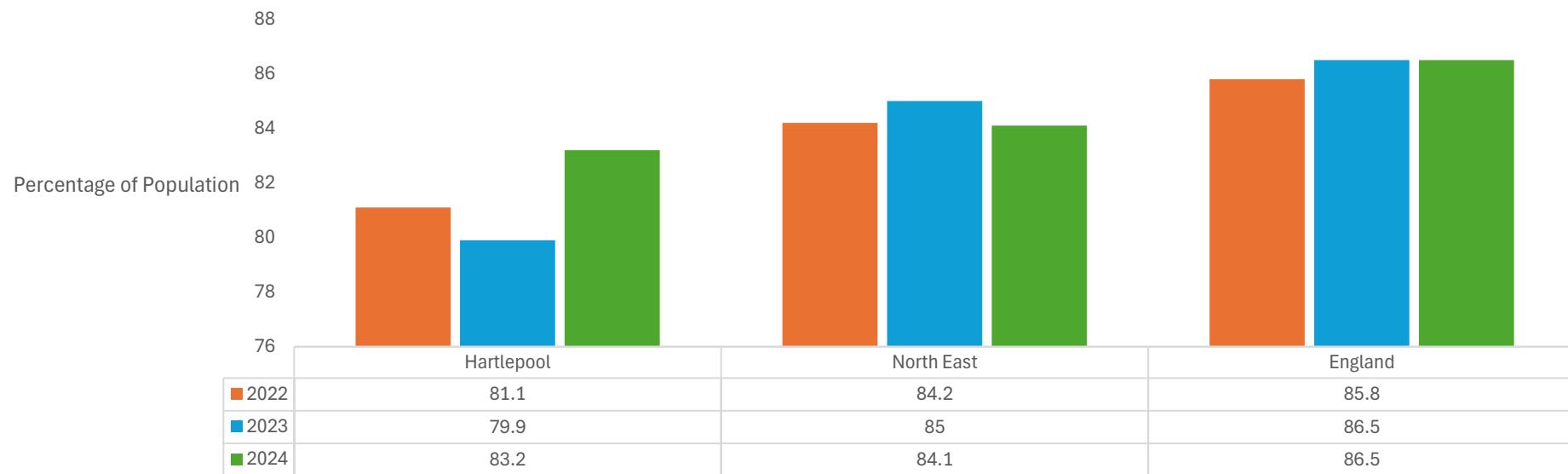
RQF level 3 equals at least either 2 A-levels grades A-E, 4 A/S levels graded A-E, or any equivalent (or higher) qualification in the Qualifications and Credit Framework.

RQF level 4 or higher is equivalent to National Qualifications Framework (NQF) levels 4-8. Level 4-6 qualifications include foundation or first degrees, recognised degree-level professional qualifications, teaching or nursing qualifications, diploma in higher education, HNC/HND or equivalent vocational qualification. Qualifications at level 7-8 include higher degrees, and postgraduate level professional qualifications.

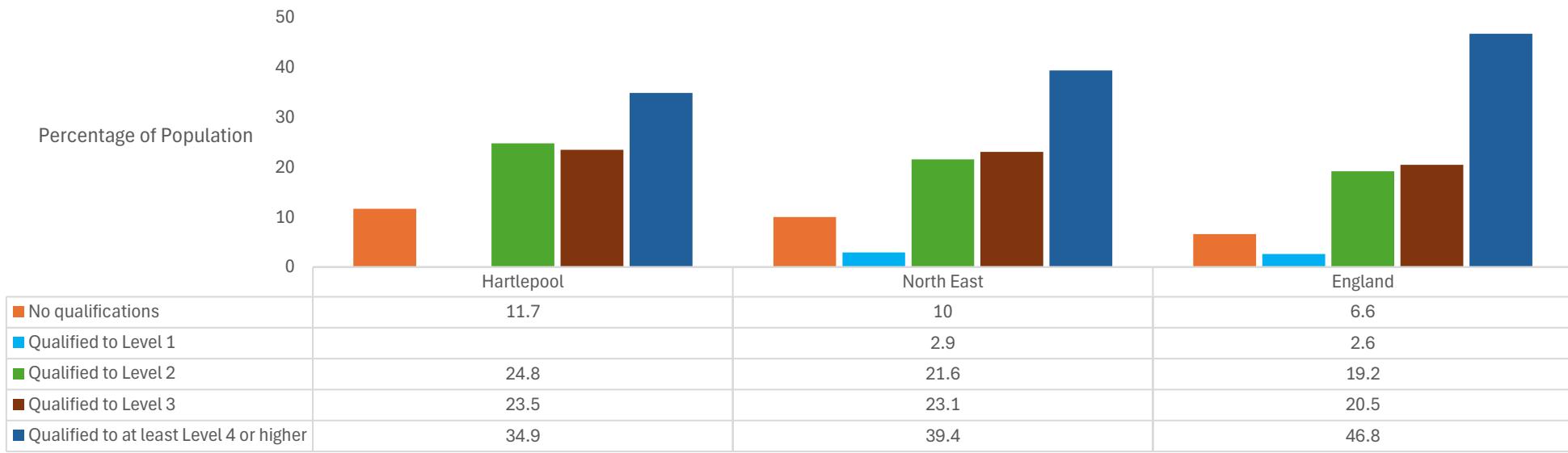
Polarity: High value is good

Home

Percentage of Usual Residents Achieving Level 2 or Higher Qualifications



Breakdown of Residents Qualifications by Area 2024



STEAM Visitor Figures (local)

Visitor numbers

This is the number of visitors to Hartlepool venues given in millions.

Value of the visitor economy

This is the economic impact of the tourism economy in Hartlepool

Polarity: High value is good

Home

Visitor Numbers



Value of Visitor Economy

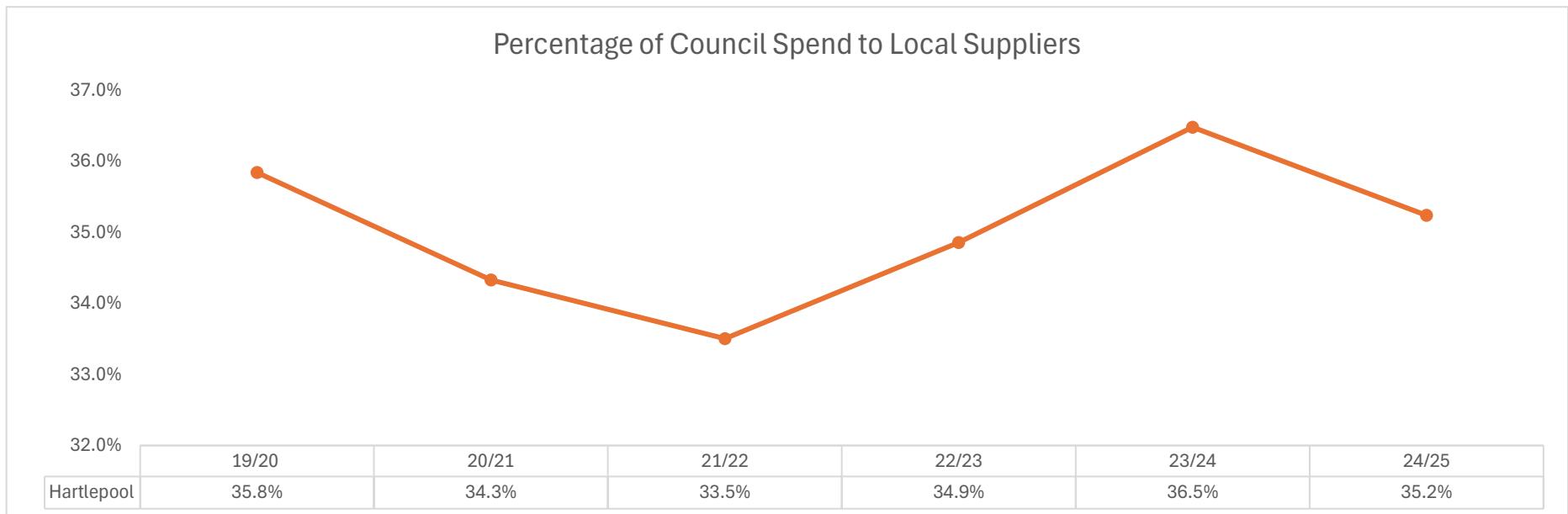


Percentage of Council spend that goes to local suppliers (local)

This visual shows the percentage of Council spending that goes to local (Hartlepool) suppliers over time.

Polarity: Not applicable

Home



Council Plan 2030

Hartlepool will be a place with a Council that is ambitious, fit for purpose and reflects the diversity of its community. (ORGANISATION)

Progress Report 2025/26

Our priorities are...	Progress update
<p>Ensuring the council is financially sustainable, with a balanced Medium Term Financial Plan, and annual accounts that are timely, accurate, true and fair.</p>	<p>The first iteration of the MTFP was presented to committee in June. Following the council's pledge on Council Tax, all increase assumptions were removed over the 4-year period, resulting in a significant budget gap. The position will be revisited in November when greater certainty on Fair Funding 2.0 is available.</p> <p>The next iteration of the MTFP will be presented to Finance and Corporate Affairs Committee in November.</p> <p>The council's accounts for 2024/25 were published prior to the statutory deadline, with the audit of accounts in progress.</p>
<p>Continuing to lobby central government for a fairer funding system that recognises the level of poverty and need that we have here in Hartlepool.</p>	<p>The council has responded to the initial consultations on fair funding. A comprehensive and detailed consultation was issued in the summer and the council responded prior to the 15th August deadline. In doing so we sought to highlight areas that we considered "unfair" to Hartlepool. A policy statement will be released in November, which will provide increased clarity.</p> <p>The member of parliament for Hartlepool was briefed on the response so as to aid lobbying, and a joint Tees Valley response was also submitted on behalf of four of the five councils..</p>
<p>Reviewing the senior officer structure to ensure maximum efficiency.</p>	<p>A new senior officer structure was agreed by Council on 20th August 2025. Director appointments were made in October 2025 with recruitment for Assistant Director roles currently underway.</p>
<p>Reforming our electoral system to make savings and bring stability to the Council.</p>	<p>This formed part of the Labour manifesto and as such would need to be initiated by members as the statutory process requires that Full Council make a specific resolution.</p>

Our priorities are...	Progress update
Bringing together stakeholders from all sectors through the Hartlepool Partnership to drive a shared strategic vision.	Hartlepool Board has been established with representation of all sectors and communities, the board is independently chaired. Hartlepool Board has prioritised its work in the last quarter on agreeing the process of developing investment plans for the £20m Plan for Neighbourhoods investment, this has included a comprehensive engagement plan, data analysis and developing the culture of the board.
Developing a Residents Forum to ensure the views of local people are heard.	A significant amount of engagement has happened with residents to inform a range of strategies, plans and investments. The work of the Hartlepool Board will better inform neighbourhood plans and priorities and work is being done to ensure a more participatory approach to engagement, this will further inform the development of appropriate forums to engage residents and communities.
Delivering accessible communications which are aligned to the priorities of the Council and our communities.	<p>E-Shot has been procured as the Council's email newsletter platform. It is one of the first providers to add an accessibility checking tool within its platform to ensure our email communications are accessible for all audiences.</p> <p>The Council has carried out a project to review its current brand position which has included a corporate brand refresh which has improved accessibility of our branding.</p> <p>Videos produced in-house and externally by the Communications Team now include subtitles. Training has been delivered to the team to enable them all to be trained in doing this.</p> <p>A guide to accessible communications is in development and will be rolled out throughout the council in 2026.</p>

Our priorities are...	Progress update
Providing a Council website that is accessible and becomes the default option to contact the council.	The new Hartlepool Borough Council website launched in September 2025 and has been built to meet the latest Web Content Accessibility Guidelines (WCAG) 2.2 level AA accessibility standards. Work is now underway to bring other council-managed websites up to the same level. In parallel, early preparations are being made to adopt the upcoming WCAG 3.0 standards, which are expected to be introduced in 2026.
Implementing a digital and IT transformation strategy that will continue to evolve and ensure that we have a modern, fully enabled and efficient workforce.	The strategy that is currently in development will cover 3-5 years and will be a living strategy that evolves in response to the ever-changing technical landscape. New governance, a new corporate structure of digital, technology and data intelligence services alongside improved clear and concise governance rules will underpin this strategy to ensure its success. The strategy relies on the improved processes, that are currently being implemented, regarding the integration of the managed service structure with NEC to support transformation across the Council. The Strategy defines how back office and customer facing services will be subject to a robust transformation programme whilst also covering the wider connectivity and digital requirements of Hartlepool and its communities.
Transforming the Council into a modern, data informed organisation where data empowers us to make informed decisions, enhance service quality, foster community engagement, optimise resource allocation, plan for the future, embrace innovation and promote transparency.	As part of the management restructure, data has been consolidated into the corporate core as a key step to creating an intelligence hub. Through development of Power BI dashboards, increased performance and intelligence data is being provided. A Council wide programme of data consolidation and rationalisation will take place alongside the introduction of Microsoft Purview to ensure data classification and retention, where appropriate, is the default position.

Our priorities are...	Progress update
<p>Delivering a strategic and operational workforce plan which enables the Council to focus resources on key skills to support talent growth, apprenticeship planning, succession planning, recruitment and retention and risk management in the workforce and support strategic workforce planning.</p>	<p>The Council's agreed framework for its Workforce Plan is being rolled out at a service level to meet its commitment in the Workforce Strategy to support having "the right people, with the right skills, values and behaviours, in the right jobs". The framework supports services to recruit and retain, meet demographic concerns in relation to the number of older workers in the workforce and look at actions to support resilience in high-risk roles. 17 services now have an agreed plan with actions to improve/address areas of concern at a service level. Council wide, a corporate risk register has been created to identify high risk job roles together with Council wide actions to support strategic developments. This work will continue into 2026. A Workforce Plan Policy will be created to embed the framework and ensure the plans continue to be reviewed and updated.</p>
<p>Supporting the health and wellbeing of our workforce.</p>	<p>The Council has a robust strategic framework in place to support the health and wellbeing of its workforce with HR working in collaboration across services in Public Health, Community Based Services and Health, Safety and Risk Teams and through its staff networks at a strategic and operational level. The Council is assessed each year through the external review process of the North East Better Health at Work Award (BHAWA) where the Council continues to achieve the highest award – Maintaining Excellence.</p> <p>The Council revised its Wellbeing Strategy which was promoted through launch roadshows across various sites in the town.</p> <p>Key Council services (HR, Community Based Services, Public Health) are working in collaboration to act as an ambassador in the Hartlepool Community to support key partners and local businesses and VSC to commit to the North East BHAWA and promote wellbeing for employees across Hartlepool.</p>

Our priorities are...	Progress update
	<p>In 2025 the Council continues to engage with the workforce promoting its Annual Employee health and Wellbeing Calendar. The 2025 quarterly themes are Financial Wellbeing, Health & Safety, Musculo-skeletal and Mental Wellbeing.</p> <p>The Council's Health Passport was implemented in October 2024.</p> <p>Council wide research has been undertaken (including 1-1 interviews and cross-department focus groups) to gather information on bespoke solutions to support employee mental wellbeing through long term commitments in a new Mental Wellbeing Policy. A process of consultation including with Hartlepool Joint Trade Union Committee is planned.</p>
<p>Ensuring our workforce has the foundations to deliver and develop the best service performance possible for the benefit of the Hartlepool community.</p>	<p>A range of interventions contributes to the overall performance of the workforce and will support an integrated and comprehensive performance management framework. Work has been undertaken on the following:</p> <p>The revised Equality, Diversity and Inclusion Policy included a two-year action plan which has been delivered early. EDI outcomes support the values and behaviours of the Council and fosters good working environments that employees are happy to work in as they feel respected and included with their differences celebrated positively.</p> <p>The Council has invested in developing its Learning Management System – Skillgate. This has included releasing funding so all Council employees will have a learning account. This will enable the implementation of a training booking system and a manager led monitoring/reporting system to ensure compliance on mandatory training.</p>

Our priorities are...	Progress update
	<p>The Council-wide training offer in the annual Workforce Development Programme approved by ELT has bolstered its commitment to support a framework for mandatory training across all employees to ensure consistency and standards across the Council in critical and key areas. ELT has also agreed to review a permanent budget to support the programme in the 2026/27 budget.</p> <p>Please note that additional work needs to be undertaken to reach non-office-based staff who do not have a Council email, do not have access to the intranet and are not digitally connected. ELT approved the purchase of Chromebooks to support this.</p> <p>Agreement was confirmed by ELT to extend our number of paid apprentices in Leisure to support Highlight.</p> <p>Long service awards were held in October 2025 (total employees who received award is 76 and 36 of those attended the recognition event).</p> <p>Work continues to build our training offer for the New Manager Induction programme with the completion of Information Governance, Single Impact Assessment (EDI), Risk Management, Preventing Sexual Harassment and AI.</p> <p>The employee Annual Review process (as per the new Policy) is part of the annual Council Compliance Monitoring.</p> <p>Further developments and funding are needed to strengthen our leadership and management development frameworks as we move into Year 3 of the Workforce Strategy 2023-2026.</p>

Our priorities are...	Progress update
<p>Undertaking a review of Council buildings and assets to ensure that they meet the needs of residents and the organisation now and in the future.</p>	<p>Strategic Asset Management Review has been undertaken utilising a third-party organisation to benchmark the Council's current position. The recommendations from this are currently being considered with a view to creating a centralised asset team with oversight of all HBC assets.</p>

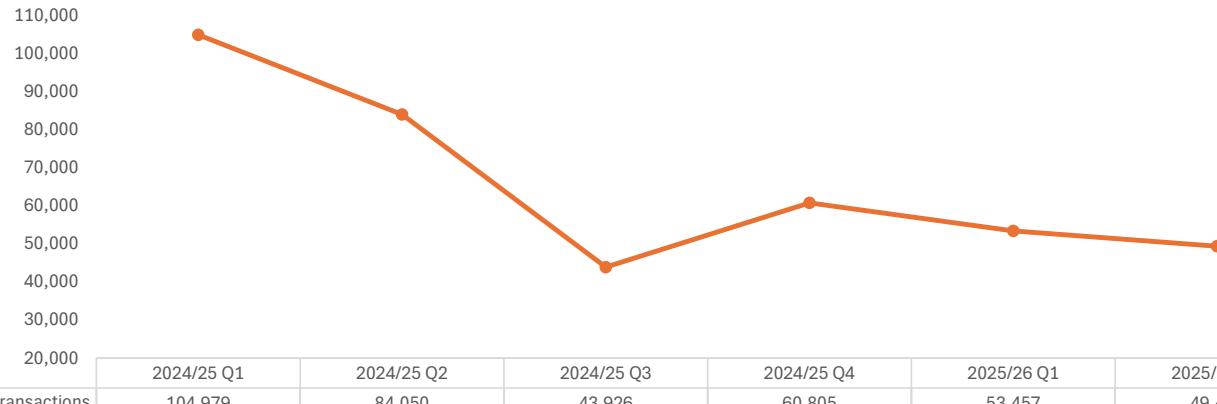
Digital transactions (local)

This is the number of transactions that have taken place on the HBC Online digital portal.

Polarity: Not applicable

Home

Number of digital transactions (HBC Online)



Contextual information

Number of HBC Online accounts created

This is a rolling total of the number of accounts created on the HBC Online platform. This is a new PI so there is no historic data. Polarity: Not applicable.

Number of Council Tax My Accounts created

This is a rolling total of the number of accounts created on the My Accounts platform for council tax. This is a new PI so there is no historic data. Polarity: Not applicable.

Customer satisfaction rating

This is the average customer satisfaction rating given for digital processes, expressed as a score out of 5. Polarity: High value is good.

Number of HBC Online accounts created
(cumulative)



Number of Council Tax My Accounts Created
(Cumulative)



