

AUDIT AND GOVERNANCE COMMITTEE AGENDA



Thursday 22 September 2016

at 10.00 am

in Committee Room B, Civic Centre, Hartlepool

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors S Akers-Belcher, Belcher, Cook, Hamilton, Harrison, Martin-Wells and Tennant.

Standards Co-opted Members; Mr Norman Rollo and Ms Clare Wilson.

Parish Council Representatives: Parish Councillor Roderick Thompson (Elwick) and Parish Councillor Darab Rezai, Dalton Piercy.

Local Police Representative: Chief Superintendent Gordon Lang.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

3.1 To confirm the minutes of the meeting held on 1 September 2016 (*to follow*).

4. AUDIT ITEMS

4.1 Local Audit and Accountability Act Update – *Chief Finance Officer*

4.2 Internal Audit Plan 2016/17 Update – *Head of Audit and Governance*

4.3 The 2015/16 Financial Report (Including the 2015/16 Statement of Accounts)
– *Chief Financial Officer*



5. STANDARDS ITEMS

No items.

6. STATUTORY SCRUTINY ITEMS

- 6.1 Urgent Care – Update – *Hartlepool and Stockton NHS Clinical Commissioning Group (to follow)*
- 6.2 Journee Medical Practice – Update – *Hartlepool and Stockton NHS Clinical Commissioning Group (to follow)*
- 6.3 Fens, Hartfields and Wynyard Road Medical Practices – Consultation – *Hartlepool and Stockton NHS Clinical Commissioning Group (to follow)*
- 6.4 Investigation into Access to Transport for People with a Disability – Draft Final Report– Scrutiny Manager *(to follow)*

7. MINUTES FROM THE RECENT MEETING OF THE HEALTH AND WELLBEING BOARD

No items.

8. MINUTES FROM THE RECENT MEETING OF THE FINANCE AND POLICY COMMITTEE RELATING TO PUBLIC HEALTH

No items.

9. MINUTES FROM RECENT MEETING OF TEES VALLEY HEALTH SCRUTINY JOINT COMMITTEE

No items.

10. MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP

No items.

11. REGIONAL HEALTH SCRUTINY UPDATE

- 11.1 Better Health Programme Joint Health Scrutiny Committee – 21 July 2016

12. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

ITEMS FOR INFORMATION

Date of next meeting – Thursday 20 October 2016 at 10.00am in the Civic Centre, Hartlepool.



AUDIT AND GOVERNANCE COMMITTEE

MINUTES AND DECISION RECORD

1 September 2016

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

Present:

Councillor: Ray Martin-Wells (In the Chair).

Councillors: Stephen Akers-Belcher, Rob Cook, Lesley Hamilton, Brenda Harrison and John Tennant.

In accordance with Council Procedure Rule 5.2 (ii), Councillor Lindridge was in attendance as substitute for Councillor Belcher.

Independent Persons:

Norman Rollo and Clare Wilson.

Roderick Thompson, Elwick Parish Council Representative

Also Present:

Councillor Stephen Thomas, Chair of Adult Services Committee
Councillor Paul Beck

Officers:

Louise Wallace, Director of Public Health
Peter Devlin, Chief Solicitor
Jane Young, Head of Service, Child and Adult Services
Nicole Ahmed, Public Health Registrar
Chris Allen, Public Health Registrar
Joan Stevens, Scrutiny Manager
Laura Stones, Scrutiny Support Officer
Denise Wimpenny, Principal Democratic Services Officer

35. Apologies for Absence

An apology for absence was received from Councillor Sandra Belcher.

36. Declarations of Interest

None

37. Minutes of the meeting held on 28 July 2016

Confirmed

38. Sanctions for Breaches of the Members' Code of Conduct (*Chief Solicitor and Monitoring Officer*)

The Monitoring Officer referred to a previous report received by this Committee in relation to 'Non Statutory Sanctions' which sought to rectify concerns that a breach of the Members Code of Conduct under the Localism Act may not be adequately dealt with through the imposition of an available action. Members were provided with a detailed and comprehensive report which provided the background to the principles which governed the conduct of Members and co-opted Members of 'relevant authorities' in England and Police Authorities in Wales, the variation in standards regimes, as well as details of representations on sanctions. It was highlighted that Monitoring Officer's representing the twelve local authorities in the North East had written to the Department for Communities and Local Government to which a response had been received, details of which were attached as appendices to the report.

It was highlighted that whilst the draft protocol on 'Non Statutory Sanctions' did seek to develop this theme it would require all members to adopt and adhere to a such a system which was also dependent on the voluntary 'self disqualification/suspension' of a member subject to a finding of a breach of the Code of Conduct. Although Members may still wish to consider such a draft protocol it was suggested that a further report be brought to the Committee, to cover the consultation on the revised disqualification criteria under the Local Government Act 1972 and thereafter on the anticipated review of the standards arrangements, indicated in the correspondence received through the Department for Communities and Local Government.

Recommended

- (i) That the contents of the report be noted.
- (ii) Further reports be received following the consultation exercises undertaken through the Department for Communities and Local Government as indicated in Appendix 2 to the report.

39. Health Inequalities in Hartlepool – Covering Report/Annual Review Health Status Presentation (Scrutiny Manager/Director of Public Health)

The Scrutiny Manager reported on the background to a request by the former Health Scrutiny Forum in 2009 that the Forum continue to monitor the issue of health inequalities in Hartlepool including Female Life Expectancy. The Director of Public Health introduced Chris Allen and

Nicole Ahmed who had recently joined the Public Health Team. The Committee was provided with a detailed and comprehensive presentation which focussed on the following:

- Latest Statistics
- Trend Analysis
- Benchmarking
- Lower Level Geography

Further details were provided on the health profiles across 2008-2014 as well as the contributors to the gap in life expectancy between Hartlepool and England along with the most deprived and most affluent areas within the town. In summary, the Director of Public Health informed the Committee of the following:

- Hartlepool had higher levels of deprivation than the national average.
- The health of the people in Hartlepool was generally worse than the national average.
- Many health indicators in Hartlepool were improving.
- The health of people in Hartlepool was similar to local authorities with similar demographics and a comparable level of deprivation.
- There was an inequality gap in certain areas within Hartlepool.
- Whilst life expectancy in Hartlepool was improving there were a number of key challenges including child and adult obesity issues and low take up of breastfeeding.

In the lengthy discussion that followed the presentation, a number of issues/queries were raised which included the following:-

- (i) The issue of female life expectancy was discussed as well as the links between healthy lifestyles. In response to a query as to whether there had been any evaluation in terms of improvements in healthy lifestyles in the last 20 years, the Director of Public Health agreed to clarify this issue following the meeting.
- (ii) The importance of education within schools around improving life expectancy were debated including the importance of healthy lifestyles, healthy eating, the benefits of breastfeeding as well as the effects of drug and alcohol misuse and smoking.
- (iii) Some concerns were raised that the number of young people smoking appeared to be increasing and clarification was sought as to whether there was any data available in this regard. The Director of Public Health advised that up to date information would be provided following the meeting. It was noted that education programmes were in place highlighting the dangers of smoking.
- (iv) A Member referred to lifestyles patterns and the increase in the number of hot foot outlets over the years as well as the potential links with obesity. The benefits of ward profile information in relation

to lifestyle patterns was highlighted. A query was raised as to whether there was an education strategy in place in addition to education within schools to promote healthier lifestyles. The Director of Public Health advised that the Strategy would be presented to a future meeting of the Health and Wellbeing Board as well as this Committee whereupon actions to address such issues could be explored. The role that Public Health could play in addressing such issues were outlined including engagement with the Planning Department in terms of the number of hot foot takeaways, working with businesses around healthy choices, supporting individuals to understand and encourage food content labelling and keeping Members updated on obesity levels by ward.

- (v) A Member made reference to a previous health and sexual education programme where a health professional had worked with education staff following which statistics revealed a significant drop in teenage pregnancy rates during that reporting period. The programme had not continued due to budget constraints. The need for more consistent programmes of this nature was emphasised.
- (vi) In response to a comment from a co-opted member that health inequalities was a challenge for many north east councils and a query in terms of the measures in place to address this issue, the Director of Public Health highlighted the importance of educating children and young people to make positive lifestyle choices. The Director acknowledged the links between poverty and inequality and highlighted that this was a significant challenge for the Public Health Team.
- (vii) A Member sought clarification on the health implications from the use of e-cigarettes as there had been conflicting messages in the local media that e-cigarettes contained carcinogens. The Director of Public Health informed Members that Public Health England had recently produced an evidence base around the use of e-cigarettes. Whilst there was probably a need for more research regarding e-cigarettes, the currently available evidence showed that they were safer than tobacco cigarettes. The Director of Public Health agreed to provide a presentation at a future meeting of this Committee focusing on the most up to date evidence on e-cigarettes.
- (viii) Following a query raised as to how infant mortality was recorded, the Chair requested that this information be included within the scoping report that would be considered by the Committee at a future meeting.
- (ix) Concerns were expressed in relation to the disparity in terms of female life expectancy across the town as well as the future impact on health as a result of changes in eating habits. The need for targeted work within those areas was emphasised. In response, Members were advised that a joint strategic needs assessment was

undertaken as new demographics or new needs emerged to which all partners were encouraged to contribute.

- (x) Further discussion ensued in relation to the increase in childhood obesity and the difficulties associated with families on limited income providing healthy meals for their children. A query was raised regarding the support available to families in this situation. The Director of Public Health reported on the arrangements in place to identify and support these families which included the Better Childhood Programme as well as the Healthy Weight and Healthy Life Strategy.
- (xi) A member of the public commented on the benefits of breastfeeding and suggested that access to breastfeeding pumps should be made available.
- (xii) The need to encourage more people to take up exercise and the responsibilities around this were discussed. It was suggested that additional sports activities should be available at weekends and opportunities be given to individuals to loan out sports equipment.

Recommended

- (i) That the contents of the presentation and comments and suggestions of Members be noted and actioned as appropriate.
- (ii) That the Director of Public Health provide clarification following the meeting in relation to:-
 - evaluation data outlining any improvements in healthy lifestyles within the last 20 years;
 - and information on the number of young people smoking.
- (iii) That a presentation on the latest evidence regarding e-cigarettes be provided to a future meeting of this Committee.
- (iv) That information on how infant mortality was recorded be included in a future scoping report to this Committee.

40. Safer Hartlepool Partnership Performance *(Director of Regeneration and Neighbourhoods)*

The Head of Community Safety and Engagement provided the Partnership with an overview of the Partnership's performance during Quarter 1, as set out in an appendix to the report. Information as a comparator with performance in the previous year was also provided. In presenting the report, the Head of Community Safety and Engagement highlighted salient positive and negative data and responded to a number of queries raised in relation to crime figures by type.

A discussion took place in relation to police response times as well as hate crime figures and the potential impact of activities surrounding the European Referendum.

Recommended

That the Quarter 1 performance figures and comments of Members be noted.

41. Youth Justice Strategic Plan 2016-17 (*Director of Child and Adult Services*)

The Head of Service (Child and Adult Services), sought the Committee's comments on the Youth Justice Strategic Plan for 2016-17, a copy of which was attached at Appendix 1.

The final draft of the plan would be presented to full Council in October and would include any recommendations from the Children's Services Committee, Safer Hartlepool Partnership as well as this Committee. The Strategic Plan would also be submitted to the National Youth Justice Board. It was proposed that the Youth Offending Service and broader Youth Justice Partnership focused on a number of key strategic objectives, as set out in the report, which included re-offending, early intervention and prevention, remand and custody, voice of the young person and effective governance.

It was reported that there was a national review of the Youth Justice Service which was expected within the next month.

With regard to the financial considerations, as set out in the report, Members were advised that there had been a significant reduction in grant from the Youth Justice Board and from partner agencies for 16/17.

It was reported that as part of this consultation process, the need to include the issue of extremism within the plan had been identified.

In response to clarification sought, the Head of Service, Child and Adult Services, responded to issues raised in relation to the report. Clarification was provided on the impact of the recent closure of the Youth Justice Courts in Hartlepool and the expected outcomes of the national review of the Youth Justice Service.

Recommended

That the contents of the report and comments of the Committee be noted.

42. Investigation into Access to Transport for People with a Disability – Covering Report/Feedback from Group Work/Formulation of Recommendations *(Scrutiny Manager/Members of the Working Group)*

The Scrutiny Manager presented the findings of the Working Group following their investigation into access to transport for people with a disability. Members were advised of the background to the investigation and the agreement to establish working groups to gather evidence for the investigation. The Committee was referred to the minutes of the working groups together with comments/solutions to explore and potential recommendations, copies of which were tabled at the meeting.

The Committee was asked to formulate a set of recommendations for inclusion in the draft final report which would be presented to this Committee on 22 September.

Whilst it was noted that the difficulties around accessing the transport service during peak periods had been acknowledged, the Committee expressed strong views that a solution must be found to ensure all patient needs were met at all times including peak periods. The Chair reiterated concerns previously reported regarding the lack of provision of transport for people with disabilities and that current hospital transport patient provision was unacceptable. Members expressed views in terms of equality related issues. The Scrutiny Manager advised that the Trust had indicated that transport services would be reviewed.

The Committee shared experiences of the difficulties some people with disabilities had encountered in relation to transport and the impact on their ability to attend hospital appointments was also questioned.

In concluding the debate the Scrutiny Manager advised that the issue of disabled transport would be considered as part of the Better Health Programme Summit, details of which would be provided when available.

The Scrutiny Manager provided a summary of the recommendations arising from the Working's Group's investigation for inclusion in the draft final report which included the following:-

- increase the number of trained drivers;
- find ways to encourage providers to buy accessible vehicles;
- must ensure hospital transport is DDA accessible;
- explore if the Trust's existing scheme be included in a wider partnership scheme;
- appointments be co-ordinated through GP's and hospital;
- explore the viability of a membership club;
- introduce a membership fee for those wishing to access the service;
- could contributions from Ward Member budgets be used;
- and could volunteer drivers be used.

Recommended

- (i) That the contents of the report and comments of Members be noted.
- (ii) That the recommendations of Members , as set out above, be agreed and be utilised to formulate recommendations for inclusion in the draft final report for consideration at the meeting of this Committee on 22 September.

43. Six Monthly Monitoring of Agreed Scrutiny Recommendations (*Scrutiny Manager*)

The Scrutiny Manager reported on the six monthly progress made on the delivery of scrutiny recommendations that fell within the remit of this Committee. Of the actions reported, one action in relation to (SCR-HS/3e/ii) - that the Council continue to raise awareness of CVD by encouraging Council staff to become CPR trained, was overdue which was as a result of North East Ambulance Service restructure. The Committee was asked to approve an extension of the completion date to 31 December 2016.

The report provided an outline of the progress made against the investigations undertaken by the Committee which highlighted that 90% had been completed with 4% in progress to complete and 2% overdue.

Recommended

- (i) The progress made against the agreed recommendations was noted.
- (ii) That the completion date for action SCR-HS/3e/ii be extended to 31 December 2016.

44. Minutes from the Recent Meeting of Tees Valley Health Scrutiny Joint Committee

Received.

45. Date and Time of Next Meeting

It was reported that a Better Health Programme Joint Committee would be held in Middlesbrough on 8 September, which would consider the way in which future health services would be provided in the future. Elected Members as well as members of the public were encouraged to attend.

It was noted that the next meeting would be held on 22 September at 10.00 am.

The meeting concluded at 12.20 pm.

CHAIR

AUDIT AND GOVERNANCE COMMITTEE

22 September 2016



Report of: Chief Finance Officer

Subject: LOCAL AUDIT AND ACCOUNTABILITY ACT
UPDATE

1. PURPOSE OF REPORT

- 1.1 To update Members on progress in relation to the application of the Local Audit and Accountability Act.

2. BACKGROUND

- 2.1 In August 2010 the Government announced its intention to disband the Audit Commission, transfer the work of the Audit Commission's in-house practice to the private sector and put in place a new local audit framework. In this framework, local bodies would be able to appoint their own auditors from an open and competitive market. The Audit Commissions last task was to appoint a new external auditor for the Council on 01.09.12. The contract was initially for a period of three years then extended to five years.
- 2.2 In January 2014, the Local Audit and Accountability Act received Royal Assent. It was agreed to update the Audit and Governance Committee on the arrangements in place to ensure that Council complies with the requirements of the Act. This report provides an update to members in relation to the arrangements for appointing external auditors.

3. APPOINTMENT OF EXTERNAL AUDITORS

- 3.1 It was agreed at the meeting held on 28 April 2016 that the Audit and Governance Committee supported the Council becoming an "opted in" Authority and the Local Government Association (LGA) were subsequently informed of this decision. This was in order to benefit from collective buying power and the removal of the requirement to undertaken its own tendering process to secure future external audit services.

- 3.2 The LGA has successfully lobbied for the legislation to include provision for the establishment of a sector-led body called Public Sector Audit Appointments Ltd (PSAA). It will be the job of PSAA to procure future external audit contracts. This can be seen as a positive outcome for the Committee as it also lobbied the Department of Communities and Local Government (DCLG) through the consultation period for these national procurement arrangements to be adopted.
- 3.3 PSAA has now produced a prospectus detailing how it would operate the national scheme for appointing auditors in principal authorities in England if designated by the DCLG to do so. The prospectus is attached as Appendix A, the main points are summarised as follows:
- Over 200 authorities have expressed an interest in joining the national scheme;
 - Fewer than ten large firms will have the required registration to enable them to undertake the audit, which reflects the complexity of the accounting regime and capacity needed to deliver audits to local authorities;
 - Three year contracts will be let, with the option of extending to five years, to secure best prices;
 - PSAA will pool scheme costs and charge fees to audited bodies in accordance with a scale of fees which has regard to size, complexity and audit risk;
 - Firm commitments to join the scheme will be needed by autumn 2016.
- 3.4 PSAA indicate the scheme will build on the national procurement exercise undertaken in 2012 and secure the following benefits:
- Highly competitive prices will be secured from audit firms as the PSAA scheme will take advantage of collective buying powers;
 - Scheme overhead costs will be minimised;
 - The scale of fees will reflect size, complexity and audit risk;
 - Individual bodies will avoid the necessity to establish an auditor panel.
- 3.5 As part of the prospectus, the PSAA asked six feedback questions in order to gain authorities' views on its proposals. The questions and suggested responses are outlined below:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?

Yes, a robust and professional external audit at a competitive price is an essential component in providing assurance in respect of Council governance arrangements.

2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?

Yes, we believe this balances the need to achieve competitive prices against the certainty of provision a contract of this length would bring.

3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?

We would strongly support a scale of fees that takes into account the differing nature, size and scale of the bodies subject to audit.

4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?

Yes, we believe this approach is the most effective way of providing value for money in the provision of external audit. The appointment of a high quality service at a competitive price without the need to undertake an exhaustive procurement exercise is the benefit we value most.

5. What are the key issues which will influence your decisions about scheme membership?

Price, quality and ease of appointment.

6. What is the best way of us continuing our engagement with you on these issues?

Regular updates and contact with key named officers within the Council as this allows information to be cascaded to Members and other Officers.

4. RISK IMPLICATIONS

- 4.1 Participation in the national procurement organised by PSAA will reduce the risk that the Council would face higher external costs, or may not be able to appoint its own external audit at a time when audit firms will be concentrating on securing PSAA contracts, or contracts from larger authorities.

5. FINANCIAL CONSIDERATIONS

- 5.1 In order to prove the Council meets its duty of providing best value, the most appropriate procurement method must be used to provide external audit services. The current method of a centralised collective purchase arrangement has led to the Council paying 55% less for external audit than in 2011/12 (even before taking into account inflation). The savings that the Council has made have been taken as

part of the MTFS and used to partly offset the impact of Government grant cuts.

- 5.2 It is anticipated that the national PSAA procurement will secure best value in relation to future external audit contracts.

6. LEGAL CONSIDERATIONS

- 6.1 The Council has a legal duty to ensure it has an annual external audit of its accounting records and financial statements.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1 There are no asset management considerations.

11. RECOMMENDATIONS

- 11.1 It is recommended that Members:-

- i) Support the Council becoming an “opted in” Authority giving a firm commitment to PSAA that the Council will join the scheme during autumn 2016.
- ii) Endorse the response to the feedback questions posed by PSAA detailed in paragraph 3.6 of the report.
- iii) Note that further update reports will be submitted on the implementation of arrangements to comply with the Local Audit and Accountability Act.

12. REASON FOR RECOMMENDATIONS

- 12.1 To ensure that the Audit and Governance Committee is kept up to date with all issues that are relevant to the pursuance of its remit.

- 12.2 To ensure that the Council has in place arrangements to procure the best possible external audit service at the most competitive price by benefiting from collective buying power.

13. BACKGROUND PAPERS

- 13.1 Local Audit and Accountability Act.
Local Audit (Appointing Persons) Regulations 2015.
Audit Committee Report 28 April 2016.
PSAA Prospectus.

14. CONTACT OFFICER


- 14.1 Chris Little
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Developing the option
of a national scheme for
local auditor appointments

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Public Sector
Audit Appointments



“The LGA has worked hard to secure the option for local government to appoint auditors through a dedicated sector-led national procurement body. I am sure that this will deliver significant financial benefits to those who opt in.”

– Lord Porter CBE, Chairman,
Local Government Association

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Over the next few months all principal authorities will need to decide how their auditors will be appointed in the future. They may make the appointment themselves, or in conjunction with other bodies. Or they can take advantage of a national collective scheme which is designed to offer them a further choice. Choosing the national scheme should pay dividends in quality, in cost, in responsiveness and in convenience.

Public Sector Audit Appointments Ltd (PSAA) is leading the development of this national option. PSAA is a not-for-profit company which already administers the current audit contracts. It aims to be designated by the Department for Communities & Local Government (DCLG) to operate a collective scheme for auditor appointments for principal authorities (other than NHS bodies) in England. It is currently designing the scheme to reflect the sector's needs and views.

The Local Government Association (LGA) is strongly supportive of this ambition, and 200+ authorities have already signalled their positive interest. This is an opportunity for local government, fire, police and other bodies to act in their own and their communities' best interests.

We hope you will be interested in the national scheme and its development. We would be happy to engage with you to hear your views – please contact us at generalenquiries@psaa.co.uk

You will also find some questions at the end of this booklet which cover areas in which we would particularly welcome your feedback.

Audit does matter

High quality independent audit is one of the cornerstones of public accountability. It gives assurance that taxpayers' money has been well managed and properly expended. It helps to inspire trust and confidence in the organisations and people responsible for managing public money.

Imminent changes to the arrangements for appointing the auditors of local public bodies are therefore very important. Following the abolition of the Audit Commission, local bodies will soon begin to make their own decisions about how and by whom their auditors are appointed. A list of the local government bodies affected can be found at the end of this booklet.

The Local Government Association (LGA) has played a leadership role in anticipating these changes and influencing the range of options available to local bodies. In particular, it has lobbied to ensure that, irrespective of size, scale, responsibilities or location, principal local government bodies can, if they wish, subscribe to a specially authorised national scheme which will take full responsibility for local auditor appointments which offer a high quality professional service and value for money.

The LGA is supporting PSAA in its application to the Department for Communities & Local Government (DCLG) to be appointed to deliver and manage this scheme.

PSAA is well placed to award and manage audit contracts, and appoint local auditors under a national scheme

PSAA is an independent, not-for-profit company limited by guarantee and established by the LGA. It already carries out a number of functions in relation to auditor appointments under powers delegated by the Secretary of State for Communities & Local Government. However, those powers are time-limited and will cease when current contracts with audit firms expire with the completion of the 2017/18 audits for local government bodies, and the completion of the 2016/17 audits for NHS bodies and smaller bodies.

The expiry of contracts will also mark the end of the current mandatory regime for auditor appointments. Thereafter, local bodies will exercise choice about whether they opt in to the authorised national scheme, or whether they make other arrangements to appoint their own auditors.

PSAA wishes to be selected to be the trusted operator of the national scheme, formally specified to undertake this important role by the Secretary of State. The company is staffed by a team with significant experience in appointing auditors, managing contracts with audit firms and setting and determining audit fees. We intend to put in place an advisory group, drawn from the sector, to give us ready access to your views on the design and operation of the scheme. We are confident that we can create a scheme which delivers quality-assured audit services to every participating local body at a price which represents outstanding value for money.

"Many district councils will be very aware of the resource implications of making their own appointment. Joining a well-designed national scheme has significant attractions."

– Norma Atlay, President,
Society of District Council Treasurers

"Police bodies have expressed very strong interest in a national scheme led by PSAA. Appointing the same auditor to both the PCC and the Chief Constable in any area must be the best way to maximise efficiency."

– Sean Nolan, President,
Police and Crime Commissioners
Treasurers' Society (PACCTS)

The national scheme can work for you

We believe that the national scheme can be an excellent option for all local bodies. Early indications are that many bodies agree - in a recent LGA survey more than 200 have expressed an interest in joining the scheme.

We plan to run the scheme in a way that will save time and resources for local bodies - time and resources which can be deployed to address other pressing priorities. Bodies can avoid the necessity to establish an auditor panel (required by the Local Audit & Accountability Act, 2014) and the need to manage their own auditor procurement. The scheme will take away those headaches and, assuming a high level of participation, be able to attract the best audit suppliers and command highly competitive prices.

The scope of public audit is wider than for private sector organisations. For example, it involves forming a conclusion on the body's arrangements for securing value for money, dealing with electors' enquiries and objections, and in some circumstances issuing public interest reports. PSAA will ensure that the auditors which it appoints are the most competent to carry out these functions.

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence. PSAA plans to take great care to ensure that every auditor appointment passes this test. It will also monitor any significant proposals, above an agreed threshold, for auditors to carry out consultancy or other non-audit work to ensure that these do not undermine independence and public confidence.

The scheme will also endeavour to appoint the same auditors to bodies which are involved in formal collaboration/joint working initiatives or within combined authority areas, if the parties consider that a common auditor will enhance efficiency and value for money.

PSAA will ensure high quality audits

We will only contract with firms which have a proven track record in undertaking public audit work. In accordance with the 2014 Act, firms must be registered with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of their work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC). Current indications are that fewer than ten large firms will register meaning that small local firms will not be eligible to be appointed to local public audit roles.

PSAA will ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any concerns are detected at an early stage and addressed effectively in the new regime. The company will take a close interest in feedback from audited bodies and in the rigour and effectiveness of firms' own quality assurance arrangements, recognising that these represent some of the earliest and most important safety nets for identifying and remedying any problems arising. We will liaise with the National Audit Office (NAO) to help ensure that guidance to auditors is updated when necessary.

We will include obligations in relation to maintaining and continuously improving quality in our contract terms and quality criteria in our tender evaluation method.

PSAA will secure highly competitive prices

A top priority must be to seek to obtain the best possible prices for local audit services. PSAA's objective will be to make independent auditor appointments at the most competitive aggregate rate achievable.

Our current thinking is that the best prices will be obtained by letting three year contracts, with an option to extend to five years, to a relatively small number of appropriately registered firms in two or three large contract areas nationally. The value of each contract will depend on the prices bid, with the firms offering the best prices being awarded larger amounts of work. By having contracts with a number of firms we will be able to ensure independence and avoid dominance of the market by one or two firms.

Correspondingly, at this stage our thinking is to invite bodies to opt into the scheme for an initial term of three to five years, subject, of course, to the terms of specification by DCLG.

The procurement strategy will need to prioritise the importance of demonstrably independent appointments, in terms of both the audit firm appointed to each audited body and the procurement and appointment processes used. This will require specific safeguards in the design of the procurement and appointment arrangements.

“Early audit planning is a vital element of a timely audit. We need the auditors to be available and ready to go right away at the critical points in the final accounts process.”

– Steven Mair, City Treasurer,
Westminster City Council

“In forming a view on VFM arrangements it is essential that auditors have an awareness of the significant challenges and changes which the service is grappling with.”

– Charles Kerr, Chair,
Fire Finance Network

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PSAA will establish a fair scale of fees

Audit fees must ultimately be met by individual audited bodies. PSAA will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising PSAA's own costs. The changes to our role and functions will enable us to run the new scheme with a smaller team of staff. PSAA is a not-for-profit company and any surplus funds will be returned to scheme members.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk. Pooling means that everyone within the scheme will benefit from the most competitive prices. Current scale fees are set on this basis. Responses from audited bodies to recent fee consultations have been positive.

PSAA will continue to consult bodies in connection with any proposals to establish or vary the scale of fees. However, we will not be able to consult on our proposed scale of fees until the initial major procurement has been completed and contracts with audit firms have been let. Fees will also reflect the number of scheme participants - the greater the level of participation, the better the value represented by our scale of fees. We will be looking for principal bodies to give firm commitments to join the scheme during Autumn 2016.

The scheme offers multiple benefits for participating bodies

We believe that PSAA can deliver a national scheme which offers multiple benefits to the bodies which take up the opportunity to collaborate across the sector by opting into scheme membership.

Benefits include:

- assured appointment of a qualified, registered, independent auditor
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives or combined authorities, if the parties believe that it will enhance efficiency and value for money
- on-going management of independence issues
- securing highly competitive prices from audit firms
- minimising scheme overhead costs
- savings from one major procurement as opposed to a multiplicity of small procurements
- distribution of surpluses to participating bodies
- a scale of fees which reflects size, complexity and audit risk
- a strong focus on audit quality to help develop and maintain the market for the sector
- avoiding the necessity for individual bodies to establish an auditor panel and to undertake an auditor procurement
- enabling time and resources to be deployed on other pressing priorities
- setting the benchmark standard for audit arrangements for the whole of the sector

We understand the balance required between ensuring independence and being responsive, and will continually engage with stakeholders to ensure we achieve it.

How can you help?

We are keen to receive feedback from local bodies concerning our plans for the future. Please let us have your views and let us know if a national scheme operated by PSAA would be right for your organisation.

In particular we would welcome your views on the following questions:

1. Is PSAA right to place emphasis on both quality and price as the essential pre-requisites for successful auditor appointments?
2. Is three to five years an appropriate term for initial contracts and for bodies to sign up to scheme membership?
3. Are PSAA's plans for a scale of fees which pools scheme costs and reflects size, complexity and audit risk appropriate? Are there any alternative approaches which would be likely to command the support of the sector?
4. Are the benefits of joining the national scheme, as outlined here, sufficiently attractive? Which specific benefits are most valuable to local bodies? Are there others you would like included?
5. What are the key issues which will influence your decisions about scheme membership?
6. What is the best way of us continuing our engagement with you on these issues?

Please reply to: generalenquiries@psaa.co.uk

The following bodies will be eligible to join the proposed national scheme for appointment of auditors to local bodies:

- county councils in England
- district councils
- London borough councils
- combined authorities
- passenger transport executives
- police and crime commissioners for a police area in England
- chief constables for an area in England
- national park authorities for a national park in England
- conservation boards
- fire and rescue authorities in England
- waste authorities
- the Greater London Authority and its functional bodies.

BOARD MEMBERS

Steve Freer (Chairman), former Chief Executive CIPFA

Caroline Gardner, Auditor General Scotland

Clive Grace, former Deputy Auditor General Wales

Stephen Sellers, Solicitor, Gowling WLG (UK) LLP

CHIEF OFFICER

Jon Hayes, former Audit Commission Associate Controller

“Maintaining audit quality is critically important. We need experienced audit teams who really understand our issues.”

– Andrew Burns, Director of
Finance and Resources,
Staffordshire County Council

PSAA Ltd
3rd Floor, Local Government House
Smith Square
London SW1P 3HZ

www.psaa.co.uk



Public Sector
Audit Appointments

AUDIT AND GOVERNANCE COMMITTEE

22 September 2016



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2016/17 UPDATE

1. PURPOSE OF REPORT

- 1.1 To inform Members of the progress made to date completing the internal audit plan for 2016/17.

2. BACKGROUND

- 2.1 In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented to a future meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

3. PROPOSALS

- 3.1 That members consider the issues within the report in relation to their role in respect of the Councils governance arrangements.
- 3.2 In terms of reporting internally at HBC, Internal Audit produces a draft report which includes a list of risks currently faced by the client in the area audited. It is the responsibility of the client to complete an action plan that details the actions proposed to mitigate those risks identified. Once the action plan has been provided to Internal Audit, it is the responsibility of the client to provide Internal Audit with evidence that any action has been implemented by an agreed date. The level of outstanding risk in each area audited is then reported to the Audit and Governance Committee.
- 3.3 The benefits of this reporting arrangement are that ownership of both the internal audit report and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, making managers more risk aware in the performance of their duties. Greater assurance is gained that actions necessary to mitigate risk are

implemented and less time is spent by both Internal Audit and management in ensuring audit reports are agreed. A greater breadth of assurance is given to management with the same Internal Audit resource and the approach to risk assessment mirrors the corporate approach to risk classification as recorded in covalent. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.

- 3.4 Table 1 below summarises the assurance placed on those audits completed with more detail regarding each audit and the risks identified and action plans agreed provided in Appendix A.

Table 1

Audit	Assurance Level
Leisure Centres	Satisfactory
Empty Homes Scheme	Satisfactory
Housing Options Centre	Satisfactory
Home Care	Limited
Loans and Investments	Satisfactory
Benefits	Satisfactory
VAT	Satisfactory
Payroll	Satisfactory
I World System Application	Satisfactory
Computer Backups	Satisfactory
Mobile Phones	Limited

For Members information, Table 2 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

Table 2

Assurance Level	Meaning
Satisfactory Assurance	Controls are operating satisfactorily and risk is adequately mitigated.
Limited Assurance	A number of key controls are not operating as intended and need immediate action.
No Assurance	A complete breakdown in control has occurred needing immediate action.

- 3.5 Home care has been judged as limited assurance. This was due to the fact that payments made to homecare providers are not sufficiently checked to ensure that payments are accurate. It has been agreed that a new payment process using the computer system Controcc will be developed to check the hours claimed by providers against commissioned data. This will automate the process and ensure accuracy in payments claimed and made.
- 3.6 The administration of mobile phones has been judged as limited assurance. This was due to inconsistencies and errors found in the mobile phone inventory records and the unavailability of mobile phone declaration forms. As

a result of the audit CMT have reviewed the management of mobile phones and agreed to manage their use on a departmental basis. This will ensure greater monitoring and more accurate information being held.

3.7 As well as completing the audits previously mentioned, Internal Audit staff have been involved with the following working groups:

- Information Governance Group.
- Performance and Risk Management Group.

3.8 Table 3 below details the audits that were ongoing at the time of compiling the report.

Table 3

Audit	Objectives
Manor Residents Association/Who Cares North East	To give an opinion on the adequacy of the arrangements in place to manage and expend funding received from HBC.
Creditors	Ensure ordering, receiving and paying for goods/services are properly authorised and comply with the Authority's Financial Procedure Rules.
ITU Fuel Management	Ensure adequate controls are in place regarding the ordering, storage, usage and recording of fuel consumption.
Public Health; 0-5 Year Olds	Public Health Services for children and young people are provided and paid for in accordance with the contract terms and conditions resulting in the outcomes identified being achieved; payments made from public health budgets are in line with contractual agreements and are for items permitted for spend from the Public Health Grant.
Stores	Ensure stock and stores are adequately secured, recorded and monitored.
Recruitment	Ensure all legislative requirements are adhered to and operate in practice.
ITU Child and Adult Provision	Ensure transport services meet service user needs.
Tourism	Ensure that adequate cash handling procedures are in place and that services are delivered in line with budgetary requirements.
Catering	Ensure adequate control is present in the delivery of the service.
Better Care Fund	Ensure management of the Better Care Fund addresses the risks faced by HBC and the ability of the Better Care Fund to achieve its aims and objectives within the governance framework that has been set up
Emergency Planning	To ensure effective arrangements are in place for keeping up to date with legislation / best practice and a Local Resilience Forum is established and operates according to the requirements of the CCA and associated regulations.
Adult Education	To establish that funding conditions and requirements are in place and arrangements have been established to ensure that these are adhered to.
Industrial Estate Lettings	To evaluate the procedures in place relating to income received by the Authority relating to Industrial Estate lettings and rentals.
Cash/Bank	Review the procedures and processes in place for Security, Cash (and other income) collection, banking and reconciliations.
Computer Audit Network Controls	A network strategy exists and standards and policies are in place to support its delivery.
Attendance Management	Ensure that adequate policies and procedures are in place in relation to reporting, recording and monitoring of sickness absence across departments.
Day Centres	Ensure adequate arrangements are in place for the day to day management of the centres.

3.9 The work completed and currently ongoing is in line with expectations at this time of year, and audit coverage to date has allowed Mazars to place

reliance on the scope and quality of work completed when meeting their requirements under the Audit Code of Practice.

4. RISK IMPLICATIONS

- 4.1 Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.

5. FINANCIAL CONSIDERATIONS

- 5.1 There are no financial considerations.

6. LEGAL CONSIDERATIONS

- 6.1 There are no legal considerations.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1 There are no asset management considerations.

11. RECOMMENDATIONS

- 11.1 It is recommended that Members note the contents of the report.

12. REASON FOR RECOMMENDATIONS

- 12.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

13. BACKGROUND PAPERS

- 13.1 Internal Audit Reports.

14. CONTACT OFFICER

14.1 Noel Adamson
Head of Audit and Governance
Civic Centre
Victoria Road
Hartlepool
T24 8AY


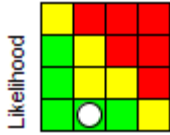
Tel: 01429 523173


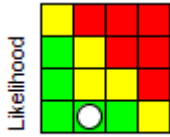


Email: noel.adamson@hartlepool.gov.uk

Appendix A

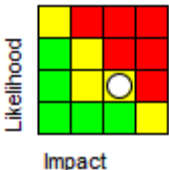
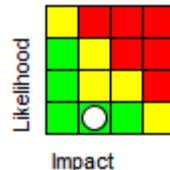
Audit	Objective		Assurance Level	
Leisure Centres	Ensure adequate controls exist in the areas of income, expenditure, system access, petty cash, vending machine, health & safety, stocks, DBS and purchase cards.		Satisfactory	
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Incorrect fees taken from the sales of goods.		<div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>	Details of any discrepancies during audit above or below £25.00 to be provided. There needs to be consideration whether reconciliations are undertaken weekly whilst there is a significant income variation. Centre Manager to discuss with the site management team.	<div><div>Likelihood</div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div>



Audit	Objective			Assurance Level
Empty Homes Scheme	Ensure that effective project management arrangements are in place, including the reporting of outcomes for the previous empty homes scheme. A consistent approach to selecting and procuring empty houses is in place which ensures that Local / national objectives are achieved.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
A consistent approach to selecting and procuring empty houses may not be in place which ensures that local / national objectives are achieved. Without a long term maintenance plan the full future year budget implications of procuring the properties will not be identified.		<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div>Impact</div></div>	To complete the stock condition survey and develop a long term maintenance plan.	<div><div>Likelihood</div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div>Impact</div></div>

Improvement works may not be delivered within budget and according to agreed specifications.		A verbal agreement is made on site, confirmation of variation approval will be given by Housing Services Team. A record of all variations will be kept.	
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Audit	Objective			Assurance Level
Housing Options Centre	Ensure adequate arrangements are in place to manage services provided in line with statutory requirements.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Performance management information used to inform the decision making process may not be accurate or timely impacting on the decisions made. Performance may not be effectively managed resulting in objectives not being achieved.			<p>All aspects of Temporary Accommodation Provision are to be reviewed by the sub regional Homeless Officers group and will include booking and invoicing procedures. In the interim the following actions will be progressed;</p> <ul style="list-style-type: none"> • Refresher training for all HA officers on all aspects of TA provision including booking/invoices. • Reminder to TA providers to send invoices as soon as possible after the booking ends • Current TA occupancy report to be circulated at weekly case review meeting 	
Actions identified following the 'Gold Standard' peer review may not be addressed resulting in the 'Gold Standard' not being achieved.			There is currently no intention for the Council to pursue all aspects of the 'Gold Standard' due to staffing and financial resources. All recommendations considered necessary from the Peer Review have been incorporated into our Continuous Improvement Plan (CIP) for the service. This plan will continue to evolve on an ongoing basis.	

4.2

		<p>We will identify within the CIP those recommendations from the Peer Review that we have agreed not to pursue and also record the reasons for this.</p> <p>We will also update the CIP by including any costs/saving that may be available for each action. The issue with the link to attached documents on the HAT database has now been resolved, CICT have provided a full copy of the correct file path to be used by all users, following confirmation that all user have updated their file paths further testing will be carried out to ensure the issue is completely resolved.</p>	
<p>Temporary accommodation (including bed and breakfast) may be used when more appropriate permanent accommodation may be available. Government guidance in relation to the use of bed and breakfast accommodation may not be adhered to. Temporary accommodation may not be available when required.</p>		<p>The issues raised in relation to temporary accommodation are common across the Tees Valley sub region therefore the sub regional Homeless Officers Group have agreed to develop a joint procedure to cover all aspects of temporary accommodation provision, including;</p> <ul style="list-style-type: none"> • Temporary Accommodation Service specification • Annual property inspections • Booking procedures • Cross boundary bookings • Invoice procedures • Revised leaflet for residents 	

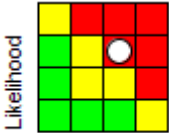

Audit	Objective	Assurance Level		
Home Care	Ensure in house and commissioned home care services are adequately controlled.			Limited
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
<p>Homecare may be paid for where a service is not provided/required resulting in additional cost to the service.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>The 2 main Home Care Agencies (Care Line and Care Watch) will be contacted in order to agree a process whereby the 'old spreadsheet' is no longer produced by the agencies and only the new 'automated extract' files along with the 'summary Invoice' are produced on a 4 weekly basis - Oct 2016.</p> <p>Invoices amounts and breakdowns (by budget code) must match the new automated extract files - Oct 2016.</p> <p>Resolution of data queries (on individual clients) from data sent by Home care agencies - to ensure that individual client 'actuals' home care delivered matches expected/actual delivery - Oct 2016, e.g.</p> <ul style="list-style-type: none"> -Where received extract file for specific client is outside tolerance level; -Where received extract for specific client is not included, but Controcc planned data is present; -Where received extract for specific client is included, but Controcc planned data is not present. <p>Full range of data checks to be proceduralised and implemented by Oct 2016.</p> <p>Controcc reports (commissioned verses actuals) to be used on a regular basis to monitor actuals verses planned - Aug 2016.</p> <p>Identification of tolerance levels that determine acceptable thresholds of data to be - Jul 2016.</p> <p>e.g. Home care cases with 0-10 hours per week may have up to 4 hours more or less, without the need for detailed checking, 11-20 hours may have up to 6 hours more or less without the need for detailed checking etc.</p> <p>These levels of tolerance are to be agreed by end of Jul 2016 and built into internal processes for MIT.</p> <p>Operational activity needs to be checked to ensure all</p>	 <p>Likelihood</p> <p>Impact</p>	

4.2

		<p>processes are followed for initiating or amending a client home care package, i.e. that all cases have appropriate documentation completed, e.g. Service Contracts - Aug 2016. Operational team managers will also be responsible for implementing this action.</p> <p>A detailed action plan will be produced by TS that will include all above actions - and progress towards completion will be monitored over the period Jul-Oct 2016.</p>	
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Audit	Objective	Assurance Level	
Loans and Investments	Provide assurance that activities are consistent with legislative/regulatory requirements and involved a review of practices undertaken compared to CIPFA's Treasury Management Code of Practice.	Satisfactory	
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

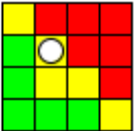
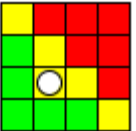
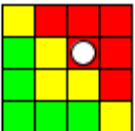
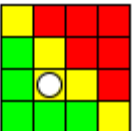
Audit	Objective	Assurance Level	
Benefits	Review processes including Local Housing Allowance (LHA) payments; claims processing including backdated claims and changes in circumstances; disputes and appeals; payments of benefits including arrangements for recovering overpayments; Discretionary Housing Payments (DHP); Fraud prevention and detection and data security.	Satisfactory	
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.			

Audit	Objective			Assurance Level
VAT	Ensure compliance with legislative requirements.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Non compliance with VAT regulations resulting in VAT being incorrectly claimed which may result in a penalty.		 <p>Likelihood</p> <p>Impact</p>	The review has now been completed with all invoices over £10k having been reviewed and an extended sample of invoices below £10k undertaken. Over 65% of the population in terms of value has been reviewed. A small number of invoices have been identified as incorrect and action will be taken to adjust the VAT return accordingly as the value of VAT incorrectly charged is below the Voluntary Disclosure threshold. A further email has been sent out by Heads of Finance to reiterate that finance should be consulted prior to any amendment to the VAT code on an invoice and departments have been informed that they will be charged for any amendments made in error.	 <p>Likelihood</p> <p>Impact</p>

Audit	Objective			Assurance Level
Payroll	Ensure adequate arrangements are in place for the payment of salaries.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective	Assurance Level		
I World System Application	Ensure effective arrangements are in place to establish and maintain appropriate levels of authorisation to access I World system / data. Effective password management arrangements are in place ensure that only authorised users access systems / data	Satisfactory		
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
No unmitigated risk identified.				

Audit	Objective	Assurance Level		
Computer Backups	Review contractual arrangements between the Council and Northgate Information Systems for initiating, maintaining, storing, testing and restoration of system backups for HBC's key systems.	Satisfactory		
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
No unmitigated risk identified.				

Audit	Objective	Assurance Level		
Mobile Phones	Ensure adequate arrangements are in place for managing and monitoring the use of mobile phones.			Limited
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Inventory lists for mobile phones have not been kept up to date and are not accurate, which may result in the inability to identify mobile phone misuse and/or the continuing need of mobile phones.		 <p>Likelihood</p> <p>Impact</p>	<p>Regeneration & Neighbourhoods - A staff leaver report should be obtained from Resource Link on a monthly basis. RN Admin will then challenge relevant managers/officers to specify what has happened to the phones of those leavers who had a device assigned to them. This will identify mobiles no longer in use or where staff have moved to another section and took the phone with them. It would seem quite reasonable to state in the request for information that unless a response is received the leaver's phone will be disabled.</p> <p>Child & Adults - 6 monthly emails to C&A Department for updates to mobile phones.</p>	 <p>Likelihood</p> <p>Impact</p>
Inventory lists for mobile phones are not accurate which may result in the inability to identify mobile phone misuse and/or the continuing need of mobile phones.		 <p>Likelihood</p> <p>Impact</p>	Pool phones are to be extracted from the main Regeneration and Neighbourhoods inventory and recorded in a separate list and the relevant team manager deemed to be the responsible officer for future contact purposes.	 <p>Likelihood</p> <p>Impact</p>

AUDIT & GOVERNANCE COMMITTEE

22 September 2016



Report of: Chief Finance Officer

Subject: THE 2015/2016 FINANCIAL REPORT
(INCLUDING THE 2015/16 STATEMENT OF ACCOUNTS)

1. PURPOSE OF REPORT

1.1 The purposes of this report are to: -

- i) present Mazars' Audit Completion Report; and,
- ii) enable Members to approve the Council's final Financial Report for 2015/16 (which includes the Statement of Accounts).

1.2 This will be achieved by considering the following: -

- i) Background;
- ii) Reconciliation of Management Accounts and Year End Statutory Accounts;
- iii) Audit Completion Report;
- iv) The 2015/2016 Financial Report; and,
- v) Recommendations.

2. BACKGROUND

2.1 The Committee considered the draft accounts on 14th July 2016. The July 2016 report indicated the draft Statement of Accounts would be subject to review by the external auditors Mazars. The Audit and Governance Committee would then need to approve the final accounts by 30th September, 2016.

2.2 The July report reminded Members that as the timescale for completing the audit process by the end of September is tight that if they had any questions on the draft Statement of Accounts they could raise these issues during July and August. This would enable any issues to be addressed before the September meeting of this Committee. For Members' information no issues have been brought to my attention by Members of the Committee.

2.3 As outlined in the July report Local Authorities continue to face an extremely challenging financial position owing to the impact of:

- Government grant cuts implemented up to 2015/16, this resulted in a grant cut for Hartlepool for 2015/16 of £8m a reduction of £15%. This was the fifth successive annual reduction in Government funding;
- The Government has confirmed that Local Authorities will continue to face further annual grants for the next four years (2016/17 to 2019/20). This means that by 2019/20 funding received from the government will be approximately £44m less than the level provided in 2010/11. This equates to a reduction of 70%;
- The re-localisation, from 1st April 2013, of Business Rates and the decision by the Valuation Office Agency in May 2015 to reduce the Rateable Value for the Hartlepool Nuclear Power Station by 48%. This reduction reduces the Council's share of Business Rates income by approximately £3.8m per year;
- The transfer of responsibility, from 1st April 2013, from Central Government to Councils for Local Council Tax Support schemes (LCTS), with a 10% national funding reduction.

2.4 In response to these financial challenges a proactive strategy was taken to managing the 2015/16 budget and reviewing reserves. This included preparing an early 2015/16 outturn forecast and the submission of regular update reports to Members throughout the year. This approach enabled the Council to develop a strategic approach for using one-off resources available from the effective management of 2015/16 budgets and the review of reserves completed during the year. This approach included allocating significant one-off resources to support the revenue budget over the period 2016/17 to 2018/19 to partly mitigate the impact of Government grant cuts on services. Without this longer term strategic approach to managing the Council's resources even greater budget cuts would have been needed in 2016/17 and then again in the following three years. Similarly, the Council would have not been able to retain the 12% LCTS Scheme for 2016/17, or as recently reported to finance and Policy Committee consider retaining this level of support up to 2019/20.

2.5 The February 2016 MTFS report advised Members that the final outturn for 2015/16 was estimated to be £1.278m. This was allocated to the Budget Support Fund.

2.6 The final outturn was £0.091m higher than forecast. Finance and Policy Committee have allocated £0.040m towards the demolition of Jackson Landing and recommended that a strategy to use the remaining uncommitted revenue outturn of £0.051m be developed as part of the 2017/18 budget process.

3 RECONCILIATION OF MANAGEMENT ACCOUNTS AND YEAR END STATUTORY ACCOUNTS

- 3.1 As reported in the MTFS the outturn strategy was designed to manage financial risks and unavoidable commitments in 2016/17 and future financial years. This position was therefore reflected in the management accounts and the MTFS report. At the end of the financial year the Council is required to prepare statutory accounts which present this information in a defined format.
- 3.2 In relation to the links between the management accounts and the statutory accounts the key statement is the note showing on page 2 of the Financial Report.

Description of Expenditure	2015/2016 Approved Budget £000	2015/2016 Actual Expenditure / Income £000	2015/2016 Variance Adverse / (Favourable) £000
Departmental Expenditure			
Child & Adult Services	47,626	46,914	(712)
Chief Executives Department	4,392	3,561	(831)
Regeneration & Neighbourhoods	20,661	19,988	(673)
Public Health	1,121	396	(725)
Non Departmental Expenditure	8,602	7,037	(1,565)
Safety Net Grant	0	(21,500)	(21,500)
Dedicated Schools Grant Related Expenditure	44,947	44,947	0
Creation / (Use) of Reserves			
Ring Fenced Grant Reserves		1,893	1,893
Reserves Created to Manage Specific Commitments/Risks		2,911	2,911
Funding Released from Reserve Review		(389)	(389)
Creation of Business Rates Safety Net Grant Reserve		21,500	21,500
Planned Contribution from Reserves	(1,092)	(1,092)	0
Final Contribution to General fund	126,257	126,166	(91)

4. AUDIT COMPLETION REPORT

- 4.1 The principle purposes of the Audit Completion Report are:
- to share information to assist both the auditor and those charged with governance (i.e. Members of the Audit and Governance Committee) to fulfil their respective responsibilities;
 - to provide constructive observations arising from the audit process to those charged with governance;
 - to ensure as part of a two way communication process the external auditors, gain an understanding of the attitude and views of those charged with governance at the Council of internal and external operational, financial, compliance and other risks which might affect the accounts, including the likelihood of those risks materialising and how they are managed; and,

- to receive feedback from those charged with governance on the performance of the engagement team.

4.2 The Audit Completion Report is attached at Appendix A. This document is self explanatory and Members are asked to consider this document before approving the Statement of Accounts. The Auditor will attend your meeting to present this report and to answer any questions from Members.

4.3 Key positive issues reported in the Audit Completion Report include:

- i) the audit opinion on the financial statements which is an unqualified opinion on the accounts (subject to the receipt and consideration of the assurance the auditor has requested from the Pension Fund auditor and checking the revised Statement of Accounts)
- ii) an unqualified Value for Money conclusion stating that 'you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources'.

5. FINAL 2015/16 STATEMENT OF ACCOUNTS

5.1 The audit identified no significant unadjusted misstatements in the financial statements.

5.2 Two misstatements and a small number of disclosure amendments were identified by the Auditor during the audit and I have agreed to amend the Accounts to reflect the issues detailed in Section 5 (page 8) of the Audit Completion Report.

6. CONSIDERATIONS/IMPLICATIONS

Financial Considerations and Risk Implications	None
Legal Considerations	None
Child and Family Poverty Considerations	None
Equality and Diversity Considerations	None
Staff Considerations	None
Asset Management Considerations	None

7. CONCLUSION

- 7.1 The Audit of the 2015/16 Accounts is now complete and there has been no change in the reported level of Earmarked Reserves or General Fund Balances.
- 7.2 The Audit review has identified two misstatements and a small number of disclosure amendments which have been actioned in the revised Statement of Accounts presented for your approval.
- 7.3 The Audit Completion Report details the specific issues which the Committee need to consider before approving the Statement of Accounts. These issues are detailed in the recommendations to this report.

8 RECOMMENDATIONS

- 8.1 It is recommended that Members: -
 - i) Consider the matters raised in Mazars' Audit Completion Report detailed in Appendix A;
 - ii) Note the adjustments to the financial statements set out in Section 5 of Mazars' Audit Completion Report under Summary of Misstatements and Disclosure amendments;
 - iii) Note that the Chairman will sign the Letter of Representation attached at Appendix B;
 - iv) Approve the final 2015/16 Statement of Accounts attached at Appendix C.

9. BACKGROUND PAPERS

Audit and Governance Committee report 14 July 2016

10. CONTACT OFFICER

Chris Little
Chief Finance Officer
Civic Centre
Victoria Road
Hartlepool
TS24 8AY
Tel: 01429 523003
E mail: chris.little@hartlepool.gov.uk

Audit Completion Report

Appendix A

Hartlepool Borough Council – year ended 31 March 2016

September 2016



Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham DH1 5TS

Audit and Governance Committee members
Hartlepool Borough Council
Civic Centre
Hartlepool
TS24 8AY

September 2016

Dear Audit and Governance Committee members

Audit Completion Report – Year ended 31 March 2016

We are delighted to present our Audit Completion Report for the year ended 31 March 2016. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement was outlined in our Audit Strategy Memorandum which we presented on 28 April 2016. We reviewed our Audit Strategy Memorandum upon receipt of your statement of accounts and concluded that the original significant audit risks and areas of management judgement were still appropriate. We then planned and completed our audit procedures accordingly.

We would like to take this opportunity to express our thanks to your officers for their assistance during the course of our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6300 or mark.kirkham@mazars.co.uk.

Yours faithfully

Mark Kirkham
Mazars LLP

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Our reports are prepared in the context of the Statement of responsibilities of auditors and audited bodies issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

01 Executive summary

Purpose of this document

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2016 to the Audit and Governance Committee of Hartlepool Borough Council (the Council) and forms the basis for discussion at the Audit and Governance Committee meeting on 22 September 2016.

Our communication with you is important to:

- share information to assist both the auditor and those charged with governance to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure, as part of the two-way communication process, we gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the Council; and
- receive feedback from yourselves as to the performance of the engagement team.

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) which means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement. Section 3 of this report includes our conclusions on the significant risks that we set out in our Audit Strategy Memorandum.

We also set out details of internal control recommendations in section 4 and a summary of misstatements discovered as part of the audit in section 5.

Status and audit opinion

We have substantially completed our audit of the financial statements for the year ended 31 March 2016.

At the time of preparing this report, the following significant matters remain outstanding:

Area outstanding	Work to be completed.
Local Government Pension scheme disclosures and assurance from pension fund auditor	Completion of review of disclosures and consideration of the findings of the pension fund auditor.
Revised financial statements	Checking the amendments made to the financial statements.

We will provide an update to you in relation to the significant matters outstanding above in a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we anticipate:

- issuing an unqualified opinion, without modification, on your statement of accounts; and
- concluding that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources.

We also anticipate completing our work in respect of your Whole of Government Accounts submission in line with the group instructions issued by the National Audit Office by the deadline of 21 October 2016.

Our proposed audit report is set out in Appendix B.

02 Commentary on the financial statements

In the report that accompanied the financial statements to the Audit and Governance Committee on 14 July 2016, officers brought members attention to a number of key features in the accounts. We have followed the same format for our reporting.

Consolidated income and expenditure statement (CIES)

The cost of services reported in the CIES is £95.522million and consists of gross expenditure of £257.523million less income received of £162.001million. Service income includes specific grants, contributions and donations of £126.588million, the largest of which is the Dedicated Schools Grant. The remaining £35.413million income is from sales, fees and other charges or reimbursements.

The Council's performance against its revenue budget is set out in the narrative report (page 2) of the Financial Report. After planned transfers from reserves of £1.092million the Council reported an under spend of £91,000. Our audit did not find any issues that affected the overall cost of services in the CIES.

Balance Sheet

The balance sheet shows the value of the Council's assets and liabilities on a single date at the year end. It shows the Council's net worth of £127.292million which is made up of usable and unusable reserves. Unusable reserves include the pension fund deficit and the scale of this item means the Council's net worth is significantly reduced.

Usable reserves

The balance sheet includes £60.859million of usable reserves made up of the un-earmarked general fund reserve of £4.753m, earmarked budget support fund £5.781million, earmarked revenue reserves £39.892million, earmarked capital reserves £6.517million and schools balances £3.916million. Usable reserves have remained at a similar level to the previous year, £61.896million at 31 March 2015. However, there have been changes in individual reserves, which we understand are held to manage risks, one off commitments and to support the Medium Term Financial Strategy.

Investments

The balance sheet includes £54.972million of short term investments which consist wholly of surplus temporary cash balances and are invested in accordance with the Council's Treasury Management Strategy.

Long term loans

The balance sheet includes £83.497million of long term borrowing which represents the financing of the Council's historic borrowing requirement and individual business cases.

Other long term liabilities

The balance sheet includes other long term liabilities of £125.681million of which £125.267million relates to the pension fund deficit. This represents an accounting valuation and has no impact on the Council's underlining financial position or pension contributions.

03 Significant findings

Set out below are the significant findings from our audit. These findings include:

- Our audit conclusions regarding the significant risks outlined in the Audit Strategy Memorandum.
- Our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. We have concluded that the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year.
- Any significant difficulties we experienced during the audit.

Significant risks

Management override of controls

Description of the risk

International Standards on Auditing (ISA) 240 – The auditor's responsibility to consider fraud in an audit of financial statements requires us to consider the potential for management override because controls that may be sufficient to detect error may not be effective in detecting fraud. In all entities, management at various levels is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

Our testing strategy included:

- review of material accounting estimates, which may be subject to management bias, included in the financial statements;
- consideration and review of unusual or significant transactions outside the normal course of business; and
- testing of journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention. There is no indication of management override of controls.

Revenue recognition

Description of the risk

In accordance with ISA 240 we presume there is a risk of fraud in respect of the recognition of revenue because of the potential for inappropriate recording of transactions in the wrong period. ISA 240 allows the presumption to be rebutted but, given the Council's range of revenue sources we have concluded that there are insufficient grounds for rebuttal in 2015/16. This does not imply that we suspect actual or intended manipulation but that we continue to deliver our audit work with appropriate professional scepticism.

How we addressed this risk

We evaluated the design and implementation of controls to mitigate the risk of income being recognised in the wrong period. In addition, we undertook a range of substantive procedures including:

- testing receipts in March, April and May 2016 to ensure they have been recognised in the right year;
- testing adjustment journals; and
- obtaining direct confirmation of year-end bank balances and testing the reconciliations to the ledger.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention. There is no evidence of revenue being recognised in the wrong year.

Pension Estimates (IAS 19)

Description of the risk

The financial statements contain material pension entries in respect of the retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.

How we addressed this risk

We discussed with key contacts any significant changes to the pension estimates prior to the preparation of the financial statements. In addition to our standard programme of work in this area, we:

- evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary; and
- considered the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally which is commissioned annually by the National Audit Office.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention. There is no indication of material estimation error in respect of pensions.

Accounting policies and disclosures

We have reviewed the Council's accounting policies and disclosures and concluded they comply with the requirements of the Code of Practice on Local Authority Accounting 2015/16.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Electors' rights to inspect the accounts

The Accounts and Audit (England) Regulations 2015 ('the regulations'), introduced new requirements in respect of publishing the financial statements and the period within which local electors may raise questions on the financial statements or make an objection to an item of account. For 2015/16 the Council set this period as 6 to 31 July 2016. We received no questions or objections within this period.

04 Internal control recommendations

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported here would be limited to those deficiencies and other control recommendations that we identified during our normal audit procedures and that we considered to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control we might have identified a list of deficiencies to be reported so our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our work this year did not identify any significant deficiencies.

Follow up of previous internal control points

We did not raise any internal control points last year.

05 Summary of misstatements

The misstatements identified for adjustment during the course of the audit that are above the trivial level, are set out below. The first table outlines the identified misstatements which management has adjusted as a result of the audit.

There have not been any other misstatements identified in the main financial statements that have not been adjusted by management during the course of the audit.

Adjusted misstatements 2015/16

Note 7 amounts reported for segmental reporting		CIES		Balance Sheet	
		Dr £'000	Cr £'000	Dr £'000	Cr £'000
1	Dr: Other operating expenditure	1,580			
	Dr: Support services	42			
	Cr: Employee expenses		1,622		
	Being correction of misclassification in note 7 expenditure analysis				
2	Dr: Other operating expenditure	4,726			
	Cr: Support services		4,726		
	Being correction of misclassification in note 7 expenditure analysis				

Disclosure amendments

There have been a small number of disclosures and notes which have been expanded or amended:

- Capital financing borrowing in the narrative report was slightly different to note 36 capital expenditure and financing and the rephased capital expenditure was amended;
- Accounting policy 15 PPE did not refer to the new basis for surplus assets for 2015/16;
- Note 4 events after the balance sheet event was expanded to include an academy transfer;
- Note 13 termination benefits, testing identified that one compulsory redundancy had been incorrectly classified as voluntary;
- Note 14 PPE, the change in valuation method for surplus assets was referred to but did not state why this has changed or include the basis for classifying assets at level 2 or 3;
- Note 15 PPE revaluations, the figures in the Alternative Valuation Model section required amendment as depreciation had been double-counted in the calculation;
- Note 16 investment properties, the narrative regarding the descriptions of level 2 and 3 fair values for investment properties did not accurately reflect the assets held by the Council in these categories. In addition, the narrative relating to highest and best use required expanding;
- Note 30 related party transactions, correction to the amount disclosed for Cleveland Fire Authority;
- Note 32 external audit fees, the analysis of fees between audit and grant fees was incorrect, in addition some audit fees had been charged to service expenditure and not included in the note; and
- Note 45 defined benefit pension schemes, mortality figures had not been updated for 2015/16.

06 Value for money

We are required to conclude whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources by considering one overall criterion which is made up of three sub-criteria.

The overall criterion set out by the NAO is:

'In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.'

In the Audit Strategy Memorandum we identified a significant risk relevant to the value for money conclusion. We detail below how we have addressed the risk and our conclusions.

We intend to issue an unqualified Value for Money conclusion as set out in Appendix B.

Significant Value for Money risk

VFM risk
Description of the risk Significant risk in respect of financial resilience arising from continuing decreases in funding. The risk arises from the level of budget reductions the Council needs to make in order to achieve a balanced budget.
How we addressed this risk We considered the Council's approach to: <ul style="list-style-type: none">• monitoring budgets;• reviewing the medium term financial plan;• ensuring that identified savings are being achieved; and• assessing the impact of budget reductions on service delivery.
Conclusion The Council is well aware of the risk in relation to the future funding gap and need to transform service provision and is taking action aimed at addressing future pressures on spending, budgets and services.

Overall, the Council has responded well to the financial pressures it has faced, at a time of unprecedented reductions in public sector spending, and has a strong track record of keeping expenditure within budget. The 2015/16 revenue budget included savings proposals to address reduced funding and cost pressures.

The Council achieved a better than expected revenue outturn in 2015/16, and sustained a relatively significant capital programme.

Area	Budget	Outturn	Overspend / (Underspend)	General Fund Balance at year end
Net revenue expenditure	£130.648m	£130.557m	(£0.091m)	£4.753m (previous year £5.253m)
Capital expenditure	£34.209m	£20.909m	(£0.419m)	n/a

The underspend resulted from net reductions in planned expenditure and was in addition to the transfer of £1.278m to the budget support fund agreed in November 2015.

The decrease in capital expenditure reflects revised timing of projects rather than an underspend. The Council has rephased capital expenditure and resources totalling £12.881million into 2016/17.

The Council has a range of earmarked reserves for specific plans and projects that aim to help the Council to deliver its priorities. These reserves provide some flexibility if the Council needs to invest to save, for example, but there is a recognition that reserves cannot routinely be used to sustain services and the underlying budget reductions identified will need to be delivered.

The Council set its gross revenue budget for 2016/17 at £86.188m, including a 1.99% council tax increase and 2% social care levy. Within the budgeted amount there was a shortfall in resources of £5.954m, which was planned to be met from the budget support fund and risk reserves. The Council projected a shortfall of resources in the Medium Term Financial Strategy and updated forecasts were reported to Finance and Policy Committee on 20th June 2016. After reflecting forecast corporate savings and future Council Tax increases a deficit of £12.690m is forecast for 2017/18 to 2019/20. I. Detailed plans will be developed during 2016/17 to address the financial challenges facing the Council in 2017/18 to 2019/20.

We review Council and Committee agenda papers and minutes on an ongoing basis. The Council's priorities are evident from the reports that have been considered and the decisions that have been taken. Challenges for the future include:

- implementing existing planned actions, in particular, the ongoing 'Hartlepool of the Future' programme;
- maximising the benefits of working with partners, including as part of the combined authority; and
- identifying further expenditure reductions in a context where they will be more difficult to deliver given the measures that have already been taken.

The tables below summarise our findings in respect of the three sub-criteria specified for local authorities:

Informed decision making

Proper arrangements	Arrangements at Hartlepool Borough Council	Audit Assurance obtained?
Acting in the public interest, through demonstrating and applying the principles and values of sound governance	<ul style="list-style-type: none"> • Regular and appropriate finance and performance monitoring with expenditure reductions achieved in year with no significant impact on performance. • Constitution on the website and subject to regular review and update. • Council plan refreshed annually and published, including consultation with public and partners. 	Yes
Understanding and using appropriate and reliable financial and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management.	<ul style="list-style-type: none"> • No data quality issues in respect of performance information we are aware of. • Regular and appropriate finance and performance reports. • MTFS reviewed and updated annually as part of budget setting, funding gap in future years being addressed through the 'Hartlepool of the Future' programme. • Various strategies, policies and plans on the website and in the Constitution. 	Yes
Reliable and timely financial reporting that supports the delivery of strategic priorities.	<ul style="list-style-type: none"> • Regular and timely reporting to members. • Updated Council plan on the website. • MTFS updated as part of budget setting. 	Yes

Proper arrangements	Arrangements at Hartlepool Borough Council	Audit Assurance obtained?
Managing risks effectively and maintaining a sound system of internal control.	<ul style="list-style-type: none"> • Risk register and risk management arrangements in place. Regular reporting to members. • Annual governance statement prepared, reviewed and approved by members. • Regular reporting by Internal Audit on internal control. 	Yes

Sustainable resource deployment

Proper arrangements	Arrangements at Hartlepool Borough Council	Audit Assurance obtained?
Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.	<ul style="list-style-type: none"> • Financial and performance reports demonstrate a history of achieving cost reductions without adversely affecting services to date. • Future need to transform services to reduce costs considered through Hartlepool of the Future. • Funding gap in future years being addressed. 	Yes
Managing and utilising assets effectively to support the delivery of strategic priorities.	<ul style="list-style-type: none"> • Asset register in place. • Asset management plan in place. • Ongoing monitoring and assessment of assets with a view to reduce asset base and associated costs. 	Yes
Planning, organising and developing the workforce effectively to deliver strategic priorities.	<ul style="list-style-type: none"> • Organisational development is one of the nine themes of the council plan and is part of ongoing review of services and future transformation. • HR policies and procedures in place. 	Yes

Working with partners and other third parties

Proper arrangements	Arrangements at Hartlepool Borough Council	Audit Assurance obtained?
Working with third parties effectively to deliver strategic priorities.	<ul style="list-style-type: none"> • Policies and framework for partnership working in place and on the website. • Service reviews include consideration of partnership working in all reviews. • Better Care Funding outcomes being monitored and some progress confirmed though not all targets met. 	Yes

Proper arrangements	Arrangements at Hartlepool Borough Council	Audit Assurance obtained?
Commissioning services effectively to support the delivery of strategic priorities.	<ul style="list-style-type: none"> • Council plan in place and on the website. • Successful in reducing costs in line with savings plans, includes working with partners. • Better Care Funding outcomes being monitored and some progress confirmed, as above. 	Yes
Procuring supplies and services effectively to support the delivery of strategic priorities.	<ul style="list-style-type: none"> • Constitution in place, regularly reviewed and updated. • Commissioning and procurement strategy in place and part of guidance available on the website. • 'Standards and Partners' document on website to explain processes in place. 	Yes

Appendix A – Draft management representation letter

Hartlepool Borough Council - audit for year ended 31 March 2016

This representation letter is provided in connection with your audit of the statement of accounts for Hartlepool Borough Council (the Council) for the year ended 31 March 2016 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2015/16 in relation to the Council's PFI schemes that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Yours sincerely

Chief Finance Officer

Date.....

Appendix B – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTLEPOOL BOROUGH COUNCIL

Opinion on the Council financial statements

We have audited the financial statements of Hartlepool Borough Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Hartlepool Borough Council in accordance with Part 5 of the Local Audit and Accountability Act 2014, and paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Hartlepool Borough Council, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Hartlepool Borough Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Narrative Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 24, schedule 7 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24, schedule 7 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and the auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office, requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required to conclude whether the Council has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the National Audit Office and had regard to relevant guidance. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office, we are satisfied that, in all significant respects, Hartlepool Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Mark Kirkham

For and on behalf of Mazars LLP

The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

September 2016

Appendix C – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Chief Executive's Department
Civic Centre
Hartlepool
TS24 8AY

Tel: 01429 523003
www.hartlepool.gov.uk



Our Ref: CEX/CL

6th September 2016

Mr Mark Kirkham
Partner
Mazars LLP
The Rivergreen Centre
Aykley Heads
DURHAM
DH1 5TS

Hartlepool Borough Council - Audit for year ended 31 March 2016

This representation letter is provided in connection with your audit of the statement of accounts for Hartlepool Borough Council (the Council) for the year ended 31 March 2016, for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Chief Finance Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:

- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2015/16 in relation to the Council's PFI schemes that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Signed for and on behalf of Hartlepool Borough Council:

Name: Chris Little

Position: Chief Finance Officer

Date: 6th September 2016

I confirm that this letter has been discussed and agreed by the Audit Committee on 6th September 2016.

Chair of the Audit & Governance Committee

Date: 6th September, 2016

Hartlepool Borough Council

Financial Report 2015/16



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SECTION 1 : Narrative Report

INTRODUCTION

The Narrative Report provides an overview of the most significant matters reported in the Financial Report and highlights key aspects of the Council's financial and service performance, including details of performance for 2015/16, the financial outlook for 2016/17 and the following three financial years.

SUMMARY FINANCIAL PERFORMANCE AND YEAR END FINANCIAL POSITION FOR 2015/16

Revenue Spending 2015/16 - Budget Position

The Council prepares a rolling four year financial strategy and in relation to 2015/16 the financial strategy reflected a further reduction in the amount of Government funding received by the Council of £8 million, a reduction of 15%. This was the fifth successive annual reduction in Government funding and means that in 2015/16 the Council received £30.1 million less Government funding than it did in 2010/11, a cumulative reduction of 39%.

The system operated up to 2010/11 by the Government for allocating funding to individual Local Authorities reflected the needs of each area and the ability to raise income locally from Council Tax. However, over the last 5 years these factors have not been recognised to the same extent. As a result over the last 5 years the Authority has suffered disproportionate spending power cuts owing to Government funding reductions.

To reduce the impact of the 2015/16 Government grant cut on front line services the Council reduced corporate costs by £0.6m, which included savings in 'IT' costs, used £0.9m of the Budget Support Fund reserve and used specific grant funding, such as the Better Care Fund, to integrate services and reduce demand through early intervention, which saved £1.7 million. The 2015/16 budget also benefitted from increased Council Tax income from housing growth.

These measures did not offset the whole Government grant cut and departmental budgets were reduced by £3.7 million. These reductions were carefully targeted to minimise the impact on front line services and to protect, as far as possible, services to vulnerable people. Consequently, the budgets for support services such as Finance, Legal and Human Resources were reduced by 13% and Regeneration and Neighbourhood Services by 8%. The budget for Child and Adult Services, which accounts for nearly two thirds of expenditure on services, was reduced by 3%.

The 2015/16 Budget froze Council Tax for the fifth successive year and maintained a 12% Local Council Tax Support scheme for the second successive year. The 2015/16 budget provided funding to increase the Hartlepool Living Wage to £7.88 per hour and this was largely funded from savings within the overall pay budget.

The Council's net 2015/16 General Fund budget, which is funded from Government Grant and Council Tax, was £130.648m, including expenditure funded from the Dedicated Schools Grant.

Revenue Spending 2015/16 - Outturn Position

In response to the ongoing financial challenges in future years the Council continued to carefully manage resources during 2015/16 and in November 2015 forecast a year end under spend £1.457m. This included the release of reserves where the actual commitments were less than forecast. The forecast under spend was allocated to increase the Budget Support Fund, which will be used to support the budget over the period 2016/17 to 2018/19. The actual outturn under spend exceeded the forecast under spend by £0.091m and a strategy for using these one-off resources will be developed during 2016/17. The achievement of the under spend included continued management of staffing budgets and vacancies not being replaced to help achieve savings in 2016/17 and avoid the need for compulsory redundancies. The under spend also reflected lower interest costs and the achievement of efficiency savings. Where these savings are sustainable they have been built into the budget for 2016/17.

During 2015/16 the Valuation Office Agency (VOA) determined the outcome of a number of outstanding appeals against Rateable Values applying since 2010, including a significant reduction in the Rateable Value of the Power Station. As a result of decisions made by the VOA the Council is required to make Business Rates refunds of £21.5m covering the period 2010/11 to 2015/16. The Council receives specific Safety Net Grant towards covering these costs.

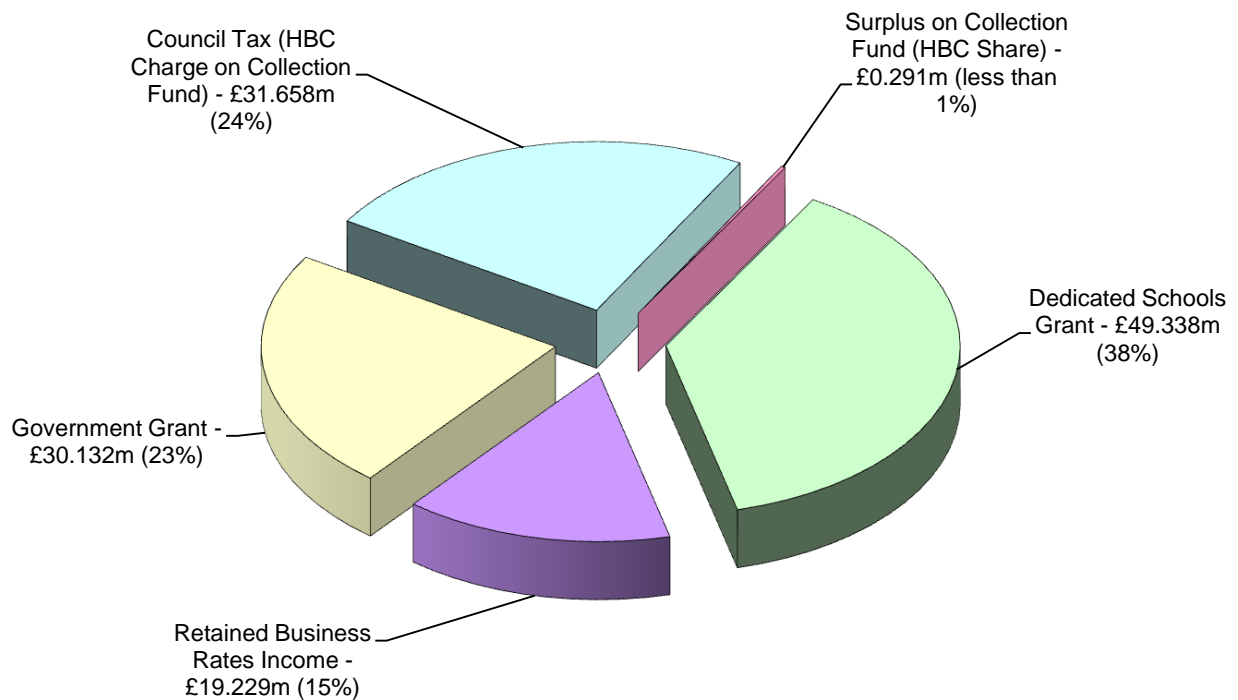
The following table provides a summary of actual expenditure against the approved budget for 2015/16, including the Business Rates issued referred to in the previous paragraph.

SECTION 1 : Narrative Report

Summary of 2015/16 Financial Position

Description of Expenditure	2015/16 Approved Budget £000	2015/16 Actual Expenditure / (Income) £000	2015/16 Variance Adverse / (Favourable) £000
<u>Departmental Expenditure</u>			
Child & Adult Department	47,626	46,914	(712)
Chief Executives Department	4,392	3,561	(831)
Regeneration & Neighbourhoods Department	20,661	19,988	(673)
Public Health Department	1,121	396	(725)
Non Departmental Expenditure	8,602	7,037	(1,565)
Business Rates Safety Net Grant	0	(21,451)	(21,451)
Dedicated Schools Grant Related Expenditure	49,338	49,338	0
<u>Creation / (Use) of Reserves</u>			
Ring Fenced Grant Reserves		1,893	1,893
Reserves Created to manage specific commitments/risks		2,911	2,911
Funding Released from Reserve Review		(389)	(389)
Creation of Business Rates Safety Net Grants Reserve		21,451	21,451
Planned Contribution from Reserves	(1,092)	(1,092)	0
Final Contribution to General Fund	130,648	130,557	(91)

The Council's budget of £130.648m was funded from the following sources:



SECTION 1 : Narrative Report

Capital Spending 2015/16 - Outturn Position

In 2015/16 the Council had a total Capital Programme of £34.209m and incurred expenditure totalling £20.909m. An analysis of this expenditure is shown below, together with an analysis of how it was financed.

	£000	%
Expenditure		
Highway Maintenance & Construction	4,442	22%
Housing Investment Programme	3,787	18%
Sea Defences	3,614	17%
School Improvements	2,064	10%
Replacement of Fleet Vehicles	412	2%
Other Schemes	6,590	31%
Total Expenditure	20,909	100%
Capital Financing		
Capital Grant	9,407	45%
Borrowing	7,277	35%
Corporate Resources	2,303	11%
Capital Receipts	1,922	9%
Total Capital Financing	20,909	100%

As at 31 March, 2016 the Council had rephased capital expenditure totalling £12.881m into 2016/17. This will be funded from the following resources, which have also been rephased into 2016/17.

Capital Financing	£000
Government Grants	2,733
Borrowing	6,432
Capital Funding Reserves	3,716
	12,881

Capital Receipts

The Council received gross receipts of £0.841m in 2015/16 from the sale of assets, all of which related to the disposal of land and buildings. The net receipt after cost of disposals was £0.758m.

FINANCIAL OUTLOOK 2016/17 to 2019/20

The Government provided a four year grant settlement covering the period 2016/17 to 2019/20 and have invited individual authorities to apply for a four year grant settlement, by 15 October, 2016. Reports will be submitted to the Finance and Policy Committee and Council over the summer to enable Members to determine if they wish to apply for a four year grant settlement.

For 2016/17 the Council faced a total reduction in funding of £8.3m, a reduction of 10%. This reflected a further reduction in Government funding of £4.5m, a reduction of nearly 15%, and the impact of the Valuation Office Agency decision to reduce the Rateable Value of the Power Station, which reduced the Council's income by £3.8m.

To address the 2016/17 funding reduction the Council increased Council Tax by 3.9%, which included the use of the new 2% Social Care precept introduced by the Government. This raised additional income of £1.3m. The balance of the funding cut, £7m, was addressed from a combination of efficiency savings, use of reserves and housing growth. The use of reserves in 2016/17 was designed to provide a slightly longer lead time to identify savings as part of the development of a longer term financial strategy.

In February 2016 the Government confirmed further annual grant cuts for 2017/18, 2018/19 and 2019/20. This means that by 2019/20 the Council will have faced nine years of funding cuts and in 2019/20 funding received from the Government will be £44.2m less than the level provided in 2010/11. This equates to a cut of 57%.

As a result of these cuts it is anticipated the Council will need to make further budget reductions of £17.240m before the start of 2019/20. This equates to a reduction of 20% from the 2016/17 budget. The Council will be developing a detailed financial strategy to address this budget deficit during 2016/17 to ensure the necessary budget reductions can be achieved in 2017/18 and the following two financial years.

BORROWING FACILITIES AND INVESTMENT STRATEGY

The Council's arrangements for borrowing accord with the approved Treasury Management Strategy, which was drawn up to comply with the Code of Practice for Treasury Management in Local Authorities published by the Chartered Institute of Public Finance and Accountancy.

In accordance with this strategy the Council has taken a proactive approach to managing cash investments and debt. For a number of years the Council has internalised borrowing by netting down borrowing against investments. However interest rates have fallen to a historically low level, which the Council has taken advantage of to secure financing in relation to business cases. The Council has also used these historically low rates to reduce interest rate risk in relation to some existing capital expenditure previously temporarily funded by internalising borrowing.

The interest earned on Council investments remained low during 2015/16, this has been mitigated by low interest costs on the Council's borrowings.

PENSIONS

The Council has accounted for retirement benefits according to International Financial Reporting Standard (IFRS) IAS 19. In the accounts as at 31 March, 2016 there was a deficit on the Pensions Reserve of £125.267m (£122.097m in 2014/15). This was offset by a Pensions Liability of the same value. The net Pensions Liability has increased mainly owing to the yearly service costs being greater than the employer contributions received. Further information is included at Note 45 of the Statement of Accounts.

The Council is a member of the Teesside Pension Fund and the statutory arrangements for this scheme mean that the IAS19 deficit does not need to be made good by increased pensions contributions from the Council or employees. A separate Pension Fund valuation is carried out every three years to determine the Council's contribution rate. The last full valuation set the employer's contribution rate for the period 2014/15 to 2016/17.

Further information is included in Notes 44 and 45 to the Statement of Accounts.

STATEMENTS OF ACCOUNTS

A detailed analysis of the Council's financial position can be found in the Statements of Accounts. A brief explanation of the purpose and significant financial issues of each of the statements is given below:

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves (i.e. those which are accounting reserves). The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement

This Statement shows the economic cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Exceptional Items

During 2015/16 the Council received Business Rates Safety Net Grant of £21.451m. This is disclosed separately in the Comprehensive Income and Expenditure Statement owing to the exceptional nature of this transaction.

SECTION 1 : Narrative Report

Balance Sheet

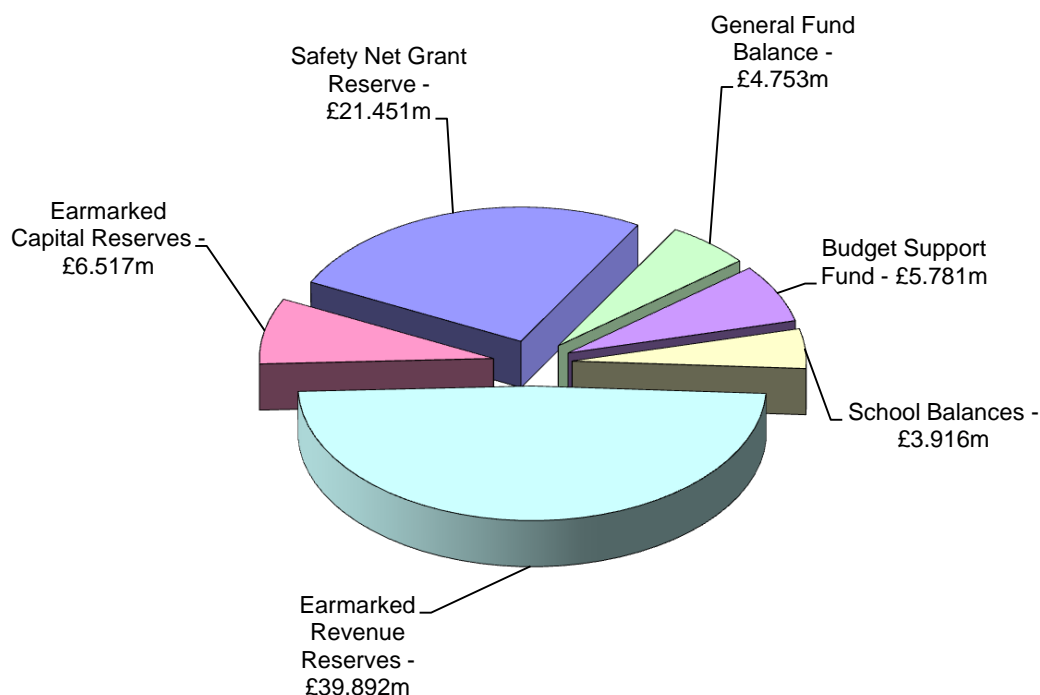
The Balance Sheet shows the value of the assets and liabilities recognised by the Council at 31 March, 2016. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserve includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

The major movements on the Balance Sheet are as follows:

- Property, Plant and Equipment, Investment Properties, Assets Held for Sale, Heritage Assets, Revaluation Reserve and Capital Adjustment Account – the Council's total fixed assets have increased by £15.875m which comprises expenditure on fixed assets of £19.602m, a donated asset of £0.226m, upward revaluations of existing assets of £11.973m, less depreciation, downward revaluations and disposals of £15.926m.
- Short Term Debtors - totalled £58.381m as at 31 March, 2016 (£13.872m at 31 March, 2015). The increase primarily relates to Safety Net Grant due to the Council from Central Government and Central Government's share of the Collection Fund deficit following the settlement of the Business Rates appeal for Hartlepool Power Station and the consequent reduction in its Rateable Value.
- Short Term Creditors - totalled £56.589m as at 31 March, 2016 (£18.359m at 31 March, 2015). The increase predominantly relates to Transitional Relief repayable to Central Government following the settlement of the Business Rates appeal for Hartlepool Power Station.
- Other Long Term Liabilities - as at 31 March, 2016, were £125.681m (£122.275m at 31 March, 2015). The increase is mainly owing to the yearly service costs being greater than employer contributions received. There is a corresponding decrease to the Pensions Reserve, which is included within Unusable Reserves in the balance sheet. Further detail of the movement in Unusable Reserves is provided in Note 29.

At the 31 March, 2016 the Authority had reserves of £82.310m (£61.896m at 31 March, 2015). Full details of the Council's reserves are provided in note 28 and include the following key reserves:

Analysis of Reserves 31/03/16 - Total £82.310m



SECTION 1 : Narrative Report

Contributions have been made to specific reserves to manage risks and protect the Council's financial Position. Looking to the future, the Council's reserves will fall significantly as these resources are committed for one-off expenditure commitments and supporting the revenue budgets in 2016/17 and beyond. Details of the movement on reserves and balances are provided in Note 6.

The Council also held a specific Business Rates Safety Net Grant Reserve of £21.451m at 31 March, 2016 (£nil at the 31 March, 2015). This amount is fully committed to repay the deficit on the Collection Fund arising from Rateable Value reductions approved by the Valuation Office Agency predominantly in relation to the Power Station.

The Council reviews the level of reserves and financial risk on an annual basis and the next review will be completed during Summer 2016.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Pooled Budgets - Better Care Fund

The Better Care Fund (BCF) has been established by the Government to support the introduction of a fully integrated health and social care system. Section 75 of the National Health Service Act 2006 gives powers to Local Authorities and Clinical Commissioning Groups (CCG) to establish and maintain pooled budgets to support the outcomes of the BCF. The Council has entered into a pooled budget arrangement with NHS Hartlepool and Stockton Clinical Commissioning Group. 2015/16 is the first year of this arrangement. Further details are provided in Note 47.

Supplementary Financial Statements

Collection Fund

The Collection Fund is a statutory fund, separate from the General Fund of the Council, which accounts independently for transactions relating to Council Tax and National Non Domestic Rates. The Fund is operated and reported on under the same accounting policies as Hartlepool Borough Council.

The total Council Tax for the year was £1,695.32 (£1,689.99 in 2014/15) for Band D properties, excluding parish precepts where these applied. This comprised £1,418.70 for the Council's own services, £206.26 for the Police and Crime Commissioner and £70.36 for Cleveland Fire Authority. Each Authority determined its own tax and made a precept on the Collection Fund.

The Council Tax for the Council's services was determined on the basis of an equated number of 33,368 Band D properties. When setting the charge a 1.5% allowance for non-collection was made.

Further details on the income and expenditure of the Fund are shown in the Collection Fund notes.

	£000	%
Expenditure		
Hartlepool Council Precept	31,659	39%
Police and Crime Commissioner Precept	4,599	6%
Cleveland Fire Authority Precept	1,569	2%
Central Government's Share Non Domestic Rates	19,536	24%
Hartlepool Council Non Domestic Rates Precept	19,229	24%
Cleveland Fire Authority Non Domestic Rates Precept	392	0%
Other	4,001	5%
	80,985	100%
Income		
Council Tax	39,152	49%
NNDR from Rate Payers	27,872	41%
Transitional Protection Refund	(35,870)	10%
	31,154	100%
Net Deficit / (Surplus) in Year	49,831	

ACCOUNTING POLICIES

The accounting policies adopted by the Council comply, except where specific reference is made, with the relevant recommended accounting practice.

The Council's policies are explained fully in the Statement of Accounting Policies. For the purpose of the Statement of Accounts, the Council's expenditure follows the standard classification recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the comparative figures for 2014/15 have been shown where appropriate.

HIGHWAYS NETWORK ASSET

The CIPFA Code of Practice on Transport Infrastructure Assets takes effect from 1 April 2016. The Code confirms that retrospective adjustments to the accounts will not be required.

Infrastructure assets are currently included in Property, Plant and Equipment on the Council's Balance Sheet at historic cost. In 2016/17 these assets will be reclassified to a new asset category named the Highways Network Asset. This will consist of seven categories: carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land. This will require the Council to disclose the assets separately on the Balance Sheet and also in the Notes to the Accounts. A change to the Council's Accounting policies will also be required.

The transfer of assets between infrastructure and the new highways asset categories is likely to result in a revaluation gain owing to the change from depreciated historic cost to depreciated replacement cost. The new valuation will reflect the current cost of replacement rather than the original costs of works, which would have been built up over a number of years.

If the changes had been implemented in 2015/16, based on current estimates the value of infrastructure assets would have increased from £71m to circa £318m.

FINANCING AND SERVICE PERFORMANCE - DELIVERY OF ECONOMY, EFFICIENCY & EFFECTIVENESS

The Authority recognises that the delivery of economy, efficiency and effectiveness are a combination of strong financial and service performance. As detailed in previous sections the Council set a balanced budget for 2015/16 and this included implementing a detailed savings plan which makes a significant contribution towards delivering services which are economical, efficient and effective. The actions taken to achieve a managed under spend against the reduced budget level also made a significant contribution towards delivering services which are economical, efficient and effective.

The Council managed cash resources effectively by ensuring that all income was received promptly and payments were made when due. These arrangements are underpinned by a robust Treasury Management strategy which provides the framework for managing borrowing decisions and temporary investment of surplus cash. There are no concerns regarding the level of debtors at 31 March, 2016 as the amounts due to the Authority mainly relate to Government grants and payments due from local authorities which will be received in 2016/17.

In addition, to delivering on the financial targets the Authority also delivered strong service performance, as detailed in the following paragraphs. The Authority's 2015/16 Financial and Service performance demonstrates continued delivery of economy, efficiency and effectiveness in a challenging financial environment.

The Council Plan sets out the Council's overall service planning arrangements. It addresses the key priorities and issues facing the Council and is prepared in parallel with the Council's annual Budget and Medium Term Financial Strategy. The Council Plan is agreed annually by Full Council and contains;

- an action plan setting out how the Council proposes to deliver the priority outcomes,
- Performance Indicators (PIs) which are then used to monitor progress throughout the year and at year end, this includes both targeted and monitored PIs, and
- the key risks that could prevent the Council from delivering the priority outcomes.

SECTION 1 : Narrative Report

In 2015/16 the Council Plan had 177 actions, 141 Performance Indicators (85 targeted and 56 monitored) and 91 Strategic Risks. In comparison, the 2014/15 Council Plan had 216 actions, 162 PIs (76 targeted and 86 monitored) and 91 Strategic Risks. Progress against the Council Plan is reported quarterly to the Corporate Management Team and Finance & Policy Committee. At the end of Quarter 4 the following progress was reported in 2014/15 and 2015/16:

2014/15		Actions	2015/16	
179	83%	Completed	145	82%
9	4%	On track	7	4%
16	7%	Progress acceptable	23	13%
12	6%	Not completed	2	1%
Performance Indicators (targeted only)				
43	57%	Achieved	43	51%
8	11%	Expected to achieve	8	9%
8	11%	Acceptable	16	19%
10	13%	Not achieved	7	8%
7	8%	Results not yet available	11	13%

2014/15		Key Finance Indicators	2015/16	
95.40%		Percentage of Council tax collected in year	95.40%	
98.00%		Percentage of Business Rates collected in year	98.50%	
92.89%		Percentage of invoices paid in 30 days	97.96%	
87.57%		Percentage of invoices paid to local suppliers in 10 days	93.60%	
23.08 days		Average time to process new Housing Benefit/Council Tax Benefit claims	17.14 days	
Long-Term Council Tax Collection Rates				
99.28%		Council Tax collected after 5 years	99.30%	
99.82%		Business Rates collected after 5 years	99.80%	

INSPECTION OF ACCOUNTS

Members of the public have a statutory right to inspect the accounts before the audit is completed, question the auditor and make objections at audit. The availability of the accounts for inspection was advertised on the Council's website and in relation to the 2015/16 financial year the inspection period was 6 July, 2016 to 31 July, 2016.

Chris Little CPFA
Chief Finance Officer
Date: 30 September, 2016

SECTION 2 : Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets, and;
- approve the Statement of Accounts.

I confirm that the accounts set out in this document were approved by the Audit and Governance Committee at the meeting held on 22 September, 2016.

Councillor Raymond Martin-Wells
Chair of Audit and Governance Committee
Date: 22 September, 2016

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the CODE').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies, and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

The Chief Finance Officer has also:

- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of the Accounts by the Chief Finance Officer

In accordance with the requirements of the Accounts and Audit Regulations 2015, I certify that Section 1 to 3 of the Financial Report 2015/16, which includes the Statement of Accounts, gives a true and fair view of the financial position of Hartlepool Borough Council at the accounting date and its income and expenditure for the year ended 31 March, 2016.

Chris Little CPFA
Chief Finance Officer
Date: 22 September, 2016

SECTION 3 : Statement of Accounts

Movement in Reserves Statement for the year ended 31 March 2016

	General Fund Balance	Earmarked General Fund Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2014 carried forward	5,153	10,774	38,455	16	352	54,750	89,901	144,651
<u>Movement in reserves during 2014/15</u>								
Surplus or (deficit) on provision of services	(7,213)	-	-	-	-	(7,213)	-	(7,213)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(16,232)	(16,232)
Total Comprehensive Income and Expenditure	(7,213)	-	-	-	-	(7,213)	(16,232)	(23,445)
Adjustments between accounting basis & funding basis under regulations (note 5)	16,074	-	(2,753)	1,065	(27)	14,359	(14,359)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	8,861	-	(2,753)	1,065	(27)	7,146	(30,591)	(23,445)
Transfers to/(from) Earmarked Reserves	(8,761)	552	8,209	-	-	-	-	-
Increase/(Decrease) in Year	100	552	5,456	1,065	(27)	7,146	(30,591)	(23,445)
Balance at 31 March 2015 carried forward	5,253	11,326	43,911	1,081	325	61,896	59,310	121,206
<u>Movement in reserves during 2015/16</u>								
Surplus or (deficit) on provision of services	(9,597)	-	-	-	-	(9,597)	-	(9,597)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	15,681	15,681
Total Comprehensive Income and Expenditure	(9,597)	0	0	0	0	(9,597)	15,681	6,084
Adjustments between accounting basis & funding basis under regulations (note 5)	31,096	-	-	(1,081)	(4)	30,011	(30,011)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	21,499	-	-	(1,081)	(4)	20,414	(14,330)	6,084
Transfers to/(from) Earmarked Reserves	(21,999)	(1,629)	23,628	-	-	-	-	-
Increase/(Decrease) in Year	(500)	(1,629)	23,628	(1,081)	(4)	20,414	(14,330)	6,084
Balance at 31 March 2016 carried forward	4,753	9,697	67,539	0	321	82,310	44,980	127,290

For detail on Usable and Unusable Reserves see Notes 28 and 29.

SECTION 3 : Statement of Accounts

Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

2014/15				2015/16			
£000s	£000s	£000s		£000s	£000s	£000s	
Expenditure	Income	Net	Continuing operations:	Expenditure	Income	Net	Note
3,161	(2,200)	961	Central Services to the Public	2,741	(1,957)	784	
10,820	(2,348)	8,472	Cultural and Related Services	10,412	(2,209)	8,203	
13,023	(2,126)	10,897	Environmental and Regulatory Services	12,725	(2,712)	10,013	
3,576	(1,546)	2,030	Planning Services	3,285	(971)	2,314	
102,655	(79,711)	22,944	Education and Children's Services	96,291	(67,904)	28,387	
13,656	(5,357)	8,299	Highways and Transport Services	15,733	(5,730)	10,003	
55,309	(50,487)	4,822	Other Housing Services	55,718	(50,326)	5,392	
47,117	(16,384)	30,733	Adult Social Care	49,990	(21,318)	28,672	
6,603	(8,606)	(2,003)	Public Health	6,857	(8,863)	(2,006)	
2,238	(6)	2,232	Corporate and Democratic Core	2,167	(11)	2,156	
3,483	-	3,483	Non Distributed Costs	1,604	-	1,604	
261,641	(168,771)	92,870	Cost of Services	257,523	(162,001)	95,522	
5,394	(3,079)	2,315	Other Operating Expenditure	1,532	(1,045)	487	8
6,678	-	6,678	Transfer of School Assets (see Note (a) below)	-	-	-	8
21,247	(15,869)	5,378	Financing and Investment Income and Expenditure	17,731	(12,992)	4,739	9
-	-	-	NNDR Safety Net Grant (see Note (b) below)	-	(21,451)	(21,451)	10
-	(100,028)	(100,028)	Taxation and Non-Specific Grant Income	-	(69,700)	(69,700)	10
294,960	(287,747)	7,213	(Surplus) / Deficit on Provision of Services	276,786	(267,189)	9,597	7
		(9,570)	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment			(11,772)	29 Table 1
		26	(Surplus) / Deficit on Revaluation of Available for Sale Financial Assets			-	29 Table 2
		25,776	Remeasurement of net defined benefit liability / (asset)			(3,909)	29 Table 4
		16,232	Other Comprehensive Income and Expenditure			(15,681)	
		23,445	Total Comprehensive Income and Expenditure			(6,084)	

Note (a) - Following the conversion of Manor College of Technology, West Park School and West View School to Academy Status the legal transfer of assets was actioned during 2014/15. English Martyrs Voluntary Aided School also transferred to Academy status which resulted in the Council transferring the school playing field. This transfer resulted in the need to 'write out' the value of these assets from the Council's accounts. This 'write-out' totalled £6.678m for 2014/15 and is disclosed separately in the Comprehensive Income and Expenditure Statement owing to the exceptional nature of these transactions.

Note (b) - In 2015/16 the rateable value of the Power Station reduced by 48%. This put the Council beyond the 'safety net' threshold and consequently the Council is entitled to a 'safety net' grant of £21.451m which has been accrued. This was transferred to reserves and is fully committed to repay the deficit on the Collection Fund arising from Rateable Value reductions approved by the Valuation Office Agency predominantly in relation to the Power Station.

SECTION 3 : Statement of Accounts

Balance Sheet as at 31 March 2016

1 April 2015 £000s		31 March 2016 £000s	Note
241,485	Property, Plant and Equipment	259,416	14
14,721	Heritage Assets	14,947	17
16,476	Investment Property	15,664	16
197	Long Term Investments	197	18
488	Long Term Debtors	889	19
273,367	Long Term Assets	291,113	
55,323	Short Term Investments	54,972	37
712	Inventories	447	20
13,872	Short Term Debtors	58,381	21
13,006	Cash and Cash Equivalents	6,242	22
1,590	Assets Held for Sale	120	23
84,503	Current Assets	120,162	
(2,341)	Bank Overdraft	(1,317)	22
(1,192)	Provisions	(2,864)	25
(4,448)	Short Term Borrowing	(4,768)	37
(18,359)	Short Term Creditors	(56,589)	24
(5,445)	Capital Grants Receipts in Advance	(5,940)	27
(1,309)	Revenue Grant Receipts in Advance	(597)	27
(33,094)	Current Liabilities	(72,075)	
(1,274)	Provisions	(1,230)	25
(80,019)	Long Term Borrowing	(83,497)	37
(122,275)	Other Long Term Liabilities	(125,681)	26
-	Capital Grant Receipts in Advance	(1,500)	27
(203,568)	Long Term Liabilities	(211,908)	
121,208	Net Assets:	127,292	
5,253	Unearmarked General Fund Balances	4,753	28
5,455	Budget Support Fund	5,781	28
5,871	Schools Balances	3,916	28
38,425	Earmarked Revenue Reserves	39,892	28
6,892	Earmarked Capital Reserves	6,517	28
-	Business Rates Safety Net Grant Reserve	21,451	28
59,312	Unusable Reserves	44,982	29
121,208	Total Reserves:	127,292	

Statement Of Cash Flows For The Year Ended 31 March 2016

2014/15 £000s		2015/16 £000s	Note
(7,213)	Net Surplus / (Deficit) on the Provision of Services	(9,597)	
27,475	Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-cash Movements	39,556	40
(10,404)	Adjustments for items included in the Net Surplus / (Deficit) on the Provision of Services that are Investing and Financing Activities	(10,602)	41
9,858	Net Cash (Outflow) / Inflow from Operating Activities	19,357	
(38,365)	Investing Activities	(6,669)	42
30,408	Financing Activities	(18,428)	43
1,901	Net Increase / (Decrease) in Cash and Cash Equivalents	(5,740)	
8,764	Cash and Cash Equivalents at the beginning of the reporting period	10,665	
10,665	Cash and Cash Equivalents at the end of the reporting period	4,925	22

An analysis of the components of cash and cash equivalents at the end of the reporting period are disclosed in Note 22.

Summary of Significant Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March, 2016. The Council is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 and to comply with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

The Statements reflect the requirements of general accounting principals and concepts of:

Relevance - the financial statements provide information about the Council's performance and position that is useful to the users of the accounts to assess the stewardship of public funds and for making economic decisions.

Reliability - the financial information faithfully represents the substance of the transactions, the activities underlying them and other events that have taken place, are free from deliberate or systematic bias and material error and have been prudently prepared.

Comparability - the information has been prepared consistently and with adequate disclosures so that it can be compared with prior years and other Local Authorities.

Understandability - the statements have been prepared to ensure they are as easy to understand as possible.

Materiality - the statements disclose items of a certain size and nature such that they provide a fair presentation of the financial position and transactions of the Council.

Faithful Representation - the financial statements faithfully represent economic phenomena in words and numbers. They have been prepared on the basis that they are complete, neutral and free from error.

Accruals - other than the cash flow statement, the financial statements report transactions that have been recorded in the accounting period for which the goods and services were received or supplied rather than in which the cash was received or paid.

Going Concern - the financial statements have been prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

Legality - where the accounting principles and specific legislation requirements are in conflict, the financial statements have been prepared to reflect legislative requirements.

The accounting policies are the principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the Council. Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, this has been disclosed separately.

Where estimating techniques are required to enable the accounting practices adopted to be applied, then the techniques which have been used are, in the Council's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, if practicable the effect on the results for the current period is separately disclosed.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

There are no transactions that require the Council to split the Other Comprehensive Income and Expenditure line in the Comprehensive Income and Expenditure Statement into two groups, as per IAS 1 Presentation of Financial Statements.

Summary of Significant Accounting Policies

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Employee's costs are charged to the accounts of the period in which the employees worked which includes 12 monthly payments.
- Supplies and services are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as Works in Progress on the Balance Sheet.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled the debtor balance is written down and a charge made to revenue for the income that might not be collected.
- Where payments are made or received in advance of a service being provided or received, a payment or receipt in advance is recognised as a debtor or creditor in the Balance Sheet.
- Income and expenditure are credited and debited to the relevant revenue account, unless it relates to capital receipts or capital expenditure.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- General revenue debtors and creditors of less than £5,000 have only been accrued at the discretion of individual departments. All amounts in excess of £5,000 have been accrued.

3. Cash and Cash Equivalents

Cash and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

Summary of Significant Accounting Policies

5. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service; and
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

7. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Costs

Termination costs are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those costs or when the Council recognises costs for a restructuring.

Where termination costs involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination costs and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

SECTION 3 : Statement of Accounts

Summary of Significant Accounting Policies

Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pensions Scheme, administered by the NHS Business Services Authority.
- The Local Government Pensions Scheme, administered by Mouchel in partnership with Middlesbrough Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees whilst working for the Council.

The arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year; the Public Health line is charged with the employer's contributions payable to NHS Pensions in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Teesside Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees.

The assets of the Teesside Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price,
- Unquoted securities – professional estimate,
- Unitised securities – current bid price,
- Property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost, comprising:-

- **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- **Net interest on the defined benefit liability (asset) i.e. net interest expense for the Council** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements, comprising:-

- **The return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Summary of Significant Accounting Policies

Contributions paid to the Teesside Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts unless it related to conditions or events that were in existence at the balance sheet date.

9. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as either Capital or Revenue Grant Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Summary of Significant Accounting Policies

10. Interests in Companies and Other Entities

Under Local Government Reorganisation the Council was allocated 2.47% of the shares in Durham Tees Valley Airport Limited, which has reduced to 1.08% upon the sale of the airport to Peel Investments (DVTA) LTD, and 16.5% of the former County Council's shareholding in SITA Team Valley Limited.

11. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using a weighted average costing formula.

Items with a residual value have been disposed of at maximum benefit to the Council. The Chief Finance Officer is advised of obsolete stock prior to disposal for items in excess of £500 in value. Items having no residual value have been disposed of by being either:-

- Advertised internally
- Donated to charitable organisations
- Scrapped (within legislative parameters)
- Specialist removal.

Obsolete or damaged stock has been written off, otherwise an allowance has been made for obsolescence.

Work in Progress on uncompleted jobs is valued at cost, including an allocation of overheads.

12. Investment Property

Investment properties are those that are used solely to earn rental income and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value (i.e. market value), based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are reviewed annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

13. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Summary of Significant Accounting Policies

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Summary of Significant Accounting Policies

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

14. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

Corporate and Democratic Core – costs relating to the Council's status as a multi functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in CIPFA Service Reporting Code of Practice 2015/16 and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

The cost of support services is fully allocated to services, or to the Best Value expenditure category of Corporate and Democratic Core. The basis of allocation used for the main costs of management and administration are outlined below:

- Central Departmental & Technical Staff - actual time spent by staff, or unit charge based upon cost.
- Democratic Processes - direct charge to Corporate and Democratic Core.
- Administrative Buildings - area occupied.

15. Property, Plant and Equipment

Property, Plant and Equipment are valued on a five-year rolling programme, although material changes to asset values will be adjusted in the interim period as they occur. The current asset values are based upon certificates issued by the Council's Property Management Division. The valuations are prepared in accordance with the Statements and UK Practice Statements contained in the RICS Appraisal and Valuation Standards. The next valuation must be completed as at 1st April, 2018. From 1st April, 2007, increases in asset valuations are credited to the Revaluation Reserve.

The asset valuations have been prepared using the following assumptions:

- The Council has good marketable title, free from any onerous or restrictive covenants.
- There are no hazardous substances or latent defects in the properties and there is no contamination present.
- Details of tenure, planning consents and other relevant information are assumed to be correct.
- That properties and their value are unaffected by any matters that would be revealed by a local search, replies to usual enquiries or by any statutory notice.
- It is assumed that the present use is lawful and that there are no adverse conditions attached. It is further assumed that there are no adverse planning proposals in existence that may affect the property in the future.
- No allowance has been made for any taxation, acquisition, realisation or disposal costs or other expenses.
- No soil surveys have been carried out or services tested.

SECTION 3 : Statement of Accounts

Summary of Significant Accounting Policies

Not all properties were specifically inspected for the purposes of asset valuations. This was neither practicable, nor considered by the Valuer to be necessary, for the purpose of the valuation. However, regular inspections are made by officers of the Property Section of all the Council's property assets. As allowable under the Code depreciated historical cost is used as a proxy for some non-property assets that have short useful lives and/or low values.

Where a non current asset is included in the Balance Sheet at current value, the increase over the previous carrying amount at which that asset was included in the Balance Sheet immediately prior to the latest revaluation is credited to a revaluation account, except to the extent that it reverses a revaluation loss on the same asset previously recognised in the Comprehensive Income and Expenditure Statement, when the revaluation gain is recognised in the Comprehensive Income and Expenditure Statement.

Where an item of Property, Plant or Equipment is acquired under a finance lease, at the inception of the lease the amount to be recorded both as an asset and as a liability would be the present value of the minimum lease payments derived by discounting them at the interest rate implicit in the lease.

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community assets and assets under construction – historical cost
- Infrastructure – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus and Investment assets - fair value, determined using the basis of market value (FV-MV)
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Summary of Significant Accounting Policies

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and Community Assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation has been charged using the straight line method on the closing balances over the assets estimated useful life.

The useful lives of assets are estimated on a realistic basis and are reviewed regularly and, where necessary, revised. Where the useful life of an item of Property, Plant or Equipment is revised, the carrying amount of the item is depreciated over the revised remaining useful life. Depreciation is not charged in the year of acquisition but is charged in the year of disposal.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, or has a significantly different useful life, the components are recognised separately and depreciated based on the components useful economic life.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

SECTION 3 : Statement of Accounts

Summary of Significant Accounting Policies

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale but remain in property, plant and equipment. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

16. Heritage Assets

Heritage Assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. The items in the Museum Exhibit and Art Collection and the Civic Collection are held on the Balance Sheet at insurance value, and will be reviewed every five years. The assets within these collections are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions will be recognised at cost until the collection is revalued by the external valuer. Donations will only be recognised where the value is deemed to exceed £10,000, and will be valued by the external valuer.

The Council has an Acquisitions and Disposals Policy in place which sets out the acquisition, preservation, management and disposal of Heritage Assets. This is available to view on the Council's website.

The Council does not consider that reliable cost of valuation information can be obtained for many of the items held under the Sculptures, Monuments and War Memorial category. This is because of the diverse nature of the assets held and lack of comparable market values.

The Council does not purchase Heritage Assets.

17. Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

SECTION 3 : Statement of Accounts

Summary of Significant Accounting Policies

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments and are disclosed as Contingent Liabilities.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

18. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

19. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

20. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

21. Financial Instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For existing borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Summary of Significant Accounting Policies

For Public Works Loans Board (PWLB) loans, the fair value of each loan has been determined by information supplied by the PWLB. For market loans, the redemption rules of the PWLB have been used to approximate the fair value of loans held. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date.

Financial assets

Financial assets are classified into two types:

- Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan
- Available for Sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it

Available for Sale assets are maintained in the Balance Sheet at fair value. Values are based on the value of equity shares and the net worth of the company. Changes in fair value are balanced by an entry in the Available for Sale Reserve.

Debtors are included within loans and receivables. The Council recognises that debts are not always paid and makes provision for impairment of bad debts. Bad debt impairment is calculated using a percentage based on known historic collection rates. This is applied to current outstanding debt.

22. Fair Value Measurements

The Council measure some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing an asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which the fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

SECTION 3 : Statement of Accounts

Note 1: Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code.

IAS 16 Property Plant and Equipment - includes clarifications on the treatment of accumulated depreciation and impairment following consideration of the Annual Improvements 2010 to 2012.

IAS 1 Presentation of Financial Statements. This standard provides guidance on the presentation of the financial statements and will result in changes to the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statements and will introduce a new Expenditure and Funding Analysis. These changes are as a result of the 'Telling the Story' review of the presentation of local authority financial statements, and changes to IAS 1 Disclosure Initiative.

Annual Improvements to IFRSs (2010 -2012 Cycle and 2012-2014 Cycle). These improvements are minor and are not expected to have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

Note 2: Critical Judgements in applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council has reviewed its policy in relation to the accrual of income and expenditure and has increased the de minimis level for accruals from £1,000 to £5,000. General revenue debtors and creditors of less than £5,000 have only been accrued at the discretion of individual departments. All amounts in excess of £5,000 have been accrued.
- There is a high degree of uncertainty about future levels of funding for local government beyond 2016/17. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has an external contract for the provision of its ICT service. This contract has been classed as an embedded lease and under IAS 37 was brought onto the Balance Sheet in 2009/10 as a finance lease. The contract was renewed in October, 2013 for a period of seven years.
- The Council has undertaken a review of all schools in Hartlepool and their accounting treatment. There are 38 schools in Hartlepool;
 - Eleven are Voluntary Aided (VA) Schools owned and accounted for by the Roman Catholic Diocese of Hexham and Newcastle or the Church of England Diocese of Durham.
 - One Voluntary Controlled (VC) School which is owned and accounted for by the Church of England Diocese of Durham.
 - One foundation School which is owned by the School Governing Body.
 - Sixteen Community Schools owned by the Council.
 - Nine Academy Schools which the Council have transferred to the Academies under a 125 year leases.

Below is an analysis of the accounting treatment for the Schools within the authority, indicating whether the asset is held on or off the Balance Sheet:

School Type	Land & Buildings	School Playing Field	Equipment
Voluntary Aided	Off	On	Off
Voluntary Controlled	Off	On	On
Foundation	Off	Off	Off
Community	On	On	On
Academy	Off	Off	Off

The income and expenditure of all schools, excluding Academies who produce their own statutory accounts, is included in the Councils Comprehensive Income and Expenditure Statement.

SECTION 3 : Statement of Accounts

Note 3: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March, 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.066m for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in liability of £8.974m, however, the assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension liability for funded LGPS benefits had decreased by £4.202m as a result of estimates being corrected as a result of experience and decreased by £18.858m attributable to updating financial assumptions. Actual pension rates are determined on an actuarial basis every 3 years. The latest valuation has determined the employer's contribution for 3 years from 2014/15. A 0.1% increase in this rate would increase the Authority's revenue budget requirement for pension costs by £0.007m.
Income Shortfalls	Owing to the current economic downturn the Council continues to face income shortfalls in relation to car park income, shopping centre income and land charges.	The Council has determined that the income shortfalls will continue in future years and has therefore created an Income Risk Reserve of £0.500m.
Arrears	At 31 March, 2016, the Council had a balance of £13.495m on general, Council Tax Payers, NNDR Payers and Trade debtors. A review of these balances suggested that an impairment of doubtful debts of £5.226m was appropriate. However in the current climate it is not certain that such an allowance would be sufficient.	If bad debt provision was made for an additional 1% of outstanding debt this would result in an additional charge of £0.135m.

SECTION 3 : Statement of Accounts

Note 3: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Localisation of Business Rates	The level of Business Rates retained by the Council and the implementation of the 'safety net' threshold.	The Council has to manage potential annual Business Rates shortfalls of up to £2.740m before receiving any 'safety net' grant from the Government. The Council has set aside a reserve of £5.370m to help manage this risk. In 2015/16 the rateable value of the Power Station reduced by 48%. This put the Council beyond the 'safety net' threshold and consequently the Council is entitled to a 'safety net' grant of £21.451m which has been accrued. This was transferred to reserves and is fully committed to repay the deficit on the Collection Fund arising from Rateable Value reductions approved by the Valuation Office Agency predominantly in relation to the Power Station.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Note 4: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 September, 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March, 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There is one non-adjusting post balance sheet event. On 3 June, 2016 the Council signed an agreement with the National Museum of the Royal Navy to lease the Hartlepool Maritime Experience for a period of 35 years and take over the running of the site. Members of staff have been transferred under TUPE arrangement

Brougham Primary School will become an Academy from 1 July, 2016. This school asset is currently reflected in the Council's Balance Sheet. Our judgement in respect of this school is that where we retain legal ownership and title we also retain the balance of risks and rewards. Therefore, this asset will remain on the Council's Balance Sheet until legal ownership is transferred to the Academy. The value of Land & Buildings of the school transferring to Academy is £5.184m.

SECTION 3 : Statement of Accounts

Note 5: Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practices to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2015/16	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</u>						
Charges for Depreciation and Impairment of Non-current Assets	13,118	-	-	-	-	(13,118)
Charges for Revaluation losses on Property Plant and Equipment	2,210	-	-	-	-	(2,210)
Movements in the Market Value of Investment Properties	(1,316)	-	-	-	-	1,316
Capital Grants and Contributions	(9,629)	-	-	-	-	9,629
Direct Revenue Funding	(2,303)	-	-	-	-	2,303
Revenue Expenditure Funded from Capital Under Statute	1,639	-	-	-	-	(1,639)
Amounts of Non-current Assets written off on Disposal or Sale as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	1,714	-	-	-	-	(1,714)
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement</u>						
Provision for the Financing of Capital Investment (MRP)	(4,457)	-	-	-	-	4,457
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income & Expenditure Statement	-	-	-	-	(4)	4
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of Cash Sale Proceeds Credited as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	(841)	-	-	841	-	-
Use of the Capital Receipts Reserve to finance new Capital Expenditure	-	-	-	(1,922)	-	1,922
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income & Expenditure Statement	(359)	-	-	-	-	359
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	14,674	-	-	-	-	(14,674)
Employer's Pension Contributions and Direct Payments to Pensioners payable in year	(7,595)	-	-	-	-	7,595

SECTION 3 : Statement of Accounts

Note 5: Adjustments between Accounting Basis and Funding Basis under Regulations

2015/16	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
Adjustments Primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income and non-domestic rating income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non-domestic rating Income calculated for the year in accordance with statutory requirements	24,295	-	-	-	-	(24,295)
Adjustments primarily involving the Accumulated Absences Adjustment Account:						
Amount by which Officer Remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from Remuneration chargeable in the year in accordance with statutory requirements	(54)	-	-	-	-	54
Total Adjustments	31,096	-	-	(1,081)	(4)	(30,011)

Usable Reserves						
2014/15	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Earmarked Reserves £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</u>						
Charges for Depreciation and Impairment of Non-current Assets	12,018	-	-	-	-	(12,018)
Charges for Revaluation losses on Property Plant and Equipment	2,294	-	-	-	-	(2,294)
Movements in the Market Value of Investment Properties	(97)	-	-	-	-	97
Capital Grants and Contributions	(7,481)	-	-	-	-	7,481
Direct Revenue Funding	-	-	(2,753)	-	-	2,753
Revenue Expenditure Funded from Capital Under Statute	2,032	-	-	-	-	(2,032)
Amounts of Non-current Assets written off on Disposal or Sale as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	11,937	-	-	-	-	(11,937)
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement</u>						
Provision for the Financing of Capital Investment (MRP)	(4,383)	-	-	-	-	4,383

SECTION 3 : Statement of Accounts

Note 5: Adjustments between Accounting Basis and Funding Basis under Regulations

2014/15	General Fund Balance	Earmarked General Fund Reserves	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments primarily involving the Capital						
Application of Grants to Capital Financing transferred to the Capital Adjustment Account	-	-	-	-	(27)	27
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of Cash Sale Proceeds Credited as part of the Gain/(Loss) on Disposal to the Comprehensive	(2,934)	-	-	2,934	-	-
Use of the Capital Receipts Reserve to finance new Capital Expenditure	-	-	-	(1,308)	-	1,308
Transfer of Capital Receipts for the Repayment of Debt	-	-	-	(561)	-	561
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	13,388	-	-	-	-	(13,388)
Employer's Pension Contributions and Direct Payments to Pensioners payable in year	(7,784)	-	-	-	-	7,784
Adjustments Primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income and non-domestic rating income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non-domestic rating Income calculated for the year in accordance with statutory requirements	(2,225)	-	-	-	-	2,225
Adjustments primarily involving the Accumulated Absences Adjustment Account:						
Amount by which Officer Remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from Remuneration chargeable in the year in accordance with statutory requirements	(691)	-	-	-	-	691
Total Adjustments	16,074	-	(2,753)	1,065	(27)	(14,359)

SECTION 3 : Statement of Accounts

Note 6: Transfers to/(from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16. Further details are provided in Note 28.

	Balance at 31 March 2014	Transfer Between Reserves	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31 March 2015	Transfer Between Reserves	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Unearmarked General Fund Balance									
General Fund Balance	5,153	(495)	-	595	5,253	-	(596)	96	4,753
	5,153	(495)	-	595	5,253	-	(596)	96	4,753
Earmarked General Fund Reserves									
Budget Support Fund 2016/17 to 2018/19	3,732	279	(788)	2,232	5,455	-	(1,037)	1,363	5,781
	3,732	279	(788)	2,232	5,455	-	(1,037)	1,363	5,781
School Balances									
Balances held by schools under a scheme of delegation	4,852	-	(4,927)	3,988	3,913	-	(4,367)	3,165	2,711
Strategic Change & Ring Fenced Grants Reserves - Held in Trust for Schools	2,047	-	(1,009)	847	1,885	(503)	(556)	109	935
Other Fund School Balances	143	-	(150)	80	73	13	(89)	273	270
	7,042	-	(6,086)	4,915	5,871	(490)	(5,012)	3,547	3,916
Earmarked Revenue Reserves									
Strategic Change Ring Fenced Grants Reserve	4,677	(371)	(591)	2,709	6,424	(500)	(936)	964	5,952
Strategic One Off Costs	7,629	-	(1,178)	-	6,451	-	(576)	-	5,875
Business Rates Risk Reserve	1,900	750	-	2,134	4,784	-	-	586	5,370
Insurance Fund	4,023	-	(8)	89	4,104	-	(5)	203	4,302
Strategic Change Reserves	4,513	(711)	(608)	536	3,730	-	(557)	606	3,779
Support for Local Council Tax Support Scheme	2,057	375	-	488	2,920	-	-	-	2,920
Public Health Grant Reserve	500	-	-	1,178	1,678	-	(152)	879	2,405
Strategic Risk Reserve	2,028	-	(1,000)	-	1,028	-	-	-	1,028
Capital Risk Strategy Reserve	501	-	-	-	501	-	-	400	901
Treasury Management Risk Reserve	870	-	-	-	870	-	(66)	-	804
Protection Costs Reserve	-	-	-	750	750	-	-	-	750
Children's Social Care & Early Intervention Reserve	999	-	-	-	999	-	(279)	-	720
Tees Education & Skills Reserve - Held in Trust	-	-	-	-	-	200	-	378	578
Royal Navy Museum Reserve	-	146	-	374	520	-	-	-	520
Income Risk Reserve	500	-	-	-	500	-	-	-	500
Supporting Family Poverty	149	(149)	-	-	-	500	-	-	500
Lotteries Reserve	442	-	(11)	18	449	-	(35)	11	425
Education Commission Reserve	-	-	-	-	-	500	(86)	-	414
Regeneration Projects	400	-	-	-	400	-	-	-	400
School Attainment Reserve	95	711	(95)	-	711	(210)	(167)	55	389
Trading Account Reserves	285	-	(40)	-	245	-	-	89	334
Better Care Fund Reserve	-	-	-	220	220	-	-	-	220
Environmental Enhancement Projects	-	-	-	-	-	-	-	196	196
Building / Development Control Income Shortfall	204	-	(81)	-	123	-	-	-	123
Pay Costs Reserve	-	-	-	100	100	-	-	-	100
Funding for Modern Apprentices	50	-	-	100	150	-	(60)	-	90
Museums Acquisition	76	-	-	4	80	-	-	4	84
Living Wage Reserve	49	-	-	-	49	-	-	-	49
Members Ward Budget Reserve	186	-	(163)	132	155	-	(107)	-	48
Concessionary Fare	38	-	-	-	38	-	-	-	38
Community Centre Reserve	-	-	-	30	30	-	-	-	30
Environmental Apprenticeships Scheme	34	-	(34)	42	42	-	(17)	-	25
Works in Default Empty Homes	19	-	-	-	19	-	(4)	-	15
NDC Fund	8	-	-	-	8	-	-	-	8
Business Rates Equalisation Reserve	750	(750)	-	-	-	-	-	-	-
Secure Accommodation Reserve	-	-	-	264	264	-	(264)	-	-
WW1 Commemoration Reserve	60	-	-	-	60	-	(60)	-	-
Property Reserve	-	-	-	23	23	-	(23)	-	-
Pension Actuarial Reserve	312	-	(312)	-	-	-	-	-	-
Support 12/13 Loss of Council Tax Freeze Grant	379	-	(379)	-	-	-	-	-	-
Academies Reserve	363	-	(363)	-	-	-	-	-	-
Social Housing Development Reserve	-	215	(215)	-	-	-	-	-	-
Public Relations Reserve	10	-	(10)	-	-	-	-	-	-
Public Inquiry Reserve	3	-	(3)	-	-	-	-	-	-
Business Transformation	135	-	(135)	-	-	-	-	-	-
Carbon Reduction Commitment	137	-	(137)	-	-	-	-	-	-
	34,380	216	(5,362)	9,191	38,425	490	(3,393)	4,371	39,892
Total Revenue Reserves	50,307	-	(12,236)	16,933	55,004	-	(10,038)	9,377	54,342
Earmarked Capital Reserves									
Capital Funding Reserve	4,075	-	(2,856)	4,267	5,486	-	(2,576)	3,286	6,196
Capital Grants Unapplied	352	-	(27)	-	325	-	(4)	-	321
Capital Receipts Unapplied	16	-	(1,869)	2,934	1,081	-	(1,922)	841	-
	4,443	-	(4,752)	7,201	6,892	-	(4,502)	4,127	6,517
Total Usable Reserves	54,750	-	(16,988)	24,134	61,896	-	(14,540)	13,504	60,859
Safety Grant Reserve									
Business Rates Safety Net Grant Reserve	-	-	-	-	-	-	-	21,451	21,451
	-	-	-	-	-	-	-	21,451	21,451

SECTION 3 : Statement of Accounts

Note 7: Amounts Reported for Segmental Reporting

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Finance and Policy Committee on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the Council's directorates recorded in the budget reports for the year are as follows:

Income and Expenditure 2015/16	Child and Adult Services £000s	Chief Executives £000s	Public Health £000s	Regeneration & Neighbourhoods £000s	Corporate £000s	Total £000s
Fees, Charges & Other Service Income	(33,906)	(6,739)	(2,785)	(40,184)	(6,792)	(90,406)
Government Grants	(15,584)	(48,921)	(8,764)	(2,354)	(26,072)	(101,695)
Total Income	(49,490)	(55,660)	(11,549)	(42,538)	(32,864)	(192,101)
Employee Expenses	40,490	7,624	3,871	20,888	1,150	74,023
Other Operating Expenses	101,250	49,283	8,897	30,019	39,130	228,579
Support Service Recharges	5,083	2,483	65	12,290	226	20,147
Total Expenditure	146,823	59,390	12,833	63,197	40,506	322,749
Net Expenditure	97,333	3,730	1,284	20,659	7,642	130,648

Income and Expenditure 2014/15	Child and Adult Services £000s	Chief Executives £000s	Public Health £000s	Regeneration & Neighbourhoods £000s	Corporate £000s	Total £000s
Fees, Charges & Other Service Income	(27,593)	(9,063)	(2,233)	(39,429)	(11,638)	(89,956)
Government Grants	(11,963)	(48,796)	(8,550)	(3,211)	(4,385)	(76,905)
Total Income	(39,556)	(57,859)	(10,783)	(42,640)	(16,023)	(166,861)
Employee Expenses	38,498	7,890	3,497	21,188	1,607	72,680
Other Operating Expenses	104,247	49,406	8,649	33,642	20,428	216,372
Support Service Recharges	8,397	2,837	69	12,269	250	23,822
Total Expenditure	151,142	60,133	12,215	67,099	22,285	312,874
Net Expenditure	111,586	2,274	1,432	24,459	6,262	146,013

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2014/15 £000s	2015/16 £000s
Net Expenditure in the Directorate Analysis	146,013	130,648
Amounts Not Reported in the Directorate Analysis	(37,350)	(21,935)
In Directorate Analysis not in Comprehensive Income & Expenditure Statement	(15,793)	(13,191)
Cost of Services in Comprehensive Income & Expenditure Statement	92,870	95,522

SECTION 3 : Statement of Accounts

Note 7: Amounts Reported for Segmental Reporting

Amounts Reported for Resource Allocation Decisions

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16	Directorate Analysis	Amounts not Reported in the Directorate Analysis	In Directorate Analysis not in CI&ES	Cost of Service - Continuing Operations	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges & Other Service Income	(90,406)	(6,825)	61,818	(35,413)	(1,045)	(36,458)
Interest and Investment Income	-	-	-	-	(12,992)	(12,992)
Income from Council Tax	-	-	-	-	(32,607)	(32,607)
Government Grants and Contributions	(101,695)	(49,764)	24,871	(126,588)	(58,544)	(185,132)
Total Income	(192,101)	(56,589)	86,689	(162,001)	(105,188)	(267,189)
Employee Expenses	74,023	11,001	(7,593)	77,431	15,861	93,292
Other Operating Expenses	228,579	8,325	(92,287)	144,617	160	144,777
Support Service Recharges	20,147	-	-	20,147	-	20,147
Interest Payments	-	-	-	-	3,026	3,026
Precepts and levies	-	-	-	-	130	130
Depreciation, Amortisation and Impairment	-	15,328	-	15,328	(1,316)	14,012
Disposal of Fixed Assets	-	-	-	-	1,402	1,402
Total Expenditure	322,749	34,654	(99,880)	257,523	19,263	276,786
(Surplus) / Deficit on the Provision of Services	130,648	(21,935)	(13,191)	95,522	(85,925)	9,597

2014/15	Directorate Analysis	Amounts not Reported in the Directorate Analysis	In Directorate Analysis not in CI&ES	Cost of Service - Continuing Operations	Corporate Amounts	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Fees, Charges & Other Service Income	(89,956)	1,867	53,218	(34,871)	(3,079)	(37,950)
Interest and Investment Income	-	-	-	-	(15,869)	(15,869)
Income from Council Tax	-	-	-	-	(31,769)	(31,769)
Government Grants and Contributions	(76,905)	(59,780)	2,785	(133,900)	(68,259)	(202,159)
Total Income	(166,861)	(57,913)	56,003	(168,771)	(118,976)	(287,747)
Employee Expenses	72,680	8,963	(7,784)	73,859	18,791	92,650
Other Operating Expenses	216,372	(2,773)	(62,055)	151,544	187	151,731
Support Service Recharges	23,822	-	(1,957)	21,865	-	21,865
Interest Payments	-	-	-	-	2,371	2,371
Precepts and levies	-	-	-	-	127	127
Depreciation, Amortisation and Impairment	-	14,311	-	14,311	(97)	14,214
Disposal of Fixed Assets	-	62	-	62	11,940	12,002
Total Expenditure	312,874	20,563	(71,796)	261,641	33,319	294,960
(Surplus) / Deficit on the Provision of Services	146,013	(37,350)	(15,793)	92,870	(85,657)	7,213

The "Amounts not reported in the Directorate Analysis", includes depreciation, impairment and IAS 19 pension adjustments. The management accounts concentrate on managing cash expenditure. These technical adjustments do not have an impact on the Council's bottom line.

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Note 8: Other Operating Expenditure and Transfer of School Assets

This note provides a breakdown of the various components included within the Other Operating Expenditure and Transfer of School Assets lines of the Comprehensive Income and Expenditure Statement.

2014/15 £000s		2015/16 £000s
127	Parish council precepts and levies	130
5	Payments to the Government Housing Capital Receipts Pool	-
(146)	Receipts from Sale of Former Council Houses	(203)
6,678	Loss resulting from Transfer of School Assets	-
2,329	(Gain) or loss on the disposal of non-current assets	560
8,993		487

Note 9: Financing and Investment Income and Expenditure

This note provides a breakdown of the various components included within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

2014/15 £000s		2015/16 £000s	Note
2,368	Interest payable and similar charges on borrowing	3,014	37
3	Finance lease Interest payable	12	37
3,735	Pensions Interest Cost & Expected Return on Pensions Assets	3,786	45
(339)	Interest Receivable and Similar Income	(354)	37
(292)	Net (Gain) / Loss on Investment Properties	(403)	16
(97)	Changes in fair values of investment properties	(1,316)	16
5,378		4,739	

Note 10: Taxation and Non-Specific Grant Income

Taxation and Non-Specific Grant Income comprises the following:

2014/15 £000s		2015/16 £000s	Note
31,769	Council Tax Income	32,607	
21,168	NNDR Distribution	(5,724)	
-	NNDR Safety Net Grant	21,451	
41,044	Non-ring Fenced Government Grants	33,552	
6,047	Capital Grants and Contributions	9,265	
100,028		91,151	27

Note 11 - Councillor's Allowances & Expenses

The Council has decided to provide this additional note to provide a detailed breakdown of the Basic Allowance and Special Responsibility Allowances (SRAs) paid to individual Councillors for 2015/2016, together with other expenses and costs allocated to individual Councillors.

This detailed disclosure exceeds the minimum legal requirements specified by the Government in "Statutory Instrument 2003 Number 1021 – The Local Authorities (Councillors Allowances) (England) Regulations 2003" which requires local authorities to publish details of the amounts paid to individual Councillors for each financial year for the following categories:

- Basic Allowance and Special Responsibility Allowances;
- Dependent Carers Allowance;
- Travelling and Subsistence Allowance; and
- Co-optees Allowances.

The Council paid no Dependent Carers Allowances or Co-optees Allowances in 2015/2016 or 2014/2015.

The detailed arrangements for paying the Basic Allowance, SRAs and other expenses are defined by specific rules in the Council's constitution. The key components of these rules are described below:

- Basic and Special Responsibility Allowances

The value of the Basic and Special Responsibility Allowances (SRAs) paid by the Council are based on recommendations made by the Independent Remuneration Panel (IRP).

The Council considered a report from IRP on 3 July, 2014 which recommended increasing the Basic Allowance to £6,267 from 1 April, 2014 with a further increase to £6,517 from 1 April, 2015.

The Council did not approve these increases and determined to limit the increase in the Basic Allowance to the level of the Local Government pay award. As there was not a percentage increase in Local Government pay on 1 April, 2014 the Basic Allowance was frozen for the period 1 April, 2014 to 31 December, 2014 at £5,825, the same level as in 2013/14.

With effect from 1 January, 2015 a Local Government pay award of 2.2% was agreed and the Basic Allowance increased to £5,953. The 2.2% increase was also applied to the Special Responsibility Allowance. This amount is fixed until 31 March, 2016. A number of Councillors determined to waive this increase and this is reflected in the detailed table of allowances and expenses.

- General and General Subsistence

This covers expenses claimed by Councillors for travel and subsistence within a 35 mile radius of Hartlepool in respect of approved duties as a Councillor. In some instances this includes the travel expenses claimed by individual Councillors in their role representing the Council on Regional Organisations.

- Telephone Expenses

Councillors can be reimbursed for the cost of line and telephone rental. Councillors are also eligible to claim for installing a telephone line if a line is not already connected. Councillors cannot claim for the cost of telephone calls.

- Taxation, National Insurance and Pensionable Status of Allowances

Individual Councillors pay income tax and national insurance on all allowances payable to them. These allowances are not pensionable. When a Councillor loses office all allowances stop with immediate effect and no payments are made for the loss of office.

SECTION 3 : Statement of Accounts

Note 11: Councillor's Allowances & Expenses

Table 1 - Councillor's Allowances & Expenses

The total amount paid to Councillors' in respect of basic, special responsibility and travel and subsistence allowances was £270,528.27 (2014/15: £264,482.63). An analysis of the allowance payments are detailed below.

Councillor	Basic Allowance	Special Responsibility Allowance	General Travel	General Subsistence	Telephone Expenses	Total 2015/16
	£	£	£	£	£	£
Ainslie J	5,952.96	566.53	6.15	-	-	6,525.64
Akers-Belcher C	5,952.96	17,859.00	944.90	-	-	24,756.86
Akers-Belcher S J	5,952.96	944.16	-	-	-	6,897.12
Atkinson K	5,952.96	1,126.60	-	-	-	7,079.56
Barclay A	5,952.96	-	12.35	-	-	5,965.31
Beck P	5,952.96	3,005.51	-	-	207.88	9,166.35
Belcher S (11.05.15 - 31.03.16)	5,296.86	-	-	-	-	5,296.86
Brash J	5,825.04	-	-	-	-	5,825.04
Clark A	5,952.96	3,005.51	-	-	-	8,958.47
Cook R W	5,952.96	5,952.96	-	-	-	11,905.92
Cranney K H	5,952.96	5,575.34	-	-	-	11,528.30
Dawkins K (01.04.15 - 10.05.15)	642.01	196.84	-	-	-	838.85
Fleet M	5,952.96	5,008.81	-	-	-	10,961.77
Gibbon S	5,952.96	-	-	-	-	5,952.96
Griffin S	5,952.96	-	-	-	-	5,952.96
Hall G G	5,952.96	-	-	-	-	5,952.96
Hargreaves P (01.04.15 - 10.05.15)	642.01	-	-	-	-	642.01
Hind T	5,952.96	113.24	-	-	-	6,066.20
Jackson P	5,952.96	-	-	-	-	5,952.96
James M A	5,952.96	5,973.96	-	-	-	11,926.92
Lauderdale J	5,825.04	-	-	-	-	5,825.04
Lawton P (11.05.15 - 31.03.16)	5,296.86	-	-	-	-	5,296.86
Lilley G (01.04.15 - 10.05.15)	656.11	-	-	-	-	656.11
Lindridge J (11.05.15 - 31.03.16)	5,296.86	-	83.54	-	67.96	5,448.36
Loynes B	5,952.96	-	-	-	-	5,952.96
Martin-Wells R	5,952.96	5,952.96	-	-	-	11,905.92
Morris G	5,952.96	3,572.04	-	-	-	9,525.00
Payne R W (01.04.15 - 10.05.15)	656.11	656.11	-	-	-	1,312.22
Richardson C	5,952.96	5,952.96	-	-	-	11,905.92
Riddle D	5,825.04	-	-	-	-	5,825.04
Robinson J	5,952.96	-	-	-	-	5,952.96
Simmons C	5,952.96	5,952.96	-	-	-	11,905.92
Sirs K	5,952.96	-	-	-	738.49	6,691.45
Springer G A	5,952.96	751.40	152.41	-	239.86	7,096.63
Tempest S (11.05.15 - 31.03.16)	5,296.86	-	-	-	-	5,296.86
Thomas Stephen	5,952.96	-	-	-	-	5,952.96
Thompson P	5,825.04	-	-	-	-	5,825.04
Total 2015/16	195,907.84	72,166.89	1,199.35	-	1,254.19	270,528.27
Totals 2014/15	192,275.50	71,096.03	817.41	0.00	293.69	264,482.63
Totals 2013/14	191,781.82	75,264.34	1,011.63	18.40	460.98	268,537.17

SECTION 3 : Statement of Accounts

Note 11: Councillor's Allowances & Expenses

Table 2 - Costs associated with Council Approved Conferences

The Council has an approved list of conferences which specific Councillors are authorised to attend as representatives of the Council, covering the following conferences:

- National Association of Councils
- Local Government Association

The conferences and travel/accommodation arrangements are booked by officers of the Council on behalf of the Councillor(s) attending the conference. The costs are paid directly by the Council and are not based on claims submitted by individual Councillors. The costs paid by the Council for conference fees, travel and accommodation are then recorded against the individual Councillor who attended the event.

Conference Subsistence, relates to expenses claimed by Councillors for 'out of pocket expenses' whilst staying away from Hartlepool where meals are not provided for in the overall conference fees. The allowances claimable are based on approved national subsistence rates.

The total amount paid by the Council on costs associated with Council Conferences was £12,561.13 (2014/15: £10,536.11). An analysis of the payments are detailed below.

Councillor	Conference Travel £	Conference Subsistence £	Conference Fees £	Conference Accommodation £	Total 2015/16 £
Akers-Belcher C	507.60	-	2,595.00	1,632.95	4,735.55
Akers-Belcher S J	-	-	2,595.00	877.00	3,472.00
Barclay A	-	-	350.00	120.00	470.00
Cranney K H	-	-	700.00	474.00	1,174.00
James M A	-	-	1,750.00	600.00	2,350.00
Lindridge J	-	-	150.00	209.58	359.58
Totals for 2015/16	507.60	0.00	8,140.00	3,913.53	12,561.13
Totals for 2014/15	656.21	35.75	6,960.75	2,883.40	10,536.11
Totals for 2013/14	518.10	0.00	5,545.00	2,515.85	8,578.95

Table 3 - The Council's appointed representatives on Cleveland Fire Authority

The following Councillors were the Council's appointed representatives on Cleveland Fire Authority and received a separate allowance for this additional responsibility which was funded from the Fire Authority budget, as detailed below. Further details of these allowances can be obtained from the Fire Authority.

Councillor	Cleveland Fire Authority			Total £	Period of Office
	Basic Allowances £	Special Responsibility Allowances	Travel, Subsistence or Conference Allowances £		
Akers-Belcher S J	1,675.95	-	-	1,675.95	26/06/15-31/03/16
Cook R W	1,675.95	-	-	1,675.95	26/06/15-31/03/16
James M	2,193.96	-	22.00	2,215.96	01/04/15-31/03/16
Lilley G	241.81	-	-	241.81	01/04/15-10/05/15
Martin-Wells R	2,193.96	-	-	2,193.96	01/04/15-31/03/16
Payne R	241.81	-	-	241.81	01/04/15-10/05/15
	8,223.44	-	22.00	8,245.44	

Table 4 - The Council's appointed representatives on River Tees Port Authority

Councillor S Thomas was elected Vice-Chair of River Tees Port Health Authority for the period 05/06/15 - 02/06/16. A Special Responsibility Allowance of £1,200 is payable for that period. An amount of £1,000 was paid to Councillor S Thomas for the period 05/06/15 - 31/03/16.

SECTION 3 : Statement of Accounts

Note 12 - Officers' Remuneration

In accordance with the requirements of the Accounts and Audit Regulations 2015 the Council is required to disclose details of remuneration for Senior Employees and those earning more than £50,000. Senior Employees are defined as the Chief Executive, statutory Chief Officers and all other senior managers reporting directly to the Chief Executive. Details of the remuneration for these officers are provided below.

Senior Officers with a salary of £150,000 or more per year

The Council had no senior officers with a salary of £150,000 or more per year during 2015/16. The highest paid officer was the Chief Executive; this post was held by David Stubbs (April to May 2015) and Gill Alexander (from June 2015). The salary grade has been fixed since November 2012 at £140,000 to £150,000 per year. Ms Alexander was appointed in June 2015 on an annual salary of £140,000 and annual increments of £2,000 are subject to assessment under the Council's Performance Increment Scheme (for the Chief Executive and Directors), The increments for the Chief Executive, Director of Regeneration and Neighbourhoods and Director of Child and Adults are implemented automatically on an annual basis, subject to the Council Plan, Annual Governance Statement and the conclusion of the Budget and Policy Framework being agreed by the Finance and Policy Committee and Council.

The Chief Executive is the senior officer who leads and takes responsibility for the work of the 2,796 (2,785 in 2014/15) full-time equivalent employees, including schools, and runs the Local Authority on a day to day basis. The role of Chief Executive is a full time appointment.

Permanent post holders are selected on merit, against objective criteria, following public advertisement. They are appointed by the whole Council.

As Head of Paid Service, the Chief Executive works closely with elected Councillors to deliver the following:

Leadership: working with elected Councillors to ensure strong and visible leadership and direction, encouraging and enabling managers to motivate and inspire their teams

Strategic Direction: ensuring all staff understand and adhere to the strategic aims of the organisation and follow the direction set by the elected Councillors.

Policy Advice: acting as the principal policy adviser to the elected Members of the Council to lead the development of workable strategies which will deliver the political objectives set by Members.

Partnerships: leading and developing strong partnerships across the local community to achieve improved outcomes and better public services for local people.

Operational Management: overseeing financial and performance management, risk management, people management and change management within the Council.

Details of the Chief Executive's remuneration is shown in the following tables:-

2015/16 - TABLE A

Post holder information (Post title and name)	Salary	Pension Contributions (Note g)	Total Remuneration including Pension Contributions 2015/16	Note
	£	£	£	
Chief Executive				
David Stubbs (April 15 - May 15)	24,000	-	24,000	
Gill Alexander (June 15 - March 16)	116,667	16,567	133,234	
Total	140,667	16,567	157,234	<i>a</i>

2014/15 - TABLE B

Post holder information (Post title and name)	Salary	Pension Contributions (Note g)	Total Remuneration including Pension Contributions 2014/15	
	£	£	£	
Chief Executive				
David Stubbs	142,833	-	142,833	
Total	142,833	-	142,833	<i>a</i>

(a) David Stubbs retired as Chief Executive on 31 May, 2015 and was replaced by Gill Alexander (previously Director of Child and Adult Services) who was appointed from 1 June, 2015. There were no employer pension contributions in respect of Mr Stubbs as he ceased to be a member of the pension scheme on 1 April, 2012.

SECTION 3 : Statement of Accounts

Note 12 - Officers' Remuneration

Senior Officers reporting directly to the Chief Executive

During 2015/16 financial year there were six officers, including three departmental Directors, reporting directly to the Chief Executive. Remuneration details for these posts are shown below.

Director of Child and Adult - responsible for a gross annual revenue budget (excluding schools) of £129m and managing 587 full-time equivalent employees (excluding schools) who provide a diverse range of services, including education and early years related services, services for vulnerable children and families including looking after children at risk, child and adult protection services, young offenders, children's fostering and adoption services, caring for older people, people with mental health issues and people with physical or learning disabilities.

Director of Regeneration and Neighbourhoods - responsible for a gross annual revenue budget of £55m and managing 750 full-time equivalent employees who provide a diverse range of services, including planning and building control, economic development and regeneration, community safety, refuse collection, street cleansing, highways maintenance, car parks, libraries, culture and leisure services.

Director of Public Health - responsible for a gross annual revenue budget of £13m and managing 109 full-time equivalent employees who provide a diverse range of services including substance misuse, drug prevention, school nursing, sexual health, smoking cessation, Consumer Services and sport and recreation.

2015/16 - Table C

Post Holder Information (Post Title)	Salary	Pension Contributions (Note g)	Total Remuneration including Pension Contributions 2015/16	Note
	£	£	£	
Director of Child & Adult (April - May 15)	18,333	2,603	20,936	<i>b</i>
Director of Child & Adult (June 15 - March 16)	83,333	11,833	95,166	<i>b</i>
Total Director of Child & Adult	101,666	14,436	116,102	<i>b</i>
Director of Regeneration & Neighbourhoods	104,308	14,861	119,169	<i>c</i>
Director of Public Health	81,481	11,652	93,133	<i>d</i>
Chief Finance Officer	82,683	11,741	94,424	<i>e</i>
Chief Solicitor	93,196	13,234	106,430	<i>f</i>
Assistant Chief Executive	82,683	11,741	94,424	<i>g</i>
	546,017	77,665	623,682	

SECTION 3 : Statement of Accounts

Note 12 - Officers' Remuneration

2014/15 - Table D

Post Holder Information (Post Title)	Salary	Pension Contributions (Note g)	Total Remuneration including Pension Contributions 2014/15	Note
	£	£	£	
Director of Child & Adult	110,000	15,620	125,620	<i>b</i>
Director of Regeneration & Neighbourhoods	102,656	14,577	117,233	<i>c</i>
Director of Public Health	81,481	11,407	92,888	<i>d</i>
Chief Finance Officer	81,467	11,568	93,035	<i>e</i>
Chief Solicitor	91,939	13,056	104,995	<i>f</i>
Assistant Chief Executive	81,467	11,568	93,035	<i>g</i>
	549,010	77,796	626,806	

There has been no annual "cost of living" pay award for the Chief Executive, Director of Child and Adults and Director of Regeneration and Neighbourhoods since April 2008, a 1% pay award has been agreed for the Chief Executive and all Senior Officers except the Director of Public Health from 1 April 2016.

Notes

(b) The previous Director of Child and Adult Services was appointed as the Council's Chief Executive on 1 June, 2015. The new Director of Child and Adult Services commenced in the role on 1 June, 2015 on a salary of £100,000. The salary scale for the Director of Child and Adult Services for 2015/16 was £100,000 to £110,000.

(c) The salary scale for the Director of Regeneration & Neighbourhoods for 2015/16 was £100,000 to £110,000. The current postholder's salary was incrementally increased from £104,000 to £106,000 on 3 December, 2015 in line with agreed contractual arrangements.

(d) The Director of Public Health joined the authority on 1 April, 2013 under TUPE transfer on a salary of £81,481. The postholders NHS terms and conditions of employment have applied for a period of three years ending 31 March, 2016 from TUPE transfer. During this period the postholder was not subject to an incremental salary scale and remained on a fixed salary of £81,481.

(e) The salary scale for the Chief Finance Officer's post was increased by 2% with effect from 1 January, 2015 up to 31 March, 2016. The Salary Scale for this post during 2015/16 is £66,147 to £82,683.

(f) The salary scale for the Chief Solicitor's post was increased by 2% with effect from 1 January, 2015 up to 31 March, 2016. The Salary Scale for this post during 2015/16 is £66,147 to £82,683. The Chief Solicitor's salary includes a payment of £3,432 (£3,432 in 2014/15) in respect of this post holder also acting as Legal Officer to Cleveland Fire Authority. This cost is paid for by the Fire Authority. The post holder also received £7,081 in 2015/16 (£7,040 in 2014/15) as the Council's designated Returning Officer for elections.

(g) The salary scale for the Assistant Chief Executive's post was increased by 2% with effect from 1 January, 2015 up to 31 March, 2016. The Salary Scale for this post during 2015/16 is £66,147 to £82,683.

(h) The pension contributions included in the Remuneration Disclosure Tables only relate to the Council's contribution to the pension scheme. In addition, the employee contributes a percentage of their salary to the scheme. For salaries between £60,701 to £86,000 this is 9.9%, for salaries between £86,001 to £101,200 it is 10.5% and for salaries between £101,201 to £151,800 the rate is 11.4%.

No expense allowances were paid to Council Officers during 2015/16.

SECTION 3 : Statement of Accounts

Note 12 - Officers' Remuneration

Employees with a salary of £50,000 or more

In accordance with the Accounts and Audit Regulations 2015, the number of employees including school employees employed by the Council whose remuneration was £50,000 or greater is detailed in the table below in bands of £5,000. This table excludes details of senior officers set out in the tables overleaf. The bandings have been used since 2002/03 and are not indexed and therefore do not make any adjustment for inflationary increases each year. If the starting banding had been indexed for cost of living increases for local authority employees then it would be £61,933.

'Remuneration' is measured as gross pay (before deduction of employees' pension contributions), plus compensation for loss of office and any other payments receivable on the termination of employment in line with guidance.

During 2014/15 a pay award was agreed at a rate of 2.2% for the period 1 January, 2015 to 31 March, 2016 in addition a non consolidated payment was approved and the rate varied dependant upon salary scale which equates to between £100 and £220 for eligible employees.

The details shown for 2015/16 under the heading "Left in Year" includes the annual salary payment in the year plus the termination costs of making these posts redundant. Details of the termination costs are provided in Note 13.

TABLE E - NON-SCHOOLS EMPLOYEES

2014/15 No. of Non-School Employees			Remuneration Band (£)	2015/16 No. of Non-School Employees		
<i>Non School</i>	<i>Left in Year</i>	<i>Total</i>		<i>Non School</i>	<i>Left in Year</i>	<i>Total</i>
6	2	8	50,000 to 54,999	6	-	6
3	1	4	55,000 to 59,999	4	-	4
3	3	6	60,000 to 64,999	4	1	5
1	-	1	65,000 to 69,999	3	-	3
2	-	2	70,000 to 74,999	1	1	2
-	-	-	75,000 to 79,999	-	1	1
3	-	3	80,000 to 84,999	2	-	2
-	1	1	85,000 to 89,999	-	-	-
-	-	-	90,000 to 94,999	-	-	-
-	-	-	95,000 to 99,999	-	-	-
-	1	1	100,000 to 104,999	-	-	-
-	1	1	105,000 to 109,999	-	-	-
-	-	-	110,000 to 194,999	-	-	-
-	1	1	195,000 to 199,999	-	-	-
18	10	28		20	3	23

TABLE F - SCHOOL EMPLOYEES

2014/15 No. of School Employees			Remuneration Band (£)	2015/16 No. of School Employees		
<i>School</i>	<i>Left in Year</i>	<i>Total</i>		<i>School</i>	<i>Left in Year</i>	<i>Total</i>
4	1	5	50,000 to 54,999	7	-	7
5	-	5	55,000 to 59,999	3	-	3
6	-	6	60,000 to 64,999	7	-	7
4	-	4	65,000 to 69,999	6	-	6
1	-	1	70,000 to 74,999	1	-	1
1	-	1	75,000 to 79,999	-	-	-
-	-	-	80,000 to 84,999	-	-	-
-	1	1	85,000 to 89,999	-	-	-
-	-	-	90,000 to 94,999	-	-	-
-	-	-	95,000 to 99,999	-	-	-
-	-	-	100,000 to 104,999	-	-	-
21	2	23		24	-	24

The remuneration for school employees is determined by each individual Governing Body in accordance with national pay guidelines. Academies, Foundation and Voluntary Aided school employees are excluded from the Table as the Governing Body, not the Council, are the employer.

SECTION 3 : Statement of Accounts

Note 13: Termination Costs

In response to cuts in Government grants the Council has had to make significant reductions in ongoing expenditure. The Council has mitigated the impact on staff by managing vacancies and redeploying staff where possible. However, as staff costs make up the largest single element of the Council's budget it has not been possible to avoid reductions in staffing levels. Therefore, in 2015/16 a total of 47 employees (77 in 2014/15) either took voluntary redundancy or were made compulsorily redundant. The 2015/16 costs of this involved payments of £0.351m (£0.718m in 2014/15) to employees in the form of redundancy payments and £0.358m (£0.457m in 2014/15) to the pension fund in respect of retirement benefits. The Council also incurred other costs of £0.001m (£0.001m in 2014/15). These payments incorporate schools and further details are provided in Note 44.

The Council calculates redundancy pay based on the actual salary paid to individual employees, with a maximum redundancy payment not exceeding 30 weeks pay with no enhancements. Retirement costs are based on national arrangements applying to all Local Government Pension schemes.

For non-schools employees the Council adopts robust arrangements for approving both compulsory and voluntary redundancies / early retirements and only approves applications where there is a permanent budget saving and the one-off redundancy / early retirement costs have a pay back period of 3.05 years or less. In 2015/16 the average pay back period was 9 months (10 months in 2014/15). In 2015/16 this has enabled the authority to achieve permanent salary savings of £0.818m (£1.122m in 2014/15).

The following tables provide details by band and of the number and total cost of the compulsory and voluntary redundancies for non-school and school employees.

TABLE G - NON-SCHOOLS EMPLOYEES

2014/15				Remuneration Band (£)	2015/16			
No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £		No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £
21	25	46	363,044	0 to 20,000	1	32	33	210,053
-	11	11	296,214	20,001 to 40,000	-	5	5	151,034
-	-	-	-	40,001 to 60,000	-	2	2	96,917
-	2	2	139,005	60,001 to 80,000	-	1	1	79,780
-	-	-	-	80,001 to 100,000	-	-	-	-
-	1	1	100,093	100,001 to 120,000	-	1	1	113,245
-	-	-	-	120,001 to 140,000	-	-	-	-
-	1	1	146,378	140,001 to 160,000	-	-	-	-
-	-	-	-	160,001 to 180,000	-	-	-	-
-	-	-	-	180,001 to 200,000	-	-	-	-
21	40	61	1,044,734		1	41	42	651,029

TABLE H - SCHOOLS EMPLOYEES

2014/15				Remuneration Band (£)	2015/16			
No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £		No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £
9	4	13	44,293	0 to 20,000	4	-	4	37,524
3	-	3	87,362	20,001 to 40,000	1	-	1	22,000
12	4	16	131,655		5	-	5	59,524

Decisions in relation to School Employees are made by individual School Governing Bodies and not by the Council. Foundation and Voluntary Aided school employees are excluded from Table H as the Governing Body and not the Council are the employer.

SECTION 3 : Statement of Accounts

Note 14: Non Current Assets - Property, Plant & Equipment

This note shows the movements in the value of non current assets (Property, Plant and Equipment) during 2015/16.

Movements in 2015/16

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation								
As at 1 April 2015	6,952	137,288	31,549	111,935	5,691	3,242	8,217	304,874
Additions	2,703	3,680	2,011	4,199	3	895	6,088	19,579
Accumulated Depreciation Written Off to Gross Carrying Amount	(9)	(2,325)	-	-	-	(40)	-	(2,374)
Accumulated Impairment Written Off to Gross Carrying Amount	-	(2,191)	-	-	-	(998)	-	(3,189)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	349	8,602	-	-	-	3,022	-	11,973
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(2,084)	1,145	-	-	-	(732)	-	(1,671)
Derecognition-Disposals	-	(130)	(152)	-	(41)	(348)	(103)	(774)
Reclassified (to)/from Held for Sale	-	-	-	-	-	(100)	-	(100)
Reclassified (to)/from Investment Property	-	(181)	-	-	-	2,300	-	2,119
Other movements in Cost or Valuation	668	1,654	28	3,547	-	597	(6,492)	2
At 31 March 2016	8,579	147,542	33,436	119,681	5,653	7,838	7,710	330,439

Accumulated Depreciation and Impairment

As at 1 April 2015	(87)	(2,415)	(16,044)	(44,812)	-	(31)	-	(63,389)
Depreciation Charge	(90)	(2,158)	(3,451)	(3,771)	-	(28)	-	(9,498)
Depreciation written out to the Revaluation Reserve	-	(656)	(99)	-	-	(1)	-	(756)
Accumulated Depreciation Written Off to Gross Carrying Amount	9	2,325	-	-	-	40	-	2,374
Accumulated Impairment Written Off to Gross Carrying Amount	-	54	-	-	-	-	-	54
Derecognition - Disposals	-	7	150	-	-	14	-	171
Reclassified (to)/from Investment Property	-	15	-	-	-	7	-	22
Other movements in Depreciation and Impairment		1	-	(1)	-	(1)	-	(1)
At 31 March 2016	(168)	(2,827)	(19,444)	(48,584)	-	-	-	(71,023)

Net Book Value

At 31 March 2016	8,411	144,715	13,992	71,097	5,653	7,838	7,710	259,416
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Nature of Asset Holding

Owned	8,411	144,715	13,464	71,097	5,653	7,838	7,710	258,888
Finance Lease			528					528
Total	8,411	144,715	13,992	71,097	5,653	7,838	7,710	259,416

SECTION 3 : Statement of Accounts

Note 14: Non Current Assets - Property, Plant & Equipment

Movements in 2014/15

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation								
As at 1 April 2014	5,588	133,180	27,888	101,481	5,556	7,323	18,507	299,523
Adjustment for Impairment 2013/14	-	53	-	-	-	-	-	53
Additions	1,396	2,251	3,403	2,144	144	789	6,185	16,312
Accumulated Depreciation Written Off to Gross Carrying Amount	(51)	(2,594)	-	-	-	(50)	-	(2,695)
Accumulated Impairment Written Off to Gross Carrying Amount	-	(23)	-	-	-	(2,767)	-	(2,790)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	372	9,343	-	-	-	(114)	-	9,601
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(1,789)	1,076	-	-	-	(1,581)	-	(2,294)
Derecognition-Disposals	-	(8,257)	(619)	-	(10)	(1,848)	(580)	(11,314)
Reclassified (to)/from Held for Sale	-	(1,570)	-	-	-	-	-	(1,570)
Reclassified (to)/from Investment Property	(80)	134	-	-	-	-	-	54
Other movements in Cost or Valuation	1,516	3,695	877	8,310	1	1,490	(15,895)	(6)
At 31 March 2015	6,952	137,288	31,549	111,935	5,691	3,242	8,217	304,874

Accumulated Depreciation and Impairment

As at 1 April 2014	(81)	(2,571)	(13,433)	(41,673)	-	(4)	-	(57,762)
Adjustment for Impairment 2013/14	-	(53)	-	-	-	-	-	(53)
Depreciation Charge	(67)	(2,782)	(3,142)	(3,141)	-	(96)	-	(9,228)
Accumulated Depreciation Written Off to Gross Carrying Amount	51	2,594	-	-	-	50	-	2,695
Accumulated Impairment Written Off to Gross Carrying Amount	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	391	530	-	-	23	-	944
Reclassified (to)/from Investment Property	10	-	-	-	-	-	-	10
Other movements in Depreciation and Impairment	-	6	1	2	-	(4)	-	5
At 31 March 2015	(87)	(2,415)	(16,044)	(44,812)	-	(31)	-	(63,389)

Net Book Value

At 31 March 2015	6,865	134,873	15,505	67,123	5,691	3,211	8,217	241,485
Nature of Asset Holding								
Owned	6,865	134,873	15,275	67,123	5,691	3,211	8,217	241,255
Finance Lease	-	-	230	-	-	-	-	230
Total	6,865	134,873	15,505	67,123	5,691	3,211	8,217	241,485

SECTION 3 : Statement of Accounts

Note 14: Non Current Assets - Property, Plant & Equipment

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - 50 years.
- Other Land and Buildings - straight-line allocation over the useful life of the property as estimated by the valuer, between 25 and 40 years.
- Vehicles, Plant, Furniture & Equipment - straight-line allocation over the useful life of the asset, up to 15 years.
- Infrastructure - between 15 and 100 years.

Revenue Expenditure Funded from Capital Under Statute

The cost of Revenue Expenditure Funded from Capital Under Statute is charged to the Comprehensive Income and Expenditure Account. An amount of £1.639m (£2.032m in 2014/15) has been charged to Services and is shown as a reconciling item within Note 5 (Adjustments between Accounting Basis and Funding Basis under Regulations). This was financed by corporate resources of £0.842m (£0.444m in 2014/15), capital grants of £0.368m (£1.461m in 2014/15) and prudential borrowing £0.429m (£0.127m in 2014/15).

Capital Commitments

As at 31 March, 2016, the Council had rephased capital expenditure totalling £12.881m into 2016/2017, of which £2.733m will be funded from grant, £6.432m will be funded by prudential borrowing and the remaining £3.716m will be funded from the Council's own resources. The comparable rephased capital expenditure at 31 March, 2015 was £10.544m. The Council has entered into a number of contracts for which capital monies are committed.

The major commitments are:

Scheme	Total Project Budget £000s	Expenditure over Years to 31 March 16 £000s	Commitment £000s
Seaton Carew Coast Protection	7,530	2,927	4,603
Centre for Independent Living	4,961	1,267	3,694
Empty Property Purchasing Scheme - Phase 2	4,178	872	3,306

Surplus Assets - Fair Value Disclosures

Details of the authority's surplus assets and information about the fair value hierarchy at 31 March, 2016 are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Fair Value as at 31 March 2016
<i>Recurring fair value measurements using:</i>	£000s	£000s	£000s	£000s
Surplus Assets	-	7,747	91	7,838
Total	-	7,747	91	7,838

There were no transfers between Levels 1, 2 and 3 during the year.

Significant Observable inputs – Level 2.

The surplus assets within this input level are mainly measured using sales and valuations of comparable properties to establish market values. Market Conditions are such that there are similar properties that are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. Assets with development potential are measured to reflect potential development value.

Significant Observable Inputs – Level 3

The surplus assets within this input level are measured as in Level 2. However, they are categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements and there is no reasonably available information that indicates that market participants would use

Change in Valuation Method

The 2015/16 Code introduced the adoption of IFRS 13 Fair Value Measurement. Therefore, in 2015/16 estimation of the fair value of the Council's Surplus Assets is based on Fair Value Market Value. In 2014/15 these assets were valued on the basis of Fair Value in Existing Use based on the last use of the asset.

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Note 15: Non Current Assets - Property, Plant & Equipment - Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations were carried out internally and valuations are based on certificates issued by the Council's Estates Manager, Mr D Clarke, a member of the Royal Institute of Chartered Surveyors. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

The significant assumptions applied in estimating the current values unless otherwise noted in the valuation reports are:

- Properties are in good condition and repair.
- Properties are freehold and with vacant possession.
- Properties will continue to be used by the Council into the foreseeable future.
- Properties do not contravene planning and other statutory matters.

The following statement shows the progress of the Council's rolling programme for the revaluation of non current assets and property, plant and equipment, excluding Community Assets (£5.653m), Heritage Assets (£14.947m), Infrastructure Assets (£71.097m) and Property, Plant and Equipment under construction (£7.710m). The basis for the valuation is set out in the Statement of Accounting Policies.

	Operational Assets				
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total
	£000s	£000s	£000s	£000s	£000s
Valued at Historical Cost	-	-	13,992	-	13,992
Valued at current value as at:					
<u>Current Year</u>					
2015/2016	3,087	79,122	-	7,838	90,047
2014/2015	1,836	16,104	-	-	17,940
2013/2014	1,327	32,251	-	-	33,578
2012/2013	-	11,086	-	-	11,086
2011/2012	2,161	6,152	-	-	8,313
Total	8,411	144,715	13,992	7,838	174,956

Alternative Valuation Model

Council Dwellings are measured at current value - social housing, Other Land and Buildings are measured at current value and Surplus Assets are measured at fair value. If the Council had chosen to measure the value of these assets under the cost model, their carrying amount as at 31 March, 2016 would have been:

	£000s
Council Dwellings	2,361
Other Land & Buildings	53,164
Surplus Assets	4,655

Custodian Authority Assets

The Balance Sheet excludes an asset held by the Council in its capacity as Custodian Authority. This asset was last revalued in 2015/16 at £0.003m. The interest in this asset was passed to the Council following the abolition of Cleveland County Council on 1 April, 1996. This asset is held on behalf of the four unitary authorities pending its disposal. Any sale proceeds will be distributed to the four unitary authorities in accordance with an agreed basis.

SECTION 3 : Statement of Accounts

Note 15: Non Current Assets - Property, Plant & Equipment - Revaluations

Revaluation Reserve Balance

The following is an analysis of the Revaluation Reserve by asset type.

2014/15 £000s		2015/16 £000s
1,096	Council Dwellings	1,445
36,026	Other Land & Buildings	43,775
398	Vehicles, Plant and Equipment	299
8	Community Assets	8
340	Surplus Assets	3,183
591	Investment Properties	595
4,843	Heritage Assets	4,843
1,048	Assets Held for Sale	69
44,350		54,217

Note 16: Non Current Assets - Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2014/15 £000s		2015/16 £000s
(474)	Rental income from investment property	(562)
182	Direct operating expenses arising from investment property	159
(292)	Net (gain)/loss	(403)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement.

The Council leases a number of properties where it also acts as a lessor. These properties are classed as investment properties. The following table summarises the movement in the fair value of investment properties over the year:

2014/15 £000s		2015/16 £000s
17,953	Balance at the start of the year	16,476
	<u>Additions:</u>	
29	Acquisitions	23
	Subsequent expenditure	
(1,507)	Disposals	(10)
65	Net Gains/(Losses) from fair value adjustments	1,316
	<u>Transfers</u>	
(64)	(To)/from Property, Plant & Equipment	(2,141)
16,476	Balance at the end of the year	15,664

Note 16: Non Current Assets - Investment Property
Investment Property - Fair Value Disclosures

Details of the authority's investment properties and information about the fair value hierarchy at 31 March, 2016 are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)	Fair Value as at 31 March 2016
<i>Recurring fair value measurements using:</i>	£000s	£000s	£000s	£000s
Office Units	-	2,074	3	2,077
Commercial Units	-	12,279	1,308	13,587
Total	-	14,353	1,311	15,664

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation Techniques used to determine level 2 and 3 Fair Values for Investment Properties.
Significant Observable Inputs - Level 2

The office and commercial units located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy level, bad debt levels and maintenance costs. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. In the remaining cases the properties are measured directly to capital values by reference to their potential development value.

Significant Unobservable Inputs - Level 3

The valuation for office and commercial units within this input level are measures as above. However, they are categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements and there is no reasonably available information that indicates that market participants would use different assumptions.

Highest and Best Use of Investment Properties

In all cases, the Council's investment properties have been valued on the basis of market value. In many cases the current value of the property is the 'highest and best', most valuable use of the site. However, in some cases such as development sites, the current use is not the 'highest and best' use but the valuations reflect the potential to realise the value through sale or development.

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Note 17: Non Current Assets - Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

2015/16	Museum Exhibits & Art Collection	Civic Collection	Sculptures, Monuments & War Memorials	Total
Cost or Valuation				
	£000s	£000s	£000s	£000s
At 1 April 2015	13,137	354	1,230	14,721
Additions	226	-	-	226
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2016	13,363	354	1,230	14,947

2014/15	Museum Exhibits & Art Collection	Civic Collection	Sculptures, Monuments & War Memorials	Total
Cost or Valuation				
	£000s	£000s	£000s	£000s
At 1 April 2014	13,128	354	1,170	14,652
Additions	9	-	60	69
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2015	13,137	354	1,230	14,721

Museum Exhibits & The Art Collection

The Council's Museum Service possesses a fine collection of historical objects, information and artworks. These are displayed within the Museum of Hartlepool, the Hartlepool Art Gallery and selected buildings such as the Civic Centre and Borough Buildings, either as part of the permanent historical displays or as changing exhibitions. When not on display they are held in secure storage.

The collections are used as a valuable reference collection for researching the history and cultural identity of the town.

Hartlepool has an impressive and important collection of over 1,000 pieces of fine art. The collection is mainly Victorian and Edwardian in period, largely as a result of the founding collection by Sir William Gray. With few exceptions, most subsequent collecting has been work of artists living or working at least part of their lives in the Hartlepool area. In 2015/16 the Council received donations of exhibits and art with a value of £0.226m which included an oil painting of Lanscar rocks, a Hartlepool Mail Photographic collection and Reg Smythe's Andy Capp Collection.

The Council also holds collections relating to Hartlepool's maritime heritage and social history. These include ship models, photographs, company records, ephemera and equipment. This also contains around 35,000 plans for the building of approximately 300 ships including the Wingfield Castle.

Almost all of the plans relate to ships built by Gray's shipyard from 1927 to the yards closure in 1961. When the shipyard closed, the plans were still of importance and often bought by other ship builders. In the mid 1980's many of the plans were returned to Hartlepool and now feature in the collection. A hugely informative collection is that preserved by Robert Wood, a local historian which contains over 40,000 examples of 19th century and early 20th century ephemera, manuscript material and posters from the Hartlepool printing firm owned by John Procter. The collection reflects the social aspects of life as well as the industry in the town.

Civic Collection

The Civic collection includes the Civic Regalia, ceremonial silverware, and a number of decorative artefacts. During 2011/12 the collection was valued at £0.354m by the External Valuers. In addition the Books of Remembrance have been included within the Civic Collection and are held at Historic Cost.

Note 17: Non Current Assets - Heritage Assets**Valuation of the Collections**

Although there is no requirement to have Heritage assets externally valued, during 2011/12 External Valuers Anderson & Garland Ltd carried out an insurance based valuation of the assets. Museum exhibits and Works of Art were valued at £13.128m and £0.354m for the Civic Collection, compared to previous valuations of £8.417m and £0.350m respectively.

Sculptures, Monuments, War Memorials & Archaeology

The Council has recorded 11 Public Works of Art, 7 Sculptures, 6 War Memorials which are considered to principally contribute to knowledge and culture.

Policy and Management

The Council has an Acquisitions & Disposals Policy in place which sets out the acquisition, preservation, management and disposal of Heritage Assets. This is available on request.

Note 18: Long Term Investments

This note details the carrying values of the Council's investments.

2014/15 £000s		2015/16 £000s
-	Durham and Tees Valley Airport Limited	-
197	SITA Tees Valley Limited	197
197		197

Under Local Government Reorganisation the Council was allocated 2.47% of the shares in Durham Tees Valley Airport Limited, which has reduced to 1.08% upon the sale of the airport to Peel Investments (DVTA) LTD. The shares have no value (nil in 2014/15).

The Council has 196,845 £1 preference shares in SITA Tees Valley Limited.

These assets are held on the balance sheet at Fair Value, further details in relation to the valuation of these assets is disclosed in Note 37 Financial Instruments.

Further details of the Council's long term investments are included in Note 30 Related Party Transactions.

SECTION 3 : Statement of Accounts

Note 19: Long Term Debtors

This note sets out the value of Long Term Debtors held by the Council at 31 March, 2016.

2014/15 £000s		2015/16 £000s
7	Housing Advances	6
77	Trincomalee Loan and Advances	77
97	Car Loans to Employees	111
240	NDC Trust Loan	240
67	Other	455
488		889

Note 20: Inventories

This note sets out the value of inventories held by the Council at 31 March, 2016.

2014/15 £000s		2015/16 £000s
743	Balance at 1 April	712
2,557	Purchases	2,499
(2,579)	Recognised as an expense in year	(2,751)
(9)	Written off balances	(13)
712	Balance at 31 March	447

Note 21: Short Term Debtors

This note sets out amounts owed to the Council as at 31 March, 2016.

2014/15 £000s		2015/16		
		Impairment		
		Gross Debtor £000s	of Bad Debts £000s	Net Debtor £000s
1,954	Central Government Bodies	47,151	-	47,151
463	Other Local Authorities	1,075	-	1,075
2,512	NHS Bodies	383	-	383
	Bodies external to general government:			
3,406	General and Other Debtors	4,818	(1,640)	3,178
1,477	Payments in Advance	1,503	-	1,503
2,273	Council Tax Payers	5,116	(2,484)	2,632
376	NNDR Payers	1,119	(551)	568
1,411	Trade Debtors	2,442	(551)	1,891
13,872		63,607	(5,226)	58,381

The increase of Central Government Bodies relates to the Safety Net Government Grant in relation to the Power Station (£21.5m) and Central Government's share of the deficit on the Collection Fund (£23.3m). The decrease in NHS Bodies debtors reflects the late payment of Section 256 funding by CCG (£2.2m) in 2014/15 which is part of the Better Care Fund in 2015/16 and was all paid in year. The increase in Council Tax Payers relates to an increase in council tax arrears.

SECTION 3 : Statement of Accounts

Note 22: Cash and Cash Equivalents

This note sets out details of the Council's cash in hand and instant access investment accounts in addition to the overdraft included in the Liabilities section of the balance sheet.

2014/15 £000s		2015/16 £000s
	Assets	
76	Bank and Imprests	76
12,930	Liquidity Investment Accounts	6,166
13,006		6,242
	Liabilities	
(2,341)	Bank Overdraft	(1,317)
10,665		4,925

Note 23: Assets Held for Sale (Less than one year)

This note shows the movement of items of property, plant or equipment, or groups of assets and liabilities whose carrying amount is to be recovered principally through a sale rather than its continued use by the Council.

2014/15 £000s			2015/16 £000s
80	Balance outstanding at start of year		1,590
	Adjustment to 2014/2015		
	Assets newly classified as Held for Sale	920	
	Revaluation losses	(1,390)	(470)
	New Balance outstanding at start of year		1,120
	Assets newly classified as Held for Sale:		
1,570	Property, Plant and Equipment		120
	Assets declassified as Held for Sale:		
-	Property, Plant and Equipment		(20)
(60)	Assets sold		(1,100)
1,590	Balance outstanding at year-end		120

Note 24: Short Term Creditors

This note sets out amounts owed by the Council as at 31 March, 2016.

2014/15 £000s		2015/16 £000s
5,813	Central Government Bodies	43,620
723	Other Local Authorities	958
469	NHS Bodies	323
	Bodies external to General Government:	
5,586	General and Other Creditors	5,016
1,783	Trade Creditors	1,853
1,416	Employee Absences	1,362
1,499	Income in Advance	603
642	Council Tax Payers	569
428	NNDR Payers	2,285
18,359		56,589

The increase in amounts owed to Central Government Bodies relates to Transitional Relief repayable to the Government, following the settlement of the Business Rates appeal for Hartlepool Power Station.

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Note 25: Provisions

Total provisions at 31 March, 2016, were £4.094m (£2.466m in 2014/2015), as detailed below.

Current Liabilities

		2015/16				
		Litigation	Land Charges	Rating Appeals	MMI Insurance	Total
2014/15						
£000s		£000s	£000s	£000s	£000s	£000s
2,630	Balance at 1 April	417	70	681	24	1,192
140	Additional provisions made in year	-	74	8,947	-	9,021
(317)	Amounts used in year	(5)	(85)	(7,303)	-	(7,393)
-	Amounts transferred (to) / from long term provisions	-	-	-	44	44
(1,261)	Unused amounts reversed in year	-	-	-	-	-
1,192	Balance at 31 March	412	59	2,325	68	2,864

Long Term Liabilities

		2015/16				
		Custodian Authority Property Charges	Land Charges	Contaminated Land	MMI Insurance	Total
2014/15						
£000s		£000s	£000s	£000s	£000s	£000s
1,274	Balance at 1 April	97	-	634	543	1,274
-	Amounts transferred (to) / from short term provisions	-	-	-	(44)	(44)
1,274	Balance at 31 March	97	-	634	499	1,230

Custodian Authority Property Charges - this provision is earmarked to meet the Council's share of the costs of the Custodian Authority properties inherited from the former Cleveland County Council.

Litigation - the litigation provision has been created to cover planning appeals and other potential legal cost liabilities. The provision is based on a prudent estimate of the likely costs. However, the timing of these payments is uncertain.

Rating Appeals - following the implementation of the Business Rates Retention Scheme, this provision is earmarked to fund backdated appeals as a result of Rateable Value changes. These costs were previously met by Central Government.

In September 1992 Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and its policyholders, including local authorities, have established a Scheme of Arrangement for the orderly rundown of the company. MMI do not have enough assets to meet the claims and liabilities currently outstanding. The Scheme of Arrangement provides that, if there is a likelihood of a shortfall, MMI can reclaim from the major policyholders part of the claims paid from 1 October, 1992. The Scheme of Arrangement under section 899 of the Companies Act 2006 was triggered in November 2012. In February 2013 the Creditors Committee set a levy rate of 15% based on a percentage share of the liabilities outstanding. Therefore the Council has recognised a £0.567m provision in the accounts for these liabilities.

Land Charges - this provision has been created to cover refunds of land charges following the revocation of personal search fees on the local land charges register. The Council also has a Contingent liability see Note 46.

Contaminated Land - in accordance with the Environmental Protection Act 1990, a provision for the Council's obligations arising from decontamination costs of areas of contaminated land where there is a significant possibility of causing significant harm to human health.

SECTION 3 : Statement of Accounts

Note 26: Other Long Term Liabilities

The Finance lease liability relates to the outstanding principal on the Council's finance leases. Further details are included in Note 35 Finance Leases.

2014/15 £000s		2015/16 £000s	Note
178	Finance lease liability	414	35
122,097	Net Pensions liability	125,267	29
122,275		125,681	

The finance lease liability has increased as a result of new IT equipment acquired under the embedded lease with the Council's IT provider, Northgate.

The net pensions liability has increased owing to Actuarial asset losses and an increase in expected liability obligations. See Note 45 for further information.

Note 27: Grant Income - Credited to Taxation and Non Specific Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16.

2014/15 £000s		2015/16 £000s
30,952	Revenue Support Grant	22,684
31,769	Council Tax Income	32,607
-	NNDR Safety-Net Grant	21,451
21,168	NNDR Redistribution#	(5,724)
7,308	NNDR - Top-Up	7,448
1,417	New Homes Bonus Grant	1,767
870	Business Rates Relief	1,187
408	Council Tax Freeze Grant	409
89	Local Support Services Grant	57
106	Capital - Environment Agency*	3,275
1,491	Capital - Local Transport Plan*	2,110
1,210	Capital - Other DfE Grants	741
55	Capital - Homes & Communities Agency	708
340	Capital - Devolved Formula Capital Grant	172
1,515	Capital - Building Schools for the Future	34
1,330	Other Capital Grants & Contributions*	2,225
100,028	Total	91,151

In 2015/16 the rateable value of the Power Station reduced by 48%. This resulted in a deficit on the Collection Fund and the negative NNDR Redistribution figure represents the net position for the year as a result of this deficit.

* The 2014/15 comparators for these capital grants have been re-analysed as they were previously included in 'Other Capital Grants and Contributions.'

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Note 27: Grant Income - Credited to Services

2014/15 £000s		2015/16 £000s
58,337	Dedicated Schools Grant	49,338
47,176	Housing Benefit Subsidy	47,480
8,486	Public Health Grant	8,675
-	Better Care Fund	6,651
5,204	Pupil Premium	4,313
2,636	Other Grants	2,447
1,640	Other Department for Education Grants	1,474
1,443	Education Funding Agency/ Skills Funding Agency	1,388
1,428	European Social Fund	1,218
1,433	Education Services Grant	1,000
773	Housing Benefit and Council Tax Benefit Administration	899
-	Independent Living Fund	507
1,112	Department for Work & Pensions	454
1,087	Department for Communities & Local Government - Troubled Families	342
310	Department of Health Grants	314
50	Environment Agency	50
106	Local Council Tax New Burdens	38
384	Building Schools for the Future	-
2,297	Integrated Adult Social Care - Dept of Health	-
133,902	Total	126,588

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if the conditions are not met. The balances at the year-end are as follows :-

Current Liabilities

Grant Receipts in Advance (Capital Grants)

2014/15 £000s		2015/16 £000s
928	Environment Agency*	1,776
1,227	Local Transport Plan*	1,020
883	Other Department for Education Grants	896
644	Building Schools for the Future	610
222	Department for Transport	53
1,541	Other Capital Grants & Contributions*	1,585
5,445	Total	5,940

* The 2014/15 comparators for these capital grants have been re-analysed as they were previously included in 'Other Capital Grants and Contributions.'

Grant Receipts in Advance (Revenue Grants)

2014/15 £000s		2015/16 £000s
697	Education Funding Agency/ Skills Funding Agency	376
103	Other Grants	178
-	Department for Communities & Local Government	43
509	European Social Fund	-
1,309	Total	597

Long-Term Liabilities

Grant Receipts in Advance (Capital Grants)

2014/15 £000s		2015/16 £000s
-	Environment Agency	1,500
-	Total	1,500

SECTION 3 : Statement of Accounts

Note 28: Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 5 and 6 and are summarised below.

2014/15 £000s		2015/16 £000s	Note
5,253	<u>Unearmarked General Fund Balance</u>	4,753	1
5,455	<u>Earmarked Budget Support Fund 2016/17 to 2018/19</u>	5,781	2
	<u>School Balances</u>		
3,913	Balances held by schools under a scheme of delegation	2,711	3
1,885	School Strategic Change & Ring Fenced Grants Reserves	935	4
73	Other Fund School Balances	270	5
5,871	<u>Earmarked Revenue Reserves</u>	3,916	
6,424	Ring Fenced Grants Reserves	5,952	6
6,451	Strategic One Off Costs	5,875	7
4,784	Business Rates Risk Reserve	5,370	8
4,104	Insurance Fund	4,302	9
3,730	Strategic Change Reserves	3,779	10
2,920	Support for Local Council Tax Support Scheme	2,920	11
1,678	Public Health Grant Reserve	2,405	12
1,028	Strategic Risk Reserve	1,028	13
501	Capital Risk Strategy Reserve	901	14
870	Treasury Management Risk reserve	804	15
750	Protection Costs Reserve	750	16
999	Children's Social Care & Early Intervention Reserve	720	17
-	Tees Education & Skills Reserve	578	18
520	Hartlepool Maritime Experience Reserve	520	19
500	Income Risk Reserve	500	20
-	Supporting Family Poverty	500	21
449	Lotteries Reserve	425	22
-	Education Commission Reserve	414	23
400	Regeneration Projects	400	24
711	School Attainment Reserve	389	25
245	Trading Account Reserves	334	26
220	Better Care Fund Reserve	220	27
-	Environmental Enhancement Projects	196	28
123	Building / Development Control Income Shortfall	123	29
100	Pay Costs Reserve	100	30
150	Funding for Modern Apprentices	90	31
80	Museums Acquisition	84	32
49	Living Wage Reserve	49	33
155	Members Ward Budget Reserve	48	34
38	Concessionary Fares	38	35
30	Community Centre Reserve	30	36
42	Environmental Apprenticeships Scheme	25	37
19	Works in Default Empty Homes	15	38
8	NDC Fund	8	39
264	Secure Accommodation Reserve	-	40
60	WW1 Commemoration Reserve	-	40
23	Property Reserve	-	40
38,425	<u>Earmarked Capital Reserves</u>	39,892	
5,486	Capital Funding Reserve	6,196	41
1,081	Capital Receipts Unapplied	-	42
325	Capital Grants Unapplied	321	43
6,892		6,517	
61,896	<u>Total Usable Reserves</u>	60,859	

SECTION 3 : Statement of Accounts

Note 28: Usable Reserves

Part 2 - Safety Net Grant Reserve

-	Business Rates Safety Net Grant Reserve	21,451	44
-		21,451	

Notes to Usable Reserves

The Councils reserves have been established as part of the Medium Term Financial Strategy (MTFS) and are allocated to support the revenue budget over the next three years, or to manage financial risks. An annual review of reserves is undertaken and the next review is scheduled for September 2016. The following notes explain the purpose of individual reserves.

Unearmarked General Fund Balance

- 1 The General Fund Balance of £4.753m held at 31 March, 2016 is held to meet unforeseen commitments not funded from Earmarked Reserves. Any use of this reserve will need to be repaid to ensure the Council can continue to manage unforeseen commitments.

Earmarked Budget Support Fund 2016/17 to 2018/19

- 2 This reserve has been established to support the budget between 2016/17 and 2018/19.

School Balances

- 3 Schools have utilised their reserves to assist with decreases in Dedicated Schools Grant and to fund planned capital works. Further details are available from the Child & Adult Services Department. The net balance consists of individual school balances less loans to schools of £0.062m.
- 4 These risk reserves are held in trust for Schools to manage specific commitments and one-off risks.
- 5 School balances generated from other funding.

Earmarked Revenue Reserves

- 6 Strategic Change Ring Fenced Grants Reserve are grants received for specific commitments in 2016/17 or future years in accordance with grant conditions.
- 7 This reserve was created to cover one-off strategic financial issues including redundancy and early retirement costs over the period of the MTFS.
- 8 This reserve has been established to address the financial impact of Business Rates being relocalised in April 2013 and the implementation of the 'safety net' arrangements. Under these arrangements the Council will only receive 'safety net' grant for shortfalls above £1.7m. Following the decision of the Valuation Office Agency to reduce the rateable value of the Hartlepool Nuclear Power Station, this reserve is committed to partly offset the income loss over the period 2016/17 to 2018/19.
- 9 This reserve provides for all payments that fall within policy excesses or relate to self-insured risks. The reserve currently covers the estimated value of unpaid outstanding claims.
- 10 Strategic Change Reserves have been established to enable departments to meet one-off costs that will arise from strategic changes to improve services, or reduce costs, without affecting the level of services in the year.
- 11 This reserve was created to partly mitigate the impact of the change to the Council Tax Benefit regime and the resulting cut in Government Grant.
- 12 This reserve was created from an in-year underspend against the ring-fenced Public Health Grant. In accordance with the grant conditions a ring-fenced reserve has been created to support public health services in 2016/17.
- 13 This risk reserve is set aside to manage one-off risks in relation to Equal Pay/Equal Value claims.
- 14 This reserve was created to manage potential capital receipt risks in relation to the Jacksons Landing project.
- 15 This reserve was created as part of the 2013/14 MTFS to manage the risk of interest rates increasing and to ensure permanent saving built into the MTFS can be achieved if interest rates increase. This was approved by Council 14 February, 2013.
- 16 Created to fund protection costs arising from implementation of changes to Terms and Conditions.
- 17 This reserve was created from underspends against previous years Early Intervention Grant to support longer term funding changes for Early Intervention Services and Children's Social Care. The reserve will be utilised over the period of the MTFS.

SECTION 3 : Statement of Accounts

Note 28: Usable Reserves

- 18 This reserve was created from pooled resources from the local authorities of Hartlepool, Middlesbrough, Stockton and Redcar & Cleveland, to enable a collaborated approach to tackle the root cause of underperformance and deliver a first class education and skills system.
- 19 This reserve was created to fund the contributions required to support the Hartlepool Maritime Experience and developments with the National Museum of the Royal Navy (NMRN).
- 20 This reserve was created as part of the 2013/14 MTFS approved by Council 4 February, 2013 and is earmarked to offset in year income shortfalls.
- 21 This reserve was created to Support Family Poverty over the period of the MTFS.
- 22 The Lotteries Reserve, which consists of the proceeds of the Civic Lottery and donations received, is an earmarked reserve and the investment income generated is used for grants and donations to local organisations.
- 23 This reserve was created to identify and address key priorities to support sustainable educational improvement across the town.
- 24 This reserve was created from one-off funding to support Regeneration Priorities.
- 25 This reserve was created towards improving School Attainment.
- 26 This reserve is earmarked to manage future financial risks on Trading Operations.
- 27 This reserve was created as a contingency to support the Adult Social Care budgets in future years arising from the impact of the Better Care Fund.
- 28 This reserve was created to fund Environmental Improvements & initiatives across the town.
- 29 The level of income is being affected by the continued weakness in the economy and this reserve has been created to cover this shortfall in income in the short term.
- 30 This was created to fund the impact of a higher pay award than budgeted.
- 31 This amount was previously set to provide re-training of staff on the redeployment register. Council agreed on the 17 October, 2013 to use this reserve to provide Modern Apprenticeships. This amount will be used over the period of the MTFS.
- 32 The Museums Acquisition Reserve was set up from external donations for the acquisition of items for the Museum.
- 33 This reserve was created to fund the cost of introducing the Hartlepool Living Wage.
- 34 This reserve is to be used by Members to support minor issues within their wards.
- 35 This reserve is to cover the tri-annual cost of replacing Concessionary Fare passes.
- 36 This reserve was created to retain community centres to provide a longer lead time to develop alternative funding/operational arrangements.
- 37 This reserve was created to fund costs over more than one financial year in relation to Apprentices.
- 38 This reserve has been created to provide a cash backed fund for the completion of housing works in default.
- 39 This reserve had been created to fund any outstanding expenditure on New Deals for Communities.
- 40 This reserve was fully utilised in 2015/16.
- 41 The Capital Funding Reserve is earmarked to finance capital expenditure rephased to 2016/17.
- 42 These resources were fully utilised in 2015/16.
- 43 These are capital grants that will be used to finance capital expenditure in future years.
- 44 This reserve was set up to reflect the timing difference between recognition of the receipt of Safety Net Grant in 2015/16 and repayment of the deficit on the Collection Fund in 2016/17 arising from Rateable Value reductions approved by the Valuation Office Agency predominantly in relation to the Power Station.

SECTION 3 : Statement of Accounts

Note 29: Unusable Reserves

The Unusable Reserves are shown below.

2014/15 £000s		2015/16 £000s	Table
44,350	Revaluation Reserve	54,217	1
197	Available for Sale Financial Instruments Reserve	197	2
135,758	Capital Adjustment Account	138,613	3
(122,097)	Pensions Reserve	(125,267)	4
7	Deferred Capital Receipts Reserve	366	5
2,512	Collection Fund Adjustment Account	(21,783)	6
(1,415)	Accumulated Absences Account	(1,361)	7
59,312		44,982	

Table 1 - Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April, 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014/15 £000s			2015/16 £000s
37,610	Balance at 1 April		44,350
11,681	Upward revaluation of assets	13,415	
(2,111)	Downward revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	(1,372)	
-	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	(271)	
9,570	Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		11,772
(655)	Difference between fair value depreciation and historical cost depreciation	(756)	
(2,175)	Accumulated gains/(losses) on assets sold or scrapped	(1,149)	
(2,830)	Amount written off to the Capital Adjustment Account		(1,905)
44,350	Balance at 31 March		54,217

Table 2 - Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are :

- revalued downwards or impaired and the gains are lost; or
- disposed of and the gains are realised.

2014/15 £000s			2015/16 £000s
223	Balance at 1 April		197
(26)	Upward/(downward) revaluation of investments not charged to the Surplus/Deficit on the Provision of Services		-
197	Balance at 31 March		197

Note 29: Unusable Reserves
Table 3 -Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April, 2007 the date that the Revaluation Reserve was created to hold such gains. Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £000s			2015/16 £000s
144,599	Balance at 1 April		135,758
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(12,018)	- Charges for depreciation and impairment of non-current assets	(13,118)	
(2,294)	- Revaluation losses on Property, Plant and Equipment	(2,210)	
(2,032)	- Revenue expenditure funded from capital under statute	(1,639)	
(11,937)	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,714)	
(28,281)			(18,681)
2,830	Adjusting amounts written out of the Revaluation Reserve	1,905	
(25,451)	Net written out amount of the cost of non-current assets consumed in the year		(16,776)
	Capital financing applied in the year:		
1,308	- Use of the Capital Receipts Reserve to finance new capital expenditure	1,922	
561	- Use of the Capital Receipts Reserve to repay prudential borrowing	-	
7,481	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9,629	
27	- Application of grants to capital financing from the Capital Grants Unapplied Account	4	
4,383	- Statutory provision for the financing of capital investment charged against the General Fund	4,457	
2,753	- Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	2,303	
16,513			18,315
97	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		1,316
135,758	Balance at 31 March		138,613

Note 29: Unusable Reserves
Table 4 - Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays and pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000s		2015/16 £000s
(90,717)	Balance at 1 April	(122,097)
(25,776)	Remeasurement of defined liability on pensions assets and liabilities	3,909
(13,388)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(14,674)
7,784	Employer's pensions contributions and direct payments to pensioners payable in the year	7,595
(122,097)	Balance at 31 March	(125,267)

Table 5 - Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2014/15 £000s		2015/16 £000s
7	Balance at 1 April	7
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	359
7	Balance at 31 March	366

Note 29: Unusable Reserves

Table 6 - Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2014/15 £000s		2015/16 £000s
287	Balance at 1 April	2,512
2,225	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(24,295)
2,512	Balance at 31 March	(21,783)

Table 7 - Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March, 2016. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000s		2015/16 £000s
(2,106)	Balance at 1 April	(1,415)
2,106	Settlement or cancellation of accrual made at the end of the preceding year	1,415
(1,415)	Amounts accrued at the end of the current year	(1,361)
691	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	54
(1,415)	Balance at 31 March	(1,361)

Note 30: Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 7 on reporting for resource allocation decisions. Grant receipts outstanding at 31 March, 2016 are shown in Note 27.

Members

Members of the Council have direct control over the Council's Financial and Operating Policies. The total of Members' allowances paid in 2015/16 is shown in Note 11.

The Council pays grants and/or makes contractual payments to voluntary organisations where an individual Councillor(s) may sit on the voluntary organisation's management board e.g. Hartlepool Carers and Hartlepool Voluntary Development Agency. These interests are recorded in the declaration of interests completed by individual Members. Details of these interests are recorded in the Register of Members' Interest, open to public inspection at the Civic Centre during office hours.

These payments are either funded from the Council's own resources, or specific grants secured by the Council. In many cases funding is allocated by officers under delegated budget management responsibility. Where the final funding decision is made by Councillors, which would either be individual policy committees or Council, this decision would be made on the basis of an officer report at a formal Committee / Council meeting. These reports, meetings and minutes are open to the public.

Officers

Members of the Corporate Management Team are required to provide an annual declaration of interest and to keep this under review during the year. All declarations have been reviewed. Only one declaration requires disclosing. The Chief Solicitor is a director of the Cleveland Fire Brigade Risk Management Services Community Interest Company. This is a non remunerated position.

Note 30: Related Party Transactions

Other Public Bodies (subject to common control by central government)

The Council provides various support services, predominantly in relation to financial and legal services, to Cleveland Fire Authority for which it received income of £0.233m (£0.219m in 2014/15). In particular, the Council's Chief Solicitor holds the position of Legal Advisor and the Chief Finance Officer holds the position of Treasurer.

The Council continues to provide a range of support services to Thirteen Group (formerly Housing Hartlepool) such as Building Cleaning. The income from these services amounted to £0.370m (£0.347m in 2014/15) which represented the cost of the service provided. Thirteen group no longer provides a management function for domestic properties. This was internalised in 2015/16. The previous charge in 2014/15 was £0.035m.

The Council receives income from 'Right to Buy' receipts in relation to the sale of former council dwellings under the terms of the Large Scale Voluntary Transfer (LSVT) of its council housing stock to Thirteen Group in 2004. This income amounted to £0.203m (£0.145m in 2014/15).

The Council provides a range of Support Services to Hartlepool Academies, including Property Services, Building Cleaning and School Catering. The income from the services amounted to £3.100m, (£2.105m in 2014/15).

Other

The Council holds minority shares in Durham Tees Valley Airport Ltd and SITA Tees Valley Ltd.

The value of shares held by the Council in Durham Tees Valley Airport Limited (formerly Teesside International Airport) is nil based on a shareholding of 1.08%. The value has been determined with reference to the net worth of the company, which is negative as per their latest accounts for the financial year ending 31 March, 2015. The shareholding was valued at nil in the previous financial year.

Issues of note include a loss on the Profit and Loss Account of £1.262m (previous year loss of £3.899m) and a net Liability position of £4.519m (previous year net liability position of £1.733m). Further information and copies of their accounts are available from their Registered Office – Liverpool John Lennon Airport, Liverpool, L24 1YD.

In addition, the Council holds shares in SITA Tees Valley Limited, (formerly Cleveland Waste Management) with a value of £0.197m, equating to 16.5% of a £1.194m preference shareholding in the company. SITA Tees Valley Limited have produced accounts for the financial year to 31 December, 2014, that includes a profit on the Profit and Loss Account of £4.407m (previous year profit of £6.305m) and a net asset position of £44.907m (previous year £40.500m). Further information on their accounts is available from the Registered Office, SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES. The partner of one of our members is a Director of SITA, this has been properly disclosed in the Register of Member interests.

The Council has not produced group accounts on the grounds of materiality.

SECTION 3 : Statement of Accounts

Note 31: Trading Operations

Following the abolition of Compulsory Competitive Tendering, the Council is no longer required to maintain statutory DSO trading accounts. The Council previously determined to maintain separate trading accounts for these operations. The (surplus)/deficit of each trading account is contained within the appropriate service of the net cost of services and totals £0.142m surplus in 2015/16 (£0.634m surplus in 2014/15).

2014/15 (Surplus) / Deficit £000s	Internal Trading Operations	Expenditure	2015/16 Income	(Surplus) / Deficit
		£000s	£000s	£000s
30	Catering	227	(204)	23
(176)	Building Maintenance	3,760	(3,834)	(74)
(220)	Highways Works	1,805	(1,945)	(140)
(304)	Fleet & Garage	3,315	(3,278)	37
(37)	Passenger Transport	1,039	(1,048)	(9)
10	Building Cleaning	2,366	(2,381)	(15)
(1)	School Catering	3,714	(3,728)	(14)
-	Community Housing	877	(877)	-
64	Garden Centre	169	(119)	50
(634)		17,272	(17,414)	(142)

Catering - provision of catering services at Council venues, including the Inspirations Coffee House.

Building Maintenance - repairs and maintenance to all Council buildings. Capital works and external work, including school works, are subject to competitive tendering.

Highways Works - works to roads, street lighting and gullies within the Borough. The surplus reported is owing to additional essential maintenance works required in year which has generated additional income.

Fleet & Garage - provides all vehicles for the provision of Council Services e.g. Refuse Vehicles. This service also undertakes external work in relation to MOT's, servicing and repairs for members of the public and businesses in the area.

Passenger Transport - provides transport services to Schools and Adult Services as well as external customers.

Building Cleaning - cleaning of all Council buildings. Some external work is undertaken and this was subject to competitive tendering e.g. Vela Group or Schools via a buy back arrangement.

School Catering - provision of school meals to schools within the Borough. This is subject to a buy back arrangement.

Community Housing - relates to newly built community housing and empty properties purchased by the Council and brought back into use. The properties are managed by the Council and the Secretary of State granted the Council an exclusion under section 74(3)d of the Local Government and Housing Act 1989 from operating a Housing Revenue Account (HRA). From 1 April, 2016 the Council will reopen its HRA as a result of exceeding the Governments threshold of 200 dwellings. The position reported includes a transfer of £0.017m to fund major repairs.

Garden Centre - This is the second year of trading for the Garden Centre. This was previously a nursery used by the in-house grounds maintenance service and this has been expanded to form a new retail facility open to the public.

The above figures reflect the actual cost of running the services which are used as the basis for charges to service users.

SECTION 3 : Statement of Accounts

Note 32: External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2014/15 £000s		2015/16 £000s
145	Fees payable in respect of external audit services carried out by the appointed auditor for the year	109
(12)	Rebate on previous years Audit Fee	-
18	Fees payable for the certification of grant claims and returns for the year	15
151		124

Note 33: Dedicated Schools Grant

The Council's expenditure on schools is primarily funded by grant monies provided by the Department for Education through the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). The EFA recouped the funding for all existing and new academies in the council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. DSG has been deployed in 2015/16 in accordance with regulations made under the School Standards Framework Act 1998 (England). The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2015/16 are as follows: -

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2015/16 before Academy recoupment			75,755
Academy figure recouped for 2015/16			26,417
Total DSG after academy recoupment for 2015/16			49,338
Plus: Brought Forward from 2014/15			1,586
Less: Carry forward to 2016/17 agreed in advance			-
Agreed Initial Budget Distribution in 2015/16	7,905	43,019	50,924
In Year Adjustments	(2,051)	2,051	-
Final Budget Distribution for 2015/16	5,854	45,070	50,924
Less: Actual Central Expenditure	(5,020)		(5,020)
Less Actual Individual Schools Budget Deployed to Schools		(44,948)	(44,948)
Plus Local authority contribution for 2015/16	-	-	-
Carried forward to 2016/17	834	122	956

SECTION 3 : Statement of Accounts

Note 34: Operating Leases

The Council has acquired a number of administrative buildings and its fleet of vehicles by entering into operating leases, with typical lives of five years for vehicles and eight years for property. The future minimum lease payments due under non-cancellable leases in future years are:

Council as lessee

2014/15 £000s	Future minimum lease payments due	2015/16 £000s
228	Not later than one year	248
240	Later than one year & not later than five years	511
747	Later than five years	196
<u>1,215</u>		<u>955</u>

Council as lessor

2014/15 £000s	Future minimum lease payments receivable	2015/16 £000s
405	Not later than one year	390
985	Later than one year & not later than five years	1,062
1,028	Later than five years	876
<u>2,418</u>		<u>2,328</u>

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.

The Council has sub-let some of the office accommodation held under these operating leases. At 31 March, 2016 the minimum payments expected to be received under non-cancellable sub-leases was £0.015m (£0.015m as at 31 March, 2015). Where appropriate the value of these leases are shown in Note 16.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014/15 £000s		2015/16 £000s
	Payments recognised as an expense	
396	Minimum lease payments	444
(181)	Sub-lease payments	(145)
<u>215</u>	Total	<u>299</u>

SECTION 3 : Statement of Accounts

Note 35: Finance Leases

The Council has acquired its IT and telecommunications equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Council as lessee

2014/15 £000s		2015/16 £000s
	Value of Assets held under Finance Leases	
230	Vehicles, Plant & Equipment	528
230	Total	528

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest and finance costs that will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:-

2014/15 £000s		2015/16 £000s
	Future minimum lease payments due	
52	Current	120
178	Non-current	414
32	Finance costs payable in the future	74
262	Total minimum lease payments	608

The minimum lease payments and finance lease liabilities will be payable over the following periods:

2014/15			2015/16	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s		Minimum Lease Payments £000s	Finance Lease Liabilities £000s
64	52	Payable:		
198	178	Not later than one year	146	120
		Later than one year & not later than five years	462	414
262	230	Total	608	534

SECTION 3 : Statement of Accounts

Note 36: Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2014/15 £000s		2015/16 £000s
92,236	Brought Forward Opening Capital Financing Requirement	94,427
	Capital investment	
16,312	Property, Plant and Equipment	19,579
29	Investment Properties	23
69	Heritage Assets	226
2,032	Revenue Expenditure Funded from Capital under Statute	1,639
262	Long Term Debtors	21
	Sources of Finance	
(1,308)	Capital receipts	(1,922)
(561)	Application of Capital Receipts to Repay Borrowing	-
(7,508)	Government Grants and Other Contributions	(9,633)
	<i>Sums set aside from revenue:</i>	
(2,753)	Direct Revenue Contributions	(2,303)
(4,383)	Minimum Revenue Position (MRP)	(4,457)
94,427	Closing Capital Financing Requirement	97,600
	Explanation of movements in year	
(561)	Application of Capital Receipts to Repay Borrowing	-
185	Assets acquired under Finance Lease	353
-	Increase in borrowing supported by government financial assistance	9
6,950	Increase in borrowing unsupported by government financial assistance	7,268
(4,383)	Minimum Revenue Provision (MRP)	(4,457)
2,191	Increase/(decrease) in Capital Financing Requirement	3,173

SECTION 3 : Statement of Accounts

Note 37: Financial Instruments

Categories of Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2015			31 March 2016	
Long Term £000s	Current £000s		Long Term £000s	Current £000s
		Investments		
-	55,323	Loans and receivables - Principal Amount	-	54,972
-	12,930	Liquidity Accounts included in Cash Equivalents	-	6,166
-	68,253	Loans and receivables at Amortised Cost	-	61,138
197	-	Available-for-sale financial assets *	197	-
197	68,253	Total Investments	197	61,138

* Includes Tees Valley Airport Shares which are valued at zero in 2015/16 (zero in 2014/15).

The carrying value of the Council's investment with Durham Tees Valley Airport (Note 18) has been determined from the Council's 1.08% shareholding and the net worth of the company as per the latest audited accounts.

		Debtors		
-	7,073	Loans and receivables (Trade Debtors and General and Other Debtors)	-	7,260
-	7,073	Total debtors	-	7,260

		Borrowings		
80,019	4,448	Financial liabilities at amortised cost **	83,497	4,768
80,019	4,448	Total Borrowings	83,497	4,768

**As required accrued interest relating to long term borrowing is disclosed within the short term borrowing figure on the balance sheet.

		Other Long Term Liabilities		
178	-	Finance lease liabilities	414	-
178	-	Total Other Long Term Liabilities	414	-

		Creditors		
-	7,369	Financial liabilities carried at contract amount (Trade Creditors and General and Other Creditors)	-	6,869
-	7,369	Total Creditors	-	6,869

SECTION 3 : Statement of Accounts

Note 37: Financial Instruments

Income, Expense, Gains and Losses

This note comprises details of income, expenses and revaluation losses that relate specifically to financial instruments. Interest expense, interest income and gains or losses on revaluations are included along with other non financial instrument related income and expenditure within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. During 2015/16 there were no reclassifications or derecognitions of Financial Instruments.

	2015/16				Total
	Financial Liabilities measured at amortised cost	Finance Lease Payments	Financial Assets: Loans and receivables	Financial Assets: Available for sale	
	£000s	£000s	£000s	£000s	£000s
Interest expense	3,014	12	-	-	3,026
Interest income	-	-	(354)	-	(354)
(Gain) / Loss on revaluation	-	-	-	-	-
Net (gain)/loss for the year	3,014	12	(354)	-	2,672

	2014/15				Total
	Financial Liabilities measured at amortised cost	Finance Lease Payments	Financial Assets: Loans and receivables	Financial Assets: Available for sale	
	£000s	£000s	£000s	£000s	£000s
Interest expense	2,368	3	-	-	2,371
Interest income	-	-	(339)	-	(339)
(Gain) / Loss on revaluation	-	-	-	26	26
Net (gain)/loss for the year	2,368	3	(339)	26	2,058

SECTION 3 : Statement of Accounts

Note 37: Financial Instruments

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for financial assets carried at fair value, all other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. However disclosure of their fair value is required and is set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Input to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the "fair value hierarchy," as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities;
- Level 2 - Inputs other than quoted market prices that are either directly or indirectly observable;
- Level 3 - Unobservable inputs.

The fair value of the below assets and liabilities has been assessed by calculating the present value of the cash flows that will take place over the remaining life of the instruments (Level 2 in the fair value hierarchy), using the following assumptions:

- For loans from the PWLB payable, premature repayment rates from the PWLB have been applied to provide the fair value under the PWLB debt redemption procedures;
- For non-PWLB loans payable, premature market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair values are calculated as follows:

31 March 2015			31 March 2016	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000s	£000s		£000s	£000s
Financial Liabilities				
45,383	73,194	Market Loans	45,388	76,530
37,521	44,899	Public Works Loan Board	41,314	51,024
1,563	1,563	Non-Market Loans*	1,563	1,549
7,369	7,369	Trade Creditors and General and Other Creditors	6,869	6,869
178	178	Long Term Finance Lease Liability	414	414
92,014	127,203		95,548	136,386
31 March 2015			31 March 2016	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000s	£000s		£000s	£000s
Financial Assets				
68,253	68,253	Money market loans < 1 year	61,138	61,138
7,073	7,073	Short term debtors	7,260	7,260
75,326	75,326		68,398	68,398

* The non-market loan relates to a 0% loan from Tees Valley Unlimited to purchase Jackson's Landing. It is envisaged that this loan will be repaid from the sale proceeds from the redevelopment of this site. To manage the potential risk that this redevelopment is not complete before the loan repayment date, the Council has earmarked one-off resources of £1.293m at 31 March, 2016.

Note 37: Financial Instruments

The fair value of Public Works Loan Board (PWLB) loans of £51.024m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value is calculated by applying the PWLB redemption interest rates, which are 0.80% lower than the borrowing interest rates. The fair value therefore measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, taken to be these lower redemption interest rates. However, it should be noted that the borrowing interest rates on the debt drawn equated to the prevailing borrowing, as opposed to redemption rates at the Balance Sheet date.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £41.314m would be valued at £45.191m. If the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would be the outstanding loan debt and accrued interest of £41.314m plus a penalty charge of £9.710m totalling £51.024m.

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional loss (based on economic conditions at 31 March, 2016) arising from a commitment to pay interest to lenders above current market rates.

Short term trade debtors and trade creditors are carried at cost as this is a fair approximation of their value.

The Fair Values of Financial Assets and Financial Liabilities Measured at Fair Value

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	Fair Value	
			30 March 2015	31 March 2016
			£000s	£000s
Available for sale -Level 3 Equity shareholdings in Durham Tees Valley Ltd		Based on company's net worth (see below)	-	-
Available for sale -Level 3 Equity shareholdings in SITA Tees Valley Ltd		Face value (see below)	197	197
			<u>197</u>	<u>197</u>

Equity shareholdings in Durham Tees Valley Airport Ltd

The Authority's shareholding in Durham Tees Valley Airport Ltd - the shares in this company are not traded in an active market and the fair value has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the assets and liabilities in the company's latest audited accounts, as the company has a negative net worth as a result of an operating loss incurred during recent financial years, the year end fair value is deemed to be zero.

Equity shareholdings in SITA Tees Valley Ltd

The Authority's shareholding in SITA Tees Valley Ltd - the shares in this company are not traded in an active market and the fair value has been based on valuation techniques that are not based on observable current market transactions or available market data. 196,845 £1 preference shares are owned by Hartlepool Council, as such the Council is not entitled to the retained profits of the company. The face value of the shares is deemed to be the fair value of the shareholding.

Changes in Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments. There has been no transfer between Levels 1, 2 and 3 during the year.

Note 38: Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.
- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice,
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution,
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 5 February, 2015 and is available on the Council website. The key issues within the strategy were:

- the Authorised Limit for the 2015/16 was set at £125m (£125m in 2014/15). This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £115m (£115m in 2014/15). This is the expected level of debt and other long term liabilities during the year
- the maximum amounts of gross fixed interest rate exposure for borrowing and investments was set at £115m and £70m respectively (£115m and £60m respectively in 2014/15).
- the maximum amount of gross variable interest rate exposure for borrowing and investments was set at £85m and £35m respectively (£85m and £30m respectively in 2014/15).

These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Councillors. The Council has now extended the role of the Audit Committee to include the scrutiny of treasury activities.

Note 38: Nature and Extent of Risks Arising from Financial Instruments
Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The Council now operates a very restricted counterparty list which is actively managed to reflect continued developments in the banking and financial sector.

The Investment Strategy for 2015/16 was approved by Full Council on the 5th February, 2015 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £19.165m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, however there was no evidence at the 31 March, 2016 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last three financial years, adjusted to reflect current market conditions.

Estimated maximum exposure at 31 March 2015		Amount at 31 March 2016	Historical experience of default	Adjustment for market conditions at 31 March 2016	Estimated maximum exposure to default at 31 March 2016
£000s		£000s	%	%	£000s
685	Trade Debtors and General and Other Debtors	7,260	19.35%	0.00%	1,405
685					1,405

The historical experience of default is calculated with reference to the outstanding debt balance, rather than as a percentage of income generated in the year.

Note 38: Nature and Extent of Risks Arising from Financial Instruments

The Council does not generally allow credit for customers, such that £1.399m of the £7.260m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31 March 2015 £000s		31 March 2016 £000s
551	Less than three months	600
286	Three to six months	112
185	Six months to one year	89
487	More than one year	598
1,509		1,399

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happens, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the maturity structure of its fixed rate borrowing during specified periods. The limits have been set to enable maximum flexibility as experience has shown it is possible to move from 100% long term borrowing to 100% short term borrowing and then back to 100% long term borrowing over a period of two years. Therefore the lower limit was set to nil and the upper limit to £115m, equal to the operational boundary.

The maturity structure of financial liabilities (borrowing and finance leases) at the year end was as follows:

31 March 2015 £000s		31 March 2016 £000s
4,112	Less than one year	2,720
9,842	Between one and five years	12,954
6,243	Between five and ten years	5,463
2,066	Between ten and fifteen years	3,597
1,735	Between fifteen and twenty years	3,406
1,784	Between twenty and twenty-five years	1,940
1,964	Between twenty-five and thirty years	2,054
2,350	Between thirty and thirty-five years	2,458
6,185	Between thirty-five and forty years	5,844
2,395	Between forty and forty-five years	2,460
45,455	More than forty-five years	45,298
84,131		88,194

All trade and other payables are due to be paid in less than one year.

Market RiskInterest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fair value of the assets will fall.

Note 38: Nature and Extent of Risks Arising from Financial Instruments

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

A large proportion of the Council's long term borrowing (£45m) is held in the form of LOBO (Lender Option Borrower Option) loans from the money markets. These loans are subject to periodic "calls" from the lender. Where the lender decides to "call" a loan, they increase the interest rate of the loan and the Council then has the opportunity to accept the increased rate or to repay the loan. In accordance with the Code of Practice, the Council's LOBOs are included in the maturity analysis according to the end date of the loan rather than when the next call date falls.

The Council's view is that the risk of these loans being called is very low and there is therefore minimum refinancing risk owing to low current market rates. The Council manages this risk through the Treasury Management Strategy.

The view of the Chief Finance Officer is that limits on fixed and variable rates of borrowings are unhelpful and could lead to unnecessary higher cost of borrowing. The intention is to move to fixed rate borrowing when rates are at an appropriate level and may require the use of variable rate borrowing in the interim. The Council has maximised the use of its balances to defer borrowing and avoid the risk of default on investments.

According to this assessment strategy, at 31 March, 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
Increase in interest payable on borrowings	883
Increase in interest receivable on variable rate investments	(611)
Impact on Surplus or Deficit on the Provision of Services	272
	£000s
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Comprehensive Income and Expenditure Statement)	(24,962)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings in Durham Tees Valley Airport Limited and SITA Tees Valley Limited. These shares are all classified as Available for Sale, meaning that all movements in price will impact on gains and losses recognised in the Available for Sale Reserve.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Collateral Risk

During the reporting period the Council held no collateral as security and is therefore not exposed to losses arising from this risk.

SECTION 3 : Statement of Accounts

Note 39: Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2014/15 £000s		2015/16 £000s
321	Interest Received	315
(2,250)	Interest Paid	(2,978)

Note 40: Cash Flow Statement - Adjustments for non-cash movements

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2014/15 £000s		2015/16 £000s
9,228	Depreciation	10,256
5,084	Impairment and Downward Valuations	5,072
(97)	Downward / (Upward) Valuation of Investment Property	(1,316)
(1,439)	Increase / (Decrease) in Provisions	1,628
(1,100)	Increase / (Decrease) in Creditors	35,465
(1,773)	(Increase) / Decrease in Debtors	(20,544)
31	(Increase) / Decrease in Inventories	265
5,604	Pension Liability	7,079
11,937	Carrying amount of Non-Current Assets Sold	1,714
-	Other non-cash movements	(63)
27,475		39,556

Note 41: Cash Flow Statement - Adjustments for Investing and Financing Activities

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2014/15 £000s		2015/16 £000s
(7,470)	Capital Grants credited to surplus or deficit on the provision of services	(9,402)
(2,934)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(1,200)
(10,404)		(10,602)

Note 42: Cash Flow Statement - Investing Activities

2014/15 £000s		2015/16 £000s
(17,561)	Purchase of Property, Plant and Equipment and Investment Property	(19,188)
(27,940)	Purchase of Short-term and Long-term Investments	-
(355)	Other Payments for Investing Activities	(31)
2,934	Proceeds from the sale of property, plant and equipment, investment property	841
-	Proceeds from the sale of Short-term and Long-term Investments	390
4,557	Other Receipts from Investing Activities	11,319
(38,365)	Net cash flows from investing activities	(6,669)

SECTION 3 : Statement of Accounts

Note 43: Cash Flow Statement - Financing Activities

2014/15 £000s		2015/16 £000s
29,522	Cash receipts of short-term and long-term borrowing	6,080
1,026	Council Tax and NNDR adjustment	(22,138)
(11)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(52)
(129)	Repayments of short and long-term borrowing	(2,318)
30,408	Net cash flows from financing activities	(18,428)

Note 44: Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

This is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating employers' contribution rate paid by local authorities. The last valuation was completed as at 31 March, 2012.

The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2016, the Council's own contributions equate to approximately 0.05%.

The Council's contribution to the Teacher's Pension Scheme in 2015/16 amounted to £2.859m (£3.170m in 2014/15) which represented 16.48% of pensionable pay from 1 September, 2015 (14.1% up to 31 August, 2015). There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £3m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the Pensions Liability relating to the Local Government Pension Scheme.

The Council is not liable to the scheme for any other entities obligations under the plan.

Public Health staff employed by the Council are members of the NHS Pensions Scheme, administered by the NHS Business Services Authority. The Scheme provides employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

This is a defined benefit scheme. Although the scheme is unfunded, it is subject to a full actuarial valuation. The latest valuation was undertaken as at 31 March, 2012 and determined current contribution rates for employers and scheme members. The scheme has in excess of 9,000 employing bodies and it is not possible for the Council to identify a share of underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the NHS Pension Scheme during the year ending 31 March, 2016 the Council's own contributions equate to approximately 0.0005%.

The Council's contribution to the NHS Pension Scheme in 2015/16 amounted to £0.052m (£0.034m in 2014/2015) which represented 14.3% of pensionable pay (14.0% in 2014/2015). There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £0.053m.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the NHS scheme. These benefits are fully accrued in the Pensions Liability relating to the Local Government Pension Scheme.

The Council is not liable to the scheme for any other entities obligations under the plan.

SECTION 3 : Statement of Accounts

Note 45: Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in The Local Government Pension Scheme, administered locally by Middlesbrough Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of the Pensions and Investments Panel. This panel has plenary powers to make decisions without reference to Middlesbrough Council and acts in a similar manner to the Board of Trustees of a private sector pension fund. Policy is determined in accordance with the Pension Fund Regulations.

The Panel consists of representatives from the councils in the former Cleveland County area as well as representatives from the Trades Unions.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
Comprehensive Income and Expenditure Statement						
Cost of Services:						
- Current Service cost	9,338	10,696	-	-	9,338	10,696
- Past Service Costs (inc. curtailments)	315	192	-	-	315	192
Financing and Investment Income and Expenditure:						
- Net Interest Expense	3,171	3,365	564	421	3,735	3,786
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	12,824	14,253	564	421	13,388	14,674
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Remeasurement of the net defined benefit liability:						
- Return on plan assets (excluding amount in net interest expense)	(17,494)	19,605	-	-	(17,494)	19,605
- Actuarial (gains) and losses arising from changes in financial assumptions	45,376	(18,858)	561	(222)	45,937	(19,080)
- Actuarial (gains) and losses arising from changes in demographic assumptions	-	-	-	-	-	-
- Actuarial (gains) and losses owing to liability experience	(2,512)	(4,202)	(155)	(232)	(2,667)	(4,434)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	38,194	10,798	970	(33)	39,164	10,765

SECTION 3 : Statement of Accounts

Note 45: Defined Benefit Pension Schemes

Movement in Reserves Statement

Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(12,824)	14,253	(564)	421	(13,388)	14,674
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Actual amount charged against the General Fund Balance for pensions in the year:

- Employers' contribution payable to scheme	6,863	6,679			6,863	6,679
- Retirement Benefits payable to pensioners			921	916	921	916

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
Fair value of plan assets	380,002	366,979	-	-	380,002	366,979
Present value of the defined benefit obligation	(488,479)	(479,575)	(13,620)	(12,671)	(502,099)	(492,246)
Net liability arising from defined benefit obligation	(108,477)	(112,596)	(13,620)	(12,671)	(122,097)	(125,267)

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
Opening fair value of assets	(352,593)	(380,002)	-	-	(352,593)	(380,002)
Interest Income on assets	(15,056)	(12,076)	-	-	(15,056)	(12,076)
Remeasurement gains/(losses):					-	-
- Return on plan assets (excl amount in net interest)	(17,494)	19,605	-	-	(17,494)	19,605
Contributions by the employer	(6,863)	(6,679)	(921)	(916)	(7,784)	(7,595)
Contributions by participants	(2,966)	(2,936)	-	-	(2,966)	(2,936)
Net benefits paid out	14,970	15,109	921	916	15,891	16,025
Closing fair value of assets	(380,002)	(366,979)	-	-	(380,002)	(366,979)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s	2014/15 £000s	2015/16 £000s
Opening balance at 1 April	(429,739)	(488,479)	(13,571)	(13,620)	(443,310)	(502,099)
Current Service Cost	(9,338)	(10,696)	-	-	(9,338)	(10,696)
Interest Cost	(18,227)	(15,441)	(564)	(421)	(18,791)	(15,862)
Contributions from scheme participants	(2,966)	(2,936)	-	-	(2,966)	(2,936)
Remeasurement gains/(losses):						
- Actuarial gains and (losses) on liabilities - financial assumptions	(45,376)	18,858	(561)	222	(45,937)	19,080
- Actuarial gains and (losses) on liabilities - demographic assumptions	-	-	-	-	-	-
- Actuarial gains and (losses) on liabilities - experience	2,512	4,202	155	232	2,667	4,434
Past Service Costs (inc. curtailments)	(315)	(192)	-	-	(315)	(192)
Benefits paid	14,970	15,109	921	916	15,891	16,025
Closing present value of assets	(488,479)	(479,575)	(13,620)	(12,671)	(502,099)	(492,246)

SECTION 3 : Statement of Accounts

Note 45: Defined Benefit Pension Schemes

Local Government Pension Scheme Assets

The Local Government Pension Scheme's assets comprised:

	2014/15 £'000	Quoted 2015/16 £'000	Unquoted 2015/16 £'000	2015/16 £000s
Equity investments	319,202	309,730	1,835	311,565
Property	24,320	3,303	22,385	25,688
Government Bonds	6,460	5,138	-	5,138
Corporate Bonds	12,920	5,872	-	5,872
Cash	9,500	18,716	-	18,716
Other Investments	7,600	-	-	-
	380,002	342,759	24,220	366,979

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31 March, 2013.

Principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2014/15	2015/16	2014/15	2015/16
Long-term expected rate of return on assets in the scheme:				
Equities	3.2%	3.4%	-	-
Property	3.2%	3.4%	-	-
Government Bonds	3.2%	3.4%	-	-
Corporate Bonds	3.2%	3.4%	-	-
Cash	3.2%	3.4%	-	-
Other	3.2%	3.4%	-	-
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	23.0	23.1	23.0	23.1
Women	25.5	25.6	25.5	25.6
Longevity at 65 for future pensioners:				
Men	25.2	25.3	-	-
Women	27.8	28	-	-
Other assumptions:				
Rate of inflation - RPI	2.9%	2.9%	2.9%	2.9%
Rate of inflation - CPI	1.8%	1.8%	1.8%	1.8%
Rate of general increase in salaries	3.3%	3.3%	-	-
Rate of increase in pensions - deferred and pensions in payment	1.8%	1.8%	1.8%	1.8%
Rate for discounting scheme liabilities	3.2%	3.4%	3.2%	3.4%

Note 45: Defined Benefit Pension Schemes

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table on the previous page.

The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

LGPS Funded Benefits Only	Impact on Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000s	Decrease in Assumption £000s
Adjustment to Discount rate (+/- 0.1%)	8,974	9,146
Adjustment to Salary increase rate (+/- 0.1%)	2,140	2,119
Adjustment to Pension increase rate (+/- 0.1%)	6,984	6,876
Adjustment to Longevity (decrease/increase 1 year)	12,284	12,307

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The current funding level of the scheme is 101%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March, 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March, 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates to pay £7.620m contributions to the scheme in 2016/17.

The weighted average duration of the defined benefit obligation for scheme members is 18.9 years in 2015/16 (18.8 years in 2014/15).

Note 46: Contingent Liabilities

These refer to either: a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or; a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

In 2015/16 the contingent liabilities are as follows:

- In 1989 the Council gave a loan guarantee of £3m to North Housing Association (now Home Housing Association) for sums borrowed on the money markets that would come into operation should the housing association default on the loan terms. Provision is included in the agreement for any such payments to be secured on North Housing Association property. It is anticipated that this guarantee will exist until the loan is repaid in 2049.
- A guarantee given to the Teesside Pension Scheme for the staff transferred to Housing Hartlepool in 2004 in the event that Housing Hartlepool had financial difficulties. This liability reduces each year.
- The Council is responsible for the Claxton Site which is a closed landfill. There is a possible obligation arising relating to de-contamination of the site; it is not possible at this stage to quantify the potential liability or when the works may be required. The site is regularly tested to ensure compliance with the Environment Protection Act 1990.
- A group of Property Search Companies were seeking refunds of fees paid to the Council to access land charges data. The parties involved have resolved the matter to their mutual satisfaction. The Council has a provision for the repayment see Note 25. It is anticipated that the Government will provide a contribution to the sums paid by the Council.
- The National Museum of the Royal Navy Trading has leased the Hartlepool Maritime Experience for a period of 35 years and has taken over the running of the site. Members of staff have been transferred under TUPE arrangement. The Council has indemnified against all losses incurred by the National Museum of the Royal Navy Trading in any failure by the Council to comply with its obligations. Any liabilities, costs or contributions arising under the Pension Scheme have also been indemnified. The pension liability reduces each year.

SECTION 3 : Statement of Accounts

Note 47: Pooled Budgets

The Better Care Fund (BCF) has been established by the Government to support the introduction of a fully integrated health and social care system.

In 2015/16 the Council entered into a pooled budget arrangement with NHS Hartlepool and Stockton Clinical Commissioning Group for the provision of services in accordance with the requirements of the Better Care Fund.

This is an annual agreement made in accordance with Section 75 of the National Health Service Act 2006. This is a jointly controlled pooled budget which is hosted by the Council on behalf of both partners in line with the agreement.

The Hartlepool BCF Plan will contribute to the delivery of:

- Reduced non-elective admissions;
- Reduced admissions of older people into residential care;
- Increased proportion of older people still at home 91 days after discharge from hospital into reablement/rehabilitation services;
- Reduced delayed transfers of care from hospital;
- Increase in the estimated diagnosis rate for dementia; and,
- Improved patient experience of services.

As 2015/16 is the first year the Council entered into a pooled budget arrangement, there are no prior year comparatives in the table below.

	2015/16 £000s
Revenue Funding provided to the Pooled Budget:	
Hartlepool Borough Council	-
NHS Hartlepool and Stockton Clinical Commissioning Group	(6,651)
	(6,651)
Expenditure met from the Pooled Budget:	
Hartlepool Borough Council	5,916
NHS Hartlepool and Stockton Clinical Commissioning Group	735
	6,651
Net Surplus arising on the Pooled Budget during the year	-
	2015/16 £000s
Capital Funding provided to the Pooled Budget:	
Hartlepool Borough Council	(825)
NHS Hartlepool and Stockton Clinical Commissioning Group	-
	(825)
Expenditure met from the Pooled Budget:	
Hartlepool Borough Council	499
NHS Hartlepool and Stockton Clinical Commissioning Group	-
	499
Net Surplus arising on the Pooled Budget during the year	(326)

The capital balance remaining relates to the Disabled Facilities Grant and has been fully committed in 2016/17 to fund additional commitments within this area.

SECTION 3 : Statement of Accounts

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2014/2015 £000		2015/2016 £000	Notes
	INCOME		
	Council Tax :		
(38,435)	Billed to tax payers	(39,152)	
(38,435)		(39,152)	1
	Non Domestic Rates :		
(32,796)	Income Collectable from Business Ratepayers	(27,872)	2
(7,998)	Transitional Protection Payment	35,870	
(104)	Deferral Scheme	-	
(40,898)		7,998	
(79,333)	TOTAL INCOME	(31,154)	
	EXPENDITURE		
	Council Tax :		
31,092	Precepts Hartlepool Borough Council	31,659	
4,429	Police & Crime Commissioner	4,599	
1,512	Cleveland Fire Authority	1,569	
595	Increased Provision for Non-Payment of Council Tax	192	
37,628		38,019	
	Non Domestic Rates :		
	Payment of Non Domestic Rates to Preceptors		
19,095	Hartlepool Borough Council	19,229	
390	Cleveland Fire Authority	392	
19,412	Payment of Non Domestic Rates to Central Government	19,536	
125	Cost of Collection Allowance	125	
147	Increased Provision for Non-Payment of NNDR	204	
(2,576)	Provision for Non Domestic Rating Appeals	3,355	
73	Enterprise Zone Relief	86	
36,666		42,927	
	Contributions for previous years estimated		
	Collection Fund Surplus/(Deficit) - Council Tax		
399	Hartlepool Borough Council	652	
56	Police & Crime Commissioner	93	
19	Cleveland Fire Authority	32	
474		777	
	Contributions for previous years estimated		
	Collection Fund Surplus/(Deficit) - Non-Domestic Rates:		
117	Hartlepool Borough Council	(362)	
2	Cleveland Fire Authority	(7)	
119	Central Government	(369)	
238		(738)	
75,006	TOTAL EXPENDITURE	80,985	
(4,327)	NET TOTAL	49,831	
	Movement on Fund Balances		
	Council Tax:		
(333)	(Surplus)/Deficit for the year	(356)	
(464)	(Surplus)/Deficit brought forward	(797)	
(797)	(Surplus)/Deficit carried forward	(1,153)	
	Non Domestic Rates:		
(3,994)	(Surplus)/Deficit for the year	50,187	
252	(Surplus)/Deficit brought forward	(3,742)	
(3,742)	(Surplus)/Deficit carried forward	46,445	

SECTION 3 : Statement of Accounts

NOTES TO THE COLLECTION FUND

Note 1 - Council Tax

Council Tax income comes from a charge made on residential properties. The income is used to support the Council's General Fund revenue expenditure, as detailed in the Comprehensive Income and Expenditure Statement. It is also used to finance Hartlepool's share of the Police & Crime Commissioner's and Fire Authority's expenditure, through precepts made on the Council's Collection Fund. The level of Council Tax in any year is determined by estimating the income required by the Council and the Police and Fire Authorities, and dividing this by the Council Tax base, which comprises residential properties banded by value and charged accordingly.

To allow for comparison between years and authorities the tax base is expressed as the number of Band D properties in the district, which is calculated by multiplying the number of properties in a band by an appropriate weighting, ranging from 6/9 to 18/9.

There were 33,368 Band D equivalents in 2015/16 (33,207 for 2014/15) and the basic amount of Council Tax for a Band D property was £1,695.32 (£1,689.99 in 2014/15).

Set out in the table below are the Band D weightings, property numbers and income from each band level.

Band	Weighting to Band D	No. of properties in each band	Equivalent no. of Band D Properties	Hartlepool BC demand per property (Ex Parishes) £	Police & Crime Commissioner demand per property £	Fire Authority demand per property £	Total demand per property £	Total Income per band £000's
A	6/9	24,015	16,010	945.80	137.51	46.91	1,130.22	27,142
B	7/9	7,098	5,521	1,103.43	160.42	54.72	1,318.57	9,359
C	8/9	5,870	5,218	1,261.07	183.34	62.54	1,506.95	8,846
D	9/9	3,049	3,049	1,418.70	206.26	70.36	1,695.32	5,169
E	11/9	1,536	1,877	1,733.97	252.10	86.00	2,072.07	3,183
F	13/9	600	867	2,049.23	297.93	101.63	2,448.79	1,469
G	15/9	426	710	2,364.50	343.77	117.27	2,825.54	1,204
H	18/9	58	116	2,837.40	412.52	140.72	3,390.64	197
TOTALS		42,652	33,368					56,569

The income of £39.152m for 2015/16 (£38.435m for 2014/15) is receivable from the following sources :

2014/2015		2015/2016
£000		£000
56,118	Opening Liability	56,569
530	Net increase/(decrease) in liability	694
(118)	Disabled Relief	(98)
(5,600)	Discounts	(5,467)
(962)	Exemptions	(1,062)
(48)	Write Offs	(84)
(11,485)	Council Tax Support Scheme	(11,400)
38,435		39,152

NOTES TO THE COLLECTION FUND
Note 2 - Non Domestic Rates

National Non Domestic Rates (NNDR) is organised on a national basis. The Government specifies two amounts: the Small Business Non Domestic Rate Multiplier, which was 48.0p in 2015/16 (47.1p in 2014/15), and; the Non Domestic Rate Multiplier, which was 49.3p in 2015/16 (48.2p in 2014/15). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The total non-domestic rateable value at the year end was £80.549m.

The owners of the Power Station appealed against its 2010 rateable value and made a further appeal linked to reduced power generating capacity. These appeals were settled in 2015/16 and have significantly impacted on the rates payable by the Power Station, a reduction of 48%. The NNDR income collectable from Ratepayers including the impact of the Power Station appeal is shown below.

2014/2015		2015/2016		
		Rates Payable prior to Power Station Appeal	Impact of Power Station Appeal	Rates Payable after impact of Power Station Appeal
£000		£000	£000	£000
46,636	Gross Rates payable	46,734	(48,938)	(2,204)
(5,768)	Mandatory Reliefs	(5,720)	0	(5,720)
(7,998)	Transitional Relief	29	35,841	35,870
(74)	Write Offs	(74)	0	(74)
32,796		40,969	(13,097)	27,872

SECTION 3 : Statement of Accounts

MEMORANDUM NOTES - TRUST FUNDS

During 2015/16 the Council acted as trustee for eleven Educational Trust Funds that were inherited from Cleveland County Council. Only two of these are active and are used to provide funds for the following purposes:

- Music awards; and
- Pursuit of Education awards.

The Council also acts as a trustee of the Doughty Fund that was set up following a bequest from Colonel Henry Doughty. This is available to support any charitable objects within the Hartlepool area.

All of the Trust Funds administered by the Council fall below the threshold set by the Charities Act 1996 and therefore no longer require an Audit Certificate.

The balances held by the Council on behalf of various Trust Funds are as follows: -

	Balance at 1st April 2015 £000	Income £000	Expenditure £000	Balance at 31st March 2016 £000
Preston Simpson & Sterndale Scholarship in Music	80	9	7	82
Doughty Fund	5	-	-	5
Education Trust Funds	121	9	1	129
	206	18	8	216

The Preston Simpson & Sterndale Scholarship in Music Fund consisted of a cash investment of £81,635 with Hartlepool Borough Council as at 31 March, 2016. The Trust also held two separate external investments valued respectively at £108,129 as at 5 April, 2016 (£114,698 as at 5 April, 2015) and £17,904 as at 31 March, 2016 (£18,674 as at 31 March, 2015).

External investments for the above Trust Funds are not shown in the Council's Accounts.

As at 31 March, 2016, the Doughty Fund consisted wholly of a cash balance investment with the Council.

SECTION 4 : Annual Governance Statement

Scope Of Responsibility

Hartlepool Borough Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards,
- Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, Hartlepool Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.Hartlepool.gov.uk or can be obtained from the Councils Contact Centre. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, Part 2 6(1), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31 March, 2016 and up to the date of approval of the statement of accounts.

In order to facilitate the completion of the Statement, an officer working group has been formed and a programme of work developed. To ensure that the Statement has been given sufficient corporate priority and profile, the working group included both the Chief Finance Officer and the Assistant Chief Executive. As part of the process regular updates have been given to the Performance and Risk Management Officer Group and the Corporate Management Team (CMT).

Significant Governance Issues Update from 2014/15 Statement

Progress has been made over the course of 2015/16 to actively manage and address issues identified as part of the 2014/15 process. This approach ensures the Council actively manages these issues. The table below identifies action that has been taken to mitigate the areas identified.

<u>Issue Raised</u>	<u>Action Undertaken</u>
Delivery of Medium Term Financial Strategy	Revised Savings Programme encompassing key required programme elements at a corporate and department level were developed and implemented. Strategic multi year approach to financial management has been implemented. Member's seminars and staff communication strategy in conjunction with budget monitoring and defunding budgets at decision point have been implemented. Project planning and management reporting to Finance and Policy Committee and CMT have all been implemented.
Delivery of Council Plan	The Council plan has been largely delivered and is reported to Members via Finance and Policy Committee on a quarterly basis. The plan for 2016/17 has been developed based on the priorities established and in the light of the revised MTFS and will be the subject of the same approval processes and monitoring.
Joint Working Arrangement with Health and other external partners, e.g. the Children's Hub.	Reports presented to members on 21 September, 2015 and 14 March, 2016, updating progress and outlining future development of the Children's Hub.

SECTION 4 : Annual Governance Statement

The Governance Framework

The key elements of the Council's Governance Framework are as follows:

Hartlepool Borough Council has adopted a constitution, which sets out how the Council operates, how decisions are made, the procedures that are followed to ensure that these decisions are efficient and transparent, and sets out the terms of reference for the Committee structure. The constitution was developed in accordance with the Local Government Act 2000 and it sets out the delegated responsibilities to key officers such as the Monitoring Officer and Section 151 Officer. An officer working group supported the governance working group in developing proposals for the new constitution in line with the outcome of the Mayoral referendum. The new constitution was agreed on 6th March, 2013 with training delivered for officers and members in respect of the requirements and expectations. The Constitution has subsequently been reviewed and the outcomes reported to Council on 3 April, 2014 with a supplemental review reported to Council on 30 October, 2014. A further update was reported to Council on 26 March, 2015.

Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used. Legal Division procedures exist for monitoring new legislation, advising relevant departments, and members where appropriate. Workforce Services policies identify suitable recruitment methods and ensure appropriate job descriptions exist for legal staff. Induction training is arranged by Customer and Workforce Services for all staff, departments have responsibility to provide induction training specific to their departmental needs. Legal personnel participate in training events.

Committee terms of reference are included in the constitution. A procedure is in place to ensure that all Committee agendas, minutes and supporting material are available to all staff on the Council's intranet, and to the public on the Council's Internet site.

The constitution contains financial and contract procedure rules, and code of conduct for Members, which have been formally approved. Financial procedure rules have been updated and agreed by Council and contract procedure rules have also been updated to take into account new procurement procedures and legislative changes. The constitution is available to all employees on the intranet and to the public on the Internet. A register of gifts and hospitality is maintained for Members and Officers. The Authority has a Treasury Management Strategy that was approved by Audit and Governance Committee on 10 December, 2015 and referred to Council for approval on 18 February, 2016 for the financial year 2016/17. The approved Treasury Management Strategy includes the Investment and Borrowing strategies in compliance with revised CIPFA Prudential Code, CIPFA Treasury Management Code of Practice and DCLG guidance. The Audit and Governance Committee is responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies before making any necessary recommendations to Council. The Chief Finance Officer reports to the Audit and Governance Committee how the Council financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The full range of Member committees regularly meet to review specific policy areas, to consider plans, reports and progress of the Council.

Workforce Services has drawn up policies to ensure suitably qualified employees are employed in key areas. Supporting terms and conditions of employment for all employees cover all aspects of good employment. Induction courses for key new officers and all new Members incorporate suitable training on corporate governance issues according to responsibilities and there is a general staff awareness programme in place.

A Health and Safety Policy has been approved and published and a Communication Strategy implemented to ensure general awareness.

The Council has an ongoing programme of monitoring and reviewing arrangements in place in respect of the operation of its key partnerships. A framework of reporting by exception to Corporate Management Team operates and Internal Audit provides audit coverage of partnership arrangements.

The Council reviewed and adopted their Community Strategy on 3 April, 2014 following consultation with residents and key partners. This identified a number of key priorities for Hartlepool which would be the main focus for improvement over the following 5 years. The Council's performance management arrangements are based around an Outcome Framework which has been developed over a number of years and is set out around the 8 themes of the Community Strategy plus an additional Organisational Development theme. This integration has enhanced management and political accountability. The Council produces an annual Council Plan that incorporates the strategic priorities of the 4 departments the most recent of which was agreed by Council on 17 March, 2016 for the 2016/17 financial year.

The Council's Outcome Framework is reviewed annually and agreed by Finance and Policy Committee, most recently on 14 March, 2016. Departments also complete extensive consultation with service users, forums, partners and residents. The feedback from these exercises is used to link service and departmental objectives to both the planning process for service delivery and to the corporate outcomes. In order to further embed the process of risk management, control identification and the production of the AGS into the culture and management processes at the Council, risks to meeting departmental outcomes and the controls to mitigate those risks are recorded as part of the corporate service planning process at a departmental level. This has brought together service planning, risk management and control identification which has enabled a much more focussed and joined up approach to the use of management information and the production of the AGS. Progress against the Council Plan is reported to CMT and Finance and Policy Committee on a quarterly basis.

SECTION 4 : Annual Governance Statement

A Data Quality framework is in place with Internal Audit conducting a targeted annual review of PIs. The Council's Performance Management system (Covalent) includes information relating to departmental and officer responsibility for the collation of data, target setting and addressing performance issues. Covalent also includes action plans, risks and performance indicators enabling clearer links between corporate, departmental and service planning outcomes, actions, risks and PIs.

Key performance indicators are identified in the Council plan. These indicators are monitored throughout the year and quarterly reports are presented to Members on the delivery of performance targets.

Key policies such as the Corporate Complaints Procedure, Proceeds of Crime (Money Laundering), Whistle Blowing Policy and Counter Fraud and Corruption Policy have been developed and approved for use across the whole Authority. The policies are available to employees via the intranet. The Council is a member of the IPF Better Governance Forum, the National Anti Fraud Network and also takes part in regular National Fraud Initiative reviews and the North East Fraud Forum. The Council is currently updating its Fraud and Corruption Strategy in line with CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

The Council agreed the current Risk Management Framework on 5 March, 2015. The Framework sets out the structure of the Council's risk registers and the agreed risk tolerance level which helps to prioritise risk activity. Key risks are identified within the Council Plan and changes are reported to Elected Members quarterly through the service planning process.

The Framework is available to all staff via the intranet. Key staff have undergone appropriate training and departmental risk champions lead on communicating the process to all relevant staff in their departments.

There is corporate support at senior management level for development of risk management with risk assessment procedures published and training given to officers. Regular risk introduction/refresher sessions are offered as and when individual departments/teams require them.

The Finance and Policy Committee Chair is Hartlepool Borough Councils risk 'champion'. Each department also has a risk co-ordinator. Risks and control measures relating to the Council Plan are analysed within the quarterly reports to help ensure that risk and performance reporting are linked. The Council Plan is considered as part of the preparation of the AGS.

The Council's Performance and Risk Management system (Covalent) holds the risk registers. Risk registers are also maintained for significant projects. Officers that manage risks are notified that risks need to be reviewed and progress is monitored on a quarterly basis through the service planning process. Departments have access to a central funding pot for risk management to assist in the financing of risk mitigation.

The Council has a long-standing, nationally and regionally recognised emergency planning arrangements through the Cleveland Emergency Planning Unit (CEPU). The Council's Emergency Management Response Team (EMRT) meets bi-monthly and contributes to the makeup of the Council's Major Incident Plan which is tested yearly.

A review of the Council's Flu Pandemic Plan is being undertaken by Public Health to take into account the changes in the National Health Pandemic Flu Plan. Once this is completed the plan will be incorporated into the Corporate Business Continuity Plan.

The Corporate Business Continuity Group meets quarterly and includes lead officers from all departments and the Hartlepool Emergency Planning Officer. A Revised Business Continuity Policy and accompanying Plan has been developed to complement the existing Business Continuity Database. A rolling exercising programme is in place to test the plan focusing on two separate services per year. Work is still ongoing to identify and document formal decant arrangements for the delivery of priority services in the event of a disruption.

The Equality Act 2010 came into force on 1 October, 2010 and brought together over 116 separate pieces of legislation into one single Act. The Act provides a legal framework to protect the rights of individuals and advance equality of opportunity for all. The Act covers the 9 protected characteristics – age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, gender and sexual orientation.

The Public Sector Equality Duty (PSED) is supported by "specific duties" to assist public bodies to achieve the aims of the general duty. Under the specific duties, the Council must:

- Publish equalities information to demonstrate its compliance with the Equality Duty by the 31st January each year; and
- Develop and publish equality objectives by 6 April, 2012 and then every four years.

SECTION 4 : Annual Governance Statement

In order to demonstrate our compliance with the above requirements, we have compiled two equality reports 'Equality Information 2016' and 'Workforce Equalities Information 2015' to demonstrate the progress that the Council has made to date. We are aware that there are gaps in our data and are working to provide more information in an accessible format. On that basis both reports are regularly updated. Our latest equality objectives were agreed by Council as part of the Council Plan 2016/17 on 17 March, 2016.

Equality issues must influence the decisions reached by public bodies - in how they act as employers; how they develop, evaluate and review policy; how they design, deliver and evaluate services, and how they commission and procure from others. We do this by considering impacts on equality as an integral part of our decision-making process and this is reflected in reports to Committees in the Equality & Diversity Considerations section.

Internal Audit reports on a regular basis to the Audit and Governance Committee on the effectiveness of the organisation's system of internal control. Recommendations for improvement are also made and reported on. Internal Audits performance is measured against standards agreed by management and Members. Internal Audit reporting arrangements have been formalised and strengthened as part of the review of financial procedure rules.

Other review bodies external to the Council also make regular reports on efficiency, effectiveness and compliance with regulations. Ofsted has rated the Council's children's services as "performing well". Most childcare providers and schools are rated "good" or "outstanding" and none are "inadequate". The Care Quality Commission has rated the Council's adult social care as excellent and Hartlepool Connect has achieved the Customer Service Excellence standard. In their 2014/15 Annual Audit Letter, Mazars, the Council's External Auditor, issued an unqualified opinion on the financial statements and value for money conclusion at the Council.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Governance's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- Corporate Management Team agreed process for the review of the internal control environment. The risk inherent in meeting departmental objectives and the controls to mitigate those risks are recorded as part of the corporate service planning process at a departmental level. This has brought together risk management, control identification and the process for compiling the evidence needed to produce the AGS. This enables managers to provide documented evidence regarding the controls within their service units as part of the service planning process. The controls in place are designed to negate the identified and recorded risks of not achieving service, departmental or corporate objectives. In order to ensure adequate controls are in place the procedures, processes and management arrangements in place to mitigate identified risks and the officers responsible for them are also documented. Gaps in controls can be addressed as part of the regular reviews of departmental risks and control measures.
- Chief Finance Officer – The CFO carries out a review of the effectiveness of the system of internal audit and reports the findings to the Audit and Governance Committee. The CFO reports to the Audit and Governance Committee how the Council's financial arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- Internal Audit – the Council has the responsibility for maintaining and reviewing the system of internal control and reviewing annually Internal Audit. In practice, the Council, and its External Auditors, takes assurance from the work of Internal Audit. In fulfilling this responsibility:
 - Internal Audit is reviewing its procedures in line with Public Sector Internal Audit Standards (PSIAS).
 - Internal Audit reports to the Section 151 Officer and Audit and Governance Committee.
 - The Head of Audit and Governance provides an independent opinion on the adequacy and effectiveness of the system of internal control, quarterly update reports and an annual internal audit performance report to the Audit and Governance Committee.
 - Internal audit plans are formulated from an approved risk assessment package.

SECTION 4 : Annual Governance Statement

- External Audit – in their annual audit letter, comment on their overall assessment of the Council. It draws on the findings and conclusions from the audit of the Council.
- Other review and assurance mechanisms: for example, Department of Education, Care Quality Commission, Ofsted, Audit Commission, HMI Probation and Service Excellence.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

The following significant governance issues have been identified:

No	Issue	Action	Timescale	Responsible Officer
1	Delivery of Medium Term Financial Strategy, the sustainability of services and level of performance.	Revised Savings Programme encompassing key required programme elements at a corporate and department level. Strategic multi year approach to financial management implemented. Member's seminars and staff communication strategy. Budget monitoring and defunding budgets at decision point process. Project planning and management reporting to Finance and Policy Committee and CMT. Enhanced financial management and reporting as identified in peer review.	2016/18	CMT
2	Delivery of Council Plan.	The development and agreement of a revised Council Plan taking into account the impact of the financial challenges facing the Council, with regular performance reporting to CMT and Members.	2017/18	CMT
3	Ensuring adequate management arrangements for non core grant funding.	The Government is increasing Council reliance on competitively secured time limited grant resources for projects requires the authority to have in place robust arrangements for managing such funding streams. Ongoing assurance of adequate systems to ensure appropriate governance. Development and agreement of strategy and plan for effective working between HBC and partners.	2016/17	CMT

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Hartlepool Borough Council:

Chief Executive

Chair of Audit and Governance Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTLEPOOL BOROUGH COUNCIL

Opinion on the Council Financial Statements

We have audited the financial statements of Hartlepool Borough Council for the year ended 31 March, 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of Hartlepool Borough Council in accordance with Part 5 of the Local Audit and Accountability Act 2014, and paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Hartlepool Borough Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and Auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Hartlepool Borough Council as at 31 March, 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on Other Matters

In our opinion, the information given in the Narrative Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTLEPOOL BOROUGH COUNCIL

Matters on which We Report by Exception

We report to you if;

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 24, schedule 7 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24, schedule 7 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Council and the Auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office, requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required to conclude whether the Council has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the National Audit Office and had regard to relevant guidance. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARTLEPOOL BOROUGH COUNCIL

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office, we are satisfied that, in all significant respects, Hartlepool Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March, 2016.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Mark Kirkham,

For and on behalf of Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Date:

SECTION 6 : Glossary of Terms

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising;
- selecting measurement bases for; and
- presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Income and Expenditure Account or Balance Sheet it is to be presented.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or
- the actuarial assumptions have changed.

CAPITAL EXPENDITURE

Expenditure on the acquisition of an asset or expenditure that adds to and not merely maintains the value of an existing asset.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

The Chartered Institute of Public Finance and Accounting (CIPFA) Code sets out the accounting concepts and accounting principles which underpin the statement of accounts.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONSTRUCTIVE OBLIGATION

An obligation that derives from an Authority's actions where:

- a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Authority has indicated to other parties that it will accept certain responsibilities; and
- b) as a result, the Authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

CONTINGENT LIABILITY

A contingent liability is either:

- a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control or;
- b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

CURRENT ASSETS

Assets which can be expected to be consumed or realised during the next accounting period, e.g. debtors and stocks.

CURRENT LIABILITIES

Amounts which will become payable or could be called in within the next accounting period e.g. creditors, cash overdrawn.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to rise from employee service in the current period.

CURTAILMENT

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employee's services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify for only reduced benefits.

DEBTORS

Amounts due to the Authority for works done, goods received or services rendered before the end of the accounting period, but for which payments have not been received by the end of that accounting period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of an asset whether arising from use or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

SECTION 6 : Glossary of Terms

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains losses and changes to reserves.

Estimation techniques implemented the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of property, plant and equipment consumed in a period
- b) Difference methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items that derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RATE OF RETURN ON PENSION ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

FINANCIAL INSTRUMENT

A legally enforceable agreement between two or more parties, expressing a contractual right or a right to the payment of money. Typical examples include investments, loans, trade creditors and trade debtors.

GOING CONCERN

The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

SECTION 6 : Glossary of Terms

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

HERITAGE ASSETS

Assets preserved in trust for future generations because of their cultural, environmental or historical associations. It applies to assets held and maintained by the Authority principally for the contribution of knowledge and culture.

IMPAIRMENT

A reduction in the value of Property, Plant and Equipment below its carrying amount on the Balance Sheet.

INFRASTRUCTURE ASSETS

These assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS

Expenditure which may properly be capitalised, but which does not result in an asset with substance. Examples of this type of expenditure are software and other licences, patents and trademarks and artistic originals.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

These standards are developed by the International Accounting Standards Board and regulate the preparation and presentation of financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These standards are developed by the International Accounting Standards Board and regulate the preparation and presentation of financial statements. The Companies Act 1985 requires compliance with these Standards or disclosures in the notes if there are any material departures from these Standards.

INVENTORIES

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Inventories comprises the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long term contract balances; and
- finished goods.

SECTION 6 : Glossary of Terms

INVESTMENT PROPERTIES

Interest in land and/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of Pension Scheme assets associated with their underlying obligations.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

LONG TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount that authorities must set aside each year as provision for debt repayment based on the Capital Financing Requirement.

NET BOOK VALUE

The amount at which assets are included in the Balance Sheet, that is their historical cost of current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, that is the cost of its replacement or of the nearest equivalent asset adjusted to reflect the current condition of the existing asset.

NET DEBT

The Authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON-CURRENT ASSET

Assets that yield benefits to the Authority, and the services it provides, for a period of more than one year.

NON-DISTRIBUTED COST

These are overheads for which no user of the Authority benefits and should not be apportioned to services.

NON-OPERATIONAL ASSETS

Assets held by a local authority but not used or consumed in the delivery of services or for the service or strategic objectives of the Authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the Authority and the rental income is negotiated at arm's length.

OPERATING LEASES

A lease other than a finance lease.

OPERATIONAL ASSETS

Assets held and occupied, used or consumed by the Local Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Authority.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PRIOR PERIOD ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. A material error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- b) the accrued benefits for members in service of the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

PROPERTY, PLANT & EQUIPMENT

This covers all assets with physical substance that are for use in the production or supply of goods and services, for rental to others, or for administrative purpose, and expected to be used during more than one period.

PROVISION

Funds set aside to cover potential liabilities or losses which are likely or certain to be incurred at a future date but where the exact amount and timing of the liability or loss is currently not known.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one on the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- Local Authorities and other bodies precepting or levying demands on the Council Tax;
- its subsidiary and associated companies;
- its joint ventures and joint venture partners;
- its Councillors;
- its Chief Officers; and
- its Pension Fund.

Examples of related parties of a pension fund include its:

- administering Authority and its related parties;
- scheduled bodies and their related parties; and
- Trustees and Advisors.

These lists are not intended to be comprehensive

For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the Pension Fund;
- the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- the provision of services to a related party, including the provision of pension fund administration services;
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, Rents and payment of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the Authority, but also in relation to its related party.

SECTION 6 : Glossary of Terms

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- an employer's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Revenue expenditure funded by capital under statute. This is expenditure that can be properly capitalised, but which does not result in an asset for the Authority. Expenditure is therefore written off to revenue.

SAFETY-NET GRANT

This grant is received by Local Authorities whose business rates income drops below a set percentage (92.5%) of the minimum level the Local Authority requires as determined by the Government.

SCHEME LIABILITIES

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

SERVICE REPORTING CODE OF PRACTICE

A Chartered Institute of Public Finance and Accountancy (CIPFA) guide to accounting for local government services which provides a consistent and comparable calculation of the total costs of services.

SETTLEMENT

An irrecoverable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrecoverable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

SECTION 6 : Glossary of Terms

USEFUL LIFE

The period over which the Authority will derive benefits from the use of an asset.

FURTHER INFORMATION

Copies of this document can also be provided on audiotape or in large print, Braille and ethnic minority languages on request. We can also be contacted via Typetalk and enquiries in any language can be dealt with in person or on the telephone using Language Line instant translation service.

اگر آپ کو اس لیفلٹ کے اردو ترجمے کی ضرورت ہے تو برائے مہربانی نیچے دئے گئے فون نمبر پر رابطہ کریں۔
আপনি এই প্রচারপত্র বাংলায় পেতে চাইলে অনুগ্রহ করে নীচের নম্বরে টেলিফোন করবেন।
如果你需要中文板的小册子, 請撥以下電話號碼。
ਜੇਕਰ ਤੁਸੀਂ ਇਸ ਪੱਤ੍ਰਿਕਾ ਦਾ ਪੰਜਾਬੀ ਵਿਚ ਤਰਜਮਾ ਚਾਹੁੰਦੇ ਹੋ ਤਾਂ ਕ੍ਰਿਪਾ ਕਰਕੇ ਹੇਠਾਂ ਦਿੱਤੇ
ਟੈਲੀਫ਼ੋਨ ਨੰਬਰ ਤੇ ਫ਼ੋਨ ਕਰੋ।

AUDIT AND GOVERNANCE COMMITTEE

22nd September 2016



Report of: Associate Director Commissioning & Delivery, NHS
Hartlepool and Stockton-on-Tees Clinical
Commissioning Group

Subject: URGENT CARE UPDATE

1. PURPOSE OF REPORT

- 1.1 The purpose of this paper is to provide the Audit and Governance Committee members with an update on NHS Hartlepool and Stockton-on-Tees Clinical Commissioning Group (CCG) development of an Integrated Urgent Care Service (IUCS), the service objectives and an outline of next steps to be undertaken as part of the procurement process.

2. BACKGROUND

- 2.1 An update was last provided to the Audit and Governance Committee in March 2016 outlining rationale for the extension of the commissioning and procurement processes which would impact on the service commencement date for the IUCS which included:
- A National 'pause' following receipt of the NHSE Commissioning Standards for Integrated Urgent Care
 - Understanding the implications of the Regional Vanguard for Urgent and Emergency Care Services
 - Awaiting the outcome of the development of the community Health and Social Care plan for Hartlepool
 - Exploring collaboration opportunities with other CCGs
 - Appraising the workforce implications of local changes to service models and potential for destabilizing services
 - NHS England Dental Review
 - NHS Planning Guidance
- 2.2 Since the previous update was provided there have been further engagement sessions with clinicians, including GP Time Out sessions, where we sought feedback from all GPs across the Hartlepool and Stockton-on-Tees locality about the proposed model for the Integrated Urgent Care Service.
- 2.3 In June 2016 the CCG received confirmation from North Tees and Hartlepool NHS Foundation Trust that a third party provider would have permission to

use the hospital premises for the provision of the IUCS in both Hartlepool and Stockton-on-Tees.

3. PROPOSALS

- 3.1 On 26th June 2016 CCG Governing Body were presented with and considered the premises options available to them for both Hartlepool and Stockton-on-Tees.
- 3.2 The two available options for the Hartlepool site were the One Life Centre Hartlepool or the University Hospital of Hartlepool. Governing Body considered the clinical, financial and estates implications and agreed that the IUCS for Hartlepool should be based on the University Hospital of Hartlepool site.
- 3.3 The Governing Body also recommended the new integrated urgent care service in Stockton-on-Tees was to be sited in the Paediatrics Unit at the University Hospital of North Tees.

4. IUCS SERVICE OBJECTIVES

- 4.1 The CCG will commission a GP led service provision 24 hours a day, seven days a week, 365 days a year including bank holidays and public holidays to deliver a timely, highly responsive, joined up care that encompasses what was traditionally referred to as minor injury, urgent primary care walk-in provision and GP out of hours provision.
- 4.2 The service will provide assessment, diagnosis and treatment for service users who present with an urgent care issue and enhanced out of hours elements of care such as Home Visiting and Prison visiting as part of the integrated model.
- 4.3 The Integrated Urgent Care Centre's will be accessible and central to the population they are serving, prioritising and navigating patients to the right care at the right time
- 4.4 Supporting self-care, changing culture and behavior the service will be safe and sustainable, enabling system resilience and improved patient experience

5. PROCUREMENT TIMELINES

- 5.1 Table 1 shows the key milestones and timescales for the procurement process.

Table 1

Milestone	Description	Date
Procurement and Evaluation Strategy sign off	Strategy signed-off by Governing Body	28 June 2016
Advert	Date advert published on Contract Finder and OJEU	27 July 2016
Bidder event	Event to explain procurement process and documents to bidders	15 August 2016
Tender deadline	Date by which bids need to be submitted	23 September 2016
Consensus scoring	Evaluator panel meeting to agree scores	10 - 22 October 2016
Bidder presentation	Bidder to present solution to clinical scenarios	31 October 2016
Recommended bidder report	Report to Governing Body to approve successful bidder	15 November 2016
Standstill period	Notification to bidders of outcome, allowing 10 days for any challenges to be raised	18 – 25 November 2016
Contract award	Official offer of contract sent to successful bidder	28 November 2016
Contract signature and mobilisation	Mobilisation of contract	28 November 2016 – 31 March 2017
Service commencement	Service start date	01 April 2017

- 5.2 A further update will be provided to members once the recommended bidder has been agreed by the CCG Governing Body.

6. RECOMMENDATIONS

- 6.1 Audit and Governance Committee Members are requested to note the update.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To ensure that Audit and Governance Committee members are kept appraised of progress and actions undertaken in order to deliver the agreed joint vision.

8. CONTACT OFFICER

Karen Hawkins
Associate Director of Commissioning and Delivery
NHS Hartlepool and Stockton-on-Tees CCG
01642 745126

AUDIT AND GOVERNANCE COMMITTEE

22 September 2016



Report of: Scrutiny Manager

Subject: FENS, HARTFIELDS AND WYNYARD ROAD MEDICAL PRACTICES - CONSULTATION

1. PURPOSE OF REPORT

To introduce representatives from the Hartlepool and Stockton NHS Clinical Commissioning Group and seek the formulation of a Council response for submission as part of the ongoing consultation in relation to the future of the following GP Practices:

- Fens Medical Centre;
- Hartfields Medical Practice; and
- Wynyard Road Primary Care Centre.

2. BACKGROUND

- 2.1 The Hartlepool and Stockton NHS Clinical Commissioning Group will be providing a detailed presentation at the meeting to assist the Committee in the formulation of its response to the consultation. In addition to this, the following background documentation has also been provided:-

Appendix A - Consultation Narrative

Appendix B - Equality Impact Assessment

Appendix C - Scoring Criteria

3. RECOMMENDATIONS

- 3.1 The Audit and Governance Committee is requested to formulate a response for consideration as part of the consultation process.

Contact Officer:- Joan Stevens – Scrutiny Manager
Chief Executive's Department – Legal Services
Hartlepool Borough Council
Tel: 01429 284142
Email: joan.stevens@hartlepool.gov.uk

Have your say on the future of GP services in Fens, Hartfields and Wynyard Road



www.hartlepoolandstocktonccg.nhs.uk

Public consultation | 01 August to 23 September 2016



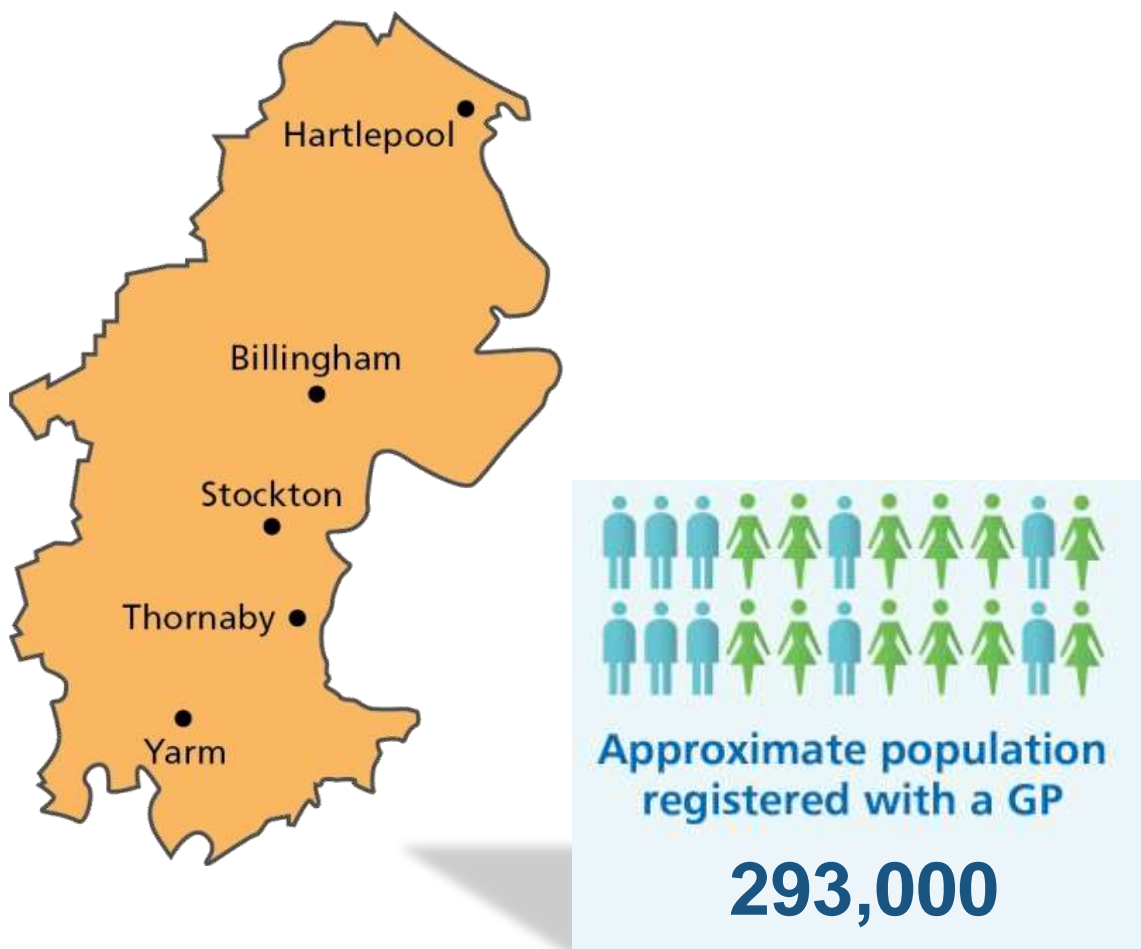
1. Who we are

We are NHS Hartlepool and Stockton-on-Tees Clinical Commissioning Group (CCG). We are the NHS organisation responsible for planning, choosing and buying (commissioning) the majority of healthcare services for people in Hartlepool and Stockton-on-Tees, including those from hospital, community services and GP practices.

The map below shows the area covered by the CCG.

We are a clinically-led membership organisation, made up of all the GP practices in Hartlepool and Stockton-on-Tees, and we are committed to creating an accessible health service that provides safe, high quality care for our patients.

We believe that good healthcare is everybody's business and we are dedicated to developing effective working relationships with partners, stakeholders and the public to deliver joined-up healthcare that will benefit everyone.

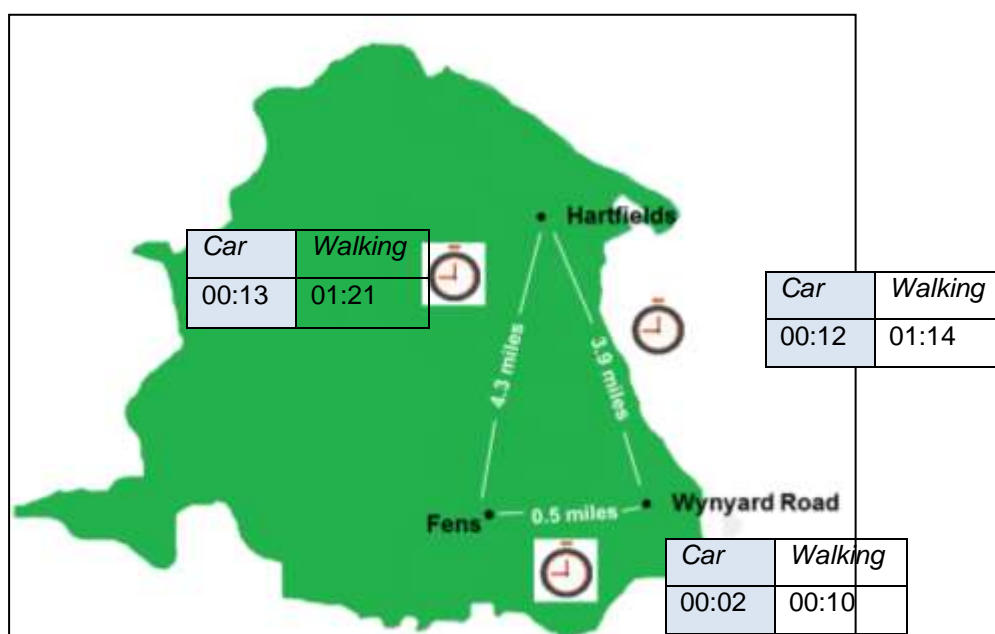


2. About Fens, Hartfields and Wynyard Road

Fens Medical Centre, Hartfields Medical Practice and Wynyard Road Primary Care Centre are three of the 15 practices in the Hartlepool area. The following table gives an overview of each practice.

	Fens Medical Centre	Hartfields Medical Practice	Wynyard Road Primary Care Centre
Location	434 Catcote Road Fens Estate Hartlepool TS25 2LS	Hartfields Extra Care Village Hartfields Manor Hartlepool, TS26 0US	Wynyard Road Hartlepool TS25 3DQ.
Current provider	Gatehouse Limited	IntraHealth Limited	IntraHealth Limited
Number of patients registered with the practice	2729	2,022	2,417
How many times the existing contract has been extended	4 times	3 times	5 times

The map below shows the distance and travelling time (in hours) between the practices.



3. Why we are asking you about service provision in the future for these practices

Each practice has a contract to deliver medical care to their registered patients. These contracts have been extended several times, and cannot legally be extended further. All three contracts will therefore end on 31 March 2017.

4. What you have told us

In September 2014 we asked you for your views on services provided from Fens Medical Centre, Hartfields Medical Practice and Wynyard Road Primary Care Centre.

You told us that:

You value having a local service

There were some things that could be improved

You wanted the practices to remain at the current sites

The contracts for Fens and Wynyard Road were therefore extended and NHS England undertook an exercise to procure a new service at Hartfields. This was not successful and resulted in the current contract being extended to align with the Fens and Wynyard Road contract

Full details and feedback from the 2014 engagement work can be found at www.hartlepoolandstocktonccg.nhs.uk. A hard copy of the report is also available on request.

In June 2016, the CCG embarked upon a detailed programme of public engagement to understand more about your views on the service provided from the practices, how you get to your practice and what is most important to you about the services you receive from your GP practice.

We wrote to every patient registered at each of the three practices, including a questionnaire and details of public information sessions



We conducted 350 street surveys in each practice area with people registered at the practice (1,050 surveys in total)



We held three patient information sessions where patients could ask questions and raise any concerns they had



We asked an independent voluntary sector partner to run a focus group where patients could discuss any issues or concerns they had in more detail

**2,596 people
from a wide range of different backgrounds
completed the survey**

You told us:

You value how close your practice is to where you live

Most of you travel less than 15 minutes to get to your practice, either walking or by car

Your preferred opening time for your GP practice is 8am to 6pm, Monday to Friday

You think that a weekday morning is the most important time to be able to see or speak to a doctor or a nurse

The quality of the care you receive is important to you

People registered at Fens practice thought practice location was as important as quality of care

Where possible, you said you would like to see the same doctor or nurse

Full details and feedback from the June 2016 engagement work can be found at www.hartlepoolandstocktonccg.nhs.uk. A hard copy of the report is also available on request.

5. How we developed our options for consultation

We looked again at the feedback you gave us in 2014, together with the feedback you gave us in June 2016.

There are currently over 7,000 patients supported by all three practices. We know that the numbers of patients could grow. Local information about the population tells us that patients in the area have a large number of on-going health needs and we are aware that there are new housing developments planned in each locality.

Other information was also considered, including health inequalities in the area and proposed new housing developments that may mean an increase in patients who need to register with a GP practice.

In addition, Healthwatch Hartlepool spoke to 43 patients and told us that

- Some patients commented that they were unaware that changes were taking place
- There is still concern amongst some patients (and particularly those who live in Hartfields Retirement Village) that the Centre will either close or relocate as a result of changes to the way services are currently provided
- Each of the existing services is held in very high regard by patients.

Taking all of this into account, the CCG and NHS England developed the following possible scenarios for the future provision of services. These are shown in the boxes on the next page:

1

Try to find three providers for each of the three practices [status quo]

2

Look at alternative models, including combining contracts and/or practice sites in some way

3

Do not continue with services in these localities and when all contracts end support patients to register with other practices



This included 11 possible scenarios for the future. These were:

Procure two Separate contracts with three sites

Procure two separate contracts with two sites

Fens and Hartfields

- Fens and Wynyard Road
- Hartfields and Wynyard road

Procure one contract with three sites

Procure one contract with two sites

- Fens and Hartfields
- Fens and Wynyard Road
- Hartfields and Wynyard road

Procure one contract with one site only

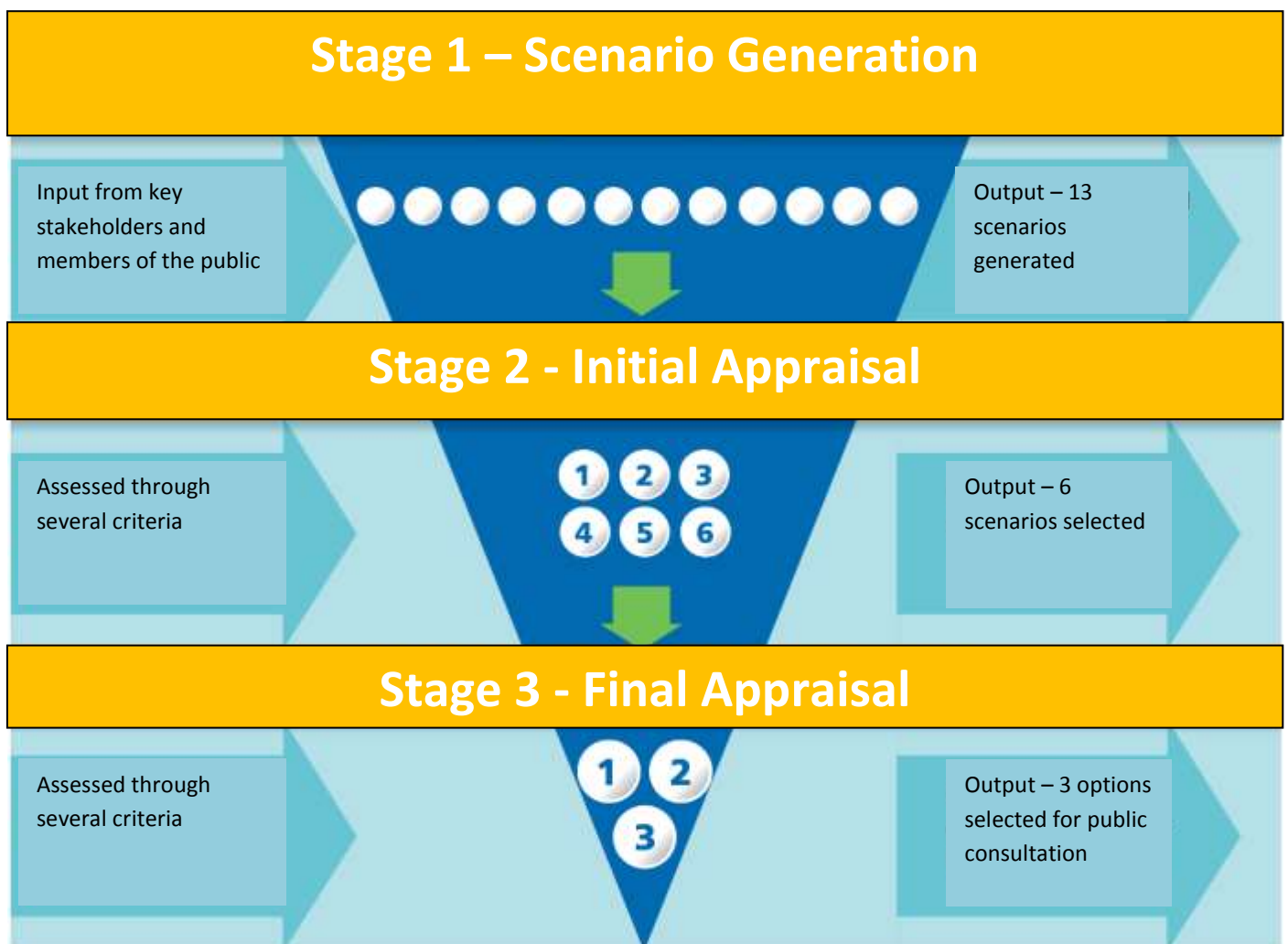
- Fens
- Hartfields
- Wynyard road

We developed a list of criteria to assess these scenarios that measured things like:

- Availability of suitable premises
- Affordability to the CCG
- Affordability to provider[s]
- Whether it supports the CCGs strategy
- Whether it increases system sustainability
- Patient feedback

A combination of the criteria and scoring helped us to develop six final scenarios, with three being taken forward as options for consultation with the public.

The diagram below illustrates how our scenarios were generated and appraised.



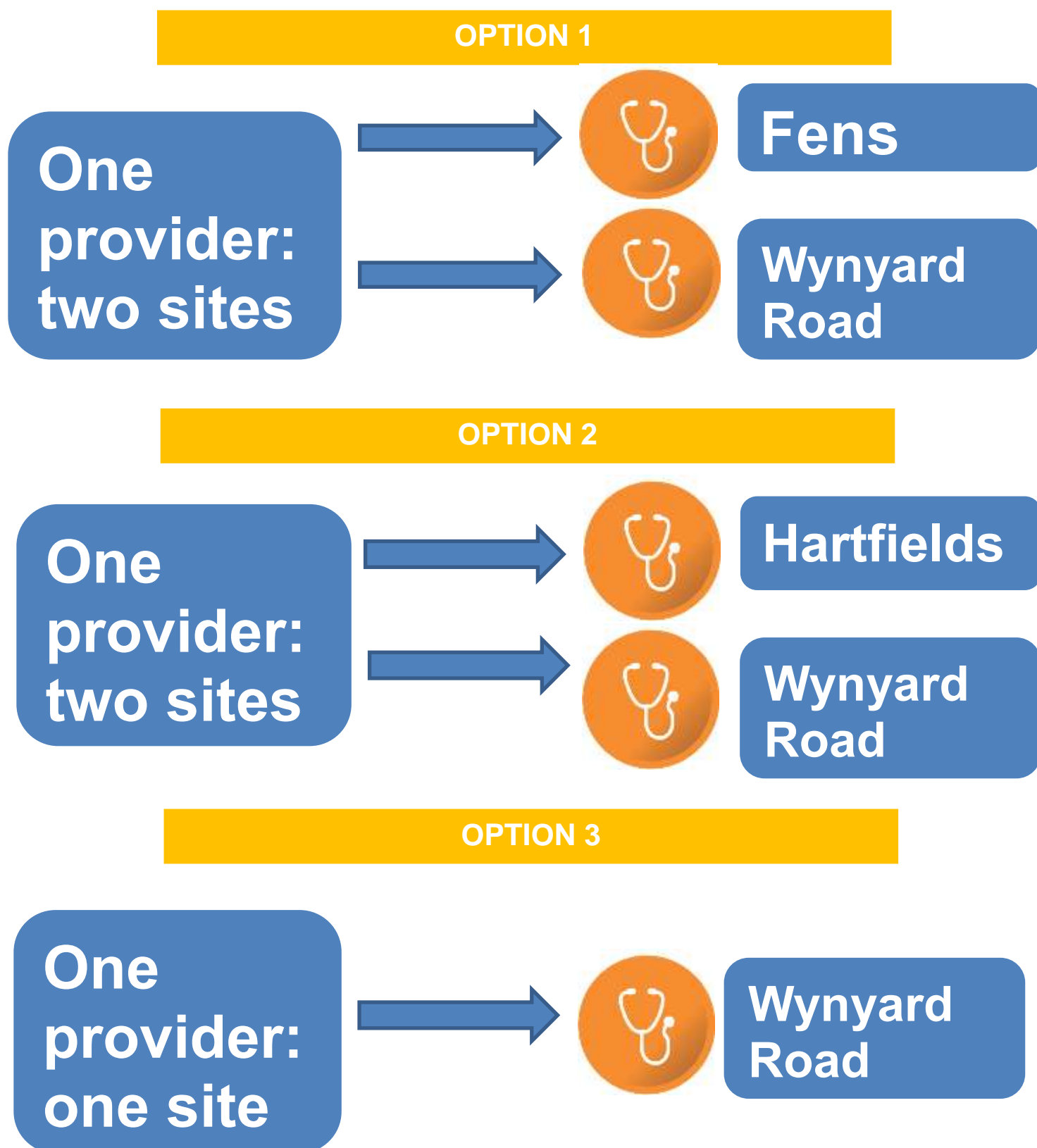
The following table shows the scenarios that did not meet our criteria and were NOT taken forward as options.

Scenarios that did <u>not</u> meet our criteria	
3 providers on 3 sites	excluded during initial scenario appraisal
2 providers on 3 sites	excluded during initial scenario appraisal
1 provider on 3 sites	excluded during initial scenario appraisal
2 providers on 2 sites – Fens and Wynyard Road	excluded during initial scenario appraisal
2 providers on 2 sites – Fens and Hartfields	excluded during initial scenario appraisal
2 providers on 2 sites – Hartfields and Wynyard Road	excluded during initial scenario appraisal
1 provider on 2 sites – Fens and Hartfields	met criteria but excluded at final assessment as no capacity
1 provider on 1 site – Fens	met criteria but excluded at final assessment as no capacity
1 provider on 1 site – Hartfields	met criteria but excluded at final assessment as no capacity
Dispersal of patient lists to other practices	

Three scenarios were taken forward as options for consultation with the public following appraisal. These are illustrated on the next page.

6. Our options for consultation

The scenarios that met, and scored well against, our criteria, then became the final three options that we are asking you to comment on. These are as illustrated below.



7. How you can have your say

We are keen to hear your views on the way services are provided in the Fens, Hartfields and Wynyard Road areas in the future. To make sure your voice is heard, you can share your views in the following ways:

Consultation survey:

The consultation survey can be found at the end of this booklet.

An online version can be completed at: www.hartlepoolandstocktonccg.nhs.uk

A paper version is also available by calling 0191 374 2795



Email us: NECSU.comms@nhs.net



Twitter: @HaSTCCG



Facebook: www.facebook.com/HaSTCCG

Write to us:

NHS Hartlepool and Stockton-on-Tees Clinical Commissioning Group
Billingham Health Centre
Queensway
Billingham
TS23 2LA

Public consultation events:

The times and dates of our public consultation events are shown in the table on the next page.

If you wish to attend one of the above public events, please register using the links in the table, or by telephoning us on the number given above.

Venue	Date	Conference time for public meeting
Hartlepool college	Wednesday 31 st August 2016 http://fhwpubliсonsultationevent310816.eventbrite.co.uk	Conference Room 3 10am – 11.30am
Rossmere Youth Centre	Saturday 03 rd September 2016 http://fhwpubliсonsultationevent030916.eventbrite.co.uk	Large Hall 10am – 11.30am
Hartfields Retirement Village	Monday 5 th September 2016 http://fhwpubliсonsultationevent050916.eventbrite.co.uk	Craft Room 6pm – 7.30pm
Summerhill Visitor Centre	Tuesday 6 th September 2016 http://fhwpubliсonsultationevent060916.eventbrite.co.uk	Exhibition room 1pm – 2.30pm
Hartfields Retirement Village	Saturday 10 th September 2016 http://fhwpubliсonsultationevent100916.eventbrite.co.uk	Craft Room 11am – 12.30pm
Kilmarnock Road Community Centre	Monday 12 th September 2016 http://fhwpubliсonsultationevent120916.eventbrite.co.uk	Small blue hall 6pm – 7.30pm

8. How we will use your feedback

We know it is important to keep you updated, especially when you have taken the time to share your thoughts and views with us.

At the end of the consultation we will write a report. The CCGs Primary Care Co-Commissioning Committee will look at the report and use the information and feedback to decide how best to provide services in the Fens, Hartfields and Wynyard Road areas in the future.

We will share the report with you and make sure that it is available on our website. Please leave your contact details with us if you would like to receive a copy.

If you need more information to help you respond to the consultation, or if you have any questions, please contact the CCG by:

Telephone on 0191 374 2795

Email at NECSU.comms@NHS.net

Public Consultation Questionnaire

Please read the accompanying information before completing the questions below. Please send the completed questionnaire (no stamp required) to Communications and Engagement, FREEPOST RLSH-KHYU-YREH, NHS North of England Commissioning Support, John Snow House, Durham University Science Park, DH1 3YG **to reach us by the end of Friday 23 September 2016.**

Do you support:

Q.1 **Option 1:** 1 provider on 2 sites – Fens and Wynyard Road

Yes ☐ No ☐ Don't know ☐

Please say why:

Q.2 **Option 2:** 1 provider on 2 sites – Hartfields and Wynyard Road

Yes ☐ No ☐ Don't know ☐

Please say why:

Q.3 Option 3: 1 provider on 1 site – Wynyard Road

Yes ☐ No ☐ Don't know ☐

Please say why:

Q.4. Which practice are you currently registered with?

- ☐ Fens
- ☐ Hartfields
- ☐ Wynyard Road

Q.5. If you are not a patient at the practice please say which stakeholder group you belong to ...

- ☐ Local councillor
- ☐ GP practice staff
- ☐ CCG staff
- ☐ Interested member of the public

Other

Q.6. Do you have any other feedback? (If you need more space, please continue on a separate piece of paper and attach it to this survey)

About you

You do not have to answer if you do not want to.

7. Please state your gender

☐

Male

☐

Female

☐

Prefer not to say

8. Please state your age

9. What is your marital status?

☐

Married

☐

Widowed

☐

Single

☐

Separated

☐

Divorced

☐

Civil Partnership

Other

10. Please state which ethnic group you consider yourself to be:

.....

☐

Prefer not to say

11. Please tell us your religion or belief:

.....

☐

Prefer not to say

12. Do you consider yourself to have a long-standing illness or disability?

☐

Yes

☐

No

13. Do you care for someone with a long-standing illness or disability?

☐ Yes

☐ No

14. How would you describe your sexuality?

☐ Heterosexual or straight

☐ Prefer not to say

☐ Bisexual

Other

☐ Gay or lesbian

15. Are you are pregnant or do you have a child under two years old?

☐ Yes

☐ No

☐ Prefer not to say

16. Have you undergone gender reassignment?

☐ Yes

☐ No

☐ Prefer not to say

17. Are you a parent or guardian (or grandparent) who generally has to accompany a child or young person to their GP appointment?

☐ Yes

☐ No

18. Please tell us the first 4 or 5 characters of your post code (please note this does not identify a street or house)

e.g. such as TS3 6 or NE15 8

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Thank you for completing this questionnaire.

Your feedback is very important to us.



Partners in improving local health



North of England
Commissioning Support



Equality Impact Assessment

Original report July 2016

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Introduction - Equality Impact Assessment

An Equality Impact Assessment (EIA) is a process of analysing a new or existing service, policy or process. The aim is to identify what is the (likely) effect of implementation for different groups within the community (including patients, public and staff).

We need to:

- ✓ Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- ✓ Advance equality of opportunity between people who share a protected characteristic and those who do not
- ✓ Foster good relations between people who share a protected characteristic and those who do not

This is the law. In simple terms it means thinking about how some people might be excluded from what we are offering.

The way in which we organise things, or the assumptions we make, may mean that they cannot join in or if they do, it will not really work for them.

It's good practice to think of all reasons why people may be excluded, not just the ones covered by the law. Think about people who may be suffering from socio-economic deprivation or the challenges facing carers for example.

This will not only ensure legal compliance, but also help to ensure that services best support the healthcare needs of the local population.

Think of it as simply providing great customer service to everyone.

As a manager or someone who is involved in a service, policy, or process development, you are required to complete an Equality Impact Assessment using this toolkit.

Policy	A written statement of intent describing the broad approach or course of action the Trust is taking with a particular service or issue.
Service	A system or organisation that provides for a public need.
Process	Any of a group of related actions contributing to a larger action.



STEP 1 - EVIDENCE GATHERING

Name of person completing EIA:	Andrew Carter
Title of service/policy/process:	Fens, Hartfields, Wynyard Road Procurement
Existing: <input type="checkbox"/> New/proposed: <input type="checkbox"/> Changed: <input checked="" type="checkbox"/>	
What are the intended outcomes of this policy/service/process? Include outline of objectives and aims	
<p>Fens Medical Centre, Hartfields Medical Practice and Wynyard Road Primary Care Centre are three of the 15 practices in the Hartlepool area and are based at the following sites;</p> <ul style="list-style-type: none"> • Fens Medical Centre, 434 Catcote Road, Fens Estate, Hartlepool, TS25 2LS • Hartfields Medical Practice, Hartfields Extra Care Village, Hartfields Manor, Hartlepool, TS26 0US. • Wynyard Road Primary Care Centre, Wynyard Road, Hartlepool, TS25 3DQ <p>Each practice has a contract which delivers essential, additional and enhanced services to a registered list of patients under an Alternative Provider Medical Services (APMS) contract. These contracts have been extended several times at various points. They are now due to end on 31 March 2017.</p> <p>In-line with NHS England policy entitled 'Managing the end of time-limited contracts for primary medical services', each contract for Fens, Hartfields and Wynyard Road practices has been reviewed, in order to determine:</p> <ul style="list-style-type: none"> • Quality of the existing service; • The need for each service in Hartlepool. <p>In 2014, an extensive engagement exercise was undertaken with stakeholders and a survey was sent to heads of households at the address of where each patient from the three practices was registered. A considerable amount of feedback was received both from stakeholders and from patients in support of their local practices although some did highlight areas of the services where improvements could be made.</p> <p>On the basis of this feedback:</p>	

- the contract for Hartfields Medical Practice was extended until 31 March 2016;
- the contracts for Fens Medical Centre and Wynyard Road Primary Care Centre were extended to enable a more extensive engagement exercise to take place on the future primary care needs of patients registered at both practices.

Since then, NHS England has been out to the market for the provision of services for Hartfields Medical Practice. The service was offered to the market either as a new 5 year APMS contract or as a branch of an existing GMS/PMS contract. This exercise was unsuccessful. There were no bids from existing GMS/PMS contractors and only one APMS contractor. Therefore it was agreed that the current contract would be extended until 31 March 2017 to align with Fens Medical Centre and Wynyard Road Primary Care Centre contracts. This is because an increased patient population might be a more attractive procurement opportunity.

On 01 April 2016, NHS Hartlepool and Stockton on Tees Clinical Commissioning Group (the CCG) assumed responsibility for the commissioning of primary medical care services and is working closely with NHS England to determine the future of the three practices. The options 25 of 154

now available to NHS England and the CCG are:

1. Re-procuring and letting a new contract for each service on a like-for-like basis for each practice
2. Re-procuring a similar service but operated under a different service model (e.g. one contract with two or three sites)
3. Ending the contracts and supporting patients to register with other nearby practices.

This last option is unlikely because

- The practices serve a combined patient list of 7,168 patients with a high degree of health need: from an overall perspective, the health of people in Hartlepool is generally poorer than the England average. There have been changes in the registered list sizes since the initial desktop reviews were carried out which may indicate a growing level of demand.
- Planned housing development may lead to the need for additional general practice capacity in these areas in the future. There are a number of planning applications which have been approved or are pending which may result in an additional 208 houses being built south of Elwick Road, 1501 houses being built in the Rural West ward area, 1230 houses in Fens and Rossmere ward, 297 houses in Hart ward and 264 houses in Seaton ward. In addition there is limited public transport to the area where Hartfields Medical Practice is based.

Can the current practices expand?

Potential to expand has been looked at – this involves assessing whether each of the current buildings for the practices have the space and are able to see a larger number of patients

- o The Fens Medical Practice is not able to expand on the existing site

- o Hartfields is not able to expand on the existing site

- o Wynyard Road is able to expand its service on the existing site, but has poor parking availability and there is limited public transport in the area.

About each service

Fens Medical Centre

The Fens Medical Centre is 0.39 miles away from Wynyard Road Primary Care Centre.

It delivers essential, additional and enhanced services to a registered list of 2,729 patients as at 1 April 2016 under an Alternative Provider Medical Services (APMS) contract.

The contract was originally commissioned under the Equitable Access to Primary Medical Care Scheme (EAPMC), and the contract was awarded to Gatehouse Limited. The contract commenced on 1 May 2008 for a period of five years. The contract was due to expire on 30 April 2013 and was reviewed in 2012 to determine future commissioning intentions in the area. Since 2012, the contract has been extended several times.

Fens and Rossmere ward (where Fens is situated) has some social and health statistics which are better than the Hartlepool average.

There are also housing developments in the local area of the Fens practice which have either already been approved or are pending.

Hartfields Medical Practice

Hartfields Medical Practice is located in Hartlepool and delivers essential, additional and enhanced services to a registered list of 2,417 patients (as at 01 April 2016) under an Alternative Provider Medical Services (APMS) contract.

Hartfields Medical Practice is one of a choice of nine practices within a 1.5 mile radius.

"The contract was originally commissioned under the EAPMC scheme and the contract was awarded to IntraHealth Limited. In 2015/16 NHSE undertook an

unsuccessful procurement process to secure a new contract for this practice.

In 2015/16 NHSE undertook an unsuccessful procurement process to secure a new contract for this practice.

Fens Medical Practice and Wynyard Road Medical Practice are within 3.29 and 2.92 miles of Hartfields respectively.

Wynyard Road Primary Care Centre (PCC)

The Wynyard Road Primary Care Centre (PCC) is a GP practice in Hartlepool that delivers essential, additional and enhanced services to a registered list of 2,022 patients as at 01 April 2016 under an Alternative Provider Medical Services (APMS) contract.

The contract was originally commissioned under the Equitable Access to Primary Medical Care Scheme (EAPMC), and the contract was awarded to IntraHealth Limited. The contract commenced on 01 May 2008 for a period of five years. The contract was due to expire on 30 April 2013 and was reviewed in 2012 to determine future commissioning intentions in the area. Since 2012, the contract has been extended several times.

Manor House ward, where Wynyard Road is situated, is amongst the 5% of the most deprived wards nationally.

Who will be affected by this policy/service /process? (please tick)

- ☒ Consultants ☒ Nurses ☒ Doctors
- ☒ Staff members ☒ Patients ☒ Public
- ☐ Other

What is your source of feedback/existing evidence? (please tick)

- ☒ National Reports ☐ Internal Audits
- ☒ Patient Surveys ☐ Staff Surveys ☒ Complaints/Incidents
- ☒ Focus Groups ☒ Stakeholder groups ☐ Previous EIAs
- ☒ Other

If other please state:

Public Surveys, service data and local data.

Evidence	What does it tell me? (about the existing service/policy/process? Is there anything suggest there may be challenges when designing something new?)
National Reports	<p>NHS England 5 Year Forward View</p> <p>NHS England General Practice Forward View</p>
Patient Surveys	<p>There are two stages to involving people in this process about how the model is developed and decided upon.</p> <p>Phase 1 – pre-engagement (developing the model) and the subject of this report – is a targeted piece of engagement to check that the views on the service and what could be improved are still current. Questions were included in this stage about patient preferences for location and opening times and how important they consider continuity to be.</p> <p>It was intended for this phase to provide reassurance to patients that GP services will continue, and to capture their views and answer any questions or concerns. The approach was sense-checked with Overview and Scrutiny members, Healthwatch Hartlepool and local councillors and the Primary Care Committee and through individual discussions with these stakeholders.</p> <p>Phase 2 will be a formal consultation on the model developed as a result of phase 1.</p> <p><u>Feedback from Patient Engagement in 2014</u></p> <p>Engagement of patients of Fens Medical Centre in 2014</p> <p>Strong views were raised by stakeholders and patients regarding any potential loss of the Fens Medical Centre.</p> <p>The views of 655 patients registered at the practice were represented in the survey to heads of households (23.5% of the number of patients on the registered list at the time).</p> <p>Positive comments: Many positive comments (429) in response to accessibility of The Fens Medial practice</p>

	<p>outnumbered negative comments (83) by five. Accessibility was one of the main reasons given when patients were asked what they value most about The Fens Medical Practice and why some patients moved to this practice. Quite a few things were listed that people felt made The Fens accessible, including: convenience/ closeness to home/ walkable distance; same day appointments/good appointments system; plenty of free car parking; extended opening hours and Saturday opening; friendly staff; and the practice is close to other conveniences such as the pharmacy and local shops. A number of respondents questioned the description of the practice in the consultation letter as not visible/accessible as they felt this location was very good, being near the shops/pharmacy and all being laid out on one floor.</p> <p>Accessibility: patients thought that accessibility could be improved with: extended opening hours; making it easier to get a GP appointment and making sure appointments ran on time. A few people also suggested that a faster turnaround and more flexibility with access to appointments and the repeat prescriptions service would be valued.</p> <p>Accessibility was very much an important consideration for choosing an alternative practice.</p> <p>Leave it as it is: there were 361 comments saying how much the Fens service is valued and should be 'left as it is'. They stated that they could think of nothing that would improve the service offered by The Fens Medical Practice or expressed the wish to stay registered with this GP practice. Many asked for the practice to remain open due to it being close to where they live and many also complimented the service, using words such as 'excellent' and 'brilliant' to describe it.</p> <p>Patient experience: over half of people responding (238) offered positive comments about patient experience. In comparison, only a handful (23) of negative comments were put forward. The most common words used to</p>
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	<p>describe the practice were 'friendly', 'helpful', 'professional' and 'pleasant'. Words such as 'clean and tidy', 'helpful', 'understanding', and 'dedicated' were used to describe the workforce and the patient experience in general. People also felt that its smaller size meant that patients were known, were offered continuity of care and treated as individuals. Nearly half of the people suggesting improvements to patient experience suggested that larger premises would help.</p> <p>Quality of care: There was considerable praise for the quality of current service. Approximately one third of all people responding (146) were satisfied with only a handful of concerns raised (5). The words 'individual', 'dignity', 'respect', 'caring', 'compassionate', 'extra mile' and 'friendliness' were used. Many felt confident with the ability of practice staff to prioritise urgent cases and the skill of the doctors in diagnosing conditions. Some people who had had a serious health condition themselves or had a relative with a serious health condition shared their personal stories about what had made them feel so well cared for.</p> <p>Continuity of care: people praising the continuity of care were in the minority (13) with almost 9 times more comments (97) focusing on the need to improve this, with some specifically mentioning the need to have a female doctor available and the need to cut down on use of locums.</p> <p>Additional services: only a very small number of people (9) stated that they had moved to The Fens Medical Practice due to the specific services that were offered. These are listed below. One person required a Type 2 Diabetes clinic and would have liked this to be encompassed with their new practice.</p> <p>Engagement of patients of Hartfields Medical Practice in 2014</p> <p>Previous engagement (2014) showed patients and stakeholders of Hartfields Medical Practice valued the</p>
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	<p>services and were strongly supportive of keeping the practice as it is.</p> <p>The views of 1021 people were represented in the survey to households (47% of the number of patients on the registered list at the time of the survey).</p> <p>Leave the surgery as it is: respondents (719) could think of nothing that would improve the service offered by Hartfields or expressed the wish to stay registered with this GP practice. Many asked for the practice to remain open due to it being close to where they live, to delay the decline of the area and their perception of the quality and accessibility of alternative practices.</p> <p>Accessibility: the ease of access of locality and to appointments was the main reasons given by patients (535) when asked why they moved to Hartfields and what they now value most about it. Although 71% accessed the surgery by car and valued the free, ample parking, the elderly and disabled population valued the benefit of locality and access and perceived that they would feel the impact of change more, especially those living in the attached retirement village.</p> <p>Quite a few things were listed that people felt made Hartfields accessible, including: ample/free parking; close to home/not needing to rely on public transport; same day appointments/good appointments (and online) system; disabled access; and the practice being linked to the retirement village. Patients thought that accessibility could be improved with: extended opening hours; making it easier to get a GP appointment; parking and making sure appointments ran on time. Some of these improvements had only recently become a problem and some thought that they were easily rectified where some refuted the fact that parking is a problem. A few people also suggested that a faster turnaround of results and more flexibility the repeat prescriptions service would be of benefit.</p> <p>Patient experience: words such as 'personal touch',</p>
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	<p>'helpful', 'willing', 'listen', 'irreplaceable', 'friendly', and 'clean' were used (376 patients) to describe the workforce and the patient experience in general. A few patients identified improvements to workforce empathy and training needs which are covered in quality of care. Some also identified improvements that could be made around the layout of reception in relation to privacy.</p> <p>Quality of care: Hartfields Medical Practice was praised by patients (322) for the quality of current service including thoroughness of examination and diagnosis (including 32 of 154 registration health check), treatment of long term conditions and the expertise of the doctors. 41 people stated they had moved to Hartfields based on its local reputation and words such as 'excellent', 'award winning', and 'reputation worthy' and 'professional' were used to positively describe it. Seven people were not in agreement and encouraged improvements in prescription and test result processes.</p> <p>Continuity of care: about two thirds of comments on continuity care appreciated seeing their own doctor for each visit, whilst the remainder thought that this was an area for improvement. Patients wanted to see more permanent doctors with less reliance of locums. There were positive comments but nearly half of the patients responding (195) wanted assurance that their care plan would continue with any new practice.</p> <p>Additional services: additional services at the practice were commented on positively about additional services offered. There were 107 comments by people saying they had moved to Hartfields due to the different services that were offered. Below are some examples of the current services offered that are valued. All of the improvements suggested related to how a local pharmacy would improve their experience of Hartfields.</p> <p>Engagement of patients of Wynyard Road Primary Care Centre in 2014</p>
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	<p>Previous engagement showed that there were no concerns that were specifically raised regarding the future of Wynyard Road practice, however the number of responses was much lower. People were supportive of keeping the current practice</p> <p>The views of 247 people were represented in the survey to households (13% of the number of patients on the registered list at the time of the survey, a very low response rate).</p> <p>Accessibility: accessibility was a main reason given (by 112 patients) for the value attributed to the service provided by Intrahealth Wynyard Road Primary Care Centre.</p> <p>A few things were listed that people felt made Wynyard Road accessible. The most popular reason was the ease of getting an appointment. A few people mentioned how friendly and helpful the staff are when making appointments. A few also mentioned that appointments tend to be on time. Many people also liked the convenience of it being close to where they live and some mentioned the usefulness of the pharmacy being close-by.</p> <p>The small number of people that suggested improvements mostly mentioned that access to appointments and the timeliness of appointments could improve.</p> <p>Accessibility was very much an important consideration for choosing an alternative practice and is covered later in the report.</p> <p>Leave the surgery as it is: many patients (120) said how much the Wynyard Road service is valued and should be 'left as it is'.</p> <p>They could think of nothing that would improve the service offered by Wynyard Road or expressed the wish to stay registered with this GP practice. A few people expressed concern that politicians and NHS managers should be wishing to close the practice down. 33 of 154</p>
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	<p>Patient experience: over a third of people responding (90) offered positive comments about patient experience. The majority of comments referred to the workforce and words such as 'friendly', 'helpful' and 'listened' were used most. People also valued the responsiveness of the GP practice when help is needed. In comparison, there were only a handful of negative comments (6) some of which related to workforce attitude.</p> <p>Quality of care: approximately one quarter (63) of the comments praised the quality of care and only a small number of concerns about quality were fed back (9). The small number of negative comments mostly related to diagnosis or staff attitude. All of the staff were complimented within the positive comments and the words 'caring', 'helpful', 'listen', 'professional' and 'friendly' were used.</p> <p>Continuity of care: there were a small number (37) patients who wanted to see continuity of care improved, with a number (5) of positive comments. Most people felt that more GPs were needed at the practice. A few comments related to the need for a female doctor and being able to see the same doctor. A handful of people (5) praised the continuity of care received from the staff and doctors.</p> <p>Additional services: these were commented on by half a dozen people (6) with only 2 negative comments.</p> <p>How this information has been used</p> <p>As a result of the views expressed by patients of the practices and local stakeholders about these primary care services:</p> <ul style="list-style-type: none"> • Information about the quality of care and any specific issues were fed back directly to the practices. • Fens Medical Centre and Wynyard Road Primary Care Centre contracts were extended temporarily while a provider for the Hartfields Medical Practice was sought.
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	<ul style="list-style-type: none"> • NHS England then went to the market to try and procure a standalone service for the Hartfields Medical Practice. This has been unsuccessful.
Staff Surveys	Included in patient surveys
Complaints and Incidents	Not Applicable
Results of consultations with different stakeholder groups – staff/local community groups	<p>Patient information sessions were held in each practice area as follows:</p> <p>Session 1: Wednesday 22 June 2016 attended by 4 patients and 2 councillors. 5.30pm – 6.30pm Throston Youth Project (Formerly Boys Welfare Centre), Wiltshire Way, Hartlepool, TS26 0TB</p> <p>Session 2: Monday 27 June 2016 attended by 6 patients and 2 councillors. 10.00am – 11.00am Rossmere Youth Centre, Rossmere Way, Hartlepool, TS25 5EB</p> <p>Session 3: Thursday 30 June 2016 attended by 6 patients. 6.00pm – 7.00pm Owton Manor Community Centre, Wynyard Road, Hartlepool, TS25 3LQ</p> <p>Key feedback was concern that:</p> <ul style="list-style-type: none"> • the local residents' associations wanted to be more involved in this engagement exercise; • people were concerned about older people, those with long-term conditions being engaged in the process; • there were points raised about people being able to complete a survey and some comments about how attendees thought that the letter and questions were confusing; • the local Patient Participation Groups as would have liked to be involved as a group in this engagement exercise; • there was concern about the impact of closure on accessing appointments in other practices; and

	<ul style="list-style-type: none"> • the development of local housing in the area and how this would affect accessibility of appointments and services..
Focus Groups	<p>Feedback from the focus group</p> <p>A focus group was organised and facilitated by Groundwork North East and Cumbria and took place on the morning of 30 June 2016. People were asked if they were interested in participating in the focus group via the patient letter and information sent to each patient over 16 in each practice, a poster was provided with contact details on for the practice to put up and Groundwork North East also provided each practice with a poster to advertise the focus group.</p> <p>Three people attended.</p> <p>Key points from the feedback were the support for continuing with Hartfields and the concern patients have about the whole process.</p> <p>Feedback from Healthwatch Hartlepool on behalf of a practice patient participation group</p> <p>A draft report has been submitted by the chair of the Hartfields Patient Participation Group (PPG), written by Healthwatch Hartlepool in respect of the ongoing engagement with patients of the practice. Healthwatch and the PPG asked patients for their views. This is following concerns that were raised by the Patient Participation Group in relation to communication was received by patients from NHS England in November 2015.</p> <p>They spoke to 43 patients about the letter from NHS England and commissioning timetable, and asked people to complete a survey. This engagement took place over a two-day period in December 2015.</p> <p>The report concludes that</p>

	<p>" 4.1 Communications from NHS England to patients of the Hartfields Medical Practice regarding the process could have been clearer. A significant group of patients commented that they were either unaware that the recommissioning process was taking place or that after reading the patient letter from NHS England they were still unclear about the process and the potential implications for patients.</p> <p>"4.2 There is still real concern amongst some patients (and particularly those who live in Hartfields Retirement Village) that the Centre will either close or relocate as a result of the current procurement exercise.</p> <p>"4.3 Overall, patients are extremely happy with the quality of service they receive from Hartfields Medical Practice although significant concerns were raised about the lack of a permanent G.P and the subsequent use of locum doctors. Also, problems were highlighted around accessing same day appointments. It should however be noted that all feedback regarding consultations with locum GP's was very complimentary.</p> <p>"4.4 The staff team at Hartfields Medical Practice is clearly held in very high regard by patients, as evidenced by frequent positive comments. Patients clearly do not want to lose current nursing and reception staff teams as a result of the procurement exercise."</p>
Other evidence (please describe)	<p>Travelling distances</p> <p>2.3.1 The distances between the three practices and travelling times are detailed below in tables 1 and 2.</p> <p>The distance between Fens Medical Practice and Wynyard Road Primary Care Centre is 0.5 miles and approximately 2 minutes travel by car. Between Fens Medical Centre and Hartfields Medical Practice the distance is 4.3 miles and approximately 13 minutes by car.</p>

The distance between Wynyard Road Primary Care Centre and Hartfields is 3.9 miles by car and approximately 12 minutes travel by car.

Table 1 -Travelling distance (miles)

	Fens		Wynyard Road		Hartfields	
	<i>Car</i>	<i>Walking</i>	<i>Car</i>	<i>Walking</i>	<i>Car</i>	<i>walking</i>
Fens Medical Centre	0	0	0.5	0.5	4.3	4.2
Wynyard Road PCC	0.5	0.5	0	0	3.9	3.8
Hartfields Medical Practice	4.3	4.2	3.9	3.8	0	0

Table 2- Travelling time (hours)

	Fens		Wynyard Road		Hartfields	
	<i>Car</i>	<i>Walking</i>	<i>car</i>	<i>Walking</i>	<i>Car</i>	<i>walking</i>
Fens Medical Centre	0	0	00:02	00:10	00:13	01:21
Wynyard Road PCC	00:02	00:10	0	0	00:12	01:14
Hartfields Medical Practice	00:13	01:21	00:12	01:14	0	0



STEP 2 - IMPACT ASSESSMENT

**What impact will the new policy/system/process have on the following:
(Please refer to the 'EIA Impact Questions to Ask' document for reference)**

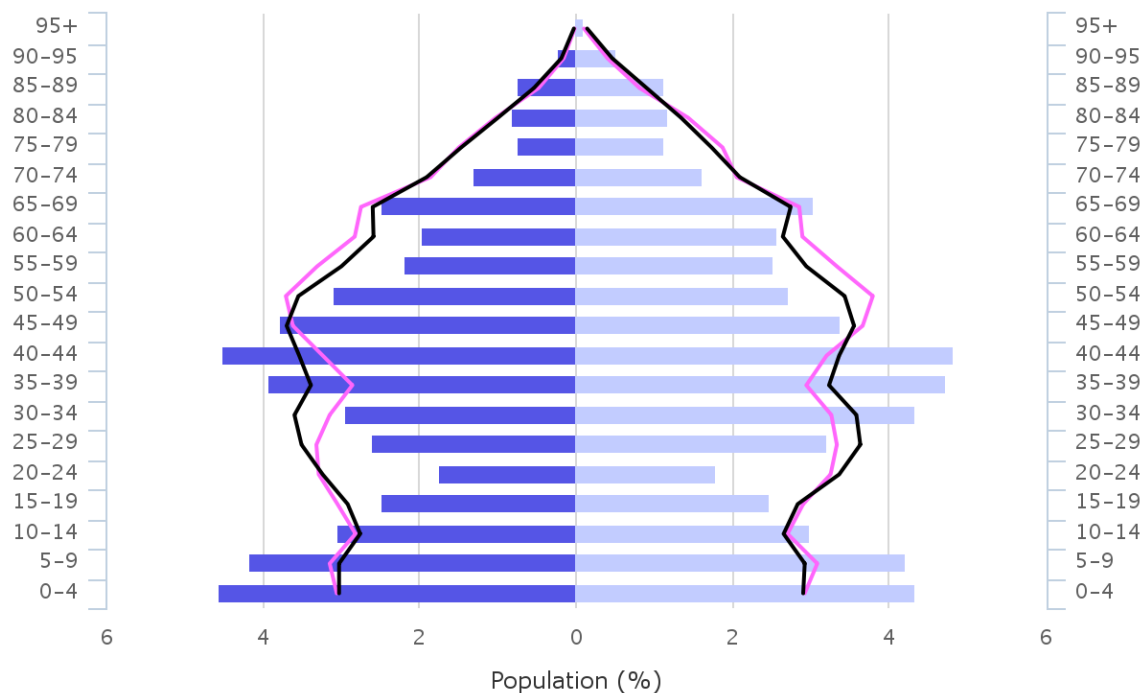
Age A person belonging to a particular age

The GP Services provided at Fens Wynyard Road and Hartfields are provided to all regardless of their age, based on clinical need. The service is currently open to all people regardless of age.

The service does not make assumptions against people because of their age, and information that is provided gives positive messages to all age groups, it is available in a variety of formats to reach different ages such as written, verbal and online information.

Service & Local data

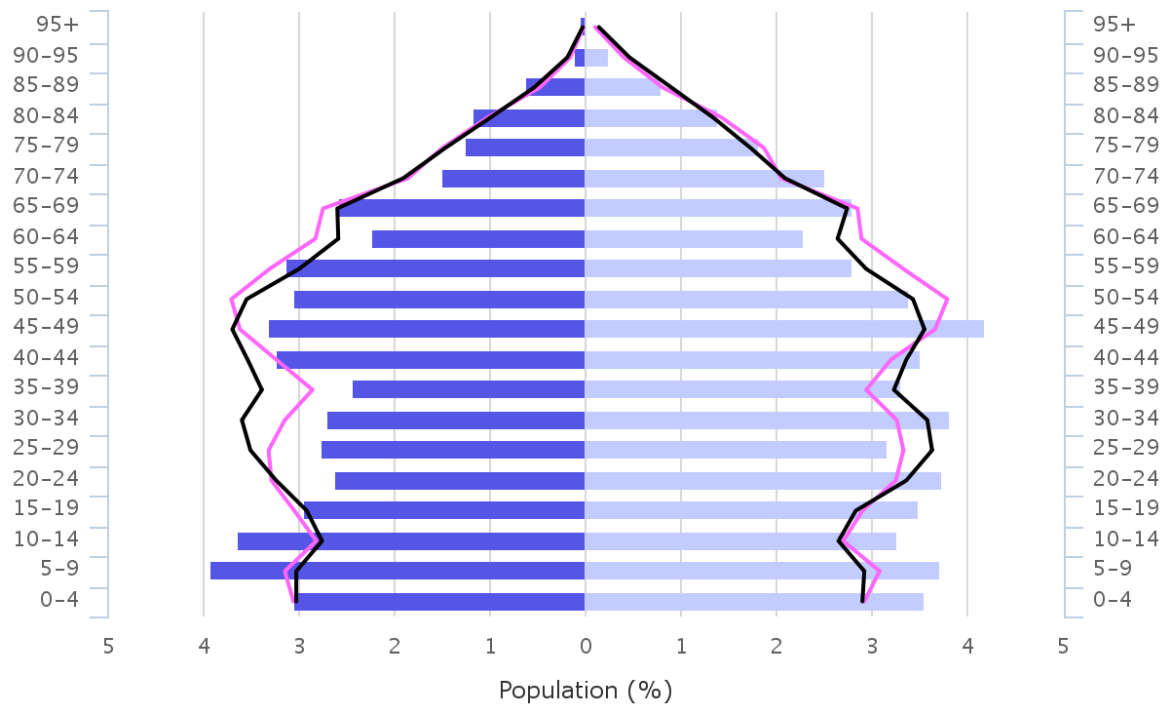
Age Distribution 2015 for NHS Hartlepool And Stockton-On-Tees CCG (Y02501 - Hartfields Medical Practice)



The data in Table 1 shows that the highest % of population is between 30 and 44.

Table 1 Public Health England

Age Distribution 2015 for NHS Hartlepool And Stockton-On-Tees CCG (Y02597 - The Fens Medical Centre)



The data in Table 2 shows that the highest % of population is between 5 and 19

Table 2 Public Health England

Age Distribution 2015 for NHS Hartlepool And Stockton-On-Tees CCG (A81070 - Wynyard Road Primary Care Centre)

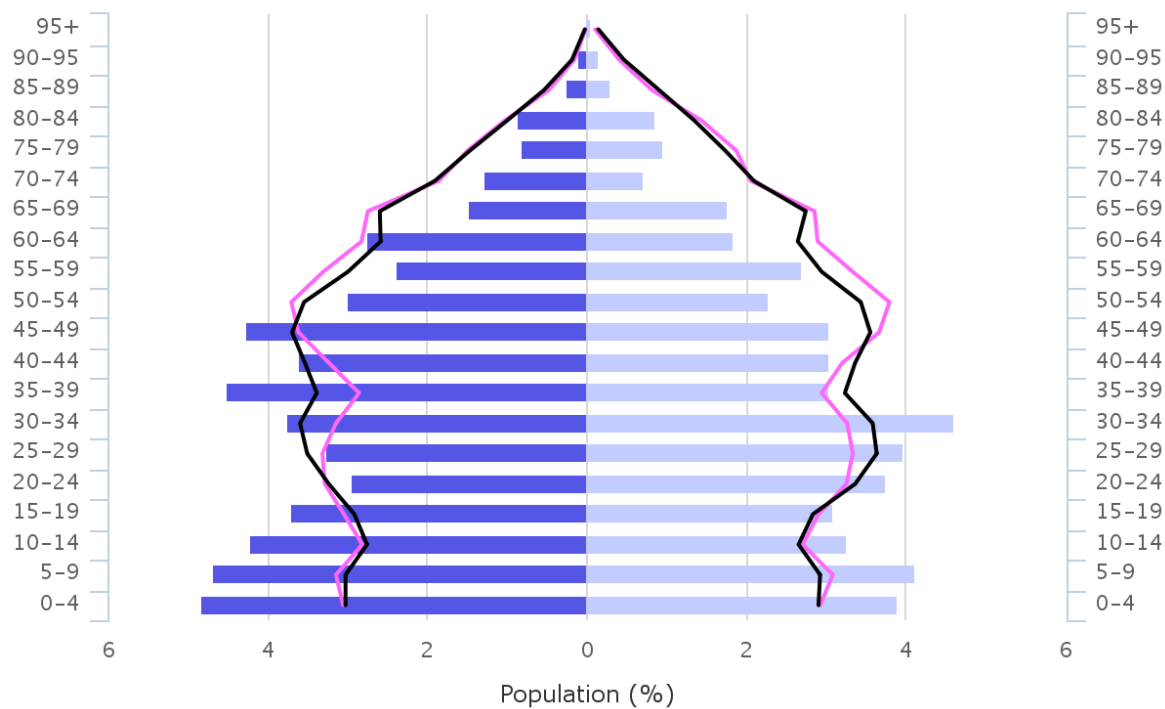


Table 3 Public Health England

Staff

Due to their size GP Practices are not required to collect and publish data in relation to age.

All staff within GP Practices are required to undertake Mandatory Equality and Diversity Training which covers this protected group and ensures staff are fully aware of the impacts and difficulties facing younger and older people both when accessing services and within the workplace.

Engagement

From the surveys undertaken:

Question 13: Please state your age

More responses were received in the 65-75 age groups in the Fens and Hartfields practices. In Wynyard Road responses, the highest number of responses is in the 55 – 64 age group.

Fens

The highest number of responses were from the 65-74 year old age group for this practice (154 – 13.90%). There were 10 (0.90%) responses from people aged under 18 years old (0.90%). There were 28 (2.53%) responses from people in the 18-24 year old age group. A further 86 (7.76%) responded from those aged between 25 and 34. For the age groups between 35 and 64 there were between 9.12% and 10.38% of the total number of responses for each group from people registered with this practice.

Age Group	Response Count	%
Under 18	10	0.90
18-24	28	2.53
25-34	86	7.76
35-44	101	9.12
45-54	107	9.66
55-64	115	10.38
65-74	154	13.90
75-84	99	8.94
85 and over	26	2.35
answered question	726	65.52
skipped question	382	34.48

Hartfields

The highest number of responses was from people aged 65 – 74 years of age (110 – 12.09%). There were just 4 (0.44%) responses from those under 18 and 27 (2.97%)

aged between 18 and 14 at the time of the survey. Between the ages of 25 and 64, there were between almost 9% and just under 11% responses for each age group. There were 112 (12.31%) responses from people aged over 75.

Age Group	Response Count	%
Under 18	4	0.44
18-24	27	2.97
25-34	81	8.9
35-44	101	11.1
45-54	96	10.55
55-64	99	10.88
65-74	110	12.09
75-84	79	8.68
85 and over	33	3.63
answered question	630	56.86
skipped question	280	48.44

Wynyard Road

The highest number of responses was from people aged between 55 and 64 (75 – 12.98%). There were 10 (0.90%) responses from people aged under 18 and 47 (8.13%) responses from people aged 18 to 24 years old. For the age groups between 25 and 74, there were responses from approximately 12% of the total responses from the practice in each group. There were 60 (10.38%) responses from people aged 75 and over.

Age Group	Response Count	%
Under 18	2	0.35
18-24	47	8.13
25-34	74	12.80
35-44	74	12.80
45-54	70	12.11
55-64	75	12.98
65-74	67	11.59
75-84	52	9.00
85 and over	8	1.38
answered question	469	81.14
skipped question	109	18.86

Impact

The services are currently open to people of all ages, and regardless of which option is chosen, this will still be the case, although due to the nature of the service, there is a specific age group which make up the majority of service users.

We do not believe that there will be anything from any age category that would discourage a service user from this protected group.

Disability A person who has a physical or mental impairment, which has a substantial and long-term adverse effect on that person's ability to carry out normal day-to-day activities

The CCG and NHS England are fully aware that not all disabilities are visible, and that any communications with the public around GP services at Fens, Wynyard Road and Hartfields need to be available in various formats taking into consideration the communication needs of people with various disabilities, ensuring information is easy to read and understand.

Service and Local Data

Currently, it is not a mandatory requirement that services collect data around who is using the service in relation to disability, therefore local data has been used to assess the impact of the proposed changes in relation to this protected group.

Table 3 has been taken from the 2011 Census and shows that there are more people who believe that their day-to-day activities are limited a lot in Hartlepool.

There is a fairly significant number (23%) of people who consider themselves as to having their day to day activities limited by some degree, and this needs to be taken into consideration for all of the 3 proposed options to prevent this group from being negatively affected by the changes.

Table 4 (Census 2011)

Variable	Hartlepool	%
Day-to-Day Activities Limited a Lot	11,137	12%
Day-to-Day Activities Limited a Little	10,178	11%
Day-to-Day Activities Not Limited	70,713	77%
Whole population	92,028	100%

Staff

It is not possible to publish data in relation to Disability around the staff currently employed by the GP services

The Equality and Diversity Mandatory training provides training around disability, ensuring staff treat people with a physical or mental health condition, learning disability or sensory impairment with respect and dignity.

If data was available in relation disability around those using the services, this would further the analysis on the impact of this protected group. We have therefore reflected our recommendations below and within the action plan.

Engagement

Question 17: Do you consider yourself to have a long-standing illness or disability?

All practices show that 30% or more of patients have a long-standing illness or disability.

Fens

Do you consider yourself to have a long-standing illness or disability?		
Answer Options	Response Count	%
Yes	334	30.14
No	706	63.72
answered question	1040	93.86
skipped question	68	6.14

Hartfields

Do you consider yourself to have a long-standing illness or disability?		
Answer Options	Response Count	%
Yes	285	31.32
No	583	64.07
answered question	868	95.38
skipped question	42	4.62

Wynyard Road

Do you consider yourself to have a long-standing illness or disability?		
Answer Options	Response Count	%
Yes	180	31.14
No	374	64.71
answered question	554	95.85
skipped question	24	4.15

Impact

To be reviewed

Gender reassignment (including transgender) Medical term for what transgender people often call gender-confirmation surgery; surgery to bring the primary and secondary sex characteristics of a transgender person's body into alignment with his or her internal self perception.

A transgender person is someone who proposes to, starts or has completed a process to change his or her gender. Currently, data in this area is not routinely collected either at a service level and national data is limited.

Staff

The Equality and Diversity Mandatory training undertaken by all staff ensures that they are fully aware of the potential negative impacts this group may experience both within the workforce and for patients when accessing services.

At present GP Practices are not able to report on this equality strand as these details are not captured on the standard documents / application forms that are used to gather personal details.

Engagement

Question 21: Have you undergone gender reassignment?

Fens

There was 1 respondent who stated they had undergone gender reassignment, 6 who stated they preferred not to say.

Hartfields

There were no responses submitted from anyone stating yes to gender reassignment. There were 11 responses from people who preferred not to say.

Wynyard Road

There was one response from a respondent who stated they had undergone gender reassignment. There were 5 responses from people who preferred not to say.

Impact

From the available evidence, we have not identified any negative impact for this group. However, within the next Census we understand that this data will be collected and would advise the trust to ensure that when available this is taken into consideration when changes are made to any services. We would also recommend working towards collecting this at a service usage level, however understand that this is one of the objectives identified as part of the EDS2. **Conclusion:** No negative impact identified.

Marriage and civil partnership Marriage is defined as a union of a man and a woman (or, in some jurisdictions, two people of the same sex) as partners in a relationship. Same-sex couples can also have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters

Although the services do collect data in this area at a service level, it is not a mandatory field and therefore sparsely populated. The Census data in Table 5 shows the population breakdown. The majority of people are living in a couple or married.

Table 5 (Census 2011)

Variable	Hartlepool	%
All Usual Residents Aged 16 and Over in Households	73,296	100%
Living in a Couple; Married	32,264	44%
Living in a Couple; Cohabiting	8,924	12%
Living in a Couple; In a Registered Same-Sex Civil Partnership or Cohabiting (Same-Sex)	427	1%
Not Living in a Couple; Single (Never Married or Never Registered a Same-Sex Civil Partnership)	18,753	26%
Not Living in a Couple; Married or in a Registered Same-Sex Civil Partnership	599	1%
Not Living in a Couple; Separated (but Still ... or Still Legally in a Same-Sex Civil Partnership)	1,494	2%
Not Living in a Couple; Divorced or Formerly ... Civil Partnership which is Now Legally Dissolved	5,428	7%
Not Living in a Couple; Widowed or Surviving Partner from a Same-Sex Civil Partnership	5,407	7%

Staff

The Equality and Diversity Mandatory training provided to all staff ensures that they are aware of civil partnerships rights and competent in applying them. It ensures that staff are aware that patients and also the workforce should not be treated any differently because of their status.

Engagement

Question 14: What is your marital status?

Over half the patients responding to Fens and Hartfields practices were married, in Wynyard Road, there is a higher proportion of single patients. In both Fens and Hartfields there are over 10% of patients responding who are widowed.

Fens

Answer Options	Response Count	%
Married	610	55.05
Single	149	13.45
Divorced	83	7.49
Widowed	135	12.18
Separated	17	1.53
Civil Partnership	24	2.17
Other: living with someone (one person getting divorced)	31	2.80
answered question	1049	94.68
skipped question	59	5.32

Hartfields

Answer Options	Response Count	%
Married	510	56.04
Single	136	14.95
Divorced	59	6.48
Widowed	123	13.52
Separated	7	0.77
Civil Partnership	20	2.20
Other : living with someone	17	1.87
answered question	872	95.82
skipped question	38	4.18

Wynyard Road

Answer Options	Response Count	%
Married	261	45.16
Single	142	24.57
Divorced	55	9.52
Widowed	42	7.27
Separated	22	3.81
Civil Partnership	30	5.19
Other - living with someone	6	1.04
answered question	558	96.54
skipped question	20	3.46

Impact –

Although it is likely that the majority of service users will have this characteristic, we believe that they are likely to see a positive impact and improvement when using services. **Conclusion:** No negative impact.

Pregnancy and maternity Pregnancy is the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth, and is linked to maternity leave in the employment context.

The child population in this area		
Local	North East	England
Live births in 2013		
1,021	28,961	664,517
Children (age 0 to 4 years), 2013		
5,800 (6.2%)	151,800 (5.8%)	3,414,100 (6.3%)
Children (age 0 to 19 years), 2013		
22,600 (24.4%)	594,200 (22.8%)	12,833,200 (23.8%)
Children (age 0 to 19 years) in 2020 (projected)		
22,500 (23.9%)	595,100 (22.3%)	13,325,100 (23.6%)

Table 6 Public Health England: Child Health Profile

Staff

The mandatory Equality and Diversity training covers this protected group and ensures that staff are fully aware of the needs of this protected group. Staff have been engaged throughout the consultation period and there are currently no members of staff on maternity leave on the unit.

Engagement

Question 20: Are you pregnant or do you have a child under two years old?

By far the largest percentage of patients responding to the survey who were pregnant at the time or have a child under two years old was in the Wynyrd Road practice, with 14%. In Fens and Hartfields, only between around 4% and 7% fall in this category.

Fens

Are you pregnant or do you have a child under two years old?		
Answer Options	Response Count	%
Yes	52	4.69
No	960	86.64
Prefer not to say	10	0.90
answered question	1022	92.24
skipped question	86	7.76

Hartfields

Are you pregnant or do you have a child under two years old?		
Answer Options	Response Count	%
Yes	65	7.14
No	785	86.26
Prefer not to say	7	0.77
answered question	857	94.18
skipped question	53	5.82

Wynyard Road

Are you pregnant or do you have a child under two years old?		
Answer Options	Response Count	%
Yes	81	14.01
No	458	79.24
Prefer not to say	5	0.87
answered question	544	94.12
skipped question	34	5.88

Impact

Conclusion: No negative impact

Race It refers to a group of people defined by their race, colour, and nationality, ethnic or national origins, including travelling communities.

The practices are aware of the diverse population of which it services and strives to ensure that people from minority ethnic backgrounds are not negatively impacted when accessing services. The services are currently available to all and mechanisms are in place for this protected group to ensure that people are respected regardless of their ethnicity/race.

Local

The local area has a diverse population, the trust fully understand the need to ensure services are accessible, taking into account cultural issues. The current ARU is accessible to the population regardless of their ethnic background. Information is available in different languages for all service users at their request.

In Hartlepool, there is a total make up of 97.7% people who state they are of a white ethnicity. 2.3% of the population are from a Black/ Minority Ethnic background (BME). We recognise that these communities may speak different languages and Interpreters can be requested for appointments when and where appropriate

Table 7 (Census 2011)

Ethnicity	Hartlepool	%
All Usual Residents	92,028	100.00%
White	89,899	97.7%
Mixed/ Multiple ethnic groups	550	0.6%
Asian/Asian British	1304	1.4%
Black/African/Caribbean/Black British	170	0.2%
Other Ethnic Group	105	0.1%

Staff

Staff receive mandatory Equality and Diversity Training which includes information about this protected group, ensuring that staff are fully aware of any negative impacts that they may face both in the workplace and when accessing services.

Engagement

Question 15 (Ethnicity): please state which ethnic group you consider yourself to be

Most people (over 75%) responded they are "White British" "White" or "English".

Fens

Declared ethnicity	Response Count	%
British	159	14.35
English	109	9.84
Polish	2	0.18
Scottish	1	0.09
White	211	19.04
White British	524	47.29
answered question	1006	90.79
skipped question	102	9.21

Harfields

Declared ethnicity	Response Count	%
British	111	12.20
Caucasian	1	0.11
English	82	9.01
European	1	0.11
Irish	3	0.33
Philipino	2	0.22
UK	1	0.11
Welsh	1	0.11
White	93	10.22
White British	516	56.70
skipped question	394	43.30

Wynyard Road

Declared ethnicity	Response Count	%
American	1	0.17
British	71	12.28
English	149	25.78
Indian	1	0.17
Polish	7	1.21
Scottish	1	0.17
White	36	6.23
White British	262	45.33
answered question	528	91.35
skipped question	50	8.65

Impact

There should be no negative impact

Religion or belief Religion is defined as a particular system of faith and worship but belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live for it to be included in the definition.

Religion or Belief is not currently collected on a mandatory basis.

Local data

The 2011 Census provides a local overview of population currently served by the UHH. The majority of the population that the service currently serves report being of a Christian religion. However, it is clear to see that there is a high percentage of Muslims living in the Stockton-on-Tees area. This is significant in relation to the service, as the majority of inpatients/day cases on the Unit are from this area.

Table 8 (Census 2011)

Religion/Belief	Hartlepool	%
All Usual Residents	92,028	100.00%
Christian	64,349	69.92%
Buddhist	152	0.17%
Hindu	168	0.18%
Jewish	9	0.01%
Muslim	689	0.75%
Sikh	97	0.11%
Other Religion	178	0.19%
No Religion	20,507	22.28%
Religion Not Stated	5,879	6.39%

Staff

The mandatory Equality and Diversity training ensures that staff are fully aware of the rights of those from differing religions and of differing beliefs. Clinical staff receive training to understand the needs of their patients, such as respecting their beliefs around, for example, being treated by a member of staff of the same gender and respecting the wishes of those who have particular beliefs around blood transfusions, respecting religious holidays (such as Ramadan) and being flexible around meal times.

Engagement

Question 16 (religion or belief): please tell us your religion or belief:

Fens

Please tell us your religion or belief:		
Responses	Response Count	%
Agnostic	2	0.18
Anglican	0	0.00
Athiest	14	1.26
Baptist	6	0.54
Christian	75	6.77
Church of England	430	38.81
Jehovah's Witness	3	0.27
Methodist	5	0.45
None	117	10.56
Other	13	1.17
Protestant	7	0.63
RC / Catholic	189	17.06
Spiritualist	1	0.09
Uncategorized	0	0.00
URC	2	0.18
answered question		1028
skipped question		80

Hartfields

Please tell us your religion or belief:		
Responses	Response Count	%
Agnostic	1	0.11
Anglican	1	0.11
Athiest	6	0.66
Baptist	1	0.11
Christian	57	6.26
Church of England	393	43.19
Church of Scotland	1	0.11
Methodist	2	0.22
Non-conformist	1	0.11
None	107	11.76
Other	5	0.55
Protestant	4	0.44
RC / Catholic	135	14.84
Spiritualist	1	0.11
answered question		715
skipped question		195

Wynyard Road

Please tell us your religion or belief:		
Responses	Response Count	%
Agnostic	1	0.17
Athiest	7	1.21
Baptist	1	0.17
Christian	20	3.46
Church of England	253	43.77
Jehovah's Witness	1	0.17
Methodist	1	0.17
Muslim	2	0.35
None	140	24.22
Other	2	0.35
Protestant	2	0.35
RC / Catholic	66	11.42
Unsure/ undecided	4	0.69
answered question		500
skipped question		78

Impact

Sex/Gender A man or a woman.

Local

The table below shows the male/female breakdown of the local population. There is an even male/ female split across all three areas. The ARU service is used significantly more by females however this is due to the nature of the service itself rather than the representation of the male/female split in the area.

Table 9 (Census 2011)

Gender	Hartlepool	%
All Usual Resident	92,028	100%
Males	44,751	49%
Females	47,277	51%

Engagement

Question 12: Please state your gender

More women than men responded to the survey in each practice.

Fens

Answer Options	Response Count	%
Male	430	38.81
Female	619	55.87
Prefer not to say	3	0.27
<i>answered question</i>	1052	94.95
<i>skipped question</i>	56	5.05

Hartfields

Answer Options	Response Count	%
Male	349	38.35
Female	521	57.25
Prefer not to say	4	0.44
<i>answered question</i>	874	96.04
<i>skipped question</i>	36	3.96

Wynyard Road

Answer Options	Response Count	%
Male	262	45.33
Female	298	51.56
Prefer not to say	1	0.17
<i>answered question</i>	561	97.06
<i>skipped question</i>	17	2.94

Impact

Conclusion: No negative impact.

Sexual orientation Whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes

Data around this protected group is not currently collected nationally, locally or at a service level. The trust Equality and Diversity Policy respects Lesbian, Gay and Bisexual (LGB) people. It ensures that those working within the trust respect and foster good relations between their colleagues and patients and the public who are of this

protected group.

Staff

The Equality and Diversity Mandatory training covers "Making Judgements", which ensures that staff are trained to not be prejudice when patients or other colleagues disclose their sexual orientation and respect the rights of this group.

The Equality and Diversity Annual Report publishes trust wide data around sexual orientation, however due to the small number of staff working on the unit we cannot publish data around the staff on the Unit.

The Equality and Diversity Working group have a named Sexual Orientation lead who plays a key role in ensuring that good relations are fostered between people who are of this protected group and who are not.

Engagement

Question 19: How would you describe your sexuality?

Overall, there were nearly 90% of people who said they were heterosexual/straight , 2 people stated they were Bisexual, 16 people stated their sexuality as gay or lesbian, and 121 said they preferred not to say.

Impact –

Conclusion: No negative impact.

Carers A family member or paid helper who regularly looks after a child or a sick, elderly, or disabled person

It is recognised that a large percentage of the population they serve are carers and that they need to take into account the needs of this could when delivering services for people who are providing care and also for those who need a carer with them when accessing service.

Local

A total of 6% of the local population regard themselves as providing 1 – 19 hours of unpaid care a week and 3% provide 50 or more hours. Although we have no service data to show how many of those using the service are carers or need care to access services, the ARU needs to consider this group and how they may have differing needs to those who are not of this protected group.

Considerations need to be given to patients who may be carers and also those who care for the patients that may be using the service, this means providing a service

that is flexible and providing options for appointment times.

Table 10 (Census 2011)

Variable	Hartlepool	%
All Usual Residents (Persons)	92,028	100%
Provides No Unpaid Care (Persons)	82,104	89%
Provides 1 to 19 Hours Unpaid Care a Week (Persons)	5,325	6%
Provides 20 to 49 Hours Unpaid Care a Week (Persons)	1,555	2%
Provides 50 or More Hours Unpaid Care a Week (Persons)	3,044	3%

Staff

The Equality and Diversity Mandatory training ensures that staff consider those with protected characteristics both within the workforce and with regards to patients when accessing services. They are aware of the need to provide flexibility for this specific group.

Engagement

Question 18: Do you care for someone with a long-standing illness or disability?

Over 12% of patients responding are carers in Fens and Hartfields practices, less so in Wynyard Road (nearly 9%).

Fens

Do you care for someone with a long-standing illness or disability?		
Answer Options	Response Count	%
Yes	137	12.36
No	893	80.60
<i>answered question</i>	1030	92.96
<i>skipped question</i>	78	7.04

Hartfields

Do you care for someone with a long-standing illness or disability?

Answer Options	Response Count	%
Yes	114	12.53
No	751	82.53
<i>answered question</i>	865	95.05
<i>skipped question</i>	45	4.95

Wynyard Road

Do you care for someone with a long-standing illness or disability?

Answer Options	Response Count	%
Yes	51	8.82
No	498	86.16
<i>answered question</i>	549	94.98
<i>skipped question</i>	29	5.02

Impact

Other identified groups such as deprived socio-economic groups, substance/alcohol abuse and sex workers

Deprivation

We are aware that people from deprived areas often have poorer health, they understand that the population they serve currently has higher deprivation than the national England average. Consideration should be given to those who are living in these areas, such as travel, childcare costs and the level of health education for this group.

Local

The table below shows some key deprivation data for the areas in comparison to the England national average. Unemployment rate is currently higher than the national England average in all three areas, and there are more people claiming jobseekers allowance than the national England average.

Variable	Hartlepool (%)
Economically Active People Aged 16-64 (Persons, Apr12-Mar13)	70.2

Employment Rate; Aged 16-64 (Persons, Apr12-Mar13)	60.9
Unemployment Rate; Aged 16-64 (Persons, Apr12-Mar13)	12.9
All People of Working Age Claiming a Key Benefit (Persons, Aug10)	25
Jobseeker's Allowance Claimants (Persons, Aug10)	7
Incapacity Benefits Claimants (Persons, Aug10)	11

Engagement

XXXX

Impact

XXX



STEP 3 - ENGAGEMENT AND INVOLVEMENT

How have you engaged stakeholders in testing the policy or process proposals including the impact on protected characteristics?

A wide range of stakeholders will be involved throughout the process through many different forms of communication. A full stakeholder map can be seen in the consultation and engagement plan.

Internal Stakeholders

To be completed following consultation

External Stakeholders

To be completed following consultation

I

Please list the stakeholders engaged:

A detailed stakeholder map has been developed and can be seen in the consultation and engagement plan.

- Providers (NHS Trusts)
- General Public and patients
- Staff
- Voluntary development agencies (HVDA and Catalyst)
- Charity and community groups
- Statutory authorities and regulatory bodies (such as Overview and Scrutiny Committees)
- Internal (such as other CCGs)
- Media (such as local and national radio and TV)
- Government (such as MPs)
- Health partners (such as NHS England)
- Public sector parties (such as NHS England)



STEP 4 - METHODS OF COMMUNICATION

What methods of communication have you used to inform service users of the changes?

To be completed following consultation

If other please state:

To be completed following consultation

ACCESSIBLE INFORMATION STANDARD

The Accessible Information Standard directs and defines a specific, consistent approach to identifying, recording, flagging, sharing and meeting the information and communication support needs of service users.

Tick to confirm you have you considered an agreed process for:

To be completed following consultation

If any of the above have not been considered, please state the reason:



STEP 5 - SUMMARY OF POTENTIAL CHALLENGES

Having considered the potential impact on the people accessing the service, policy or process please summarise the areas have been identified as needing action to avoid discrimination.

Potential Challenge	What problems/issues may this cause?
<u>To be completed</u>	<u>To be completed</u>
<u>To be completed</u>	<u>To be completed</u>
<u>To be completed</u>	<u>To be completed</u>
<u>To be completed</u>	<u>To be completed</u>

To be completed

To be completed



STEP 6- ACTION PLAN

Ref no.	Potential Challenge / Negative Impact	Protected Group Impacted (Age, Race etc)	Action(s) required	Expected Outcome	Owner	Timescale/ Completion date
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SIGN OFF

Completed by:	
Date:	
Signed:	
Presented to: (appropriate committee)	
Publication date:	

1. Please send the completed Equality Analysis with your document to:
necsu.equality@nhs.net
2. Make arrangements to have the EA added to all relevant documentation for approval at the appropriate Committee
3. Publish Equality Analysis

For further advice or guidance on this form, please contact the NECS Equality Team: necsu.equality@nhs.net

Scoring Criteria

Scheme	Premises	Affordability to CCG	Affordability to Provider	Supports CCG Strategy	System sustainability	Support for the scheme
3 providers on 3 sites	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Experience of procurement of schemes with such small patient lists indicate that this scheme is not affordable to the provider	This scheme does not support the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems	Indications from engagement events indicate that this scheme would be supported by the patients of the practices
2 providers on 3 sites	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Experience of procurement of schemes with such small patient lists indicate that this scheme is not affordable to the provider	This scheme does not support the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems	Indications from engagement events indicate that this scheme would be supported by the patients of the practices
1 provider on 3 sites	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Experience of procurement of schemes with such small patient lists indicate that this scheme is not affordable to the provider	This scheme does not support the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems	Indications from engagement events indicate that this scheme would be supported by the patients of the practices
2 providers on 2 sites Fens and Wynyard Road	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Experience of procurement of schemes with such small patient lists indicate that this scheme is not affordable to the provider	This scheme does not support the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices

2 providers on 2 sites Fens and Hartfields	Premises with capacity are not available	Indications are that the scheme is affordable to the CCG	Experience of procurement of schemes with such small patient lists indicate that this scheme is not affordable to the provider	This scheme does not support the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
2 providers on 2 sites Hartfields and Wynyard Road	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Experience of procurement of schemes with such small patient lists indicate that this scheme is not affordable to the provider	This scheme does not support the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
1 provider on 2 sites Fens and Wynyard Road	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Indications are that a list size of 7,128 with service provided from two buildings is affordable to the provider	This scheme supports the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	By working at scale this scheme will support system sustainability by having a larger workforce thereby enabling flexibility in approach at times of need	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
1 provider on 2 sites Fens and Hartfields	Premises with capacity are not available	Indications are that the scheme is affordable to the CCG	Indications are that a list size of 7,128 with service provided from two buildings is affordable to the provider	This scheme supports the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	By working at scale this scheme will support system sustainability by having a larger workforce thereby enabling flexibility in approach at times of need	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
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1 provider on 1 site Wynyard Road	Premises with capacity are available	Indications are that the scheme is affordable to the CCG	Indications are that a list size of 7,128 with service provided from one building is affordable to the provider	This scheme supports the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	By working at scale this scheme will support system sustainability by having a larger workforce thereby enabling flexibility in approach at times of need	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
1 provider on 1 site Fens	Premises with capacity are not available	Indications are that the scheme is affordable to the CCG	Indications are that a list size of 7,128 with service provided from one building is affordable to the provider	This scheme supports the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	By working at scale this scheme will support system sustainability by having a larger workforce thereby enabling flexibility in approach at times of need	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
1 provider on 1 site Hartfields	Premises with capacity are not available	Indications are that the scheme is affordable to the CCG	Indications are that a list size of 7,128 with service provided from one building is affordable to the provider	This scheme supports the CCG strategy of general practice working at scale and ensuring improved quality and reducing variation	By working at scale this scheme will support system sustainability by having a larger workforce thereby enabling flexibility in approach at times of need	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices
Dispersal	Unlikely that existing practices will have capacity to accept 7,128 patients	Indications are that the scheme is affordable to the CCG	Indications are that practices may need to make changes to premises to take additional capacity, which would not be affordable	This scheme does not support the CCG strategy and will increase pressure on existing services	This scheme does not support system sustainability – there are current clinical recruitment and retention problems within the locality, and the current configuration of the workforce exacerbates these problems. All GP practices across Hartlepool are operating at above the national benchmark of 1,800 patient per WTE GP - dispersing the list will add additional pressure within existing services, which they may not be able to stretch resources to manage effectively	Indications from engagement events indicate that this scheme would not be supported by the patients of the practices

Outcomes and Proposals

Scheme	Score	Proposal	Reasons
3 providers on 3 sites	300	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%
2 providers on 3 sites	300	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%
1 provider on 3 sites	300	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%
2 providers on 2 sites Fens and Wynyard Road	210	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%
2 providers on 2 sites Fens and Hartfields	90	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%
2 providers on 2 sites Hartfields and Wynyard Road	210	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%
1 provider on 2 sites Fens and Wynyard Road	540	Progress to consultation	For the reasons indicated above, this scheme is in excess of the 60% threshold
1 provider on 2 sites Fens and Hartfields	420	Exclude from consultation	Although this scheme meets the threshold of 60% the premises of Fens and Hartfields do not have the capacity to accommodate the anticipated patient list of approx 7,200
1 provider on 2 sites Hartfields and Wynyard Road	540	Progress to consultation	For the reasons indicated above, this scheme is in excess of the 60% threshold
1 provider on 1 site Fens	420	Exclude from consultation	Although this scheme meets the threshold of 60% the premises of the Fens does not have the capacity to accommodate the anticipated patient list of approx 7,200
1 provider on 1 site Hartfields	420	Exclude from consultation	Although this scheme meets the threshold of 60% the premises of Hartfields does not have the capacity to accommodate the anticipated patient list of approx 7,200
1 provider on 1 site Wynyard Road	540	Progress to consultation	For the reasons indicated above, this scheme is in excess of the 60% threshold
Dispersal	130	Exclude from consultation	For the reasons indicated above, this scheme does not meet the threshold of 60%

Total Possible Score was 630

AUDIT AND GOVERNANCE COMMITTEE

22 September 2016



Report of: AUDIT AND GOVERNANCE COMMITTEE

Subject: INVESTIGATION INTO ACCESS TO TRANSPORT
FOR PEOPLE WITH A DISABILITY – DRAFT FINAL
REPORT

1. PURPOSE OF REPORT

- 1.1 To present the draft findings of the Audit and Governance Committee following its investigation into Access to Transport for People with a Disability.

2. SETTING THE SCENE

- 2.1 On 7 July 2016, a referral regarding 'Access to Transport for People with a Disability' was received from the Adult Services Committee. The detail of the referral is attached as **Appendix A**. The Audit and Governance Committee, at its meeting on 14 July 2016 accepted the referral and agreed to undertake it within the 10 week prescribed timescale.
- 2.2 The Disabled Persons Transport Advisory Committee (DPTAC) advises the government on transport legislation, regulations and guidance and on the transport needs of disabled people, ensuring disabled people have the same access to transport as everyone else. Transport should be accessible for everyone. Accessible buses, coaches, trains and taxis make it easier for people to visit friends, get to the shops or to work. DPTAC advocate the promotion of an accessible transport system in the advice given to government. An accessible transport system is one that recognises the need for every stage in the journey to be accessible to disabled people.¹
- 2.3 The Equality Act 2010 came into force on 1st October 2010; most land transport is covered by the rules on services to the public in Equality Act Part 3. There are greater exceptions for ships and aircraft. The Disability Rights Commission (DRC) issued a statutory Code of Practice Provision and use of transport vehicles in 2006. This sets out in some detail how the DRC saw the transport rules working under the former Disability Discrimination Act 1995 (DDA).

¹ <https://www.gov.uk/government/organisations/disabled-persons-transport-advisory-committee>

- 2.4 Even though the DDA has now been superseded by the Equality Act 2010, it has been referred to in past cases and is still helpful. It is likely to be taken into account by the courts where relevant.
- 2.5 Hartlepool Borough Council is committed to supporting local citizens through effective consultation. Transport and access to transport within the Borough is regarded as one of the top three priorities when consulting with adults with a Disability. Consultation with community groups in recent years has highlighted a decline in the number of wheelchair accessible vehicles, a decline in the frequency and equality of access to private hire vehicles and bus journeys; and difficulties in access and conveyance. Following discussions with local citizens they are concerned at seeing a reduction in the number of opportunities for people to remain independent.

3. OVERALL AIM OF THE SCRUTINY INVESTIGATION

- 3.1 The overall aim of the Scrutiny investigation was to review the transport provision provided in Hartlepool for people with a disability to ensure that Hartlepool Borough Council is working within the principles of the Equality Act 2010.

4. TERMS OF REFERENCE FOR THE SCRUTINY INVESTIGATION

- 4.1 The Terms of Reference for the Scrutiny investigation were as outlined below:-
- (a) To identify whether the transport provisions available in Hartlepool, including licensed taxis and private hire vehicles; buses (including the hospital shuttle bus); trains; and buses are accessible for people with a disability;
 - (b) To examine whether the transport provisions identified in (a) are compliant with the Equality Act 2010 and the DRC Code of Practice;
 - (c) To identify the number of wheelchair accessible vehicles available for use within Hartlepool and examine:-
 - if there has been a decline in the numbers of wheelchair accessible vehicles and the reasons why; and
 - barriers and exclusions faced by people with a disability if wheelchair accessible vehicles are not available
 - (d) To examine good practice from Local Authorities that face similar issues and look at any solutions/improvements that have been implemented;
 - (e) To explore how access to transport for people with a disability can be developed, maintained and improved, now and in the future, to ensure

that transport provision is continually accessible to people with a disability; and

- (f) To take evidence from a wide a range of stakeholders and service users to identify the barriers people with a disability face without access to good transport links

5. MEMBERSHIP OF THE AUDIT AND GOVERNANCE COMMITTEE

5.1 The membership of the Committee was as detailed below:-

Councillors Akers-Belcher, Belcher, Cook, Hamilton, Harrison, Martin-Wells and Tennant

6. METHODS OF INVESTIGATION

6.1 Members of the Audit and Governance Committee met formally from 28 July 2016 onwards to discuss and receive evidence relating to this investigation. A detailed record of the issues raised during these meetings is available from the Council's Democratic Services.

6.2 A brief summary of the methods of investigation are outlined below:-

(a) Working Group – Meeting 1 – Current accessible transport provision in Hartlepool:-

- Verbal evidence received from Council Officers; Stagecoach representatives; Northern Rail representatives, Taxi Driver representatives and the Multiple Sclerosis (MS) Support Group

(b) Working Group - Meeting 2 - To seek the views of service users and their families and interested stakeholders to identify current issues / problems with the transport provision in Hartlepool:-

- Verbal evidence received from members of the public, service users and their families, community groups and interested parties

(c) Working Group - Meeting 3 – Good practice and future access to transport provision:-

- Verbal and written evidence from Hartlepool and Stockton-on-Tees Clinical Commissioning Group (CCG), other local authorities, community groups and interested parties.

FINDINGS

7. CURRENT ACCESSIBLE TRANSPORT PROVISION IN HARTLEPOOL

- 7.1 The Working Group, at their first meeting held on 8 August 2016 welcomed evidence from Council Officers, Stagecoach representatives, Northern Rail representatives, Taxi Driver representatives and the Multiple Sclerosis (MS) Support Group.
- 7.2 The Council's Head of Service informed Members that the Care Act 2014 introduced a new national eligibility criterion for people with a social care need requiring the provision of transport. It was noted by the Working Group that the Disability Rights Commission estimated that around 60% of people with a disability do not own a car, with 20% more likely to use public transport. Members were informed about the qualifying criteria for the Personal Independent Payment, which helps with some of the extra costs caused by long-term ill-health or a disability for people aged between 16 and 64.
- 7.3 Representatives from Stagecoach confirmed that their vehicles were wheelchair accessible and fully compliant with the Disabilities Discrimination Act (DDA). However, it was highlighted that bus drivers had experienced problems accessing bus stops due to indiscriminate parking which caused congestion and delays. Concern was expressed about the lack of turning space on buses for electric wheelchairs. This was recognised as an issue but there were limitations on the size of vehicles used to enable fuller access to smaller routes. Stagecoach operate a system where drivers are able to reserve a wheelchair accessible space on the next bus in the timetable, where it is a frequent service, if a passenger was unable to access their bus as the space was already occupied. On occasions where the bus service was less frequent, the driver would telephone a local taxi service to provide transport if an accessible space was not available on that bus.
- 7.4 The Working Group questioned whether the buses owned by the Local Authority were accessible to wheelchair users, and it was confirmed that they were. In 2010, a Community Travel Scheme was set up to utilise the fleet of buses. However, the full cost of the travel had to be met by the passengers accessing the service; hence the cost was based on the passengers accessing the service, for example, the more people, the less it would cost. As this was not a regulated bus service, concessionary passes could not be used. It was recognised that there was a gap in transport provision for impromptu transport for people with disabilities.
- 7.5 In relation to the Dial-a-Ride service that was operated by the Council, the Working Group was informed that as part of the considerations for the Medium Term Financial Strategy and in view of the budget restraints the Council face, the operation of this service ceased due to the level of subsidy required to run the service, which was approximately £238k per annum.

- 7.6 The Council's Trading Standards and Licensing Manager noted that the Licensing Committee had considered the gap in transport provision a number of times in the last 18 months as it had been noted that since 2008 the number of wheelchair accessible taxis had reduced. Members noted that the cost of a wheelchair accessible vehicle was significantly more expensive than a saloon car; however, drivers can not charge people an increased rate for using a wheelchair accessible vehicle. The Working Group was informed that the Council's Licensing Committee had considered a number of options, including a financial incentive for drivers to undertake journeys for wheelchair users, however, this would have required additional funding of around £80k over five years.
- 7.7 A taxi driver representative commented that additional time was required for wheelchair journeys in order to help with access into the vehicle, which results in no additional income. It was highlighted to Members, by the Trading Standards and Licensing Manager, that there was a section within the DDA that included the intention for all taxis to be wheelchair accessible but this was never implemented as a cost benefit analysis had indicated that the cost of this was prohibitive.
- 7.8 It was highlighted by a representative from the MS Support Group that a Hartlepool taxi company did have a vehicle with the capacity to transport wheelchairs but the vehicle was tied up delivering the NHS contract to transport discharged patients from local hospitals.
- 7.9 Members were informed that the hospital shuttle bus was not wheelchair accessible but a taxi alternative was offered. Members were of the view that this was unacceptable and expressed concerns regarding equality.
- 7.10 Concern was also expressed regarding pre-bookable appointments on the hospital shuttle bus and how people found it difficult to book a seat due to demand. The Committee expressed strong views that a solution must be found to ensure all patient needs were met at all times including peak periods. Members expressed views in terms of equality related issues. A taxi company advised that they carried out three jobs for the hospital in August which required a wheelchair adapted taxi.
- 7.11 The Working Group was informed that North Tees and Hartlepool NHS Foundation Trust (NTHFT) would be reviewing the current transport services. Currently, there were no plans for a wheelchair accessible shuttle bus as the Trust does not think there would be demand based on previous evidence of when they had a wheelchair accessible transport bus.
- 7.12 The representatives from Northern Rail indicated that an hourly service operated from Hartlepool to Middlesbrough and to Newcastle with both services being accessible for wheelchair users through the use of portable raps within the stations. The Working Group were informed that within the next 41 months, a new specification of train would be introduced that would include two designated wheelchair spaces within the carriages. Concerns were raised regarding the space available in the carriages when they were

full, as it was difficult to manoeuvre a wheelchair in these circumstances. It was questioned whether there was any feasibility to increase the number of carriages in order to increase capacity. The representative from Northern Rail indicated that the planned expansion of the current fleet would release carriages to provide more flexibility to increase capacity where required and in addition there were proposals to increase the timetable to Middlesbrough and to Newcastle to half hourly.

- 7.13 A Healthwatch representative highlighted to the Working Group that the key concerns raised in relation to the lack of transport provision for people with a disability was social isolation and reduced opportunities to engage within the community.

8. VIEWS OF SERVICE USERS AND THEIR FAMILIES AND INTERESTED STAKEHOLDERS TO IDENTIFY CURRENT ISSUES / PROBLEMS WITH THE TRANSPORT PROVISION IN HARTLEPOOL

- 8.1 A focus group was held on 18 August 2016 to seek the views of service users and their families, interested stakeholders, community groups and members of the public.

- 8.2 Discussion was based on the following questions:-

- 1) Can you access a wheelchair accessible vehicle when needed? (this could be a bus, train or taxi)
If no, can you explain why?
- 2) What happens if you cannot access a wheelchair accessible vehicle?
- 3) Which type of transport provision do you find is the most difficult to access? (for example, a bus, taxi, train)
- 4) What are the barriers/problems that people with a disability face without access to good transport links?
- 5) Do you have any ideas to improve access to transport for people with a disability?

- 8.3 A number of concerns were raised at the necessity to pre-book transport, with weekends being particular difficulty. It was noted that one of the taxi firms with a wheelchair accessible vehicle was regularly utilised for hospital discharges through a contract with NTHFT. It was highlighted that taxi companies had a pricing structure with the Trust but cannot charge a premium.

- 8.4 As mentioned at the Working Group held on 8th August 2016, Members were informed that it was not economically viable for taxi companies to purchase wheelchair accessible vehicles, as by law, they were unable to charge more for transporting people with a disability but the journeys often took longer due to the assistance required by the person travelling. A taxi driver

commented that, although some jobs took longer, it was only a few minutes more to load or unload wheelchairs if the customer was ready and waiting to board the vehicle. However, if customers were late, this had a knock on effect on the next journey.

- 8.5 A taxi driver highlighted the main issue as being lack of drivers and lack of vehicles due to purchasing costs and licensing fees for badges and plates. Special needs contracts, whether to schools or hospitals were still a requirement, and were a guaranteed income, which allowed some drivers to continue a taxi service, i.e. licensing fees and maintenance of vehicle.
- 8.6 It was highlighted that taxi companies and drivers need to be incentivised to ensure that transport was available for people with disabilities for both pre-bookable and ad-hoc journeys. The need for drivers to be appropriately trained was highlighted; an NVQ in passenger transport was mentioned as an option, which included loading/unloading of wheelchairs. It was estimated that 16k extra per year would be needed to make a disabled taxi service viable, and there would need to be an assurance that these funds would be available to support the initial cost of buying vehicles.
- 8.7 It was suggested, by the Chair of the Working Group, that the creation of a travel club through a service level agreement for the provision of transport for people with disabilities could be explored with a cost to users who were registered as members of the club. In order to supplement the cost, financial contributions from NHS colleagues and Members' Ward Budgets could be utilised.
- 8.8 A taxi driver highlighted that the drop off/pick up points at the supermarkets and shopmobility had no raised areas for loading/unloading wheelchairs, therefore making the access ramp to the vehicle too steep.
- 8.9 It was suggested by a Member that further discussions be undertaken with Arriva in view of the forthcoming new rail contract and the expectation of pre-bookable and ad-hoc travel for people with disabilities.

9. GOOD PRACTICE AND FUTURE ACCESS TO TRANSPORT PROVISION

- 9.1 The Working Group, at their meeting held on 22 August welcomed evidence from the CCG, Public Health Comparators and Neighbouring Local Authorities (questions posed and written responses attached as **Appendix B**).
- 9.2 The CCG confirmed that there are 3,709 adults registered with the wheelchair service and 452 children, however, the Working Group highlighted that this included figures included those who were not completely reliant on their wheelchairs. As such, it was difficult to identify the actual number of people affected by this issue.

- 9.3 The lack of wheelchair accessible vehicles had proven to be an issue across the board with the number of vehicles gradually reducing due to the cost and financial viability. A number of options had been introduced including a policy to ensure any licences returned to the Council must be allocated back to a vehicle capable of wheelchair access. Due to the cost of supplying such a vehicle, allocating a licence could take a considerable length of time due to the lack of interest by the trade in the supply of such a vehicle. In addition, one local authority had identified the need for a community bus to serve sheltered accommodation and elderly residents in areas where there were no public services; however, sustainable funding remained an issue. Another option, implemented in the Thornaby area was a shuttle service, utilising in-house Council vehicles, for those people who were not able to access public transport services. It was, however, highlighted that another local authority had tried operating services similar to the Hartlepool Dial a Ride service and had also found it to be unsustainable. This service had now also been ceased.
- 9.4 It was suggested that the introduction of a policy to ensure the licences that are returned to the Council be allocated back to vehicles capable of wheelchair access be explored by the Licensing Committee.
- 9.5 In relation to Patient Transport Services, members of the public raised concerns regarding negative experiences, including instances where carers could not accompany the user due to capacity issues and information provided at the time of booking not being passed onto the driver. In response to this, the representative from the CCG was distressed to hear the issues experienced and suggested that any future issues should be reported through the appropriate channels to ensure they were addressed. Comments were made in relation to the complaints procedure and how it needs to be made easier to complain, and also, often patients were too distressed to complain. Comments were made regarding patients having to leave appointments early, as drivers said they had to leave, along with negative attitudes of some drivers.
- 9.6 A representative from a charitable organisation² informed Members that they provide a range of home care and support services including a transport service across the Durham and Dales area as a 'not for profit organisation'. This included a hospital transport service and a volunteer driver's service and it was suggested that there may be an opportunity to extend these service to include Hartlepool.
- 9.7 The group expressed interest in this as an option for officers to explore further, alongside the potential to access potential lottery funding. Officers indicated that they would be delighted to support the organisation, and indeed any other organisation, in the submission of a potential bid for lottery funding to assist in the provision of transport services for people with disabilities in Hartlepool.

² Supportive SRC Limited

10. CONCLUSIONS

10.1 The Audit and Governance Committee concluded:-

- (a) That there are too few taxi's with access for people with disabilities and too few drivers appropriately trained;
- (b) That it is not cost effective for taxi drivers / companies to either buy or adapt vehicles for wheelchair use, therefore one of the key issues is to look at ways to encourage providers to buy accessible vehicles if provision is to be increased;
- (c) That a multi-agency approach is required to improve the transport provision for people with disabilities;
- (d) That space needs to be available to enable carers to travel with patients when using accessible transport services and patients should not be forced to leave appointments early if the driver needs to attend the next appointment;
- (e) It is difficult to identify the actual number of people affected by the lack of transport provision for people with disabilities therefore a process needs to be put in place to enable data to be collected to accurately assess need;
- (f) Lack of transport for people with disabilities results in social isolation and a reduction of opportunities to engage within the community;
- (g) Transport to hospital/GP appointments is limited because transport is already booked in advance therefore this prevents people from travelling at short notice; and
- (h) The hospital shuttle bus is not wheelchair accessible and this is unacceptable. Members expressed views in terms of equality related issues. Often the bus is booked in advance therefore places are not available when needed.

11. RECOMMENDATIONS

- 10.1 The Audit and Governance Committee has taken evidence from a wide range of sources to assist in the formulation of a balanced range of recommendations. The Committee's key recommendations to the Adult Services Committee are as outlined below:-

Travel Club

- (a) That a mapping exercise be undertaken to explore the viability of a travel membership club for people with disabilities to access, as and when required, with a detailed exploration of the following areas:-

- (i) Identification of the actual number of people affected;
 - (ii) Membership fees for those wishing to access the service (exploring whether it could be funded from direct payments, independent living / mobility payments);
 - (iii) Funding from Ward Member Budgets, the CCG and NTHFT to help towards the running of the service; and
 - (iv) The use of volunteer drivers
- (b) That the potential of accessing / expanding existing Charity run schemes in the region be explored

Health Services

- (c) As part of the review of transport services at NTHFT:-
- (i) A request is made to provide a hospital shuttle bus that is wheelchair accessible and can be used at all times including peak periods; and
 - (ii) Explore whether this service could be included in a wider partnership scheme, such as the travel club
- (d) Examine whether a pre-bookable service could be put in place to provide transport to GP / hospital / dental appointments which is co-ordinated and booked by the health service, when appointments are made;
- (e) In relation to the Patient Transport Service, ensure that the assessment criteria includes arrangements for carers to travel with patients and that this is implemented on all journeys when needed;

Licensing

- (f) Explore the potential of any financially viable options for drivers and taxi companies to provide wheelchair accessible transport along with the potential of any available funding streams;
- (g) Explore the introduction of a policy to ensure the licences that are returned to the Council be allocated back to wheelchair accessible vehicles

ACKNOWLEDGEMENTS

The Committee is grateful to all those who have presented evidence during the course of our investigation. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

Hartlepool Borough Council:

Neil Harrison, Head of Service
Ian Harrison, Trading Standards and Licensing Manager
Jayne Brown, Passenger Transport Services Team Leader
Debbie Butler, Benefits Liaison Officer

External Representatives:

Healthwatch representatives
Stagecoach representatives
Taxi driver representatives
Northern Rail representatives
MS Support Group
Hartlepool and Stockton-on-Tees Clinical Commissioning Group
Members of the Public
Redcar and Cleveland Council
North East Lincolnshire Council
South Tyneside Council
Stockton Council

COUNCILLOR RAY MARTIN-WELLS
CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE

September 2016

Contact Officer: Joan Stevens – Scrutiny Manager
Legal Services
Hartlepool Borough Council
Tel:- 01429 284142
Email:- joan.stevens@hartepool.gov.uk

BACKGROUND PAPERS

The following background paper was consulted or referred to in the preparation of this report:-

- (a) Disabled Persons Transport Advisory Committee -
<https://www.gov.uk/government/organisations/disabled-persons-transport-advisory-committee/about#priorities>

Evidence provided to the Working Group

The following evidence was presented throughout the course of the investigation into Access to Transport for People with a Disability:-

Date of Meeting	Evidence Received
8 August 2016	Verbal evidence received from:- <ul style="list-style-type: none"> - Council Officers - Stagecoach representatives - Northern Rail representatives - Taxi Driver representatives - MS Support Group
18 August 2016	Verbal evidence received from:- <ul style="list-style-type: none"> - members of the public - service users and their families - community groups - interested parties
22 August 2016	Verbal and written evidence from:- <ul style="list-style-type: none"> - Hartlepool and Stockton-on-Tees Clinical Commissioning Group - other local authorities - community groups - interested parties.

Audit & Governance- Access to Transport for People with a disability

Referral from: Cllr Stephen Thomas
Chair of Adult Services Committee

Background

Hartlepool Borough Council is committed to supporting local citizens through effective consultation. Transport and access to transport within the Borough is regarded as one of the top three priorities when consulting with adults with a Disability. Consultation with community groups in recent years has highlighted a decline in the number of wheelchair accessible vehicles, a decline in the frequency and equality of access to private hire vehicles and bus journeys; and difficulties in access and conveyance.

Statutory requirements

The Equality Act 2010 came into force on 1st October 2010, most land transport is covered by the rules on services to the public in Equality Act Part 3. There are greater exceptions for ships and aircraft.

The Disability Rights Commission(DRC) issued a statutory Code of Practice Provision and use of transport vehicles in 2006. This sets out in some detail how the DRC saw the transport rules working under the former Disability Discrimination Act 1995 (DDA).

Even though the DDA has now been superseded by the Equality Act 2010, it has been referred to in past cases and is still helpful. It is likely to be taken into account by the courts where relevant

Disabled Persons Transport Advisory Committee

The Disabled Persons Transport Advisory Committee (DPTAC) advises the government on transport legislation, regulations and guidance and on the transport needs of disabled people, ensuring disabled people have the same access to transport as everyone else. On 12 June 2013, it was decided to retain DPTAC to advise Department for Transport on accessibility issues relating to disabled people.

The reasons for referring the issue

Transport should be accessible for everyone. Accessible buses, coaches, trains and taxis make it easier for people to visit friends, get to the shops or to work.

Following discussions with local citizens they are concerned at seeing a reduction in the number of opportunities for people to remain independent.

Without access to good transport links people remain at risk of social isolation and are unlikely to be able to remain active citizens without the opportunity to access education training and employment, sport and recreation.

The objectives of statutory scrutiny process

Hartlepool Borough Council is required to work within the principles of the Equality Act and where it procures, provides or promotes transportation within the Borough it must consider the impact of its services for people with a Disability ensuring equality of access to transport as prescribed within the DRC code of practice.

Useful links

www.gov.uk/transport-disabled/cars-buses-and-coaches

[www.drc.org.uk/services and transport.aspx](http://www.drc.org.uk/services_and_transport.aspx)

Timescales for reporting back to the referring body

The referrer respectfully requests that Audit and Governance consider this referral and if successful would suggest a report back within 10 weeks to enable sufficient time for members to consider the local position in relation to our statutory duties under the Equality Act 2010.

This issue is not being dealt with by another committee.

Questions Posed:

- What is the position in your authority in terms of the number of DDA (WVA) accessible vehicles?
- What challenges do you face in the provision of access to Transport for People with a Disability?
- What solutions have been explored / implemented?
- How do you think access to transport for people with a disability could be developed and maintained, now and in the future?

Public Health Comparators

i) Redcar and Cleveland

10 wheelchair accessible vehicles out of a total 389 licensed vehicles. We also have 72 hackney carriage vehicles that have rotating seats.

We have tried reducing application fees and relaxing our age policy for wheelchair accessible vehicles but this has not helped increase the numbers.

ii) North East Lincolnshire

We have just under 40% of the Hackney Carriage (HC) fleet as WAV (DDA) (**about 80 vehicles**). In 2004 NELC introduced a new HC spec and the intention was that overtime all HC vehicles be WAV. The spec was deliberately broad and allowed a variety of vehicles but all were WAV. The trade campaigned against this and used the DFT guidance to move to a mixed fleet and Committee also made a decision to allow drivers with medical exemptions to change from WAV to non WAV and keep licensing a non WAV. From an officer perspective we would have preferred to move towards 100% WAV because we knew if that was not the ruling ways would be found to reduce the number. Obviously the lack of legislation being introduced has also not helped.

To put the medical exemption position in context, before the committee decision to allow change of vehicles we had 5 and now we have nearly 40 and the WAV numbers have therefore reduced.

We have a limit of 220 HCVs and if any new ones are licensed due to surrender of existing licences those vehicles have to WAV but this is not common so numbers of WAV have continued to fall.

All this said in a survey we did a couple of years ago, which included disabled representation, the WA provision was regarded as satisfactory.

Neighbouring Local Authorities

South Tyneside

- **What is the position in your authority in terms of the number of DDA accessible vehicles?**
The authority has **36 WA** vehicles. The Council caps the number of hackney carriages and has a policy that if/when any new licences are issued they will be in respect of WA vehicles. The majority of work for wheelchair access tends to be by pre booking and therefore we have a large number of private hire operators with suitable vehicles to cater for this demand. Complaints about the lack of wheelchair accessible vehicle (in particular hackney carriage) are few and far between.
- **What challenges do you face in the provision of access to Transport for People with a Disability?**
Any licences returned to the Council must be allocated back to a vehicle capable of wheelchair access. Due to the cost of supplying such a vehicle allocating a licence takes considerable time due to lack of interest by the trade in the supply of such a vehicle due to cost.
- **What solutions have been explored / implemented?**
Policy to require the supply of such vehicles when licences become available.
- **How do you think access to transport for people with a disability could be developed and maintained, now and in the future?**
The government would need to impose/requirements to require the trade to provide such vehicles. This process is largely left to Council's to impose. Some have done so but others have not depending upon local needs.

Stockton

They operate **40 accessible mini buses** for those with disabilities to access Schools/college and day services where they have an assessed need. They have in the last couple of weeks stopped the operation of their Dial A ride service, as a non Statutory.

A number of public service buses in the area operate low suspension buses which are accessible to passengers. A shuttle service is provided in the Thornaby area, utilising in house vehicles, for those who are not able to access public services. Schools buy back the use of our vehicles during the School day which are accessible.

We have identified the need for a Community bus to serve sheltered accommodation and elderly residents in areas where there are no public services however sustainable funding remains the issue.

Better Health Programme Joint Health Scrutiny Committee

At a Meeting of **Better Health Programme Joint Health Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Thursday 21 July 2016 at 2.00 pm**

Present:

Councillor J Robinson in the Chair

Councillors –

Councillors W Newall, J Taylor and L Tostevan (Darlington Borough Council)
 Councillor J Blakey (Durham County Council)
 Councillors R Cook and R Martin-Wells (Hartlepool Borough Council)
 Councillors B Brady and E Dryden (Middlesbrough Council)
 Councillors J Blackie, J Clark and C Dickinson (North Yorkshire County Council)
 Councillors N Cooney, R Goddard and M Ovens (Redcar & Cleveland Borough Council)
 Councillors S Bailey and L Hall (Stockton-on-Tees Borough Council)

Officers –

Stephen Gwilym (Durham County Council), Joan Stevens (Hartlepool Borough Council), Bryon Hunter (North Yorkshire County Council), Alison Pearson (Redcar & Cleveland Borough Council) and Peter Mennear (Stockton-on-Tees Borough Council)

Better Health Programme –

Nicola Bailey, Derek Cruikshanks, Edmund Lovell, Dr Boleslaw Posmyk and Dr Neil O'Brien

Also in attendance –

Councillor L Hovvells – Cabinet Portfolio Holder for Adult and Health Services and Chairman of Health and Wellbeing Board (Durham County Council)
 Peter Appleton – Head of Planning and Service Strategy, Children and Adult Services (Durham County Council)

Representatives from North East Empowerment and Diversity Group.

1 Apologies for Absence

Apologies for absence were received from:-

Councillors –
 Councillor Scott – Darlington Borough Council
 Councillor Stelling – Durham County Council

Councillor S Akers-Belcher – Hartlepool Borough Council
Councillor Walker – Middlesbrough Council
Councillor Mitchell – Stockton-on-Tees Borough Council

Officers –
Elise Pout – Middlesbrough Council

2 Substitute Members

Councillor L Tostevan for Councillor H Scott (Darlington Borough Council)

3 Declarations of Interest

There were no declarations of interest declared.

4 Minutes

The minutes of the meeting held on 7 July 2016 were confirmed by the Committee as a correct record and signed by the Chairman (for copy see file of Minutes).

The Chairman advised that the ten decisions outlined in Item 7 would be re-visited following the BHP presentation.

As a matter of clarity, it was agreed that Councillors would be identified by name within the minutes.

5 Better Health Programme (BHP) - Phase 3 Engagement

The Committee considered a report and presentation of the Communications and Engagement Lead, Better Health Programme (BHP) that shared information from a stakeholder forum event held on 29 June 2016 and highlighted the long list of possible scenarios and evaluation criteria to be used for decision making (for copy see file of Minutes).

The Better Health Team gave a detailed presentation that included information on the following:-

- Better Health Programme Governance Structure
- Executive Membership
- Board Membership
- Engagement with Stakeholders
- Deciding what to consult on
- Workshop discussions – format
- Possible Solutions
- Proposed weighting criteria for engagement
- Key questions – discussion
- Key Services
- Combination of Services and Long list of Solutions
- NHS England Guidance

- Next Steps & Timeline

The Chairman referred to the focus on NHS Sustainability and Transformation Plans (STP) and the fact that nothing has been provided to the Joint OSC in this respect. Councillor Clark asked about funding through the STP and that further clarification was required. Councillor Martin-Wells asked who the STP were answerable to.

Dr O'Brien explained that the BHP was a focused piece of work and that the STP was about a combined planning approach to look at the financial gaps within the NHS over the next 5 years. He indicated that the BHP was a programme that sits under the STP and stressed that there were close links between the two projects. Dr Brien added that Mental Health and Hambleton and Richmondshire were not part of the BHP but did form part of the STP. He also pointed out that the work of the BHP commenced before the work of the STP.

Councillor Martin-Wells re-iterated his point about who the STP was responsible to and was advised that there are a number of professional people and bodies who judge the plan including representatives from NHS England, NHS Improvement, the Local Government Association and the Care Quality Commission. Dr O'Brien also advised that financial bodies and the department of health also feed into the plan. He went on explain that funding through the STP would be directed to NHS Foundation Trusts.

Moving on to the membership of the board, the Chairman was advised that there were no elected members involved. The Committee was, however, assured that there is Local Authority involvement in the Programme Board in terms of a nominated Chief Executive and Director of Social Care.

Referring to the stakeholder events, and in particular the ones held in Hartlepool, Councillor Cook asked how it had been decided who to invite, how the events were advertised and how people became involved in the process. Mr Lovell explained that the meeting in Hartlepool had been well attended and that those who had attended were from the local community including the Patient Reference Group. He informed Members that adverts had been placed in local newspapers, leaflets and been placed in GP practices and libraries and social media had been used to promote the events. He added that there had been varied attendances but that they had strengthened as the process developed. He went on to explain that there were a group of people who did come back to meetings and that were sharing the journey in terms of the development approach. Healthwatch had also been involved and had been e-mailing interested groups.

Councillor Martin-Wells said that as a cross-section of people had been attending the events there was no neutral base and therefore no consistency in terms of feedback. Mr Lovell explained that there had been similar attendances with the background being explained at each meeting. He felt that there had been a shared sense across all meetings that included concerns about travel, care outside of the hospital, community service and therefore believed the meetings to be consistent.

The Chairman had attended an event at Sedgefield racecourse and a follow up event at the Excel Centre and felt the audience to be very consistent.

Councillor Bailey had also been to a well-attended event in the Stockton area.

Councillor Tostevan asked for clarity regarding the proposed weighting criteria. Mr Lovell explained that it was about how much weight we give to one thing over another. For example, do we give 'Quality' 30% or 50%.

Councillor Martin-Wells said that option 4 was the favoured option with deliverability at 15% and pointed out that if the service could not deliver then this exercise was meaningless. He stated that surely the deliverability of any option must be a paramount consideration.

Councillor Ovens asked how Councils could become involved with regards to reducing the wait for delays and discharges. She said that unless we link closely with social services there would be a knock on effect for the level of care.

Dr O'Brien said that every local authority have officers within the Adult Social care environment that were working closely with the Better Health Programme.

Dr Posmyk explained that there was a level of importance when looking at different ways of delivery service. The feedback during the engagement process about accessibility was very important and the weighting factors were not set in stone. The Better Health Programme Executive Group preferred option 4.

In relation to the score for 'Deliverability', it was clarified that this referred to whether options would ensure that NHS Constitutional standards would be met.

The Principal Overview and Scrutiny Officer, DCC said that the comments made today would be reflected in the minutes and said that the Committee needed to have sight of information requested.

Mr Hunter referred to the existing resources and affordability and asked if there was potential to make savings working within the financial environment. Dr O'Brien said that the programme was about efficiency rather than making savings. The range of costs differ in each hospital environment and if this could be changed it would allow the money to be spent in a better way.

Moving on to the population figures, Councillor Blackie said that there were concerns with regards to the cuts and as people travel to Darlington from North Yorkshire it would have been helpful to see an estimate of figures. He went on to ask why Hambleton and Richmond were not full members of the BHP board as this could have an impact on decisions being made. Dr O'Brien informed Councillor Blackie that they had been invited on a number of occasions and had chosen to be associate members. Councillor Clark expressed concerns as they had received assurances regarding Darlington hospital in the past. He said that he would talk to Hambleton and Richmond about taking up full membership of the board.

Members requested sight of patient flows such as from Durham to Newcastle, North Yorkshire to Leeds/Bradford and for the Tees Valley area.

Councillor Cook said that the information needed to be clearer and asked which areas Bishop Auckland planned surgeries would cover. Mr Cruikshanks said that Bishop Auckland had a good reputation for outcomes for elective surgery. Councillor Cook asked what we could expect after this exercise.

Dr Posmyk said that one of the big drivers for the BHP is to ensure excellent services. He said that the board had no preconceptions but would use all of the information gathered so far to go out to consult upon. He added that a small number of patients would not be able to be seen as planned surgeries but as many patients as possible would go down this route. The BHP would concentrate on the best possible outcomes for patients.

With regards to planned surgery, Councillor Dryden was informed that some patients may need to be transferred to emergency care facilities, as happens now. It was hoped that better planning would ensure patients would be selected for surgery and would less likely need to be transferred.

Councillor Bailey asked if high risk units such as intensive care would run alongside midwifery units and if there would be guarantees that the mother could travel with the baby should the need arise. Dr Posymk informed her that the neonatal unit would run in parallel and that the mother would always be able to go with the baby, preferably being transferred to specialist care with the baby in the womb.

Councillor Clark said that as status quo was not an option he believed it to be a done deal.

The Chairman pointed out that the Committee would require evidenced based decisions.

Mr Lovell advised that there were 133 possible combination of services and that work was ongoing on prioritising possible solutions. All possible combinations would be explored together with patient flows.

Councillor Cook asked if one possible combination would be for North Tees to lose emergency care and was astounded to hear that this could be the case. He expressed concerns as Hartlepool had already closed. Dr O'Brien explained that all options would be looked at and decisions would be made using patient flows across the whole population and the services required. He stressed that no decisions had been made at this point.

The Chairman expressed similar concerns should Durham or Darlington lose out. He reminded Members that no decisions were being made today and asked again that evidence be provided for each option.

Mr Lovell said that the BHP were not looking for a recommendation from the Committee at this stage. They were analysing possible solutions and a lot of

detailed work still needs to be carried out. He added that over the next few months the board would be talking the Committee through the process.

Councillor Dryden asked if with planned care were the BHP building assumptions that private hospitals would take up capacity. Dr Posmyk gave the Committee assurances that patient flows would be taken into account and some volume of planned care would go to the private sector.

Mr Lovell explained that in order to create space in the emergency hospitals some planned care would need to move. Councillor Dryden asked if staff would also move and was advised by Mr Cruikshanks that the workforce would be networked and available to provide a service at more than one site. The benefit of a bigger workforce would enable planned care to be more effective. Mr Cruikshanks further explained that cancelled operations and delays due to beds being blocked by emergency care would be managed and would create capacity to plan more.

Councillor Newall said that Darlington residents would be equally as angry at losing emergency care. She referred to the urgent care facility at Darlington and the proposal for a £5m investment that had now been reduced to £1½m. With £27m for an extension at University Hospital of North Durham (UHND) she felt that it was already a done deal.

Dr O'Brien said that it was not a done deal and no decisions had been made. Decisions for the plans to extend UHND had been made before the BHP commenced.

Councillor Taylor said that people were drawing conclusions from the information received as £5m had been promised to be spent at Darlington. Dr O'Brien said that the refurbishment for Darlington would happen but he assured the Committee that this was an open and honest engagement and consultation exercise and that no decisions had been made on where services would be delivered from.

Councillor Martin-Wells said that he hoped he would be proved wrong but that he had to listen to the people he represented and they were saying that decisions had already been made.

Mr Cruikshanks suggested that they could look at the current activity of accident and emergency and look to see what does happen at A and E, compared to what should happen. The Chairman welcomed this.

In relation to the feedback, Councillor Martin-Wells was concerned that only 5% had been received about A&E. He asked what questions had been asked of the public. Mr Lovell advised that the questions asked were 'What do the NHS do well?' and 'Where it could be improved'. An outside organisation had compiled a report and analysed the feedback. In the early stages of the BHP people started feeding back that they were more concerned about travel, having care closer to home, community social care, GP appointments, 111 service and ambulance response times. Mr Cruikshanks added that the public wanted to spend more time at home and have earlier integration back into the community.

Councillor Cook felt that the two questions asked have left the consultation wide open and felt that there should have been more specific questions asked.

Councillor Tostevan felt that the information was not clear enough about what was being consulted upon. She felt that the information needed to be more explicit so that the public could understand.

Mr Lovell reminded Members that at present this exercise was about engagement not consultation. Conversations were still taking place with people about their concerns over services and specialist care.

The Principal Scrutiny Officer reminded Members of the recommendations made at the last meeting and what further action and evidence needs to be provided to the Better Health Programme Joint Health OSC by the BHP representatives.

Referring to the previous set of minutes he said that paragraph 4 had been addressed as Members had received a presentation and had an in-depth conversation about the appraisal criteria and the weightings to be applied.

Further information was still required as outlined in recommendations 3, 5, 7, 8, 9 and 10.

In mitigating on behalf of the Programme Board, the Principal Overview and Scrutiny Officer explained that they had a very short timescale from the last meeting to collate all of the information that had been requested by members and it was not the intended for Members to receive that today. As some Councils have a recess period during August it was unlikely that a special meeting would be arranged and therefore he requested that all information be provided for the 8 September meeting.

He pointed out the importance of the Committee receiving the information requested and the requirements placed upon the NHS in respect of the provision of information and evidence requested by Health Scrutiny Committees as set out in Department of Health's Local Authority Health Scrutiny Guidance. The Committee would need all information before they could offer informed opinions leading up to the start of the consultation period in November.

He advised that all Better Health Programme Joint Health Scrutiny Committee meeting papers were available on Durham County Council's website.

The Chairman thanked everyone for attending and for their contribution.

Resolved that:-

- (1) The contents of the presentation and the comments of the Committee thereon be noted;
- (2) The Better Health programme Executive provide the requested information and evidence set out in the minutes of the Joint OSC meeting held on 7 July 2016 to the meeting scheduled for 8 September 2016;

- (3) Data be provided in relation to current activity at each of the A&E units within the Programme footprint; and
- (4) The comments made by the Joint OSC in respect of the long list options evaluation criteria weightings be noted.

6 Date and time of next meeting

The next meeting would be held on Thursday 8 September 2016 at 2.00 p.m. in the Mandela Room, Middlesbrough Town Hall.