AUDIT AND GOVERNANCE COMMITTEE AGENDA



Thursday 28 June 2018

at 10.00 am

in Committee Room B Civic Centre, Hartlepool.

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors Beck, Belcher, Cook, Hall, Hamilton, Loynes and Tennant.

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

Parish Council Representatives: Parish Councillor John Littlefair (Hart) and Vacancy (Greatham).

Local Police Representative: Chief Superintendent Alastair Simpson.

- 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 25 April, 2018.
- 4. AUDIT ITEMS
 - 4.1 The 2017/2018 Financial Report (Including the 2017/18 Statement of Accounts) *Director of Finance and Policy*
- 5. **STANDARDS ITEMS**

No items.



6. STATUTORY SCRUTINY ITEMS

- 6.1 Introduction to Scrutiny Statutory Scrutiny Officer
- 6.2 Community Safety Plan 2017-20 (Year 2) *Director of Regeneration and Neighbourhoods*
- 6.3 Selection of Potential Topics for Inclusion in the 2018/19 Statutory Scrutiny Work Programme Statutory Scrutiny Officer (to follow)
- 6.4 Appointment to Committees / Forums Statutory Scrutiny Officer
- 6.5 Dedicated Overview and Scrutiny Budget 2017/18 Outturn Statutory Scrutiny Officer

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

7.1 To receive the minutes of the meeting held on 5 March 2018.

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

8.1 To receive extracts from the minutes of the meeting held on 12 March 2018.

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

9.1 To receive the minutes of the meeting held on 18 April 2018.

10. MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP

10.1 To receive the minutes of the meeting held on 9 February 2018.

11. NORTH EAST JOINT HEALTH SCRUTINY UPDATE

11.1 To receive the minutes of the meeting held on 15 February 2018.

12. DURHAM, DARLINGTON AND TEESSIDE, HAMBLETON, RICHMONDSHIRE AND WHITBY STP JOINT HEALTH SCRUTINY COMMITTEE

12.1 To receive the minutes of the meeting held on 17 January 2018.

13. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT



14. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

15. STANDARDS ITEMS

15.1 Consideration of Investigation Report – SCO12/2017 – *Interim Chief Solicitor and Monitoring Officer*

16. ANY OTHER EXEMPT BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For information: - Date and time of forthcoming meetings -

Wednesday 25 July, 2018 at 10.00 am

Thursday 20 September, 2018 at 10.00 am

Thursday 18 October, 2018 at 10.00 am

Thursday 22 November, 2018 at 10.00 am

Thursday 13 December, 2018 at 10.00 am

Thursday 17 January, 2019 at 10.00 am

Thursday 14 February, 2019 at 10.00 am

Thursday 14 March, 2019 at 10.00 am

Thursday 18 April, 2019 at 10.00 am



AUDIT AND GOVERNANCE COMMITTEE MINUTES AND DECISION RECORD 25 APRIL 2018

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

Present:

Councillor Ray Martin-Wells (In the Chair).

Councillors: Belcher, Hall, Hamilton, Harrison and Tennant.

Co-opted Members: Mr Stan Cronin and Mr Norman Rollo.

Also Present: Cameron Waddell and Catherine Andrew, Mazars.

Angie Hall and Lisa Hall, Care Quality Commission.

Officers: John Morton, Assistant Director, Finance and Customer Services

Noel Adamson, Head of Audit and Governance

Joan Stevens, Statutory Scrutiny Officer David Cosgrove, Democratic Services Team

130. Apologies for Absence

Apologies for absence were received from Councillor Cook and coopted member Ms Clare Wilson.

131. Declarations of Interest

None.

132. Minutes of the meetings held on 14 February and 14 March 2018

Both sets of minutes were confirmed.

Mazars Report- Audit Strategy Memorandum (Assistant Director, Finance and Customer Services)

The representatives from Mazars presented the contents of their Audit Strategy Memorandum for the year ending 31 March 2018. The Mazars representatives highlighted as had previously discussed with the Audit and Governance Committee, the statutory timetable for the production and audit

of the Council's financial statements changes for 2017/18. The Council was now required to produce accounts by 31 May 2018 (1 month earlier) and to publish audited accounts by 31 July 2018 (2 months earlier). The Council successfully met the earlier timetable in 2016/17 and the majority of the audit work was also completed by the end of July 2017.

The Mazars representatives drew the Committee's attention to the significant risks and key judgement areas and also the value for money work. It was considered that the authority had added appropriate sustainability to its financial management.

A Member questioned Mazars' approach to materiality and the sums involved. The Mazars representatives commented that materiality was set between 1% and 2% and while is some areas this may give large numbers they were considered appropriate and consistent with other authorities. There was a performance materiality which was tested during the audit. Any reduction in the level of materiality applied would lead to a much increased workload during the audit and consequently to the charges applied.

Recommended

That the report be noted.

Mazars Report- Request for Declarations (Assistant Director, Finance and Customer Services)

The Assistant Director, Finance and Customer Services reported that International Auditing Standards require auditors to ask management and those charged with governance about arrangements the body has put in place:

- to prevent and detect fraud; and
- to comply with applicable law and regulations.

This requirement applies each year subject to audit.

For Hartlepool Borough Council, Mazars consider the Audit and Governance Committee to be those charged with governance, in line with the scheme of delegation in the Constitution. Mazars have requested responses to the questions detailed in their submitted report and would be grateful for a response at the next committee meeting in July 2018.

To meet this request a report detailing a suggested reply to the questions posed will be brought before Members at July's Audit and Governance Committee meeting for consideration.

Recommended

That the report be noted.

135. Role of the Chief Finance Officer (CFO) in Public Service Organisations (Director of Finance and Policy)

The Assistant Director, Finance and Customer Services informed the Committee of the CIPFA statement – 'The Role of the CFO in Public Service Organisations', and how the Council complies with this guidance. The Director of Finance and Policy was also the Councils nominated Section 151 Officer. The Assistant Director indicated that the arrangements within the Council had remained unchanged over the past twelve months.

Recommended

The Committee noted that the Director of Finance and Policy had reviewed the CIPFA statement – 'The Role of the CFO in Public Service Organisations' and advised Members that the Council complied with these requirements, as detailed in Appendix A to the report.

136. Role of the Head of Internal Audit in Local Government (Assistant Director, Finance and Customer Services)

The Assistant Director, Finance and Customer Services informed the Committee of the CIPFA statement – "The Role of the Head of Internal Audit in Local Government", and within the report demonstrated how the Council complies with this guidance. The Assistant Director indicated that the arrangements within the Council had remained unchanged over the past twelve months.

Recommended

The Committee noted that the Assistant Director, Finance and Customer Services had reviewed the CIPFA statement – "The Role of the Head of Internal Audit in Local Government" and advised the Committee that the Council complied with these requirements as detailed in Appendix A to the report.

137. Internal Audit Outcome Report 2017/18 (Head of Audit and Governance)

The Head of Audit and Governance reported on the outcomes of the audit work undertaken by the Internal Audit Team from April 2017 to March 2018. This report also detailed the performance of Internal Audit in 2017/18 on a range of key performance indicators. Hartlepool Borough Council also

provided audit services to Cleveland Fire Authority. In addition to the audits detailed in Appendix A to the report, Internal Audit completed 16 major systems and probity reviews for the CFA during 2017/18. The Head of Audit and Governance also commented that the work programme of the team had been completed due to a stable staffing situation during the year.

The Chair welcomed the report and indicated to Members that he had worked alongside the Assistant Director and Head of Audit and Governance during the year and considered the team to be extremely vigilant in assuring financial probity for the Council. The Chair wished to record his thanks to the Head of Audit and Governance and his Team and the Assistant Director and all the staff in the revenues and benefits team for the excellent work reflected within the report and the previous audits.

The Assistant Director commented that there had been some 'limited assurance' reports issued and the Corporate Management Team had decided that the Auditors would meet with the relevant Assistant Director for the service area and they would be responsible for assuring that the recommendations from the audit were carried through into practice.

Members welcomed the report and a Member questioned the audits where 'limited assurance' had been declared, particularly those for Adult Education and Community Safety. The Head of Audit and Governance reported that with regards to Adult Education the issues were administrative. There were issues rectifying payments made and issues with records of individual clients. These had now been addressed. In relation to Community Safety, again the issues were administrative with some gaps in file management, DBS registration and the reconciliation of petty cash. Again, actions had been agreed and implemented.

The Chair reassured Members that during the year he was kept up-to-date with all audits undertaken and any recommendations made and their implementation. Anything seen to be significant would be brought to Members attention at the earliest opportunity should that be required.

Recommended

That the report be noted.

138. Annual Governance Statement 2017/18 (Assistant Director, Finance and Customer Services)

The Assistant Director, Finance and Customer Services informed Members of the implications to the Council of the Accounts and Audit Regulations (England) 2015 requirement; that the Council publish an Annual Governance Statement (AGS) with the Financial Statements and the action undertaken by the Council to meet its obligations within the scope of the Regulations. The 2017/18 AGS was attached as Appendix A to the report.

Recommended

That 2017/18 Annual Governance Statement as submitted was approved unanimously.

139. Care Quality Commission - Update (Statutory Scrutiny Officer)

The representatives from the Care Quality Commission (CQC) gave a presentation to the Committee on the results of their most recent inspection of North Tees and Hartlepool NHS Foundation Trust. It was indicated that all Trusts across the country had now been inspected and in the future inspections would be much more targeted. CQC representatives now also had a closer relationship with NHS Trusts regularly attending Leadership and Governance Boards to help give a clear steer within the organisation.

The inspection of NTHFT had taken 33 weeks from commencement to conclusion and issue of the final report. The Trust had been given an overall rating of 'Good' and the presentation set out the details of the individual areas inspected and their ratings across both sites. The inspection ratings showed that there were very few areas that had been rated as 'requires improvement'.

The presentation highlighted the following key findings: -

- Acute core services we rated safe, effective, caring and responsive as good, and well-led as requires improvement.
- Children and young people's services or outpatient services were not inspected. These two services had been rated as 'requires improvement' for well led in 2016, which meant the well led rating for core services remained as 'requires improvement'.
- Three of the trust's eight services were rated as good.
- Community services were not inspected at this time; therefore the previous ratings remain the same at this inspection.
- CQC rated well led at trust level as good.
- Staffing numbers allowed the trust to provide safe care to patients.
 The trust had robust systems in place to manage staffing shortfall as well as escalation processes to maintain safe patient care.
- Across the trust patients received care in a clean, hygienic and suitably maintained environment.
- Medicines were managed appropriately.
- There was evidence of good multidisciplinary working, seven day services and some health promotion such as access to drug and alcohol dependency support services.
- Pain was reviewed effectively, mechanisms were in place to ensure that patients did not remain in pain.
- Staff monitored patients' nutrition and hydration effectively.
- Staff were kind, caring and compassionate and had a good understanding of the needs of patients.

- Services were planned in a way to meet the individual's needs and the local population.
- Access and flow across the trust had improved.
- The urgent and emergency care department had mostly met the four hour target, only missing out in three months of the last 12.
- The leadership, governance and culture within services promoted the delivery of high quality person-centred care.

CQC rated well-led at the trust as good because:

- The executive team and board had the experience, capability and integrity to ensure that the strategy could be delivered and risks to performance addressed.
- The executive team and board were knowledgeable about issues and priorities for the quality and sustainability of services, understood what the challenges were and were taking action to address them.
- Leaders at every level were visible and approachable. There was a strong sense that they worked collectively and collaboratively. Nonexecutive directors and governors felt well informed and trusted. Governors were engaged, enthusiastic, and proud of the hospital, the staff and their relationship with executives.
- Since the last inspection the trust had improved engagement and the visibility of the executive team and senior managers.
- There was a clear statement of vision and values, driven by quality and sustainability. The vision, values and strategy had been developed through a structured planning process in collaboration with people who use the service, staff and, external partners.
- The strategy was aligned to local plans in the wider health and social care economy and services were planned to meet the needs of the relevant population.
- There were processes to support staff and promote their positive wellbeing. Leaders encouraged pride and positivity in the organisation. Overwhelmingly staff were positive about, and proud to work in, the organisation.
- The board and governance structures within the trust were clearly set out, effective and understood. The board and executive team had established processes from board to ward to board in order to gain assurance, identify gaps, set priorities and put in place plans to address these gaps.
- Since our last inspection the trust had improved processes to monitor the implementation of their risk management strategy. Risk management was embedded across the organisation.
- The trust had sought to strengthen governance arrangements during 2017/18 with greater emphasis on financial scrutiny. A standalone finance sub group of the executive team meeting had been formed.
- The trust had a range of mechanisms to proactively capture people's views. It was transparent, collaborative and open with all relevant stakeholders.
- The trust had continued to review and improve how people were engaged with their services. The increased use of social media has made a significant impact in relation to engagement with staff.

In the A & E department, the CQC rating of caring improved.

- Feedback from people who used the service and those who are close to them were continually positive about the way staff treated people.
- Reception, nursing and medical staff were seen to go the extra mile several times and their care and support exceeded good care standards. The caring relationships were highly valued by staff and promoted by the matron.
- Patients feedback was that they received compassionate care and that staff supported their emotional needs. There was a strong, visible person-centred culture amongst all disciplines of staff.
- Staff were highly motivated to offer care that was kind and promoted people's dignity. Staff showed determination and creativity to overcome obstacles to delivering care for vulnerable people and those with additional needs. People's individual preferences and needs were always reflected in how care was delivered.
- Staff were observed maintaining the privacy and dignity of patients when providing care to patients at the end of their life and looking after relatives in compassionate ways after the sudden death of their family member.

Maternity, outstanding features included;

- Within maternity services at UHNT, the proactive work of the maternity training team was found to be an outstanding feature. Levels of medical attendance at obstetric mandatory training was exceptional.
- The facilities in the bereavement suite (which was part of delivery suite) was found to be very sympathetic to the needs of a women experiencing pregnancy loss.
- There was low compliance in some mandatory training modules in some of the services inspected.
- There were risks in the emergency department to patients with mental health needs. (No designated mental health assessment facilities that met best practice guidance for a safe mental health assessment room). There were ligature points which meant the area was not fully compliant with The Psychiatric Liaison Accreditation Network (PLAN) standards.
- UHNT performed poorly in RCEM audits including severe asthma, consultant sign off, vital signs, procedural sedation and VTE.
- At UHH maternity services were not always delivered in a way in which focused on women's holistic needs.
- The sustainable delivery of quality care at NTH was put at risk by the financial challenge. The trust's financial forecast deficit was £11.9m in September 2017. NHSI were monitoring this closely.
- There were barriers in the 'Freedom to Speak Up' processes.

The CQC had found two regulatory breaches where the trust MUST make improvements.

The trust must ensure all staff in the are supported to become

- compliant with all aspects of mandatory training (A & E, Medicine and Maternity)
- The trust must ensure that results of RCEM audits including severe asthma, consultant sign off, vital signs, procedural sedation and VTE improve.

The trust had sent the CQC their action plan, which would be monitored. There were eleven things that the trust SHOULD improve to comply with a minor breach that did not justify regulatory action, to improve service quality.

Members commented that there were few services left at Hartlkepool Hospital in their opinion and it was concerning to see the recommendations in relation to maternity services based there. There was concern also expressed that the CQCs assessment of the management being 'well led' didn't always bear up to scrutiny below the levels of management assessed and it was not the feedback some Members received from staff. The CQC representatives indicated that they were aware of the numbers involved at th maternity unit at Hartlepool but they did have good feedback on the wider range of services also delivered from this base.

A Member questioned the length of time involved in completing the inspection and how many days CQC staff spent in the hospitals. The CQC representatives commented that the 33 week process was for a full inspection and included all the pre and post inspection work undertaken. Future inspections would be far more targeted and delivered much quicker. The team spent four days in the hospitals and the Trust only received 30 minutes notice of their arrival. An inspection team could consist of up to 25 people all with varying specialities and experience. It was an assessment process and not simply a box ticking exercise. There were also rigorous internal procedures to assure the quality of the inspection and its outcomes.

A Member asked how the Trust were giving reassurance on staffing levels and the shortfall in nursing numbers; was this being addressed through recruitment or through use of agency staff. The CQC representative commented that they wished to see action plans put in place to address areas of understaffing highlighted during the inspection. The CQCs engagement with providers was now right across the year and had been increased significantly to ensure there was no drifty in the delivery of those action plans. Performance both locally and nationally was assessed to provide appropriate measures. Staff were also consulted throughout the year directly.

A Member questioned if patients were feeding back that services were of a good quality or that some areas were over-stretched and whether the Trust was meeting those demands. The CQC representative indicated that the messages coming through from patients were positive; carers and close family of patients were also consulted. The Members asked if the CQC representatives would share the feedback from patients with the Committee.

The Chair commented that because of the Committee's remit, it did tend to hear the bad reports rather than the good. It was positive to hear that the Trust's performance across a number of areas had improved but Members still retained their concerns with the maternity services based at Hartlepool Hospital. The work undertaken by the midwives was excellent but it was still disappointing that the services at Hartlepool were not clinician led and this was the sole reason behind the fall in numbers using the birthing centre.

The Chair indicated that the Committee welcomed the report and the update provided today. It was positive to hear that while the A&E services may not be provided in the hospital Hartlepool residents would prefer, they were of a very high standard and the Trust should be rightly congratulated on that. The Urgent Care Centre in Hartlepool was also a very well used and excellent service which was now being used more often by residents and in the right way.

The Chair thanked the CQC representatives on behalf of the Committee for their presentation.

Recommended

That the Care Quality Commission representatives be thanked for their presentation and update to the Committee.

140. Any Other Items which the Chairman Considers are Urgent

The Chairman indicated that as this was the final meeting of the municipal year, he wished to thank Members for their attendance and involvement in the work of the Committee over the year. Councillor Martin-Wells commented that it was always a pleasure to serve as Chair of the Committee and he considered that the Committee had now developed the necessary 'teeth' and respect within the authority. A Member commented that having attended some other authorities audit and governance function committees, this authority was served well by this Committee. The Chair thanked the member for the comments. The Chair extended his thanks to officers for their support during the year.

The meeting concluded at 11.00 am.

CHAIR

AUDIT & GOVERNANCE COMMITTEE

28 June 2018



Report of: Director of Finance and Policy

Subject: THE 2017/2018 FINANCIAL REPORT

(INCLUDING THE 2017/18 STATEMENT OF

ACCOUNTS)

1. PURPOSE OF THE REPORT

- 1.1 To inform Members of the arrangements for approving the Council's Financial Report for 2017/18 (which includes the Statement of Accounts) and to provide a copy of the 2017/18 unaudited Financial Report.
- 1.2 This will be achieved by considering the following:
 - i) Background:
 - ii) Basis for preparing the Statement of Accounts;
 - iii) The 2017/2018 Pre-Audit Financial Report; and,
 - iv) Recommendations.

2. BACKGROUND

- 2.1 In accordance with the Accounts and Audit Regulations 2015, all Local Authorities are required to produce an annual Statement of Accounts by 31st May.
- 2.2 The Financial Report presents the Council's financial position for 2017/18 in a specified format and reflects the Outturn Strategy previously approved by the Council.
- 2.3 In previous years Members were required to approve the draft Statement of Accounts prior to audit by the External Auditors. This requirement was removed in 2011/12. However, Members are still required to approve the audited Financial Report. A report will be submitted to the Audit and Governance Committee on 25th July to discharge this responsibility and meet the revised deadlines for Local Authorities to publish audited accounts by 31st July.

2.4 This part of the report is being presented to your meeting today to enable Members to familiarise themselves with the Statement of Accounts and to provide time for Members to ask questions.

3. BASIS FOR PREPARING THE STATEMENT OF ACCOUNTS

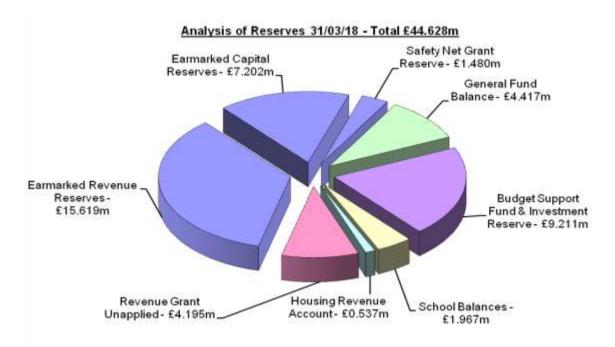
- 3.1 Local Authorities continue to face an extremely challenging financial position owing to the impact of:
 - Government grant cuts implemented up to 2017/18, this resulted in a grant cut for Hartlepool for 2017/18 of £2.1m a reduction of 8%. This was the seventh successive annual reduction in Government funding.
 - The Government has confirmed that Local Authorities will continue to face further annual grant cuts for the next two years (2018/19 to 2019/20). This means that by 2019/20 funding received from the government will be approximately £44.2m less than the level provided in 2010/11. This equates to a reduction of 57%.
- 3.2 In response to these ongoing financial challenges the Council continued to carefully manage resources during 2017/18 and regular financial management reports were submitted to the Finance and Policy Committee. These reports anticipated a year end overspend in service based expenditure including significantly higher costs of increased numbers of Looked after Children and the impact of court decisions regarding these cases.
- 3.3 It was anticipated that that these costs could be partly offset by an under spend on corporate budgets and the use of one-off resources totalling £1.4m. The final position after the use of these resources was a net overspend of £0.109m (compared to a forecast of £0.124m) which was funded from the unearmarked General Fund Reserve. The final outturn reflects the increasing financial pressures and risks facing the Council.

4. THE 2016/2017 PRE-AUDIT FINANCIAL REPORT

- 4.1 The pre-audit Financial Report is attached at Appendix A. If there are any audit amendments these will be reported to the Full Authority in July. In summary this document provides the following information:
 - i) Narrative Report
 - ii) Statement of Responsibilities for the Statement of Accounts
 - iii) Statement of Accounts
 - iv) Annual Governance Statement

- v) Draft Independent Auditor's Report
- vi) Glossary
- 4.2 The narrative report provides an explanation of the Council's overall financial performance for 2017/18, details the year-end financial position for 2017/18 and outlines the impact of the current economic climate on the Authority's ongoing financial position. The report also provides a guide to the most significant matters reported in the Statement of Accounts including an explanation of the purpose of each of the core statements.
- 4.3 One of the key statements is the Balance Sheet which comprises two main balancing parts, Net Assets and Total Reserves, which represents the Council's financial position as at the 31st March 2018.
- 4.4 The Net Assets section of the Balance Sheet shows the Council's assets including Property, Plant and Equipment, Investments and Debtors and liabilities including Short and Long-term Borrowing and Creditors.
- 4.5 The Total Reserves section of the Balance Sheet is made up of Usable and Unusable Reserves. Unusable Reserves cannot be used to support services and include notional accounting gains and losses. These accounting gains and losses are referred to as unrealised.
- 4.6 Usable reserves are those which the authority can utilise to support future service provision. The Usable Reserve as at 31st March, 2018 reflect the review of risks and reserves undertaken as part of the 2018/19 budget process and consist of the following key areas:
 - Unearmarked General Fund Reserve £4.417m this reserve is held to meet unforeseen one-off commitments not funded from the Earmarked Reserves. Any use of this reserve will need to be repaid to ensure the Council can continue to manage unforeseen commitments.
 - Budget Support & Investment Reserves £9.211m these reserves have been established to support the budget over the period of the MTFS, including increased costs of Looked After Children. This amount, helps protect services in the short-term, whilst providing a longer lead time to manage the impact of continuing Government grant reductions.
 - School Balances £1.967m These reserves are held in trust on behalf of schools under a scheme of delegation. Schools have utilised their reserves to assist with decreases in Dedicated Schools Grant and to manage specific commitments and one-off risks

- Housing Revenue Account £0.537m this is a ring-fenced reserve and is held to fund pressures in the Housing Revenue Account such as Government rent cuts, Right to Buy sales and increasing repairs costs.
- Revenue Grant Unapplied £4.195m this reserve holds grants received for specific commitments in 2018/19 and future years. These resources must be used in accordance with grant conditions.
- Earmarked Revenue Reserves £15.619m these reserves are earmarked to fund known commitments such as redundancy costs arising over the next three years and support to manage future cuts in Public Health grant funding
- Earmarked Capital Reserves £7.202m these are capital resources allocated to fund approved capital expenditure commitments where the scheme has commenced and work is phased over more than one financial year.
- Business Rates Safety Net Grant Reserve £1.480m this reserve was set up to reflect the timing difference between the Safety Net Grant received and the Business Rates repayments being made in 2016/17, 2017/18 and 2018/19.



5. CONSIDERATIONS / IMPLICATIONS

| Financial Considerations and Risk Implications | Covered in previous paragraphs. |
|--|---------------------------------|
| Legal Considerations | None |
| Child and Family Poverty Considerations | None |
| Equality and Diversity Considerations | None |
| Staff Considerations | None |
| Asset Management Considerations | None |

6. CONCLUSIONS

- 6.1 The 2017/18 Financial Report has been prepared in accordance with the relevant accounting standards and the outturn strategy previously approved by Council. The report enables the Audit and Governance Committee to review the draft Financial Report prior to the final document being referred to Audit and Governance Committee on 25th July 2018 for approval.
- The Chartered Institute of Public Finance and Accountancy has issued a checklist of questions Members may wish to ask to assist in the understanding of an Authority's financial statements. This has been included at Appendix B and Members are advised that the Council's Financial Report complies with these requirements.

7. RECOMMENDATIONS

- 7.1 It is recommended that Members:-
 - Note the report;
 - ii) Note that the Financial Report detailed in Appendix A will be subject to independent audit by Mazars and details of any material amendments will be reported to Audit and Governance Committee in July.
 - iii) Note that there is the opportunity to raise questions and/or seek clarification of information included in the pre-audit Financial Report in the period up to 25th July 2018, when the audited Financial Report will be presented to Audit and Governance Committee for final approval.

8. CONTACT OFFICER

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Draft Financial Report



Hartlepool Borough Council - Financial Report 2017/2018

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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 2017/18, the financial outlook for 2018/19, 2019/20 and future years.

SUMMARY FINANCIAL PERFORMANCE AND YEAR END FINANCIAL POSITION FOR 2017/18

Revenue Spending 2017/18 - Budget Position

The Council prepared a four year financial strategy covering 2016/17 to 2019/20. This is the same period covered by the four year grant settlement provided by the Government. In relation to 2017/18 the financial strategy reflected a further reduction in the amount of Government funding received by the Council of £2.1 million, a reduction of 8%. This was the seventh successive annual reduction in Government funding.

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 seven years these factors have not been recognised to the same extent. As a result, over the last seven years the Authority has suffered disproportionate spending power cuts owing to Government funding reductions.

In addition to the Government grant cut which was made in 2017/18 and the further cuts announced for 2018/19 and 2019/20 the Council faced continuing inflation pressures and increased costs in relation to Looked after Children. To address the resulting budget deficit the Council allocated one off resources to provide a longer lead time to implement budget reductions over the period 2017/18 to 2018/19.

In line with the Government's current Council Tax policy the Council implemented an overall Council Tax increase of 4.9% for 2017/18, including the 3% Social Care precept. To mitigate the impact on low income households the Local Council Tax Support Scheme was maintained at 12% for the fourth successive year. The 2017/18 budget provided for an increase in the Hartlepool Living Wage to £8.04, compared to the national minimum wage of £7.20.

The Council's net 2017/18 General Fund budget, which is funded from Government Grant and Council Tax, was £120.526m, including expenditure funded from the Dedicated Schools Grant.

Revenue Spending 2017/18 - Outturn Position

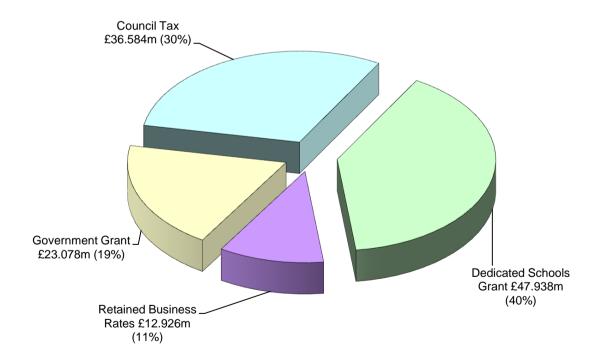
In response to the ongoing financial challenges in future years the Council continued to carefully manage resources during 2017/18 and regular financial management reports were submitted to the Finance and Policy Committee. These reports anticipated a year end overspend for service based expenditure, including significantly higher costs of increased numbers of Looked after Children and the impact of court decisions regarding these cases. It was anticipated that these costs could be partly offset by an under spend on corporate budgets and the use of one-off resources. The final position was a net overspend of £0.109m (£0.124m forecast), which has been funded from the unearmarked General Fund Reserve, as summarised in the following table. The final outturn reflects the increasing financial pressures and risks facing the Council.

The following table provides a summary of actual expenditure against the approved budget for 2017/18.

Summary of 2017/18 Financial Position

| Description of Expenditure | 2017/18 Approved Budget £000 | 2017/18 Actual Expenditure / (Income) £000 | 2017/18 Overspend / (Underspend) £000 |
|---|---------------------------------------|--|---------------------------------------|
| Departmental Expenditure | | | |
| Child & Adult Department | 45,984 | 47,964 | 1,980 |
| Chief Executives Department | 4,493 | 3,958 | (535) |
| Public Health Department | 1,076 | 1,295 | 219 |
| Regeneration & Neighbourhoods Department | 19,384 | 19,622 | 238 |
| Dedicated Schools Grant Related Expenditure | 47,938 | 47,938 | <u>-</u> |
| Total Departmental Position | 118,875 | 120,777 | 1,902 |
| Looked After Children Reserve | - | (1,400) | (1,400) |
| Corporate Expenditure | 1,651 | 1,258 | (393) |
| Housing Revenue Account (HRA) | | 1 | 1 |
| Net Movement on the General Fund & HRA | 120,526 | 120,636 | 110 |
| Contribution from HRA Reserve | | (1) | (1) |
| Final Contribution from General Fund | 120,526 | 120,635 | 109 |

The Council's budget of £120.526m was funded from the following sources:



Capital Spending 2017/18 - Outturn Position

In 2017/18 the Council had a total Capital Programme of £38.856m and incurred expenditure totalling £14.545m. An analysis of this expenditure is shown below, together with an analysis of how it was financed.

| | £000 | % |
|------------------------------------|--------|------|
| Expenditure | · | |
| Highway Maintenance & Construction | 2,507 | 17% |
| Housing Investment Programme | 1,198 | 9% |
| Innovation and Skills Quarter | 1,860 | 13% |
| School Improvements | 2,873 | 20% |
| Sea Defences | 1,665 | 11% |
| Seaton - Coastal Communities Fund | 925 | 6% |
| Other Schemes | 3,517 | 24% |
| Total Expenditure | 14,545 | 100% |
| Capital Financing | | |
| Capital Grant | 8,993 | 62% |
| Capital Funding Reserves | 5,552 | 38% |
| Total Capital Financing | 14,545 | 100% |

As at 31 March, 2018 the Council had rephased capital expenditure totalling £24.311m into 2018/19. This will be funded from the following rephased resources.

| Capital Financing | £000 |
|--------------------------|--------|
| Government Grants | 8,030 |
| Borrowing | 6,011 |
| Capital Funding Reserves | 10,270 |
| | 24,311 |

FINANCIAL OUTLOOK 2018/19 to 2020/21

The Council, alongside the majority of authorities, successfully applied to the Government for a four year grant settlement covering the period 2016/17 to 2019/20. This application was made on the basis that this would provide the best settlement possible within the current spending framework and certainty of funding levels for this period, albeit confirming annual Government funding cuts until 2019/20. The four year settlement will mean that by 2019/20 the Council will have faced nine years of funding cuts. Consequently, by 2019/20 funding received from the Government will be £44.2m less than the level provided in 2010/11, which equates to a cut of 57%.

To address the 2018/19 funding reduction the Council increased Council Tax by 4.9%, which included the use of the 2% Social Care precept introduced by the Government. This raised additional income of £1.8m. The balance of the 2018/19 budget deficit, £4.9m, was addressed from a combination of efficiency savings, use of reserves and housing growth. The use of reserves in 2018/19 is part of the Council's multi-year strategy for managing the impact of front loaded Government grant cuts and service pressures over a four year period. The Council had earmarked £8.366m of reserves to support the revenue budget over two years (2018/19 to 2019/20), which provides a longer lead time to reduce the budget. Without these resources budget cuts would have had to be implemented sooner.

The Council also approved proposals to reduce the budget deficit in 2019/20, including an indicative Council Tax increase and detailed savings proposals. Whilst these measures significantly reduce the 2019/20 budget deficit the Council still needs to make further savings in 2019/20, which total between £5.2m and £6m as detailed in the February Medium Term Financial Strategy. Detailed plans will be developed during 2018 to address the remaining 2019/20 deficit and to begin to develop a strategy for 2020/21 onwards.

The financial outlook for 2020/21 is uncertain as the Government intends making significant changes to the local government funding system, including increasing Business Rate retention from 50% to 75%, completion of a Fair Funding Review and a Green Paper for Adult Social Care. The Council will continue to review its financial strategy as more information becomes available.

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 2017/18, 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, 2018 there was a deficit on the Pensions Reserve of £124.837m (£117.899m in 2016/17). 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.

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 most recent Pension Fund Valuation set the employer's contribution rate for the period 2017/18 to 2019/20 and resulted in a phased increase from 14.2% to 15.5%. Provision for the additional cost has been made within the Council's budget plans.

Further information is included in Notes 51 and 52 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.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities at 31 March, 2018. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are classified 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 decreased by £2.283m which comprises expenditure on fixed assets, downward revaluations of existing assets, less depreciation and disposals.
- Short Term Debtors totalled £21.507m as at 31 March, 2018 (£15.579m at 31 March, 2017). The increase primarily relates to an increase in Government grants due to the Council.
- Capital Grants Receipts in Advance totalled £9.907m as at 31 March, 2018 (£4.642m at 31 March, 2017). This increase relates to an increase in Government grants paid to the Council in advance of expenditure being incurred.
- Other Long Term Liabilities as at 31 March, 2018, were £125.017m (£118.188m at 31 March, 2017). The increase is mainly owing to the increase in net pension liabilities. There is a corresponding increase 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 36.
- At the 31 March, 2018 the Authority had reserves of £44.628m (£52.892m at 31 March, 2017). Full details of the Council's reserves are provided in Notes 28 to 36 and include the following key reserves:

Analysis of Reserves 31/03/18 - Total £44.628m Safety Net Grant Earmarked Capital Reserve - £1.480m Reserves - £7.202m General Fund Balance - £4.417m Earmarked Revenue **Budget Support Fund** Reserves - £15.619m & Investment Reserve - £9.211m Revenue Grant Housing Revenue School Balances -Account - £0.537m Unapplied - £4.195m £1.967m

The Council reviews the level of one off resources and financial risk on an annual basis and the next review will be completed during Summer 2018.

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. Further details are provided in Note 55.

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 £1,833.86 (£1,756.09 in 2016/17) for Band D properties, excluding parish precepts where these applied. This comprised £1,546.26 for the Council's own services, £214.54 for the Police and Crime Commissioner and £73.06 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 33,579 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 | 36,473 | 51% |
| Police and Crime Commissioner Precept | 5,057 | 7% |
| Cleveland Fire Authority Precept | 1,722 | 2% |
| Central Government's Share Non Domestic Rates | 14,859 | 20% |
| Hartlepool Council Non Domestic Rates Precept | 14,681 | 20% |
| Cleveland Fire Authority Non Domestic Rates Precept | 300 | 1% |
| Other | (481) | (1)% |
| | 72,611 | 100% |
| Income | | |
| Council Tax | 43,515 | 59% |
| NNDR from Rate Payers | 32,148 | 44% |
| Transitional Protection Refund | (2,266) | (3)% |
| | 73,397 | 100% |
| Net Deficit / (Surplus) in Year | (786) | |

Housing Revenue Account

Where Local Authorities hold Council Dwellings that number above the threshold set by Central Government they are required to maintain a separate Housing Revenue Account (HRA). In 2016/17 the Council's housing stock rose above this threshold and a HRA was introduced. The HRA shows the in-year economic cost of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

In 2017/18 £0.001m was transferred from the HRA reserve after adjustments between accounting basis and funding basis under statute.

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.

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

The Council 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 2017/18 and this included implementing a detailed savings plan which makes 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, 2018 as the amounts due to the Authority mainly relate to Government grants and payments due from local authorities which will be received in 2018/19.

In addition to delivering on the financial targets the Authority also delivered strong service performance, as detailed in the following paragraphs. The Authority's 2017/18 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.

In 2017/18 the Council Plan had 222 actions (124 in 2016/17). Progress against the Council Plan is reported quarterly to the Senior Leadership Team and Finance and Policy Committee. At the end of quarter 4 the following progress was reported for 2016/17 and 2017/18:

| 2016/17 | | | 201 | 7/18 |
|---------|------|---------------------|-----|------|
| | | Actions | | |
| 101 | 81% | Completed | 142 | 64% |
| 5 | 4% | On track | 49 | 22% |
| 5 | 4% | Progress acceptable | 11 | 5% |
| 13 | 11% | Not completed | 20 | 9% |
| 124 | 100% | _ | 222 | 100% |

| 2016/17 | | 2017/18 |
|------------|--|-----------|
| | Key Finance Indicators | |
| 95.40% | Percentage of Council tax collected in year | 95.70% |
| 98.40% | Percentage of Business Rates collected in year | 98.90% |
| 93.07% | Percentage of invoices paid in 30 days | 97.17% |
| 90.37% | Percentage of invoices paid to local suppliers in 10 days | 95.65% |
| 19.85 days | Average time to process new Housing Benefit/Council Tax Benefit claims | 20.7 days |
| | Long-Term Council Tax Collection Rates | |
| 99.30% | Council Tax collected after 5 years | 99.44% |
| 99.50% | Business Rates collected after 5 years | 99.59% |

The Council's activities, key services and outcomes are detailed in the Council Plan 2017-20 (https://www.hartlepool.gov.uk/info/20004/council and democracy/693/council plan 2017 - 2020). The Council Plan sets out the Council's overall service planning arrangements, 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 reviewed and agreed annually by Full Council. The Council Plan identifies 6 key strategic priorities, these are:

- Growing our economy, jobs and skills.
- Regenerating our town.
- Developing and promoting Hartlepool as a great place to live.
- Developing new services for people and communities.
- Building better beginnings and better futures for our children and young people.
- Providing effective leadership based upon innovation and efficiency.

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 2017/18 financial year the inspection period is 1 June, 2018 to 12 July, 2018.

of the

Chris Little CPFA Director of Finance and Policy Date: 31 May, 2018

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 Director of Finance and Policy;
- 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 25 July, 2018.

Councillor Brenda Loynes Chair of Audit and Governance Committee Date: 25 July, 2018

The Director of Finance and Policy's Responsibilities

The Director of Finance and Policy 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 Director of Finance and Policy 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 Director of Finance and Policy 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 Director of Finance and Policy

In accordance with the requirements of the Accounts and Audit Regulations 2015, I certify that Section 1 to 3 of the Financial Report 2017/18, 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, 2018.

off I

Chris Little CPFA Director of Finance and Policy

Date: 31 May, 2018

Movement in Reserves Statement for the year ended 31 March 2018

| | Unearmarked General Fund Balance | Investment Reserves | Earmarked Revenue & Capital Reserves £000s | Housing Revenue Account | Major Repairs Reserve | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves £000s | Unusable Reserves £000s | Total Reserves |
|---|--|------------------------|--|-------------------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|----------------------|
| Balance at 31 March 2016 carried forward | £000s 4,753 | £000s 9,697 | 67,539 | £000s | £000s | £000s | £000s | 82,310 | 44,980 | £000s 127,290 |
| Movement in reserves during 2016/17 | | | | | | | | | | |
| Surplus or (deficit) on provision of services | (23,009) | - | - | (3,038) | - | - | - | (26,047) | - | (26,047) |
| Other Comprehensive Income and Expenditure | - | - | - | - | - | - | - | - | 20,166 | 20,166 |
| Total Comprehensive Income and Expenditure | (23,009) | - | - | (3,038) | - | - | - | (26,047) | 20,166 | (5,881) |
| Adjustments between accounting basis & funding basis under regulations (note 5) | (6,539) | - | - | 3,046 | 147 | - | (25) | (3,371) | 3,371 | - |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | (29,548) | - | - | 8 | 147 | - | (25) | (29,418) | 23,537 | (5,881) |
| Transfers to/(from) Earmarked Reserves | 29,321 | 7,969 | (37,820) | 530 | - | - | - | - | - | - |
| Increase/(Decrease) in Year | (227) | 7,969 | (37,820) | 538 | 147 | - | (25) | (29,418) | 23,537 | (5,881) |
| Balance at 31 March 2017 carried forward | 4,526 | 17,666 | 29,719 | 538 | 147 | - | 296 | 52,892 | 68,517 | 121,409 |
| Movement in reserves during 2017/18 Surplus or (deficit) on provision of services | (15,855) | - | - | (969) | - | - | - | (16,824) | - | (16,824) |
| Other Comprehensive Income and Expenditure | - | - | - | - | - | - | - | - | 2,051 | 2,051 |
| Total Comprehensive Income and Expenditure | (15,855) | - | - | (969) | - | - | - | (16,824) | 2,051 | (14,773) |
| Adjustments between accounting basis & funding basis under regulations (note 5) | 7,368 | - | - | 969 | 214 | 285 | (276) | 8,560 | (8,560) | - |
| Net Increase/(Decrease) before Transfers to Earmarked Reserves | (8,487) | - | - | - | 214 | 285 | (276) | (8,264) | (6,509) | (14,773) |
| Transfers to/(from) Earmarked Reserves | 8,378 | (6,488) | (1,889) | (1) | | | - | - | - | |
| Increase/(Decrease) in Year | (109) | (6,488) | (1,889) | (1) | 214 | 285 | (276) | (8,264) | (6,509) | (14,773) |
| Balance at 31 March 2018 carried forward | 4,417 | 11,178 | 27,830 | 537 | 361 | 285 | 20 | 44,628 | 62,010 | 106,638 |

For detail on Usable and Unusable Reserves see Notes 28 to 36

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

| | 2016/17 | | | | 2017/18 | | |
|----------------------|-----------------|--------------|---|----------------------|-----------------|--------------|------------|
| £000s Expenditure | £000s Income | £000s Net | Continuing operations: | £000s Expenditure | £000s Income | £000s Net | Note |
| 140,459 | (81,596) | 58,863 | Child and Adult Services | 145,848 | (88,264) | 57,584 | 7 |
| 54,955 | (49,726) | 5,229 | Chief Executives | 47,041 | (41,730) | 5,311 | 7 |
| 11,217 | (11,190) | 27 | Public Health | 10,312 | (11,054) | (742) | 7 |
| 52,227 | (25,134) | 27,093 | Regeneration and Neighbourhood Services | 51,454 | (25,386) | 26,068 | 7 |
| 9,124 | (2,893) | 6,231 | Corporate | 7,755 | (2,537) | 5,218 | 7 |
| 3,771 | (1,028) | 2,743 | HRA | 1,723 | (1,075) | 648 | 7 |
| 271,753 | (171,567) | 100,186 | Cost of Services | 264,133 | (170,046) | 94,087 | |
| 1,753 | (587) | 1,166 | Other Operating Expenditure | 952 | (514) | 438 | 8 |
| 8,876 | - | 8,876 | Transfer of School Assets (see Note (a) below) | 43 | - | 43 | 8 |
| 17,375 | (13,366) | 4,009 | Financing and Investment Income and Expenditure | 19,071 | (12,161) | 6,910 | 9 |
| - | (88,190) | (88,190) | Taxation and Non-Specific Grant Income | | (84,654) | (84,654) | 10 |
| 299,757 | (273,710) | 26,047 | (Surplus) / Deficit on Provision of Services | 284,199 | (267,375) | 16,824 | |
| | | (5,279) | (Surplus) / Deficit on Revaluation of Property, Plant and Equipment | | | 315 | 36 Table 1 |
| | _ | (14,887) | Remeasurement of net defined benefit liability / (asset) | | _ | (2,366) | 36 Table 4 |
| | | (20,166) | Other Comprehensive Income and Expenditure | | | (2,051) | |
| | = | 5,881 | Total Comprehensive Income and Expenditure | | = | 14,773 | • |

Note (a) - In 2017/18 Holy Trinity Church of England Primary School and St Aidan's Church of England Memorial Primary School converted to Academy Status. As a consequence school fields owned by the Council relating to these schools were transferred to the Academies and 'written out' of the Council's accounts. This totalled £0.043m for 2017/18. Following the conversion of Jesmond Gardens and Brougham Primary School to Academy Status in 2016/17 these assets were 'written out' of the Council's accounts. This 'write-out' totalled £8.876m for 2016/17 and is disclosed separately in the Comprehensive Income and Expenditure Statement owing to the exceptional nature of these transactions.

Balance Sheet as at 31 March 2018

| 31 March 2017 £000s | | 31 March 2018 £000s | Note |
|------------------------|---|------------------------|------|
| 255,473 | Property, Plant and Equipment | 256,486 | 14 |
| 14,947 | Heritage Assets | 15,066 | 17 |
| 17,616 | Investment Property | 14,201 | 16 |
| 197 | Long Term Investments | 197 | 18 |
| 2,697 | Long Term Debtors | 2,570 | 19 |
| 290,930 | Long Term Assets | 288,520 | |
| 40,067 | Short Term Investments | 37,083 | 44 |
| 268 | Inventories | 233 | 20 |
| 15,579 | Short Term Debtors | 21,507 | 21 |
| 6,578 | Cash and Cash Equivalents | 4,460 | 22 |
| 62,492 | Current Assets | 63,283 | |
| (1,115) | Bank Overdraft | - | 22 |
| (1,939) | Provisions | (2,757) | 25 |
| (4,815) | Short Term Borrowing | (4,927) | 44 |
| (18,363) | Short Term Creditors | (19,954) | 24 |
| (4,642) | Capital Grants Receipts in Advance | (9,907) | 27 |
| (381) | Revenue Grant Receipts in Advance | (1,344) | 27 |
| (31,255) | Current Liabilities | (38,889) | |
| (1,139) | Provisions | (1,291) | 25 |
| (81,429) | Long Term Borrowing | (79,968) | 44 |
| (118,188) | Other Long Term Liabilities | (125,017) | 26 |
| (200,756) | Long Term Liabilities | (206,276) | |
| 121,411 | Net Assets: | 106,638 | |
| 4,526 | Unearmarked General Fund Reserve | 4,417 | 28 |
| 15,227 | Budget Support Fund & Investment Reserves | 9,211 | 29 |
| 2,439 | Schools Balances | 1,967 | 30 |
| 538 | Housing Revenue Account Reserve | 537 | 31 |
| - | Revenue Grant Unapplied | 4,195 | 32 |
| 22,910 | Earmarked Revenue Reserves | 15,619 | 33 |
| 6,295 | Earmarked Capital Reserves | 7,202 | 34 |
| 957 | Business Rates Safety Net Grant Reserve | 1,480 | 35 |
| 68,519 | Unusable Reserves | 62,010 | 36 |
| 121,411 | Total Reserves: | 106,638 | |

Statement Of Cash Flows For The Year Ended 31 March 2018

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.

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|--|------------------|------|
| (26,047) | Net Surplus / (Deficit) on the Provision of Services | (16,824) | |
| 16,915 | Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-cash Movements | 21,025 | 47 |
| (10,203) | Adjustments for items included in the Net Surplus / (Deficit) on the Provision of Services that are Investing and Financing Activities | (8,987) | 48 |
| (19,335) | Net Cash (Outflow) /Inflow from Operating Activities | (4,786) | |
| 2,785 | Investing Activities | 4,032 | 49 |
| 17,088 | Financing Activities | (249) | 50 |
| 538 | Net Increase / (Decrease) in Cash and Cash Equivalents | (1,003) | |
| 4,925 | Cash and Cash Equivalents at the beginning of the reporting period | 5,463 | |
| 5,463 | Cash and Cash Equivalents at the end of the reporting period | 4,460 | 22 |

Summary of Significant Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March, 2018. 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 2017/18, 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 activity 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.

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.

SECTION 3: Statement of Accounts

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 noncurrent 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, 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 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 Kier 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 Child and Adult 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 and apportioned based on direct departmental pension 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.

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 department 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.

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 SUEZ Recycling and Recovery Tees Valley Limited (formerly SITA Tees 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 Director of Finance and Policy 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.

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.

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. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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. 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.

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.

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 department 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 department line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant department 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.

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 department 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.

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.

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

18. Financial Guarantees

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments and are disclosed in the Financial Guarantees note.

19. 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.

20. 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.

21. 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.

22. 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.

SECTION 3: Statement of Accounts

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 agreement.
- 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 becomes receivable by the Council.

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.

23. 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.

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 2018/19 Code.

- IFRS 9 Financial Instruments. This introduces changes to the classification and measurement of financial assets and a new 'expected credit loss' model for impairing financial assets. The adoption of this standard is not expected to have a material impact on the Council's financial statements.
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS 15 Revenue from Contracts with Customers. This introduces new requirements for the recognition of revenue. However it is not expected that this standard will have a material impact on the Council's financial statements.
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses. This applies to deferred tax assets related to debt instruments measured at fair value. The Council does not have such debt instruments. Therefore this will have no impact on the Council's financial statements.
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative. This will potentially require some additional analysis of Cash Flows from Financing Activities in future years. However if the standard had applied in 2017/18 there would be no additional disclosure.
- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets. The impact of IFRS 16 is not yet estimable due to the standard being introduced in 2019/20 and detailed guidance not yet being available.

The Code requires implementation from 1 April 2018 and therefore there is no impact on the 2017/18 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:

- There is a high degree of uncertainty about future levels of funding for local government beyond 2018/19. 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;
 - Nine 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.
 - Fourteen Community Schools owned by the Council.
 - Thirteen Academy Schools which the Council have transferred to the Academies under 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 Council's Comprehensive Income and Expenditure Statement.

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, 2018 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 £0.070m 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 £10.056m, however, the assumptions interact in complex ways. During 2017/18, the Authority's actuaries advised that the net pension liability for funded LGPS benefits had increased by £2.823m as a result of estimates being corrected as a result of experience and reduced by £0.470m 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 2017/18. A 0.1% increase in this rate would increase the Authority's revenue budget requirement for pension costs by £8,000. |
| 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 $\pounds 0.400m$. |
| Arrears | At 31 March, 2018, the Council had a balance of £15.289m on general, Council Tax Payers, NNDR Payers and Trade debtors. A review of these balances suggested that an impairment of doubtful debts of £4.991m 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 £0.153m. |

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 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 £2.439m to help manage this risk. |

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 Director of Finance and Policy on 31st May, 2018. 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, 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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.

| | | Us | able Res | erves | | | |
|---|---|--|---|---|---|---|--|
| Unearmarked General Fund Balance £000s | School, Budget Support and Investment Reserves £000s | Earmarked Revenue & Capital Reserves £000s | Housing Revenue Account £000s | Major Repairs Reserve £000s | Capital Receipts Reserve £000s | Capital Grants Unapplied £000s | Total Reserves £000s |
| | | | | | | | |
| | | | | | | | |
| 10,161 | - | - | 154 | - | - | - | (10,315) |
| 340 | - | - | 1,036 | - | - | - | (1,376) |
| 2,158 | - | - | - | - | - | - | (2,158) |
| (8,714) | - | - | - | - | - | 12 | 8,702 |
| - | - | - | - | - | - | - | - |
| (5,515) | - | - | - | - | - | - | 5,515 |
| 2,010 | - | - | - | - | - | - | (2,010) |
| 654 | - | - | - | - | - | - | (654) |
| | | | | | | | |
| (2,349) | - | - | - | - | - | - | 2,349 |
| | | | | | | | |
| - | - | - | - | - | - | (288) | 288 |
| | | | | | | | |
| (285) | - | - | - | - | 285 | - | - |
| | | | | | | | |
| - | - | - | (252) | 252 | - | - | - |
| - | - | - | - | (38) | - | - | 38 |
| | General Fund Balance £000s 10,161 340 2,158 (8,714) - (5,515) 2,010 654 (2,349) | Unearmarked General Fund Balance £000s 10,161 - 340 - 2,158 - (5,515) - (5,515) - 2,010 - 654 - 654 - 654 | Unearmarked General Fund Balance £000s School, Budget Support and Investment Reserves £000s Earmarked Revenue & Capital Reserves £000s 10,161 - - 340 - - 2,158 - - (8,714) - - - (5,515) - 2,010 - - 654 - - - - - (2,349) - - | Unearmarked General Fund Balance £000s School, Budget Support and Investment Reserves £000s Earmarked Revenue & Capital Reserves £000s Housing Revenue Account £000s 10,161 - - 154 340 - - 1,036 2,158 - - - (8,714) - - - - (5,515) - - - 2,010 - - - - (2,349) - - - - (285) - - - - | Unearmarked General Fund Balance E 2000s Support and Investment Reserves £000s Revenue & Capital Revenue Repairs Reserve £000s Housing Revenue Repairs Reserve £000s Major Repairs Reserve £000s 10,161 - - 154 - 340 - - 1,036 - 2,158 - - - - (8,714) - - - - (5,515) - - - - 2,010 - - - - (2,349) - - - - (285) - - - - - - - - - | Unearmarked General Fund Balance Balance £ (2000s) School, Budget Support and Investment Reserves £000s Earmarked Capital Revenue & Capital Reserves £000s Housing Revenue Repairs Reserves Reserves £000s Capital Receipts Reserves £000s 10,161 - - 154 - - 340 - - 1,036 - - 2,158 - - - - - (8,714) - - - - - (5,515) - - - - - 2,010 - - - - - - (2,349) - - - - - - - (285) - - - - - - - - | Unearmarked General Fund Balance Bonos School, Budget General Fund Balance £000s Earmarked Revenue & Revenue & Repairs Receipts Receipts Grants Reserves £000s Major Revenue Repairs Reserve Repairs Reserve Repairs Reserve Lonapplied £000s Capital Grants Receipts Receipts Receipts Reserve Lonapplied £000s Capital Revenue & Repairs Reserve Repairs Reserve Lonapplied £000s Capital Receipts Receipts Receipts Reserve Lonapplied £000s Capital Revenue & Repairs Reserve Receipts Receipts Receipts Reserve Lonapplied £000s Capital Revenue & Long Revenue & Repairs Reserve Lonapplied £000s Capital Receipts Reserve Lonapplied £000s 10,161 - - 1,036 - |

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

| 2017/18 | Unearmarked General Fund Balance | School, Budget Support and Investment Reserves | Earmarked Revenue & Capital Reserves | Housing Revenue Account | Major Repairs Reserve | Capital Receipts Reserve | Capital Grants Unapplied | Total Reserves |
|---|---|---|---|-------------------------------|-----------------------------|--------------------------------|--------------------------------|---|
| Adjustments primarily involving the | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Pensions Reserve: | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement | 17,059 | - | - | 52 | - | - | - | (17,111) |
| Employer's Pension Contributions and Direct Payments to Pensioners payable in year | (7,786) | - | - | (21) | - | - | - | 7,807 |
| Adjustments Primarily involving the Collection Fund Adjustment Account: | | | | | | | | |
| Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax and income calculated for the year in accordance with statutory requirements | (447) | - | - | - | - | - | - | 447 |
| 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 | 82 | - | - | - | - | - | - | (82) |
| Total Adjustments | 7,368 | - | - | 969 | 214 | 285 | (276) | (8,560) |
| | Unearmarked | School, Budget Support and | Us Earmarked Revenue & | able Rese | erves Major | Capital | Capital | |
| 2016/17 | General Fund Balance £000s | Investment Reserves £000s | Capital Reserves £000s | Revenue Account £000s | Repairs Reserve £000s | Receipts Reserve £000s | Grants Unapplied £000s | Total Reserves £000s |
| | | | | | | | | |
| Adjustments primarily involving the Capital | | | | | | | | |
| Adjustment Account: | | | | | | | | |
| Adjustment Account: Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement | | | | | | | | |
| Reversal of items debited or credited to the | 10,609 | - | - | 179 | - | - | - | (10,788) |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Non- | 10,609 3,781 | - | - | 179 3,024 | - | - | - | (10,788) (6,805) |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Non- current Assets Charges for Revaluation losses on Property Plant and Equipment Movements in the Market Value of Investment | 10,609 | - | - - - | | - | - | - | |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Non- current Assets Charges for Revaluation losses on Property Plant and Equipment | 3,781 | - - - | - - - | | - | - - - | - - - | (6,805) |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Non- current Assets Charges for Revaluation losses on Property Plant and Equipment Movements in the Market Value of Investment Properties Capital Grants and Contributions | 3,781 (2,277) | - | - - - - | | - | - - - | | (6,805) 2,277 |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Noncurrent Assets Charges for Revaluation losses on Property Plant and Equipment Movements in the Market Value of Investment Properties Capital Grants and Contributions Write out Finance Lease Direct Revenue Funding Revenue Expenditure Funded from Capital Under | 3,781 (2,277) (9,775) (2,335) | - | - | | - | - | - | (6,805) 2,277 9,775 - 2,335 |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Noncurrent Assets Charges for Revaluation losses on Property Plant and Equipment Movements in the Market Value of Investment Properties Capital Grants and Contributions Write out Finance Lease Direct Revenue Funding | 3,781 (2,277) (9,775) | - | - - - - | | | - - - - | - | (6,805) 2,277 9,775 - |
| Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement Charges for Depreciation and Impairment of Noncurrent Assets Charges for Revaluation losses on Property Plant and Equipment Movements in the Market Value of Investment Properties Capital Grants and Contributions Write out Finance Lease Direct Revenue Funding Revenue Expenditure Funded from Capital Under Statute Amounts of Non-current Assets written off on Disposal or Sale as part of the Gain/(Loss) on Disposal to the Comprehensive Income & | 3,781 (2,277) (9,775) (2,335) 1,767 | | - | | | - | - | (6,805) 2,277 9,775 - 2,335 (1,767) |

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

| 2016/17 | Unearmarked General Fund Balance £000s | School, Budget Support and Investment Reserves £000s | Earmarked Revenue & Capital Reserves £000s | Housing Revenue Account £000s | Major Repairs Reserve £000s | Capital Receipts Reserve £000s | Capital Grants Unapplied £000s | Total Reserves £000s |
|---|---|--|--|--|--------------------------------------|---|---|----------------------------|
| Adjustments primarily involving the Capital | | | | | | | | |
| Grants Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income & | - | - | - | - | - | - | (25) | 25 |
| 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 | (426) | - | - | - | - | 426 | - | - |
| Use of the Capital Receipts Reserve to finance new Capital Expenditure | - | - | - | - | - | (312) | - | 312 |
| Repay Borrowing | - | - | - | - | - | (114) | - | 114 |
| Adjustments primarily involving the major Repairs Reserve: | | | | | | | | |
| Reversal of Major Repairs Allowance credited to the HRA | - | - | - | (179) | 179 | - | - | - |
| Use of Major Repairs Reserve to finance new capital expenditure | - | - | - | - | (32) | - | - | 32 |
| Adjustments primarily involving the Pensions Reserve: | | | | | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement | 15,677 | - | - | 44 | - | - | - | (15,721) |
| Employer's Pension Contributions and Direct Payments to Pensioners payable in year | (8,181) | - | - | (21) | - | - | - | 8,202 |
| 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 | (20,387) | - | - | - | - | - | - | 20,387 |
| 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 | 114 | - | - | - | - | - | - | (114) |
| Total Adjustments | (6,540) | _ | _ | 3,047 | 147 | _ | (25) | 3,371 |
| • | | | | ,- | • | | , -, | ,- |

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 2017/18. Further details are provided in Note 28 to 36.

| | Balance at 31 March 2016 | Transfer Between Reserves | Transfers Out 2016/17 | Transfers In 2016/17 | Balance at 31 March 2017 | Transfer Between Reserves | Transfers Out 2017/18 | Transfers In 2017/18 | Balance at 31 March 2018 |
|---|--------------------------------|---------------------------------|-----------------------------|----------------------------|--------------------------------|---------------------------------|-----------------------------|----------------------------|--------------------------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Unearmarked General Fund Balance | 4.750 | | (227) | | 4.506 | | (400) | | |
| General Fund Balance | 4,753 | - | (227) | | 4,526 | | (109) | | 4,417 |
| | 4,753 | - | (227) | - | 4,526 | - | (109) | - | 4,417 |
| Budget Support & Investment Reserves | | 2 002 | | 960 | 4.662 | | (2.017) | | 945 |
| 2017/18 MTFS Investment Reserve Business Rates Risk Reserve | - | 3,802 5,370 | (1,221) | 860 - | 4,662 4,149 | - | (3,817) (1,911) | 201 | 845 2,439 |
| Budget Support Fund 2016/17 to 2018/19 | 5,781 | 2 201 | (4,176) | 1,000 | 2,605 | (4.054) | - | - | 2,605 |
| Adult Social Care Reserve Looked After Children Reserve | - | 2,381 973 | (95) - | 7 - | 2,293 973 | (1,051) 1,051 | (854) | 910 | 2,152 1,170 |
| Children's Social Care & Early Intervention Reserves | | 720 | (175) | - | 545 | - | (545) | - | |
| | 5,781 | 13,246 | (5,667) | 1,867 | 15,227 | - | (7,127) | 1,111 | 9,211 |
| School Balances | 2 711 | | (4 117) | 2 500 | 1 102 | | (2.470) | 2 207 | 1 001 |
| Balances held by schools under a scheme of delegation Strategic Change & Ring Fenced Grants Reserves - Held in | 2,711 | - | (4,117) | 2,598 | 1,192 | - | (3,478) | 3,287 | 1,001 |
| Trust for Schools | 935 | - | (314) | 476 | 1,097 | - | (933) | 553 | 717 |
| Other Fund School Balances | 270 3,916 | | (270) | 150 | 150 | | (150) | 249 | 1,967 |
| | 3,910 | - | (4,701) | 3,224 | 2,439 | | (4,561) | 4,089 | 1,907 |
| Housing Revenue Account Balance | | F20 | | | F20 | | (4) | | 507 |
| HRA Balance | | 530 | | 8 | 538 | | (1) | - | 537 |
| | | 530 | - | 8 | 538 | - | (1) | - | 537 |
| Revenue Grants Unapplied | | | | | | | | | |
| Revenue Grants Unapplied | | - | - | - | - | 3,982 | (571) | 784 | 4,195 |
| | | - | - | - | - | 3,982 | (571) | 784 | 4,195 |
| Earmarked Revenue Reserves | | | | | | | | | |
| Insurance Fund Strategic One Off Costs | 4,302 5,875 | - | (76) (1,172) | 204 | 4,430 4,703 | - | (7) (1,380) | 45 | 4,468 3,323 |
| Public Health Grant Reserve | 2,405 | (1,000) | (652) | 613 | 1,366 | - | (657) | 697 | 1,406 |
| Strategic Change Reserves Capital Risk Strategy Reserve | 3,779 901 | (2,007) | (391) | 515 | 1,896 901 | (746 <u>)</u> | (253) - | 310 | 1,207 901 |
| Treasury Management Risk Reserve | 804 | - | (9) | - | 795 | - | - | - | 795 |
| Lotteries Reserve School Attainment Reserve | 425 389 | - | (17) (169) | 10 | 418 220 | - 156 | (17) (78) | 10 104 | 411 402 |
| Income Risk Reserve | 500 | - | (100) | - | 400 | - | - | - | 400 |
| Supporting Family Poverty Regeneration Projects | 500 400 | - | (155) (76) | - | 345 324 | 161 | (168) | 20 | 358 324 |
| Support for Local Council Tax Support Scheme | 2,920 | (2,620) | (70) | - | 300 | - | - | _ | 300 |
| Royal Navy Museum Reserve Trading Account Reserves | 520 334 | - | (59) (89) | - | 461 245 | - | (166) | - | 295 245 |
| Better Care Fund Reserve | 220 | - | (09) | - | 220 | - | - | - | 220 |
| Tees Education & Skills Reserve - Held in Trust Education Commission Reserve | 578 414 | - | (148) (150) | - | 430 264 | - | (213) (146) | - | 217 118 |
| Museums Acquisition | 84 | - | (130) | 3 | 87 | - | (19) | 2 | 70 |
| Funding for Modern Apprentices Members Ward Budget Reserve | 90 48 | - | (12) | - 7 | 78 55 | - | (30) (14) | - | 48 41 |
| Concessionary Fare | 38 | - | - | - | 38 | - | - | - | 38 |
| Environmental Apprenticeships Scheme | 25 | - | (25) | 60 | 60 | - | (43) | - | 17 |
| Works in Default Empty Homes Strategic Change Ring Fenced Grants Reserve | 15 5,952 | (1,910) | (1,486) | 1,022 | 15 3,578 | (3,578) | - | - | 15 - |
| Strategic Risk Reserve | 1,028 | - | - (40) | - | 1,028 | 55 | (1,083) | - | - |
| Environmental Enhancement Projects Protection Costs Reserve | 196 750 | - | (48) (683) | - | 148 67 | - | (148) (67) | - | - |
| Community Centre Reserve | 30 | - | - | - | 30 | (30) | - (0) | - | - |
| NDC Fund Business Rates Risk Reserve | 8 5,370 | (5,370) | - | - | 8 - | - | (8) | - | - |
| Children's Social Care & Early Intervention Reserve | 720 | (720) | - | - | - | - | - | - | - |
| Building / Development Control Income Shortfall Pay Costs Reserve | 123 100 | (100) | (123) | - | - | - | - | - | - |
| Living Wage Reserve | 49 | (49) | - | - | - | - | - | - | <u>-</u> |
| | 39,892 | (13,776) | (5,640) | 2,434 | 22,910 | (3,982) | (4,497) | 1,188 | 15,619 |
| | | | | | | | | | |
| Earmarked Capital Reserves Capital Funding Reserve | 6,196 | _ | (2,874) | 2,530 | 5,852 | = | (5,811) | 6,495 | 6,536 |
| Capital Receipts Unapplied | - | - | (426) | 426 | - | - | | 285 | 285 |
| HRA Major Repairs Reserve Capital Grants Unapplied | 321 | - | (32) (25) | 179 | 147 296 | = | (37) (288) | 251 12 | 361 20 |
| сарка отапо опарриса | 6,517 | | (3,357) | 3,135 | 6,295 | | (6,136) | 7,043 | 7,202 |
| | | | (-1) | , | -, | | (-,) | , | ., |
| Safety Grant Reserve | 4. :=: | | (0.5.5 | _ | - | | | | |
| Business Rates Safety Net Grant Reserve | 21,451 | - | . , , | 7 | 957 | - | - | 523 | 1,480 |
| | 21,451 | | (20,501) | 7 | 957 | - | - | 523 | 1,480 |

Note 7: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and Business Rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| Net Expenditure Chargeable to the General Fund | 2016/17 Adjustments Between the General Fund and the Comprehensive Income and Expenditure Statement | Net Expenditure in the Comprehensive Income and Expenditure Statement | | Net Expenditure Chargeable to the General Fund and HRA | 2017/18 Adjustments Between the General Fund and the Comprehensive Income and Expenditure Statement | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|---|---|---|--|---|--|
| £000s | £000s | £000s | | £000s | £000s | £000s |
| 47,999 | 10,864 | 58,863 | Child and Adult Services | 47,964 | 9,620 | 57,584 |
| 3,845 | 1,384 | 5,229 | Chief Executives | 3,958 | 1,353 | 5,311 |
| 1,301 | (1,274) | 27 | Public Health | 1,295 | (2,037) | (742) |
| 19,853 | 7,240 | 27,093 | Regeneration and Neighbourhood | 19,622 | 6,446 | 26,068 |
| 6,510 | (279) | 6,231 | Corporate | 1,258 | 3,960 | 5,218 |
| (8) | 2,751 | 2,743 | HRA | 1 | 647 | 648 |
| 47,946 | (47,946) | - | Schools | 47,938 | (47,938) | - |
| (2,374) | 2,374 | - | Transfers to/From Earmarked Reserves | (1,400) | 1,400 | - |
| 125,072 | (24,886) | 100,186 | Net Cost of Services | 120,636 | (26,549) | 94,087 |
| (124,818) | 50,679 | (74,139) | Other Income and Expenditure | (120,526) | 43,263 | (77,263) |
| 254 | 25,793 | 26,047 | (Surplus) or Deficit | 110 | 16,714 | 16,824 |
| 4,753 | | | Opening General Fund Balance | 5,064 | | |
| (262) | | | Less/Plus Surplus or (Deficit) on General Fund Balance in Year | (109) | | |
| 35 | | | Transfer Between Earmarked & General Fund Reserves | - | | |
| 8 | | | Less/Plus Surplus or (Deficit) on HRA Balance in Year | (1) | | |
| 530 | | | Transfer Between Earmarked & HRA Reserves | - | | |
| 5,064 | | | Closing General Fund & HRA Balance at 31 March | 4,954 | | |

Note 7A: Note to the Expenditure and Funding Analysis

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts:

| | | | 2017/18 | | |
|--|--|---|---|---|----------------------|
| Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts | Adjustments for Capital Purposes (Note 1) | Net Change for the Pensions Adjustments (Note 2) | Other Statutory Differences (Note 3) | Other Non- Statutory Difference (Note 4) | Total Adjustments |
| | £000s | £000s | £000s | £000s | £000s |
| Child and Adult Services | 5,368 | 3,386 | 80 | 786 | 9,620 |
| Chief Executives | 127 | 816 | - | 410 | 1,353 |
| Public Health | 97 | 355 | - | (2,489) | (2,037) |
| Regeneration and Neighbourhood Services | 5,699 | 1,865 | 1 | (1,119) | 6,446 |
| Corporate | (2,883) | 10 | - | 6,833 | 3,960 |
| HRA | 1,036 | 20 | - | (409) | 647 |
| Schools | - | - | - | (47,938) | (47,938) |
| Transfer To/from Earmarked Reserves | - | - | - | 1,400 | 1,400 |
| Net Cost of Services | 9,444 | 6,452 | 81 | (42,526) | (26,549) |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (4,432) | 2,850 | (447) | 45,292 | 43,263 |
| Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | • | 9,302 | (366) | 2,766 | 16,714 |

| Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts | Adjustments for Capital Purposes (Note 1) | Net Change for the Pensions Adjustments (Note 2) | 2016/17 Other Statutory Differences (Note 3) | Other Non- Statutory Difference (Note 4) | Total Adjustments |
|---|--|---|--|---|----------------------|
| | £000s | £000s | £000s | £000s | £000s |
| Child and Adult Services | 6,330 | 1,667 | (138) | 3,005 | 10,864 |
| Chief Executives | 127 | 432 | ` , | • | • |
| Public Health | 408 | 193 | 122 | (1,997) | (1,274) |
| Regeneration and Neighbourhood Services | 6,511 | 1,089 | 194 | (554) | 7,240 |
| Corporate | (4,145) | 7 | - | 3,859 | (279) |
| HRA | 3,024 | 11 | - | (284) | 2,751 |
| Schools | - | - | - | (47,946) | (47,946) |
| Transfer To/from Earmarked Reserves | - | - | - | 2,374 | 2,374 |
| Net Cost of Services | 12,255 | 3,399 | 114 | (40,654) | (24,886) |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (2,996) | 4,120 | (20,387) | 69,942 | 50,679 |
| Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services | • | 7,519 | (20,273) | 29,288 | 25,793 |

Note 1 This is the net change for the removal of depreciation and impairment and other capital costs from services and the addition of other operating costs and capital grants received.

Note 2 This is the net change for the removal of employer pension contributions made by the authority as allowed by statute and the replacement with current and past service costs.

Note 3 This is the net change in relation to statutory adjustments for accumulated absences and in relation to the Collection Fund.

Note 4 This is the net change in relation to non-statutory adjustments for amounts included in the management accounts but not in the Comprehensive Income and Expenditure Statement.

Note 7B: Expenditure and Income Analysed by Nature

The Council's income and expenditure is analysed as follows:

| 2016/17 | | 2017/18 |
|-----------|---|-----------|
| £000 | Expenditure/Income | £000 |
| | Expenditure | |
| 93,962 | Employee Benefits Expenses | 96,445 |
| 154,595 | Other Services Expenses | 148,595 |
| 22,417 | Support Service Recharges | 21,527 |
| 15,315 | Depreciation, Impairment, Revaluation Losses | 13,850 |
| 3,031 | Interest Payments | 2,981 |
| 135 | Precepts and Levies | 140 |
| 10,302 | Gain/Loss on the disposal of assets | 661 |
| 299,757 | Total Expenditure | 284,199 |
| | Income | |
| (46,172) | Fees Charges and Other Service Income | (46,810) |
| (13,366) | Interest and Investment Income | (12,161) |
| (51,042) | Income from Council Tax and Non Domestic Rates | (49,957) |
| (163,130) | Government Grants and Contributions | (158,447) |
| (273,710) | Total Income | (267,375) |
| 26,047 | Surplus or deficit on the provision of services | 16,824 |

Note 7C: Segmental Income

Income received on a segmental basis is analysed below.

| 2016 | 5/17 | | 2017 | 7/18 |
|-------------------|------------------------------------|---|-------------------|------------------------------------|
| Fees & Charges | Interest & Investment Income | | Fees & Charges | Interest & Investment Income |
| £000 | £000 | | £000 | £000 |
| (22,271) | - | Child and Adult Services | (22,549) | - |
| (3,758) | (21) | Chief Executives | (3,698) | (18) |
| (2,254) | - | Public Health | (2,327) | - |
| (37,641) | (229) | Regeneration and Neighbourhood Services | (34,434) | (255) |
| (5,626) | (567) | Corporate | (4,076) | (702) |
| (1,028) | (8) | HRA | (1,074) | (16) |
| (72,578) | (825) | | (68,158) | (991) |

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| 135 | Parish council precepts and levies | 140 |
| (161) | Receipts from Sale of Former Council Houses | (229) |
| 8,876 | Loss resulting from Transfer of School Assets | 43 |
| 1,192 | (Gain) or loss on the disposal of non-current assets | 527 |
| 10,042 | | 481 |

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.

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|---|------------------|------|
| 20003 | | | |
| 3,004 | Interest payable and similar charges on borrowing | 2,960 | 44 |
| 27 | Finance lease Interest payable | 21 | 44 |
| 4,121 | Pensions Interest Cost & Expected Return on Pensions Assets | 2,850 | 52 |
| (373) | Interest Receivable and Similar Income | (314) | 44 |
| (493) | Net (Gain) / Loss on Investment Properties | (765) | 16 |
| (2,277) | Changes in fair values of investment properties | 2,158 | 16 |
| 4,009 | | 6,910 | |

Note 10: Taxation and Non-Specific Grant Income

Taxation and Non-Specific Grant Income comprises the following:

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|-----------------------------------|------------------|------|
| 34,182 | Council Tax Income | 36,735 | |
| 16,860 | NNDR Distribution | 13,222 | |
| 7 | NNDR Safety Net Grant | 523 | |
| 28,664 | Non-ring Fenced Government Grants | 26,991 | |
| 8,477 | Capital Grants and Contributions | 7,183 | |
| 88,190 | | <u>84,654</u> | 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 2017/18.

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 2017/18 or 2016/17.

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).

On 22nd June 2017 Council considered a report from the IRP detailing recommendations in relation to the Basic Allowance and Special Responsibility Allowances payable from 1st April 2017. The IRP had reviewed the allowances paid by the twelve North East Councils, including Hartlepool, and recommended increasing Hartlepool's Basic Allowance to £7,792. The IRP report to Council indicated that the adoption of this proposal would still result in Hartlepool having the second lowest Basic Allowance in the Tees Valley and the third lowest in the North East, as summarised in the following table:

Summary of Basic Allowances paid by North East Councils 2017/18

| Durham 13,300 Northumberland 13,029 Gateshead 10,446 North Tyneside 9,759 Redcar and Cleveland 9,550 Stockton 9,300 Newcastle 8,775 Sunderland 8,369 Darlington 8,027 Hartlepool 7,792 South Tyneside 7,289 Middlesbrough 6,130 | Authority | Basic Allowance £ |
|---|--|---|
| · · · · · · · · · · · · · · · · · · · | Northumberland Gateshead North Tyneside Redcar and Cleveland Stockton Newcastle Sunderland Darlington Hartlepool | 13,029 10,446 9,759 9,550 9,300 8,775 8,369 8,027 7,792 |
| | • | , |

The IRP also recommended that Special Responsibility Allowances should continue to be set as multiples of the Basic Allowance and recommended percentages for each of the positions carrying a Special Responsibility Allowance. An individual Member can only receive one Special Responsibility Allowance. Finally the IRP recommended that separate payments for telephone expenses and travel/subsistence within the borough should be removed, although travel and subsistence outside of its borough continues to be reimbursed. The recommendations of the IRP were approved by Council. A number of Members determined that they did not wish to receive the increased Basic Allowance and opted to claim a lower amount.

Note 11: Councillor's Allowances & Expenses

Table 1 - Councillor's Allowances & Expenses

| Councillor | Basic Allowance | Special Responsibility Allowance | General Travel | General Subsistence | Telephone Expenses | Total 2017/18 |
|------------------------------------|-----------------|--|-------------------|------------------------|-----------------------|---------------|
| | £ | £ | £ | £ | £ | £ |
| Akers-Belcher C | 7,792 | 23,376 | 799 | 121 | - | 32,088 |
| Akers-Belcher S J | 7,792 | 1,131 | - | - | - | 8,923 |
| Barclay A | 7,792 | - | - | - | - | 7,792 |
| Beck P | 7,792 | 6,619 | - | - | - | 14,411 |
| Belcher S | 7,792 | - | - | - | - | 7,792 |
| Black J | 5,953 | 889 | - | - | - | 6,842 |
| Buchan B | 7,792 | - | - | - | - | 7,792 |
| Clark A | 7,792 | 7,792 | 79 | - | - | 15,663 |
| Cook R W | 7,792 | 7,792 | - | - | - | 15,584 |
| Cranney K H | 7,792 | 7,792 | 128 | 153 | - | 15,865 |
| Fleming T | 5,953 | - | - | - | - | 5,953 |
| Hall G G | 7,792 | - | - | - | - | 7,792 |
| Hamilton L | 7,792 | - | - | - | - | 7,792 |
| Harrison B | 5,953 | - | - | - | - | 5,953 |
| Hind T | 7,792 | - | - | - | - | 7,792 |
| Hunter D | 5,953 | 5,089 | - | - | - | 11,042 |
| James M A | 6,013 | 873 | - | - | - | 6,886 |
| Lauderdale J | 7,792 | - | - | - | - | 7,792 |
| Lawton P (01.04.17 - 25.09.17) | 2,894 | - | - | - | - | 2,894 |
| Lindridge J | 7,792 | - | - | - | - | 7,792 |
| Loynes B | 7,792 | 4,675 | - | - | - | 12,467 |
| Martin-Wells R | 7,792 | 7,792 | - | - | - | 15,584 |
| McLaughlin M (08.05.17 - 31.03.18) | 5,393 | - | - | - | - | 5,393 |
| Moore S | 5,953 | - | - | - | - | 5,953 |
| Morris G | 7,792 | - | - | - | _ | 7,792 |
| Richardson C | 6,013 | - | - | - | _ | 6,013 |
| Riddle D | 5,825 | - | - | - | _ | 5,825 |
| Robinson J | 7,792 | - | - | - | _ | 7,792 |
| Sirs K | 7,792 | - | - | - | _ | 7,792 |
| Smith L (23.10.17 - 31.03.18) | 2,699 | - | - | - | _ | 2,699 |
| Springer G A | 7,792 | - | - | - | _ | 7,792 |
| Tennant J | 5,953 | 1,880 | - | - | _ | 7,833 |
| Thomas S | 6,013 | 6,013 | 30 | - | _ | 12,056 |
| Thompson P (01.04.17 - 04.09.17) | 2,492 | - | - | - | - | 2,492 |
| Trueman K (20.11.17 - 31.03.18) | 2,835 | - | - | - | - | 2,835 |
| Total 2017/18 | 231,735 | 81,713 | 1,036 | 274 | _ | 314,758 |
| Totals 2016/17 | 195,074 | 72,143 | 801 | 291 | 460 | 268,769 |
| Totals 2015/16 | 195,908 | 72,167 | 1,199 | - | 1,254 | 270,528 |

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 £12,307 (£12,226 in 2016/17). An analysis of the payments is detailed below.

| Councillor | Conference Travel £ | Conference Fees £ | Conference Accommodation £ | Total 2017/18 £ |
|---------------------------|---------------------------|----------------------|----------------------------------|--------------------|
| Akers-Belcher C | 234 | 2,295 | 1,135 | 3,664 |
| Akers-Belcher S J | - | 1,945 | 1,015 | 2,960 |
| Clark A | 80 | 1,105 | 519 | 1,704 |
| Cook R W | 85 | 350 | 120 | 555 |
| Cranney K H | 81 | 602 | 212 | 895 |
| James M A | 31 | 350 | 120 | 501 |
| Moore S | - | 245 | - | 245 |
| Sirs K | - | 570 | 273 | 843 |
| Trueman K | - | 700 | 240 | 940 |
| Totals for 2017/18 | 511 | 8,162 | 3,634 | 12,307 |
| | | | | |
| Totals for 2016/17 | 1,169 | 7,876 | 3,181 | 12,226 |
| Totals for 2015/16 | 508 | 8,140 | 3,913 | 12,561 |

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.

| | Cleveland Fire Authority | | | | |
|---------------------------------------|---|---|--|--|--|
| Councillor | Basic Allowances £ | Period of Office | | | |
| Cook R W James M Martin-Wells R | 2,194 2,194 2,194 6,582 | 01.04.17 - 31.03.18 01.04.17 - 31.03.18 01.04.17 - 31.03.18 | | | |

The Council's appointed representatives on River Tees Port Authority

Councillor S Thomas was Vice-Chair of River Tees Port Health Authority until 02/06/17. An amount of £212 was paid to Councillor S Thomas for the period 01/04/17 - 02/06/17.

SECTION 3: Statement of Accounts

Note 12 - Officers' Remuneration

In accordance with the requirements of the Accounts and Audit Regulations (England) 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 2017/18. The highest paid officer was the Chief Executive.

The Chief Executive is the senior officer who leads and takes responsibility for the work of the 2,612 (2,631 in 2016/17) 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:

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

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

<u>Policy Advice</u>: 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.

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

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

Senior Officers reporting directly to the Chief Executive

During 2017/18 Council implemented a revised senior management structure. Remuneration details for these posts are shown below:

Director of Children's and Joint Commissioning Services - responsible for a gross annual revenue budget (excluding schools) of £53m and managing 402 full-time equivalent employees (excluding schools) who provide a diverse range of services, including public health, education and early years related services, services for vulnerable children and families including looking after children at risk, child protection services, young offenders, children's fostering and adoption services.

Director of Adults and Community Based Services - responsible for a gross annual revenue budget of £60m and managing 354 full-time equivalent employees who provide a diverse range of services, including adult protection services, caring for older people, people with mental health issues, people with physical or learning disabilities, libraries and sport and recreation.

Director of Regeneration and Neighbourhoods - responsible for a gross annual revenue budget of £52m and managing 655 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 and cultural services.

Director of Finance & Policy - responsible for a gross annual revenue budget of £48m and managing 196 full-time equivalent employees who provide a diverse range of services including Council tax setting and collection, Business Rates, Benefits, HR, Corporate IT, Corporate Finance and Corporate Strategy.

Total

Note 12 - Officers' Remuneration

2017/18 - TABLE A

| Post holder information (Post title and name) | Salary | Compensation for Loss of Office | Pension Contributions | Invoices paid relating to Interim Staffing Arrangements | Remuneration including Pension Contributions 2017/18 | Note |
|---|---------|---------------------------------------|--------------------------|--|--|---------------|
| _ | £ | £ | £ | £ | £ | - |
| Chief Executive | 146,609 | - | 22,276 | - | 168,885 | 1 |
| Director of Child & Adult (April - August 17) | 43,864 | - | 6,667 | - | 50,531 | 2 |
| Director of Children's and Joint Commissioning Services (September 17 - March 18) | 61,886 | - | 9,407 | - | 71,293 | 2 |
| Total Director of Children's and Joint Commissioning Services | 105,750 | - | 16,074 | - | 121,824 | <u> </u> |
| | | | | | | |
| Director of Adults and Community Based Services (September 17 - March 18) | 59,518 | - | 9,045 | - | 68,563 | 2 |
| Director of Regeneration & Neighbourhoods | 110,912 | - | 16,848 | - | 127,760 | 2 |
| Director of Finance and Policy | 102,520 | - | 15,583 | - | 118,103 | 2 |
| Interim Director of Public Health | - | - | - | 149,250 | 149,250 | 3 |
| Chief Solicitor | 93,663 | 63,451 | 88,359 | - | 245,473 | 4 |
| - - | 618,972 | 63,451 | 168,185 | 149,250 | 999,858 | <u>-</u> = |

<u>2016/17 - TABLE B</u>

| Post Holder Information (Post Title) | Salary | Compensation for Loss of Office | Pension Contributions | Invoices paid relating to Interim Staffing Arrangements | Total Remuneration including Pension Contributions 2017/18 |
|--|---------|---------------------------------------|--------------------------|--|--|
| _ | £ | £ | £ | £ | £ |
| Chief Executive | 143,083 | - | 20,318 | - | 163,401 |
| Director of Child & Adult | 102,683 | - | 14,581 | - | 117,264 |
| Director of Regeneration & Neighbourhoods | 107,636 | - | 15,297 | - | 122,933 |
| Director of Public Health | 75,786 | - | 10,837 | - | 86,623 |
| Chief Finance Officer (April - December 16) | 62,633 | - | 8,894 | - | 71,527 |
| Director of Finance & Policy (January - March 17) | 25,250 | - | 3,586 | - | 28,836 |
| Total Director of Finance & Policy | 87,883 | - | 12,480 | - | 100,363 |
| Chief Solicitor | 97,446 | - | 12,861 | - | 110,307 |
| Assistant Chief Executive | 79,754 | - | 8,894 | - | 88,648 |
| | 694,271 | - | 95,268 | - | 789,539 |

Note 12 - Officers' Remuneration

Notes to Table A

- (1) The salary scale for the Chief Executive for 2017/18 is £142,814 to £153,015. The post holder's salary was incrementally increased from £144,854 to £146,894 in June 2017.
- (2) The salary scale for the Director posts for 2017/18 is £102,010 to £112,211. Post holder's are appointed at the bottom of the payscale and receive annual increments until they reach the top of the payscale.
- (3) Represents total cost to the Council, not just salary equivalent.
- (4) The salary scale for the Chief Solicitor's post during 2017/18 is £78,722 to £84,345. The Chief Solicitor's salary includes a payment of £3,432 (£3,432 in 2016/17) 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 £5,886 in 2017/18 (£10,504 in 2016/17) as the Council's designated Returning Officer for elections. The post holder left the Authority on 31st March 2018, and the financial cost is shown under the headings 'compensation for loss of office' and with 'pension contributions'.

Employees with a salary of £50,000 or more

In accordance with the Accounts and Audit Regulations (England) 2015, the number of employees including school employees employee 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 previous tables. 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 Council employees then it would be £62,400. As a result the number of employees requiring disclosure has increased, although there has been no increase in the number of managerial posts.

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 the Code guidance.

TABLE C - NON-SCHOOLS EMPLOYEES

| | 2016/17 Ion-School Emplo <i>Left in Year</i> | oyees <i>Total</i> | Remuneration Band (£) | 20 No. of Non-S <u>Non School Left</u> | - | oloyees <i>Total</i> |
|----|--|-----------------------|-----------------------|--|---|-------------------------|
| 7 | _ | 7 | 50,000 to 54,999 | 16 | _ | 16 |
| 4 | 2 | 6 | 55,000 to 59,999 | 3 | - | 3 |
| 2 | - | 2 | 60,000 to 64,999 | 2 | - | 2 |
| 1 | - | 1 | 65,000 to 69,999 | 3 | _ | 3 |
| - | - | - | 70,000 to 74,999 | 3 | - | 3 |
| 2 | 3 | 5 | 75,000 to 79,999 | - | - | - |
| 1 | - | 1 | 80,000 to 84,999 | 2 | _ | 2 |
| - | - | - | 85,000 to 129,999 | - | _ | - |
| - | - | - | 130,000 to 169,999 | - | _ | - |
| | - | | 170,000 to 174,999 | | 1 | 1 |
| 17 | 5 | 22 | | 29 | 1 | 30 |

TABLE D - SCHOOL EMPLOYEES

| No. c | 2016/17 No. of School Employees | | Remuneration Band (£) | 2017/18 No. of School Employees | | | |
|--------|------------------------------------|-------|-----------------------|------------------------------------|--------------|-------|--|
| School | Left in Year | Total | | School | Left in Year | Total | |
| 3 | - | 3 | 50,000 to 54,999 | 6 | _ | 6 | |
| 4 | 1 | 5 | 55,000 to 59,999 | 3 | - | 3 | |
| 6 | - | 6 | 60,000 to 64,999 | 1 | - | 1 | |
| 6 | - | 6 | 65,000 to 69,999 | 9 | - | 9 | |
| 1 | - | 1_ | 70,000 to 74,999 | 1 | - | 1 | |
| 20 | 1 | 21 | | 20 | - | 20 | |

Note 13: Termination Costs

In 2017/18 a total of 69 employees (59 in 2016/17) either took voluntary redundancy or were made compulsorily redundant. The 2017/18 costs of this involved payments of £0.643m (£0.553m in 2016/17) to employees in the form of redundancy payments and £0.634m (£0.680m in 2016/17) to the pension fund in respect of retirement benefits. The Council also incurred other costs of £0.001m (£0.002m in 2016/17). These payments incorporate schools and further details are provided in Note 51.

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 2017/18 the average pay back period was 11 months (13 months in 2016/17). In 2017/18 this has enabled the authority to achieve permanent salary savings of £0.959m (£1.102m in 2016/17).

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

TABLE E - NON-SCHOOLS EMPLOYEES

| 2016/17 | | | | | 2017/18 | | | | |
|-------------------------------|------------------------------------|----------------------------------|--------------------------------------|--------------------------|-------------------------------|------------------------------------|----------------------------------|--------------------------------------|--|
| No of compulsory redundancies | No of voluntary redundancies | Total no of redundancies by band | Total cost of redundancies by band £ | Remuneration Band (£) | No of compulsory redundancies | No of voluntary redundancies | Total no of redundancies by band | Total cost of redundancies by band £ | |
| 1 | 36 | 37 | 247,810 | 0 to 20,000 | 6 | 31 | 37 | 168,177 | |
| - | 2 | 2 | 50,342 | 20,001 to 40,000 | 2 | 7 | 9 | 240,909 | |
| - | 5 | 5 | 246,645 | 40,001 to 60,000 | - | 3 | 3 | 136,768 | |
| - | 1 | 1 | 65,149 | 60,001 to 80,000 | 1 | 1 | 2 | 137,936 | |
| - | 1 | 1 | 89,442 | 80,001 to 100,000 | - | 1 | 1 | 88,846 | |
| - | - | - | - | 100,001 to 120,000 | - | 3 | 3 | 331,622 | |
| - | 1 | 1 | 120,628 | 120,001 to 140,000 | - | 1 | 1 | 138,468 | |
| - | 1 | 1 | 151,517 | 140,001 to 160,000 | - | - | - | - | |
| - | - | - | | 160,001 to 180,000 | | - | - | - | |
| | 1 | 1 | 197,412 | 180,001 to 200,000 | - | - | - | _ | |
| 1 | 48 | 49 | 1,168,945 | _ | 9 | 47 | 56 | 1,242,726 | |

TABLE F - SCHOOLS EMPLOYEES

| No of compulsory redundancies | No of voluntary | 6/17 Total no of redundancies by band | Total cost of redundancies by band £ | Remuneration Band (£) | No of compulsory redundancies | 201 No of voluntary redundancies | 7/18 Total no of redundancies by band | Total cost of redundancies by band £ |
|-------------------------------------|-----------------|--|--------------------------------------|--------------------------|-------------------------------------|---|--|--------------------------------------|
| 2 | 8 | 10 | 64,310 | 0 to 20,000 | 8 | 5 | 13 | 34,693 |
| 2 | 8 | 10 | 64,310 | | 8 | 5 | 13 | 34,693 |

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 F as the Governing Body, not the Council, are the employer.

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 2017/18.

Movements in 2017/18

| | 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 2017 | 6,473 | 146,092 | 33,850 | 124,537 | 5,700 | 7,010 | 9,788 | 333,450 |
| Additions | 1,003 | 1,963 | 982 | 1,818 | 44 | 137 | 6,466 | 12,413 |
| Accumulated Depreciation Written Off to Gross Carrying Amount | (3) | (3,948) | - | - | - | (22) | - | (3,973) |
| Accumulated Impairment Written Off to Gross Carrying Amount | | (205) | - | - | - | - | - | (205) |
| Revaluation Increases/(decreases) recognised in the Revaluation Reserve | 94 | (2,330) | - | - | - | 1,921 | - | (315) |
| Revaluation Increases/(decreases) recognised in the Surplus/Deficit on Provision of Services | (1,036) | (901) | - | - | (110) | 671 | - | (1,376) |
| Derecognition-Disposals | - | (387) | (230) | - | - | (215) | - | (832) |
| Reclassified (to)/from Held for Sale | - | - | - | - | - | - | - | - |
| Reclassified (to)/from Investment Property | - | (475) | - | - | - | 1,592 | - | 1,117 |
| Other movements in Cost or Valuation | 377 | 725 | 9 | 139 | (14) | 235 | (1,470) | 1 |
| At 31 March 2018 | 6,908 | 140,534 | 34,611 | 126,494 | 5,620 | 11,329 | 14,784 | 340,280 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| As at 1 April 2017 | - | (3,747) | (21,672) | (52,558) | - | - | - | (77,977) |
| Depreciation Charge | (113) | (2,078) | (2,763) | (4,171) | - | (19) | - | (9,144) |
| Depreciation written out to the Revaluation Reserve | (44) | (825) | (99) | - | - | (8) | - | (976) |
| Accumulated Depreciation Written Off to Gross Carrying Amount | 3 | 3,948 | - | - | - | 22 | - | 3,973 |
| Accumulated Impairment Written Out to Gross Carrying Amount | - | 10 | - | - | - | - | - | 10 |
| Derecognition - Disposals | - | 35 | 230 | - | - | 3 | - | 268 |
| Reclassified (to) / from Investment Property | - | 54 | - | - | - | - | - | 54 |
| Other movements in Depreciation and Impairment | - | 3 | - | - | - | (5) | - | (2) |
| At 31 March 2018 | (154) | (2,600) | (24,304) | (56,729) | - | (7) | - | (83,794) |
| Net Book Value | | | | | | | | |
| | 6 754 | 137 03/ | 10 207 | 60 765 | 5 620 | 11 222 | 14 794 | 256 486 |
| At 31 March 2018 | 6,754 | 137,934 | 10,307 | 69,765 | 5,620 | 11,322 | 14,784 | 256,486 |
| Nature of Asset Holding | | | | | | | | |
| Owned Finance Lease | 6,754 | 137,934 | 9,892 415 | 69,765 | 5,620 | 11,322 | 14,784 | 256,071 415 |
| Total | 6,754 | 137,934 | 10,307 | 69,765 | 5,620 | 11,322 | 14,784 | 256,486 |

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

Movements in 2016/17

| | 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 2016 | 8,579 | 147,542 | 33,436 | 119,681 | 5,653 | 7,838 | 7,710 | 330,439 |
| Additions | 1,190 | 5,930 | 1,978 | 2,911 | 76 | - | 6,099 | 18,184 |
| Accumulated Depreciation Written Off to Gross Carrying Amount Revaluation Increases/(decreases) recognised in the Revaluation Reserve | (347) (170) | (1,408) 4,704 | - | - | - | (54) 745 | - | (1,809) 5,279 |
| Revaluation Increases/(decreases) recognised in the Surplus/Deficit on Provision of Services | (3,024) | (2,605) | - | - | - | (1,176) | - | (6,805) |
| Derecognition-Disposals | - | (9,385) | (1,564) | - | - | (1,100) | - | (12,049) |
| Reclassified (to)/from Held for Sale | 120 | - | - | - | - | - | - | 120 |
| Reclassified (to)/from Investment Property | - | 100 | - | - | (10) | - | - | 90 |
| Other movements in Cost or Valuation | 125 | 1,214 | - | 1,945 | (19) | 757 | (4,021) | 1 |
| At 31 March 2017 | 6,473 | 146,092 | 33,850 | 124,537 | 5,700 | 7,010 | 9,788 | 333,450 |
| Accumulated Depreciation and Impairment | | | | | | | | |
| As at 1 April 2016 | (168) | (2,827) | (19,444) | (48,584) | - | - | - | (71,023) |
| Depreciation Charge | (146) | (2,122) | (3,387) | (3,974) | - | (15) | - | (9,644) |
| Depreciation written out to the Revaluation Reserve | (33) | (819) | (100) | - | - | - | - | (952) |
| Accumulated Depreciation Written Off to Gross Carrying Amount | 347 | 1,408 | - | - | - | 54 | - | 1,809 |
| Derecognition - Disposals | - | 564 | 1,259 | - | - | 9 | - | 1,832 |
| Other movements in Depreciation and Impairment | - | 49 | - | - | - | (48) | - | 1 |
| At 31 March 2017 | - | (3,747) | (21,672) | (52,558) | - | - | - | (77,977) |
| Net Book Value | | | | | | | | |
| At 31 March 2017 | 6,473 | 142,345 | 12,178 | 71,979 | 5,700 | 7,010 | 9,788 | 255,473 |
| Nature of Asset Holding | | | | | | | | |
| Owned | 6,473 | 142,345 | 11,706 | 71,979 | 5,700 | 7,010 | 9,788 | 255,001 |
| Finance Lease | - | - | 472 | - | - | - | - | 472 |
| Total | 6,473 | 142,345 | 12,178 | 71,979 | 5,700 | 7,010 | 9,788 | 255,473 |

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 £2.010m (£1.767m in 2016/17) 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 £0.478m (£0.339m in 2016/17), capital grants of £1.532m (£1.323m in 2016/17) and no prudential borrowing (£0.106m in 2016/17).

Capital Commitments

As at 31 March, 2018, the Council had rephased capital expenditure totalling £24.311m into 2018/2019, of which £8.030m will be funded from grant, £6.011m will be funded by prudential borrowing and the remaining £10.270m will be funded from the Council's own resources. The comparable rephased capital expenditure at 31 March, 2017 was £14.956m. 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 18 £000s | Commitment £000s |
|--|-------------------------------------|--|------------------|
| Innovation and Skills Quarter | 8,749 | 2,398 | 6,351 |
| Empty Property Purchasing Scheme - Phase 2 | 4,697 | 3,566 | 1,131 |

Surplus Assets - Fair Value Disclosures

Details of the authority's surplus assets and information about the fair value hierarchy at 31 March, 2018 are as follows:

| Recurring fair value | 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 2018 |
|----------------------|---|---|---|---|
| measurements using: | £000s | £000s | £000s | £000s |
| Surplus Assets | - | 8,851 | 2,471 | 11,322 |
| Total | - | 8,851 | 2,471 | 11,322 |

There were two transfers between Levels 2 and 3 during the year. This is because a greater degree of valuer judgement was employed in the current valuations, owing to a reduction in comparable properties. However, there were no other 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 different assumptions.

Change in Valuation Method

There has been no change in the valuation method from 2016/17. In 2017/18 the estimation of the fair value of the Council's Surplus Assets is based on Fair Value Market Value.

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. Valuations were carried out internally and valuations are based on certificates issued by the Council's Strategic Asset Manager, Mr T Wynn, 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 (£5.620m), Heritage Assets (£15.066m), Infrastructure Assets (£69.765m) and Property, Plant and Equipment under construction (£14.784m). The basis for the valuation is set out in the Statement of Accounting Policies.

| | Operational Assets | | | | | | |
|--------------------------------|--------------------|--------------|-----------|---------|---------|--|--|
| | | | Vehicles, | | | | |
| | Council | Other Land & | Plant & | Surplus | | | |
| | Dwellings | Buildings | Equipment | Assets | Total | | |
| | £000s | £000s | £000s | £000s | £000s | | |
| Valued at Historical Cost | - | - | 10,307 | - | 10,307 | | |
| Valued at current value as at: | | | | | | | |
| <u>Current Year</u> | | | | | | | |
| 2017/2018 | 1,430 | 73,528 | | 6,943 | 81,901 | | |
| 2016/2017 | 5,324 | 24,657 | - | 4,331 | 34,312 | | |
| 2015/2016 | - | 21,305 | - | 48 | 21,353 | | |
| 2014/2015 | - | 7,026 | - | - | 7,026 | | |
| 2013/2014 | - | 11,418 | - | - | 11,418 | | |
| Total | 6,754 | 137,934 | 10,307 | 11,322 | 166,317 | | |

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, 2018 would have been:

| | £000s |
|------------------------|--------|
| Council Dwellings | 382 |
| Other Land & Buildings | 54,213 |
| Surplus Assets | 3,679 |

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

Revaluation Reserve Balance

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

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------------|
| 1,311 44,116 | Council Dwellings Other Land & Buildings | 1,361 40,804 |
| 199 7 | Vehicles, Plant and Equipment Community Assets | 100 7 |
| 4,438 593 | Surplus Assets Investment Properties | 6,198 597 |
| 55,507 | Heritage Assets | 4,843 53,910 |

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:

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| (590) 97 | Rental income from investment property Direct operating expenses arising from investment property | (809) 44 |
| (493) | Net (gain)/loss | (765) |

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:

| 17,616 |
|---------|
| 4 |
| (90) |
| - |
| (2,158) |
| (1,171) |
| 14,201 |
| |

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, 2018 are as follows:

| Recurring fair value | 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 2018 |
|----------------------|---|---|---|---|
| measurements using: | £000s | £000s | £000s | £000s |
| Office Units | - | 1,921 | 3 | 1,924 |
| Commercial Units | - | 10,701 | 1,576 | 12,277 |
| Total | - | 12,622 | 1,579 | 14,201 |

There were four transfers between Levels 2 and 3 during the year and 2 from Level 3 to 2. This is because a greater degree of valuer judgement was employed in the current valuations, owing to a reduction or increase in the comparable properties.

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 measured 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.

Note 17: Non Current Assets - Heritage Assets

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

| 2017/18 Cost or Valuation | Museum Exhibits & Art Collection | Civic Collection | Sculptures, Monuments & War Memorials | Total |
|------------------------------|--|------------------|---|---------------|
| | £000s | £000s | £000s | £000s |
| At 1 April 2017 Additions | 13,363 10 | 354 - | 1,230 109 | 14,947 119 |
| At 31 March 2018 | 13,373 | 354 | 1,339 | 15,066 |
| 2016/17 Cost or Valuation | Museum Exhibits & Art Collection | Civic Collection | Sculptures, Monuments & War Memorials | Total |
| | £000s | £000s | £000s | £000s |
| At 1 April 2016 | 13,363 | 354 | 1,230 | 14,947 |
| At 31 March 2017 | 13,363 | 354 | 1,230 | 14,947 |

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. During 2017/18, the Council purchased the Jones brothers' collection of World War 1 medals, at cost of £10,000.

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 the work of artists living or working at least part of their lives in the Hartlepool area. There were no donations in 2017/18.

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 1980s many of the plans were returned to Hartlepool and now feature in the collection.

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 external valuers. In addition the Books of Remembrance have been included within the Civic Collection and are held at Historic Cost. The collection will be revalued as at 1st April 2018 and any revised valuations will be reflected in the 2018/19 accounts.

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. The collection will be revalued as at 1st April 2018 and any revised valuations will be reflected in the 2018/19 accounts.

Sculptures, Monuments, War Memorials & Archaeology

The Council has recorded 11 Public Works of Art, nine Sculptures and six War Memorials which are considered to principally contribute to knowledge and culture. Two new Sculptures were added in 2017/18 which are part of Seaton Carew Masterplan Scheme, which includes the installation of public art works. The two additions are the Waves Sculpture attached to a stone plinth within Seaton Carew and the Boy and Bicycles located at the transport interchange on Church Street

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| - | Durham and Tees Valley Airport Limited | - |
| 197 | SUEZ Recycling and Recovery Tees Valley Limited (formerly 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 2016/17).

The Council has 196,845 £1 preference shares in SUEZ Recycling and Recovery Tees Valley Limited (formerly 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 44 Financial Instruments.

Further details of the Council's long term investments are included in Note 37 Related Party Transactions.

Note 19: Long Term Debtors

This note sets out the value of Long Term Debtors held by the Council at 31 March, 2018.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|-------------------------------|------------------|
| 6 | Housing Advances | 6 |
| 77 | Trincomalee Loan and Advances | 77 |
| 57 | Car Loans to Employees | 67 |
| 604 | NDC Trust Loan | 596 |
| 1,500 | CCAD Loan | 1,396 |
| 453 | Other | 428 |
| 2,697 | | 2,570 |

On 25th June 2015 Full Council agreed to loan the Cleveland College of Art & Design (CCAD) £1.5m as part of the development of the Skills Quarter. The loan is over a period of 20 years to be reviewed in March, 2020 (3 years after the commencement of the loan), at which point the college will seek to refinance with a bank or continue with the loan if this is not possible.

Note 20: Inventories

This note sets out the value of inventories held by the Council at 31 March, 2018.

| 2016/17 £000s | | 2017/18 |
|------------------|----------------------------------|-------------|
| 447 | Balance at 1 April | 268 |
| 2,312 | Purchases | 2,191 |
| (2,487) | Recognised as an expense in year | (2,221) |
| (11) | Written off balances | (14) |
| 7 | Written back balances | 9 |
| 268 | Balance at 31 March | 233 |

Note 21: Short Term Debtors

This note sets out amounts owed to the Council as at 31 March, 2018.

| 2016/17 | | | 2017/18 | |
|---------|--|--------------------------|-------------------------------|---------------------|
| £000s | | Gross Debtor £000s | Impairment of Bad Debts £000s | Net Debtor £000s |
| 4,246 | Central Government Bodies | 8,250 | - | 8,250 |
| 810 | Other Local Authorities | 1,046 | - | 1,046 |
| 163 | NHS Bodies | 190 | - | 190 |
| | Bodies external to general government: | | | - |
| 3,314 | General and Other Debtors | 5,223 | (1,396) | 3,827 |
| 1,387 | Payments in Advance | 1,723 | - | 1,723 |
| 3,168 | Council Tax Payers | 6,710 | (2,500) | 4,210 |
| 500 | NNDR Payers | 902 | (521) | 381 |
| 1,991 | Trade Debtors | 2,454 | (574) | 1,880 |
| 15,579 | | 26,498 | (4,991) | 21,507 |

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|-------------------------------|------------------|
| | Assets | |
| 72 | Bank and Imprests | 4,406 |
| 6,506 | Liquidity Investment Accounts | 54_ |
| 6,578 | | 4,460 |
| | Liabilities | |
| (1,115) | Bank Overdraft | |
| 5,463 | | 4,460 |

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---------------------------------------|------------------|
| 120 | Balance outstanding at start of year | - |
| | Assets declassified as Held for Sale: | |
| (120) | Property, Plant and Equipment | - |
| | Balance outstanding at year-end | |

Note 24: Short Term Creditors

This note sets out amounts owed by the Council as at 31 March, 2018.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| 4,529 | Central Government Bodies | 5,849 |
| 1,178 | Other Local Authorities | 2,361 |
| 357 | NHS Bodies | 411 |
| | Bodies external to General Government: | |
| 5,846 | General and Other Creditors | 6,047 |
| 2,923 | Trade Creditors | 1,918 |
| 1,476 | Employee Absences | 1,557 |
| 707 | Income in Advance | 858 |
| 626 | Council Tax Payers | 626 |
| 721 | NNDR Payers | 327_ |
| 18,363 | | 19,954 |

Note 25: Provisions

Total provisions at 31 March, 2018, were £4.048m (£3.078m in 2016/17), as detailed below.

| Current Liabilities | | | 2017/18 | | |
|---------------------|------------------------------------|------------------------|----------------------------|------------------------------|-------|
| | | Litigation (Note 1) | Rating Appeals (Note 2) | MMI Insurance (Note 3) | Total |
| 2016/17 | | | | | |
| £000s | | £000s | £000s | £000s | £000s |
| 2,864 | Balance at 1 April | 738 | 1,049 | 152 | 1,939 |
| 501 | Additional provisions made in year | - | 1,563 | 5 | 1,568 |
| (1,150) | Amounts used in year | (198) | (267) | (5) | (470) |
| (236) | Transfer in Year | - | - | (152) | (152) |
| (40) | Unused amounts reversed in year | (128) | - | - | (128) |
| 1,939 | Balance at 31 March | 412 | 2,345 | - | 2,757 |

| Long Term Liabilities 2017/18 | | | 7/18 | | |
|-------------------------------|---------------------|---|----------------------------------|------------------------------|-------|
| - | | Custodian Authority Property Charges (Note 4) | Contaminated Land (Note 5) | MMI Insurance (Note 3) | Total |
| 2016/17 | | (Note 4) | | | |
| £000s | | £000s | £000s | £000s | £000s |
| | | | | | |
| 1,230 | Balance at 1 April | 97 | 634 | 408 | 1,139 |
| (91) | Transfers in Year | | - | 152 | 152 |
| 1,139 | Balance at 31 March | 97 | 634 | 560 | 1,291 |

Note 1 - 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.

Note 2 - 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.

Note 3 - In September 1992 Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and it's 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. From April 2016, the Creditors Committee set a levy rate of 25% (previously 15%) based on a percentage share of the liabilities outstanding. Therefore the Council has recognised a £0.560m provision in the accounts for these liabilities.

Note 4 - 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.

Note 5 - 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.

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 42 Finance Leases. The finance lease liability has decreased as a result of repayments of the lease principal, there were no additions during the year. The net pensions liability has increased owing to greater returns on assets and investments. See Note 52 for further information.

| 2016/17 £000s | | 2017/18 | Note |
|------------------|-------------------------|-------------|------|
| 289 | Finance lease liability | 180 | 42 |
| 117,899 | Net Pensions liability | 124,837_ | 36 |
| 118,188 | | 125,017 | |

Note 27: Grant Income & Taxation

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 2017/18.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| | <u>-</u> | |
| 18,206 | Revenue Support Grant | 13,786 |
| 34,182 | Council Tax Income | 36,735 |
| 7 | NNDR Safety-Net Grant | 523 |
| 16,860 | NNDR Redistribution | 13,222 |
| 7,510 | NNDR - Top-Up | 9,829 |
| 2,339 | New Homes Bonus Grant | 1,958 |
| 609 | Business Rates Relief | 1,418 |
| 3,748 | Capital - Environment Agency | 749 |
| 2,230 | Capital - Tees Valley Combined Authority / Local Transport Plan | 3,907 |
| 736 | Capital - Other DfE Grants | 964 |
| 407 | Capital - Homes & Communities Agency | 418 |
| 54 | Capital - Devolved Formula Capital Grant | 39 |
| 557 | Capital - Building Schools for the Future | 3 |
| 745 | Other Capital Grants & Contributions | 1,103 |
| 88,190 | Total | 84,654 |

Note 27: Grant Income & Taxation

Credited to Services

| 2016/17 | | 2017/18 |
|---------|--|---------|
| £000s | _ | £000s |
| 47,946 | Dedicated Schools Grant | 47,938 |
| 46,187 | Housing Benefit Subsidy | 37,689 |
| 9,222 | Public Health Grant | 8,995 |
| 6,699 | Better Care Fund | 6,819 |
| 1,564 | Youth Employment Initiative (Department for Work & Pensions) | 5,002 |
| 2,978 | Other Grants | 4,362 |
| 4,072 | Pupil Premium | 3,921 |
| - | Improved Better Care Fund (iBCF) | 2,708 |
| 1,741 | Other Department for Education Grants | 2,123 |
| 1,485 | Education Funding Agency/ Skills Funding Agency | 1,065 |
| 605 | Department for Work & Pensions | 855 |
| 811 | Housing Benefit and Council Tax Benefit Administration | 704 |
| 641 | Independent Living Fund | 620 |
| 551 | Ministry of Housing, Communities & Local Government - Troubled Families | 535 |
| 882 | Education Services Grant | 232 |
| 109 | Department of Health Grants | 182 |
| 419 | European Social Fund | - |
| 70 | Environment Agency | _ |
| 125,982 | Total | 123,750 |

Current Liabilities

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:-

Grant Receipts in Advance (Capital Grants)

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| 149 | Environment Agency | 87 |
| 725 | Tees Valley Combined Authority / Local Transport Plan | 2,697 |
| 1,721 | Other Department for Education Grants | 4,585 |
| 53 | Building Schools for the Future | 49 |
| 53 | Department for Transport | 53 |
| 1,941 | Other Capital Grants & Contributions | 2,436 |
| 4,642 | Total | 9,907 |

Grant Receipts in Advance (Revenue Grants)

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| 79 | Education Funding Agency/ Skills Funding Agency | 136 |
| - | Tees Valley Combined Authority | 255 |
| - | Other DfE | 461 |
| 302 | Other Grants | 492 |
| 381 | Total | 1,344 |

Note 28: Unearmarked General Fund Reserve

The General Fund Balance of £4.417m held at 31 March, 2018 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.

| 2016/17 £000s | | 2017/18 £000s |
|-----------------------|----------------------|-----------------------|
| 4,526 4,526 | General Fund Balance | 4,417 4,417 |

Note 29: Budget Support & Investment Reserves

This note sets out the Budget Support & Investment Reserves balances at 31 March, 2018

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|--|------------------|------|
| 2,293 | Adult Social Care Reserves | 2,152 | 1 |
| 2,605 | Budget Support Fund 2016/17 to 2018/19 | 2,605 | 2 |
| 4,149 | Business Rates Risk Reserve | 2,439 | 3 |
| 4,662 | 2017/18 MTFS Investment Reserve | 845 | 4 |
| 973 | Looked After Children Reserves | 1,170 | 5 |
| 545 | Children's Social Care & Early Intervention Reserves | · - | 6 |
| 15,227 | , | 9,211 | |

- This reserve will provide support over the period of the MTFS to fund increasing demographic and historic budget pressures within Adult Social Care. The reserve will also fund one-off pump priming and transitional costs of implementing alternative service delivery options.
- 2 This reserve has been established to support the budget between 2016/17 to 2018/19.
- This reserve has been established to address the financial impact of the 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 £2.7m. 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.
- This reserve will be used to fund the five year capital plan including works at the Borough Hall, Church Square, Seaton Waterfront and building condition issues.
- 5 This reserve is to fund the increasing demand and costs of Looked After Children.
- 6 This reserve was fully used in 2017/18 to contribute towards the overspend arising from increasing demand and costs of Looked After Children.

Note 30: School Balances

This note sets out the Schools Reserves at 31 March, 2018

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|---|------------------|------|
| | School Balances | | |
| 1,192 | Balances held by schools under a scheme of delegation | 1,001 | 1 |
| 1,097 | School Strategic Change & Ring Fenced Grants Reserves | 717 | 2 |
| 150 | Other Fund School Balances | 249 | 3 |
| 2,439 | · | 1,967 | |

- 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 £0.003m (£0.006m in 2016/17).
- 2 These risk reserves are held in trust for Schools to manage specific commitments and one-off risks.
- 3 School balances generated from other funding.

Note 31: Housing Revenue Account Reserve

This is a Ringfenced reserve accumulated from surpluses in previous years and is held to fund pressures of the Housing Revenue Account such as government rent cuts, Right to Buy sales and increasing repairs costs.

| 2016/17 | | 2017/18 |
|---------|-------------|---------|
| £000s | | £000s |
| 538 | HRA Balance | 537 |
| 538 | | 537 |

Note 32: Revenue Grant Unapplied

Revenue Grants unapplied are grants received for specific commitments in 2017/18 or future years in accordance with grant conditions.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|-------------------------|-----------------------|
| | Revenue Grant Unapplied | 4,195 4,195 |

Note 33: Earmarked Revenue Reserves

This note sets out the balances held in Earmarked Revenue Reserves as at 31 March, 2018

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|--|------------------|--------|
| 4,430 | Insurance Fund | 4,468 | 1 |
| 4,703 | Strategic One Off Costs | 3,323 | 2 |
| 1,366 | Public Health Grant Reserve | 1,406 | 3 4 |
| 1,896 | Strategic Change Reserves | 1,207 | |
| 901 | Capital Risk Strategy Reserve | 901 | 5 |
| 795 | Treasury Management Risk Reserve | 795 | 6 |
| 418 | Lotteries Reserve | 411 | 7 |
| 220 | School Attainment Reserve | 402 | 8 |
| 400 | Income Risk Reserve | 400 | 9 |
| 345 | Supporting Family Poverty | 358 | 10 |
| 324 | Regeneration Projects | 324 | 11 |
| 300 | Support for Local Council Tax Support Scheme | 300 | 12 |
| 461 | Royal Navy Museum Reserve | 295 | 13 |
| 245 | Trading Account Reserves | 245 | 14 |
| 220 | Better Care Fund Reserve | 220 | 15 |
| 430 | Tees Education & Skills Reserve | 217 | 16 |
| 264 | Education Commission Reserve | 118 | 17 |
| 87 | Museums Acquisition | 70 | 18 |
| 78 | Funding for Modern Apprentices | 48 | 19 |
| 55 | Members Ward Budget Reserve | 41 | 20 |
| 38 | Concessionary Fares | 38 | 21 |
| 60 | Environmental Apprenticeships Scheme | 17 | 22 |
| 15 | Works in Default Empty Homes | 15 | 23 |
| 3,578 | Strategic Change Ring Fenced Grants Reserves | - | 24 |
| 1,028 | Strategic Risk Reserve | - | 25 |
| 148 | Environmental Enhancement Projects | - | 26 |
| 67 | Protection Costs Reserve | - | 27 |
| 30 | Community Centre Reserve | - | 28 |
| 8 | NDC Fund | | 29 |
| 22,910 | | 15,619 | |

Note 33: Earmarked Revenue Reserves

- 1 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.
- 2 This reserve was created to cover one-off strategic financial issues including redundancy and early retirement costs over the period of the MTFS.
- 3 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 future years.
- 4 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.
- 5 This reserve was created to manage potential capital receipt risks.
- 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 14th February, 2013.
- 7 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.
- 8 This reserve was created towards improving School Attainment.
- 9 This reserve was created as part of the 2013/14 MTFS approved by Council 4th February, 2013 and is earmarked to offset in year income shortfalls.
- 10 This reserve was created to Support Family Poverty over the period of the MTFS.
- 11 This reserve was created from one-off funding to support Regeneration Priorities.
- 12 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.
- 13 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).
- 14 This reserve is earmarked to manage future financial risks on Trading Operations.
- 15 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.
- 16 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.
- 17 This reserve was created to identify and address key priorities to support sustainable educational improvement across the town.
- 18 The Museums Acquisition Reserve was set up from external donations for the acquisition of items for the Museum.
- 19 This amount was previously set to provide re-training of staff on the redeployment register. Council agreed on the 17th October, 2013 to use this reserve to provide Modern Apprenticeships. This amount will be used over the period of the MTFS.
- 20 This reserve is to be used by Members to support minor issues within their Wards.
- 21 This reserve is to cover the tri-annual cost of replacing Concessionary Fare passes.
- 22 This reserve was created to fund costs over more than one financial year in relation to Apprentices.
- 23 This reserve has been created to provide a cash backed fund for the completion of housing works in default.
- 24 Strategic Change Ring Fenced Grants are grants received for specific commitments in 2016/17 or future years in accordance with grant conditions.
- 25 This risk reserve was set aside to manage one-off risks in relation to Equal Pay/Equal Value claims.
- 26 This reserve was created to fund Environmental Improvements & initiatives across the town.
- 27 Created to fund protection costs arising from implementation of changes to Terms and Conditions.
- 28 This reserve was created to retain community centres in 2015/16 to provide a longer lead time to develop alternative funding/operational arrangements.
- 29 This reserve had been created to fund any outstanding expenditure on New Deals for Communities.

Note 34: Earmarked Capital Reserves

This note sets out the balances held in Earmarked Capital Reserves as at 31 March, 2018

| 2016/17 £000s | | 2017/18 £000s | Note |
|------------------|----------------------------|------------------|------|
| 5,852 | Capital Funding Reserve | 6,536 | 1 |
| · - | Capital Receipts Unapplied | 285 | 2 |
| 147 | HRA Major Repairs Reserve | 361 | 3 |
| 296 | Capital Grants Unapplied | 20 | 4 |
| 6,295 | • | 7,202 | |

- 1 The Capital Funding Reserve is earmarked to finance capital expenditure rephased to 2018/19.
- 2 Capital Receipts Unapplied are earmarked to finance capital expenditure rephased to 2018/19.
- 3 This reserve is Ringfenced to the HRA and can only be used to fund major repairs or repayments of borrowing.
- 4 These are capital grants that will be used to finance capital expenditure in future years.

Note 35: Business Rates Safety Net Grant Reserves

This reserve was set up to reflect the timing difference between the Safety Net Grant in 2015/16 and Business Rates repayments being made in 2016/17, 2017/18 and 2018/19.

| 2016/17 £000s | | 2017/18 £000s |
|-------------------|---|------------------|
| 957 957 | Business Rates Safety Net Grant Reserve | 1,480 1,480 |

The Unusable Reserves are shown below.

| 2016/17 £000s | | 2017/18 £000s | Table |
|------------------|--|------------------|-------|
| 55,507 | Revaluation Reserve | 53,910 | 1 |
| 197 | Available for Sale Financial Instruments Reserve | 197 | 2 |
| 133,219 | Capital Adjustment Account | 134,880 | 3 |
| (117,899) | Pensions Reserve | (124,837) | 4 |
| 366 | Deferred Capital Receipts Reserve | 366 | 5 |
| (1,396) | Collection Fund Adjustment Account | (949) | 6 |
| (1,475) | Accumulated Absences Account | (1,557) | 7 |
| 68,519 | | 62,010 | |

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| 54,217 | Balance at 1 April | 55,507 |
| 9,972 | Upward revaluation of assets | (7,516) |
| (4,693) | Downward revaluation of assets not charged to the Surplus/Deficit on the Provision of Services | 7,201 |
| | Impairment losses not charged to the Surplus/Deficit on the Provision of Services | |
| 5,279 | Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | (315) |
| (955) | Difference between fair value depreciation and historical cost depreciation | (976) |
| (3,034) | Accumulated gains/(losses) on assets sold or scrapped | (306) |
| (3,989) | Amount written off to the Capital Adjustment Account | (1,282) |
| 55,507 | Balance at 31 March | 53,910 |

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.

| 2016/17 £000s | | 2017/18 |
|------------------|--|-------------|
| 197 | Balance at 1 April | 197 |
| | Upward/(downward) revaluation of investments not charged to the Surplus/Deficit on the Provision of Services | |
| 197 | Balance at 31 March | 197 |

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 1st 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.

| Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement: (10,788) - Charges for depreciation and impairment of non-current assets (10,315) (6,805) - Revaluation losses on Property, Plant and Equipment (1,376) (1,767) - Revenue expenditure funded from capital under statute (2,010) | 2016/17 £000s | | 2017/18 £000s |
|--|------------------|--|------------------|
| Comprehensive Income and Expenditure Statement: (10,788) - Charges for depreciation and impairment of non-current assets (10,315) (6,805) - Revaluation losses on Property, Plant and Equipment (1,376) (1,767) - Revenue expenditure funded from capital under statute (2,010) | 138,613 | Balance at 1 April | 133,219 |
| (6,805) - Revaluation losses on Property, Plant and Equipment (1,376) (1,767) - Revenue expenditure funded from capital under statute (2,010) 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 (654) (29,662) - Adjusting amounts written out of the Revaluation Reserve 1,282 (25,673) - Net written out amount of the cost of non-current assets consumed in the year Capital financing applied in the year: 312 - Use of the Capital Receipts Reserve to finance new capital expenditure 38 114 - Use of the Major Repairs Reserve to repay prudential expenditure 38 114 - Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 8,702 25 - Application of grants to capital financing from the Capital Grants Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund 2,335 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 18,002 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement Word of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Prope | | · · · · · · · · · · · · · · · · · · · | |
| (1,767) - Revenue expenditure funded from capital under statute 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 (29,662) 3,989 Adjusting amounts written out of the Revaluation Reserve 1,282 (25,673) Net written out amount of the cost of non-current assets consumed in the year Capital financing applied in the year: 12 - Use of the Capital Receipts Reserve to finance new capital expenditure 32 - Use of the Major Repairs Reserve to finance new capital expenditure 33 - Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Application of grants to capital financing from the Capital Grants Unapplied Account 5,409 - Application of grants to capital financing of capital investment charged against the General Fund 2,335 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 18,002 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement | (10,788) | - Charges for depreciation and impairment of non-current assets | (10,315) |
| 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 (29,662) 3,989 Adjusting amounts written out of the Revaluation Reserve 1,282 (25,673) Net written out amount of the cost of non-current assets consumed in the year Capital financing applied in the year: 12 Use of the Capital Receipts Reserve to finance new capital expenditure 32 Use of the Major Repairs Reserve to finance new capital expenditure 33 Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing Application of grants to capital financing from the Capital Grants Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund 2,335 Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 18,002 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement Properties debited or credited to the Comprehensive Income and Expenditure Statement | (6,805) | - Revaluation losses on Property, Plant and Equipment | (1,376) |
| (10,302) - the gain/loss on disposal to the Comprehensive Income and Expenditure Statement (29,662) (29,662) (14,355) (3,989) Adjusting amounts written out of the Revaluation Reserve 1,282 (25,673) Net written out amount of the cost of non-current assets consumed in the year Capital financing applied in the year: 312 - Use of the Capital Receipts Reserve to finance new capital expenditure 38 114 - Use of the Major Repairs Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 288 5,409 - Application of grants to capital financing from the Capital Grants Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 18,002 Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 18,002 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement (2,158) | (1,767) | - Revenue expenditure funded from capital under statute | (2,010) |
| 3,989 Adjusting amounts written out of the Revaluation Reserve (25,673) Net written out amount of the cost of non-current assets consumed in the year Capital financing applied in the year: 312 - Use of the Capital Receipts Reserve to finance new capital expenditure 32 - Use of the Major Repairs Reserve to finance new capital expenditure 33 - Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Application of grants to capital financing from the Capital Grants Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund 2,335 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 18,002 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement 133,219 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | (10,302) | - the gain/loss on disposal to the Comprehensive Income and Expenditure | (654) |
| Net written out amount of the cost of non-current assets consumed in the year Capital financing applied in the year: 312 | (29,662) | | (14,355) |
| Capital financing applied in the year: 1312 - Use of the Capital Receipts Reserve to finance new capital expenditure 132 - Use of the Major Repairs Reserve to finance new capital expenditure 133 - Use of the Capital Receipts Reserve to finance new capital expenditure 134 - Use of the Capital Receipts Reserve to repay prudential borrowing 135 - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 136 - Application of grants to capital financing from the Capital Grants 137 Unapplied Account 138 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 139 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 140 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 15,515 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement 130 - Direct revenue funding Credited to the Comprehensive Income and Expenditure Statement 130 - Direct revenue funding Credited to the Comprehensive Income and Expenditure Statement 140 - Direct revenue funding Credited to the Comprehensive Income and Expenditure Statement 150 - Direct revenue funding Credited to the Comprehensive Income and Expenditure Statement | 3,989 | Adjusting amounts written out of the Revaluation Reserve | 1,282 |
| - Use of the Capital Receipts Reserve to finance new capital expenditure - Use of the Major Repairs Reserve to finance new capital expenditure - Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Application of grants to capital financing from the Capital Grants Unapplied Account - Statutory provision for the financing of capital investment charged against the General Fund - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - 16,892 - 2,277 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement - 133, 219 | (25,673) | (25.6/3) | |
| - Use of the Major Repairs Reserve to finance new capital expenditure - Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Application of grants to capital financing from the Capital Grants Unapplied Account - Statutory provision for the financing of capital investment charged against the General Fund - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - 16,892 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement - 133, 219 | | Capital financing applied in the year: | |
| - Use of the Capital Receipts Reserve to repay prudential borrowing - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 8,702 - Application of grants to capital financing from the Capital Grants Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund 2,335 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 - Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement (2,158) | 312 | - Use of the Capital Receipts Reserve to finance new capital expenditure | - |
| 9,775 - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 25 - Application of grants to capital financing from the Capital Grants Unapplied Account 5,409 - Statutory provision for the financing of capital investment charged against the General Fund 2,335 - Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 18,002 - I6,892 2,277 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement 133,219 - I34,880 | 32 | - Use of the Major Repairs Reserve to finance new capital expenditure | |
| and Expenditure Statement that have been applied to capital financing Application of grants to capital financing from the Capital Grants Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund 2,335 Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 5,515 18,002 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement 133,219 134,880 | 114 | - Use of the Capital Receipts Reserve to repay prudential borrowing | |
| Unapplied Account Statutory provision for the financing of capital investment charged against the General Fund 2,349 2,335 Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 18,002 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement 133,219 134,880 | 9,775 | | 8,702 |
| the General Fund 2,335 Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 18,002 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement 133,219 134,880 | 25 | | 288 |
| Expenditure Statement that have been applied to capital financing 18,002 16,892 2,277 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement 133,219 | 5,409 | | |
| 2,277 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement (2,158) | 2,335 | | |
| to the Comprehensive Income and Expenditure Statement 133 219 134.880 | 18,002 | | 16,892 |
| 133,219 Balance at 31 March | 2,277 | | (2,158) |
| | 133,219 | Balance at 31 March | 134,880 |

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| (125,267) | Balance at 1 April | (117,899) |
| 14,887 | Remeasurement of defined liability on pensions assets and liabilities | 2,366 |
| (15,721) | 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 | (17,111) |
| 8,202 | Employer's pensions contributions and direct payments to pensioners payable in the year | 7,807 |
| (117,899) | Balance at 31 March | (124,837) |

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.

| 2016/17 £000s | | 2017/18 |
|------------------|---------------------|-------------|
| 366 | Balance at 1 April | 366 |
| | Transfers in Year | |
| 366 | Balance at 31 March | 366 |

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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| (21,783) | Balance at 1 April | (1,396) |
| 20,387 | 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 | 447 |
| (1,396) | Balance at 31 March | (949) |

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, 2018. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| (1,361) | Balance at 1 April | (1,475) |
| 1,361 | Settlement or cancellation of accrual made at the end of the preceding year | 1,475 |
| (1,475) | Amounts accrued at the end of the current year | (1,557) |
| (114) | 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 | (82) |
| (1,475) | Balance at 31 March | (1,557) |

Note 37: 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, 2018 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 2017/18 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. 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. During 2017/18 the Chief Solicitor was a director of the Cleveland Fire Brigade Risk Management Services Community Interest Company. This was a non-remunerated position.

Note 37: Related Party Transactions

Other Public Bodies (subject to common control by central government)

In 2017/18 the Council provided various support services, predominantly in relation to financial and legal services, to Cleveland Fire Authority for which it received income of £0.217m (£0.233m in 2016/17). In particular, the Director of Finance and Policy holds the position of Treasurer and during 2017/18 the Council's Chief Solicitor held the position of Legal Advisor up until 31st March 2018.

The Council continues to provide a range of support services to Thirteen Group (formerly Housing Hartlepool) such as Legionella Management. The income from these services amounted to £0.153m (£0.319m in 2016/17) which represented the cost of the service provided.

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 £0.229m (£0.161m in 2016/17).

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 £2.115m (£2.619m in 2016/17).

From 1st June 2016 the Council commenced delivery of 'The Children's Hub' on behalf of Hartlepool and Stockton on Tees Councils. The Children's Hub is an integrated single point of access across North Tees providing multi-agency triage and assessment of enquiries about children. Other integrated partners within The Children's Hub include Cleveland Police, Harbour, North Tees and Hartlepool NHS Trust and CAMHS. Stockton Council contributed £0.565m, (£0.410m in 2016/17 - part year) towards the cost of this service.

Other

The Council holds minority shares in Durham Tees Valley Airport Ltd and SUEZ Recycling and Recovery Tees Valley Limited (formerly SITA Tees Valley Limited).

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 valued at nil for the financial year ending 31 March, 2017. The shareholding was valued at nil in the previous financial year.

Issues of note include a deficit on the Profit and Loss Account of £2.408 (previous year loss of £2.590m) and a net Liability position of £9.324m (previous year net liability position of £7.058m). 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 SUEZ Recycling and Recovery Tees Valley Limited (formerly SITA Tees Valley Limited) with a value of £0.197m, equating to 3.3% of a £5.964m 0% redeemable preference shareholding in the company. SUEZ Recycling and Recovery Tees Valley Limited have produced accounts for the financial year to 31 December, 2016, that includes a loss on the Profit and Loss Account of £0.269m (£1.821m profit in 2015) and a net asset position of £48.019m (£48.288m in 2015). Further information on their accounts is available from the Registered Office, SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES. The partner of one of our members is a Director of SUEZ, this has been properly disclosed in the Register of Member interests.

The Council has not produced group accounts on the grounds of materiality.

Note 38: Trading Operations

The Council previously determined to maintain separate trading accounts for trading operations. The (surplus)/deficit of each trading account is contained within the Regeneration and Neighbourhood Services departments net cost of services and totals £0.454m surplus in 2017/18 (£0.518m surplus in 2016/17).

| 2016/17 (Surplus) / Deficit £000s | Internal Trading Operations | Expenditure £000s | 2017/18 Income £000s | (Surplus) / Deficit £000s |
|--|-----------------------------|----------------------|----------------------------|---------------------------------|
| 26 | Catering | 72 | (68) | 4 |
| (232) | Building Maintenance | 3,323 | (3,476) | (153) |
| (13) | Highways Works | 1,800 | (1,869) | (69) |
| 15 | Passenger Transport | 1,008 | (1,024) | (16) |
| (179) | Fleet & Garage | 2,934 | (3,241) | (307) |
| (4) | Building Cleaning | 2,127 | (2,098) | 29 |
| (157) | School Catering | 3,365 | (3,365) | - |
| 26 | Garden Centre | 172 | (114) | 58 |
| (518) | | 14,801 | (15,255) | (454) |

Catering - provision of catering at the Council's Centre for Excellence in Teaching and Learning (CETL) venue and some Council events.

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.

Passenger Transport provides transport services to Schools, social care clients and external customers

Fleet & Garage provide all vehicles for provision of Council Services e.g. Refuse Vehicles and undertake external work in relation to MOTs, servicing and repairs to members of the public and businesses in the area. The surplus generated represents a temporary saving on borrowing costs following a change in policy to keep vehicles for longer periods. The recurring saving resulting from increasing the asset lives has been factored into future charges to clients.

Building Cleaning - cleaning of all Council buildings. Some external work which was subject to competitive tendering or in the case of Schools Buy Back Arrangements.

School Catering - provision of school meals to schools within the Borough. This is subject to a Buy Back Arrangement. The outturn includes a contribution to capital of £0.156m in 2017/18 to fund future investment in school kitchens.

Garden Centre - This facility closed in March 2018.

The above figures reflect the actual cost of running the services which are used as the basis for charges to service users.

Note 39: 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:

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| 110 | Fees payable in respect of external audit services carried out by the appointed auditor for the year | 109 |
| 16 | Fees payable for the certification of grant claims and returns for the year | 16 |
| 126 | | 125 |

This reflects the actual costs incurred. A one-off refund from Public Sector Audit Appointments (PSAA) of £0.016m was received in December 2017 and is not reflected above.

Note 40: Dedicated Schools Grant

The Council's expenditure on schools is primarily funded by grant monies provided by the Education Funding Agency (EFA), the Dedicated Schools Grant (DSG). The EFA recouped the funding for all existing and new academies in the Borough. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2017. 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 2017/18 are as follows: -

| | Central Expenditure | Individual Schools Budget | Total |
|---|---------------------------------------|---------------------------------|----------|
| | £000s | £000s | £000s |
| Final DSG for 2017/18 before Academy recoupment | | | 79,133 |
| Academy figure recouped for 2017/18 | | | 31,101 |
| Total DSG after academy recoupment for 2017/18 | | | 48,032 |
| Plus: Brought Forward from 2016/17 | | | 990 |
| Less: Carry forward to 2018/19 agreed in advance | · · · · · · · · · · · · · · · · · · · | | _ |
| Agreed Initial Budget Distribution in 2017/18 | 15,646 | 33,376 | 49,022 |
| In Year Adjustments | (4,166) | 4,166 | - |
| Final Budget Distribution for 2017/18 | 11,480 | 37,542 | 49,022 |
| Less: Actual Central Expenditure | (11,119) | | (11,119) |
| Less Actual Individual Schools Budget Deployed to Schools | | (37,312) | (37,312) |
| Plus Local authority contribution for 2017/18 | | - | |
| Carried forward to 2018/19 | 361 | 230 | 591 |

Note 41: 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

| 2016/17 £000s | Future minimum lease payments due | 2017/18 £000s |
|------------------|---|------------------|
| 253 | Not later than one year | 252 |
| 441 | Later than one year & not later than five years | 397 |
| 135 | Later than five years | 75 |
| 829 | | 724 |

Council as lessor

| 2016/17 £000s | Future minimum lease payments receivable | 2017/18 |
|------------------|---|-------------|
| 435 | Not later than one year | 465 |
| 1,014 | Later than one year & not later than five years | 817 |
| 907 | Later than five years | 832 |
| 2,356 | | 2,114 |

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, 2018 the minimum payments expected to be received under non-cancellable sub-leases was £0.030m (£0.030m as at 31 March, 2017). 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:

| 2016/17 £000s | | 2017/18 £000s |
|------------------|-----------------------------------|------------------|
| | Payments recognised as an expense | |
| 253 | Minimum lease payments | 273 |
| (159) | Sub-lease payments | (181) |
| 94 | Total | 92 |
| | | |

Note 42: 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

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| | Value of Assets held under Finance Leases | |
| 472 | Vehicles, Plant & Equipment | 415 |
| 472 | Total | 415 |

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:-

| 2016/17 £000s | | 2017/18 £000s |
|------------------|-------------------------------------|------------------|
| | Future minimum lease payments due | <u></u> |
| 125 | Current | 109 |
| 289 | Non-current | 180 |
| 48 | Finance costs payable in the future | 27 |
| 462 | Total minimum lease payments | 316 |

The minimum lease payments and finance lease liabilities will be payable over the following periods:

| 2016/17 | | | 2017 | ⁷ /18 |
|---------------------------------------|--|---|---------------------------------------|--|
| Minimum Lease Payments £000s | Finance Lease Liabilities £000s | | Minimum Lease Payments £000s | Finance Lease Liabilities £000s |
| | | Payable: | | |
| 146 | 125 | Not later than one year | 123 | 109 |
| 316 | 289 | Later than one year & not later than five years | 193 | 180 |
| 462 | 414 | Total | 316 | 289 |

Note 43: 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.

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| 97,600 | Brought Forward Opening Capital Financing Requirement | 101,455 |
| | Capital investment | |
| 18,184 | Property, Plant and Equipment | 12,413 |
| 42 | Investment Properties | 4 |
| - | Heritage Assets | 119 |
| 1,768 | Revenue Expenditure Funded from Capital under Statute | 2,010 |
| 1,864 | Long Term Debtors | (112) |
| | Sources of Finance | |
| (312) | Capital receipts | - |
| (114) | Application of Capital Receipts to Repay Borrowing | - |
| (32) | Major Repairs Reserve | (38) |
| (9,801) | Government Grants and Other Contributions | (8,990) |
| | Sums set aside from revenue: | |
| (2,335) | Direct Revenue Contributions | (5,515) |
| (5,409) | Minimum Revenue Position (MRP) | (2,349) |
| 101,455 | Closing Capital Financing Requirement | 98,997 |
| | Explanation of movements in year | |
| (114) | Application of Capital Receipts to Repay Borrowing | - |
| - | Repayments by Long Term Debtors | (112) |
| 9,378 | Increase in borrowing unsupported by government financial assistance | 3 |
| (5,409) | Minimum Revenue Provision (MRP) | (2,349) |
| 3,855 | Increase/(decrease) in Capital Financing Requirement | (2,458) |

Note 44: 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 2017 | | | 31 Marc | h 2018 |
|--------------------|------------------|--|--------------------|------------------|
| Long Term £000s | Current £000s | | Long Term £000s | Current £000s |
| | | Investments | | |
| - | 40,067 6,506 | Loans and receivables - Principal Amount Liquidity Accounts included in Cash Equivalents | - | 37,083 54 |
| | 0,500 | Equitary Accounts included in Cash Equivalents | | |
| - | 46,573 | Loans and receivables at Amortised Cost | - | 37,137 |
| 197 | - | Available-for-sale financial assets * | 197 | - |
| 197 | 46,573 | Total Investments | 197 | 37,137 |
| | | Debtors | | |
| - | 7,632 | Loans and receivables (Trade Debtors and General and Other Debtors) | - | 7,677 |
| | 7,632 | Total debtors | | 7,677 |
| | | Borrowings | | |
| 81,429 | 4,815 | Financial liabilities at amortised cost ** | 79,968 | 4,927 |
| 81,429 | 4,815 | Total Borrowings | 79,968 | 4,927 |
| | | Other Long Term Liabilities | | |
| 288 | | Finance lease liabilities | 180 | - |
| 288 | | Total Other Long Term Liabilities | 180 | |
| | | Craditara | | |
| | 8,769 | Creditors Financial liabilities carried at contract amount (Trade Creditors and General and Other Creditors) | - | 7,965 |
| | 8,769 | Total Creditors | | 7,965 |
| | | | | |

^{*} Includes Tees Valley Airport Shares which are valued at zero in 2017/18 (zero in 2016/17). 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.

^{**} As required accrued interest relating to long term borrowing is disclosed within the short term borrowing figure on the balance sheet.

Note 44: Financial Instruments

Income, Expense, Gains and Losses

Net (gain)/loss for the year

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 2017/18 there were no reclassifications or derecognitions of Financial Instruments.

2017/18

27

(373)

2,658

| | Financial Liabilities measured at amortised cost | Finance Lease Payments | Financial Assets: Loans and receivables | Total |
|------------------------------|---|-----------------------------------|--|-------|
| | £000s | £000s | £000s | £000s |
| Interest expense | 2,960 | 21 | - | 2,981 |
| Interest income | <u> </u> | - | (314) | (314) |
| Net (gain)/loss for the year | 2,960 | 21 | (314) | 2,667 |
| | Financial Liabilities measured at amortised cost | 2016 Finance Lease Payments | /17 Financial Assets: Loans and receivables | Total |
| | £000s | £000s | £000s | £000s |
| Interest expense | 3,004 | 27 | - | 3,031 |
| | | | | |

3,004

Note 44: 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 value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

| 31 March 2 | 2017 | | 31 March | 2018 |
|--------------------|---------------|---|--------------------|---------------|
| Carrying Amount | Fair Value | | Carrying Amount | Fair Value |
| £000s | £000s | | £000s | £000s |
| | | Financial Liabilities | | |
| 45,377 | 92,298 | Market Loans | 45,377 | 92,324 |
| 38,707 | 50,427 | Public Works Loan Board | 37,355 | 48,319 |
| 2,160 | 2,161 | Non-Market Loans | 2,163 | 2,158 |
| 8,769 | 8,769 | Trade Creditors and General and Other Creditors | 7,965 | 7,965 |
| 288 | 288 | Long Term Finance Lease Liability | 180 | 180 |
| 95,301 | 153,943 | - | 93,040 | 150,946 |
| 31 March 2 | 2017 | | 31 March | 2018 |
| Carrying | Fair | | Carrying | Fair |
| Amount | Value | | Amount | Value |
| £000s | £000s | _ | £000s | £000s |
| | | Financial Assets | <u>-</u> | |
| 46,573 | 46,573 | Money market loans < 1 year | 37,137 | 37,137 |
| 7,632 | 7,632 | Short term debtors | 7,677 | 7,677 |
| 54,205 | 54,205 | _ | 44,814 | 44,814 |

Eair Value

Note 44: Financial Instruments

The fair value of Public Works Loan Board (PWLB) loans of £48.319m 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 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 £37.355m would be valued at £42.793m. But, 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 £37.355m plus a penalty charge of £10.964m totalling £48.319m.

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, 2018) 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.

| | | | Fair Va | aiue |
|---|-------------------------------------|--|------------------|------------------|
| Recurring fair value measurements | Input level in fair value hierarchy | Valuation technique used to measure fair value | 31 March 2017 | 31 March 2018 |
| | | | £000s | £000s |
| Available for sale - Equity shareholdings in Durham Tees Valley Ltd | Level 3 | Based on company's net worth (see below) | - | - |
| Available for sale - Equity shareholdings in Suez Recycling & Recovery Tees Valley Limited (formerly SITA Tees Valley Ltd) | Level 3 | Face value (see below) | 197 | 197 |
| | | | 197 | 197 |

Equity shareholdings in Durham Tees Valley Airport Ltd

The Council'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 Suez Recycling & Recovery Tees Valley Limited (formerly SITA Tees Valley Ltd)

The Council's shareholding in Suez Recycling & Recovery Tees Valley Limited (formerly 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.

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 23 February, 2017 and is available on the Council website. The key issues within the strategy were:

- the Authorised Limit for the 2017/18 was set at £125m (£131m in 2016/17). This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £115m (£121m in 2016/17). 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 £80m respectively (£121m and £70m respectively in 2016/17).
- the maximum amount of gross variable interest rate exposure for borrowing and investments was set at £85m and £80m respectively (£91m and £35m respectively in 2016/17).

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.

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 continues to operate a very restricted counterparty list which is actively managed to reflect continued developments in the banking and financial sector.

The Investment Strategy for 2017/18 was approved by Full Council on the 23 February, 2017 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 £5.053m 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, 2018 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 2017 | | Amount at 31 March 2018 | Historical experience of default | Adjustment for market conditions at 31 March 2018 | Estimated maximum exposure to default at 31 March 2018 |
|---|---|-------------------------------|--|---|--|
| £000s | | £000s | % | % | £000s |
| 1,228 | Trade Debtors and General and Other Debtors | 7,677 | 19.28% | 0.00% | 1,480 |
| 1,228 | | | | | 1,480 |

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.

The Council does not generally allow credit for customers, such that £1.447m of the £7.677m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

| 31 March 2017 £000s | | 31 March 2018 £000s |
|---------------------------|------------------------|---------------------------|
| 805 | Less than three months | 479 |
| 115 | Three to six months | 133 |
| 231 | Six months to one year | 203 |
| 629 | More than one year | 632 |
| 1,780 | | 1,447 |

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 2017 £000s | | 31 March 2018 £000s |
|---------------------------|--------------------------------------|---------------------------|
| 4,353 | Less than one year | 4,476 |
| 12,052 | Between one and five years | 10,069 |
| 3,341 | Between five and ten years | 3,755 |
| 3,555 | Between ten and fifteen years | 3,831 |
| 3,101 | Between fifteen and twenty years | 2,984 |
| 1,935 | Between twenty and twenty-five years | 1,993 |
| 2,129 | Between twenty-five and thirty years | 2,251 |
| 2,548 | Between thirty and thirty-five years | 2,691 |
| 6,005 | Between thirty-five and forty years | 6,533 |
| 1,955 | Between forty and forty-five years | 947 |
| 45,095 | More than forty-five years | 45,066 |
| 86,069 | | 84,596 |

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest 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.

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 (£20m) 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 Director of Finance and Policy is that limits on fixed and variable rates of borrowings are unhelpful and could lead to unnecessary higher cost of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. 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, 2018, 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 | 849 |
| Increase in interest receivable on variable rate investments | (371) |
| Impact on Surplus or Deficit on the Provision of Services | 478 |
| | |
| _ | £000s |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Comprehensive Income and Expenditure Statement) | (29,925) |

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not invest in equity shares but does have shareholdings in Durham Tees Valley Airport Limited and SUEZ Recycling and Recovery Tees Valley Limited (formerly 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.

Note 46: Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| 2016/17 £000s | | 2017/18 £000s |
|------------------|-------------------|------------------|
| 373 | Interest Received | 303 |
| (3,022) | Interest Paid | (2,983) |

Note 47: 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:

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| 10,596 | Depreciation | 10,120 |
| 6,997 | Impairment and Downward Valuations | 1,571 |
| (2,277) | Downward / (Upward) Valuation of Investment Property | 2,158 |
| (1,016) | Increase / (Decrease) in Provisions | 970 |
| (35,945) | Increase / (Decrease) in Creditors | 1,850 |
| 20,560 | (Increase) / Decrease in Debtors | (5,637) |
| 179 | (Increase) / Decrease in Inventories | 35 |
| 7,519 | Pension Liability | 9,304 |
| 10,302 | Carrying amount of Non-Current Assets Sold | 654 |
| 16,915 | | 21,025 |

Note 48: 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:

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| (9,777) | Capital Grants credited to surplus or deficit on the provision of services | (8,702) |
| (426) | Proceeds from the Sale of Property, Plant and Equipment and Investment Property | (285) |
| (10,203) | | (8,987) |

Note 49: Cash Flow Statement - Investing Activities

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| (17,788) | Purchase of Property, Plant and Equipment and Investment Property | (12,873) |
| (1,949) | Other Payments for Investing Activities | - |
| 426 | Proceeds from the sale of property, plant and equipment, investment property | 285 |
| 14,904 | Proceeds from the sale of Short-term and Long-term Investments | 2,996 |
| 7,192 | Other Receipts from Investing Activities | 13,624 |
| 2,785 | Net cash flows from investing activities | 4,032 |

Note 50: Cash Flow Statement - Financing Activities

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| 597 | Cash receipts of short-term and long-term borrowing | - |
| 19,212 | Council Tax and NNDR adjustment | 1,226 |
| (119) | Cash payments for the reduction of the outstanding liabilities relating to finance leases | (125) |
| (2,602) | Repayments of short and long-term borrowing | (1,350) |
| 17,088 | Net cash flows from financing activities | (249) |

Note 51: 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. A valuation assessing the scheme as at 31st March, 2016 is due to be concluded in 2018.

The scheme has in excess of 8,700 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 2018, the Council's own contributions equate to approximately 0.05%.

The Council's contribution to the Teacher's Pension Scheme in 2017/18 amounted to £2.845m (£2.945m in 2016/17) which represented 16.48% of pensionable pay (this includes a 0.08% administration levy). 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 £2.903m.

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. A valuation assessing the scheme as at 31st March, 2016 is due to be concluded in June 2018. The scheme has in excess of 8,800 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, 2018 the Council's own contributions equate to approximately 0.0016%.

The Council's contribution to the NHS Pension Scheme in 2017/18 amounted to £0.164m (£0.046m in 2016/2017) which represented 14.38% of pensionable pay (this includes 0.08% administration levy). 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 £0.168m.

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.

Note 52: 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 the Teesside Pension Fund. This is a funded defined benefit 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

The Council 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 the Council is 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:

| Reserves statement daming the year. | Local Government Pension Scheme | | ·· ·· · · · · · · · · · · · · · · · · | | Total | |
|--|------------------------------------|------------------|---------------------------------------|------------------|------------------|------------------|
| | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s |
| Comprehensive Income and Expenditure Stat Cost of Services: | ement | | | _ | | |
| Current Service cost | 10,868 | 14,224 | - | - | 10,868 | 14,224 |
| Past Service Costs (inc. curtailments) | 732 | 37 | - | - | 732 | 37 |
| Financing and Investment Income and Expenditure | : : | | | | | |
| Net Interest Expense | 3,705 | 2,538 | 416 | 312 | 4,121 | 2,850 |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 15,305 | 16,799 | 416 | 312 | 15,721 | 17,111 |
| Other Post Employment Benefit Charged to the Co | mprehensive Inc | ome and Expendi | ture Statement: | | | |
| Remeasurement of the net defined benefit liability | : | | | | | |
| Return on plan assets (excluding amount in net interest expense) | (69,112) | (4,842) | - | - | (69,112) | (4,842) |
| Actuarial (gains) and losses arising from changes in financial assumptions | 103,064 | (470) | 1,113 | 1 | 104,177 | (469) |
| Actuarial (gains) and losses arising from changes in demographic assumptions | (10,997) | - | (335) | - | (11,332) | - |
| Actuarial (gains) and losses owing to liability experience | (38,519) | 2,823 | (101) | 122 | (38,620) | 2,945 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | (259) | 14,310 | 1,093 | 435 | 834 | 14,745 |

SECTION 3 : Statement of Accounts

Note 52: Defined Benefit Pension Schemes

| Local Government Pension Scheme | | Discretionary Benefit Arrangements | | Total | |
|------------------------------------|---|---------------------------------------|---|--|--|
| 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s |
| | | | | | |
| (15,305) | (16,799) | (416) | (312) | (15,721) | (17,111) |
| und Balance fo | r pensions in th | ie year: | | | |
| 7,312 | 7,044 | | | 7,312 | 7,044 |
| | | 890 | 763 | 890 | 763 |
| (7,993) | (9,755) | 474 | 451 | (7,519) | (9,304) |
| | Sche 2016/17 £000s (15,305) und Balance fo 7,312 | Scheme 2016/17 | Scheme Arrange 2016/17 2017/18 2016/17 £000s £000s £000s (15,305) (16,799) (416) und Balance for pensions in the year: 7,312 7,044 890 | Scheme Arrangements 2016/17 2017/18 2016/17 2017/18 £000s £000s £000s (15,305) (16,799) (416) (312) und Balance for pensions in the year: 7,312 7,044 890 763 | Scheme Arrangements Tot 2016/17 2017/18 2016/17 2017/18 2016/17 £000s £000s £000s £000s £000s (15,305) (16,799) (416) (312) (15,721) und Balance for pensions in the year: 7,312 7,044 7,312 890 763 890 |

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 | |
|---|------------------------------------|------------------|---------------------------------------|------------------|------------------|------------------|
| | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s |
| Fair value of plan assets | 443,890 | 454,808 | _ | | 443,890 | 454,808 |
| Present value of the defined benefit obligation | (548,915) | (567,099) | (12,874) | (12,546) | (561,789) | (579,645) |
| Net liability arising from defined benefit obligation | (105,025) | (112,291) | (12,874) | (12,546) | (117,899) | (124,837) |

Reconciliation of Movements in the Fair Value of Scheme (Plan) Assets

| | Local Government Pension Scheme | | Discretionary Benefit Arrangements | | Total | |
|---|---------------------------------|------------------|---------------------------------------|------------------|------------------|------------------|
| | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s | 2016/17 £000s | 2017/18 £000s |
| Opening fair value of assets | (366,979) | (443,890) | - | - | (366,979) | (443,890) |
| Interest Income on assets | (12,403) | (11,038) | - | - | (12,403) | (11,038) |
| Remeasurement gains/(losses): | | - | | | - | - |
| Return on plan assets (excl amount in net interest) | (69,112) | (4,842) | - | - | (69,112) | (4,842) |
| Contributions by the employer | (7,312) | (7,044) | (890) | (763) | (8,202) | (7,807) |
| Contributions by participants | (2,943) | (2,942) | - | - | (2,943) | (2,942) |
| Net benefits paid out | 14,859 | 14,948 | 890 | 763 | 15,749 | 15,711 |
| Closing fair value of assets | (443,890) | (454,808) | _ | _ | (443,890) | (454,808) |

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

| | Local Government Pension Scheme | | Discretionary Benefit Arrangements | | Total | |
|---|------------------------------------|--------------|------------------------------------|----------|-----------|-----------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Opening balance at 1 April | (479,575) | (548,915) | (12,671) | (12,874) | (492,246) | (561,789) |
| Current Service Cost | (10,868) | (14,224) | - | - | (10,868) | (14,224) |
| Interest Cost | (16,108) | (13,576) | (416) | (312) | (16,524) | (13,888) |
| Contributions from scheme participants Remeasurement gains/(losses): | (2,943) | (2,942) - | - | - | (2,943) | (2,942) |
| Actuarial gains and (losses) on liabilities - financial assumptions | (103,064) | 470 | (1,113) | (1) | (104,177) | 469 |
| Actuarial gains and (losses) on liabilities - demographic assumptions | 10,997 | - | 335 | - | 11,332 | - |
| Actuarial gains and (losses) on liabilities - experience | 38,519 | (2,823) | 101 | (122) | 38,620 | (2,945) |
| Past Service Costs (inc. curtailments) | (732) | (37) | - | - | (732) | (37) |
| Benefits paid | 14,859 | 14,948 | 890 | 763 | 15,749 | 15,711 |
| Closing present value of assets | (548,915) | (567,099) | (12,874) | (12,546) | (561,789) | (579,645) |

Note 52: Defined Benefit Pension Schemes

Local Government Pension Scheme Assets

The Local Government Pension Scheme's assets comprised:

| | 2016/17 £'000 | 2017/18 £'000 |
|--------------------|------------------|------------------|
| Equity investments | 355,112 | 363,391 |
| Property | 30,628 | 33,201 |
| Government Bonds | 888 | - |
| Corporate Bonds | 888 | - |
| Cash | 49,715 | 50,484 |
| Other Investments | 6,659 | 7,732 |
| | 443,890 | 454,808 |

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, 2016.

Principal assumptions used by the actuary have been:

| | Local Government Pension Scheme | | Discretionary Benefit Arrangements | |
|--|------------------------------------|---------|---------------------------------------|---------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| Long-term expected rate of return on assets in the scheme: | | | | |
| Equities | 2.5% | 2.6% | - | - |
| Property | 2.5% | 2.6% | - | - |
| Government Bonds | 2.5% | 2.6% | - | - |
| Corporate Bonds | 2.5% | 2.6% | - | - |
| Cash | 2.5% | 2.6% | - | - |
| Other | 2.5% | 2.6% | - | - |
| Mortality assumptions: Longevity at 65 for current pensioners: | | | | |
| Men | 22.8 | 22.9 | 22.8 | 22.9 |
| Women | 24.9 | 25.0 | 24.9 | 25 |
| Longevity at 65 for future pensioners: | | | | |
| Men | 25.0 | 25.1 | - | - |
| Women | 27.2 | 27.3 | - | - |
| Other assumptions: | | | | |
| Rate of inflation - RPI | 3.1% | 3.2% | 3.1% | 3.2% |
| Rate of inflation - CPI | 2.0% | 2.1% | 2.0% | 2.1% |
| Rate of general increase in salaries | 3.0% | 3.1% | - | - |
| Rate of increase in pensions - deferred and pensions in | | | | |
| payment | 2.0% | 2.1% | 2.0% | 2.1% |
| Rate for discounting scheme liabilities | 2.5% | 2.6% | 2.5% | 2.6% |

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Note 52: 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.

| | Impact on Defined Benefit Obligation in | | |
|--|---|---------------|--|
| LGPS Funded Benefits Only | the Scheme | | |
| | Increase | Decrease | |
| | in Assumption | in Assumption | |
| | £000s | £000s | |
| Adjustment to Discount rate (+/- 0.1%) | 10,056 | 10,237 | |
| Adjustment to Salary increase rate (+/- 0.1%) | 2,270 | 2,249 | |
| Adjustment to Pension increase rate (+/- 0.1%) | 7,947 | 7,827 | |
| Adjustment to Longevity (decrease/increase 1 year) | 17,074 | 16,947 | |

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 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March, 2019.

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 £8.105m contributions to the scheme in 2018/19.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years in 2017/18 (17.9 years in 2016/17).

Note 53: 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 2017/18 the Council has the following contingent liability:

- 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.

Note 54: Financial Guarantees

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. The likelihood of this guarantee being called upon is remote and therefore no amounts have been recognised in the balance sheet in respect of this guarantee.

A guarantee was given to the Teesside Pension Scheme for the staff transferred to Housing Hartlepool in 2004 in the event that Housing Hartlepool had financial difficulties. The likelihood of this guarantee being called upon is remote and therefore no amounts have been recognised in the balance sheet in respect of this guarantee.

Note 55: Pooled Budgets

The Better Care Fund (BCF) was established by the Government to support the introduction of a fully integrated health and social care system.

On 1st April, 2015 the Council entered into a pooled budget arrangement with NHS Hartlepool and Stockton Clinical Commissioning Group (CCG) 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.

The BCF is the national programme through which local areas agree how to spend a local pooled budget in accordance with the programme's national requirements. The pooled budget is made up of CCG funding as well as local government grants, one of which is the Improved Better Care Fund (iBCF).

The iBCF was first announced in the 2015 Spending Review and was increased in the 2017 Spring Budget.

Revenue Pooled Budget

| 2016/17 £000s | | 2017/18 £000s |
|------------------|---|------------------|
| | Revenue Funding provided to the Pooled Budget: | |
| (277) | Hartlepool Borough Council | (104) |
| - | Hartlepool Borough Council - Improved Better Care Fund (iBCF) | (2,708) |
| (6,699) | NHS Hartlepool and Stockton Clinical Commissioning Group | (6,819) |
| (6,976) | | (9,631) |
| | Expenditure met from the Pooled Budget: | |
| 5,514 | Hartlepool Borough Council | 5,685 |
| 1,462 | NHS Hartlepool and Stockton Clinical Commissioning Group | 1,238 |
| - | Hartlepool Borough Council - Improved Better Care Fund (iBCF) | 2,602 |
| - | NHS Hartlepool and Stockton Clinical Commissioning Group - iBCF | 106 |
| 6,976 | | 9,631 |
| | Balance carried forward | - |

Capital Pooled Budget

| 2016/17 £000s | | 2017/18 £000s |
|------------------|--|------------------|
| | Capital Funding provided to the Pooled Budget: | |
| (326) | Balance brought forward | (129) |
| (863) | Hartlepool Borough Council | (931) |
| - | NHS Hartlepool and Stockton Clinical Commissioning Group | - |
| (1,189) | | (1,060) |
| | Expenditure met from the Pooled Budget: | |
| 1,060 | Hartlepool Borough Council | 945 |
| | NHS Hartlepool and Stockton Clinical Commissioning Group | |
| 1,060 | | 945 |
| (129) | Balance carried forward | (115) |

The capital balance remaining relates to the Disabled Facilities Grant and has been fully committed in 2018/19 to fund additional commitments within this area.

HOUSING REVENUE ACCOUNT (HRA)

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

| £000s | _ | 2017/18 £000s |
|--|---|---|
| | Expenditure | |
| 253 | Repairs and maintenance | 191 |
| 277 | Supervision and management | 274 |
| 22 | Rents, rates, taxes and other charges | 31 |
| 8 | Movement in the allowance for bad debts | 28 |
| 8 | Debt Management Expenses | ç |
| | Depreciation, impairment and revaluation losses of non-current assets | 1,190 |
| 3,771 | Total Expenditure | 1,723 |
| | Income | |
| (1,007) | Dwelling Rents | (992) |
| (2) | Charges for services and facilities (net of voids) | (7) |
| (19) | Other Income | (75) |
| (1,028) | Total Income | (1,074) |
| 2,743 | Net Expenditure or (Income) of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement | 649 |
| 202 | Interest payable | 327 |
| | Interest and investment income | (16) |
| , , | Net interest on the net defined benefit liability | 9 |
| | | |
| 3,040 | Deficit/(Surplus) for the year on HRA services | 969 |
| • | Deficit/(Surplus) for the year on HRA services N THE HRA STATEMENT | 969 |
| EMENT O | - | 969 2017/18 £000s |
| EMENT O 2016/17 £000s | - | 2017/18 £000s |
| EMENT O 2016/17 £000s | N THE HRA STATEMENT | 2017/18 £000s |
| EMENT O 2016/17 £000s | N THE HRA STATEMENT Opening balance on the HRA | 2017/18 £000s (538) |
| EMENT O 2016/17 £000s - 3,039 (3,024) | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: - Revaluations losses | 2017/18 £000s (538) 969 (1,036) |
| EMENT O 2016/17 £000s - 3,039 (3,024) (23) | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: - Revaluations losses - IAS19 Pensions Adjustment | 2017/18 £000s (538) 969 (1,036) (28) |
| 2016/17 2016/17 £000s - 3,039 (3,024) (23) (179) | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: - Revaluations losses - IAS19 Pensions Adjustment - Depreciation | 2017/18 £000s (538) 969 (1,036) (28) (154) |
| 2016/17 2016/17 £000s - 3,039 (3,024) (23) (179) 179 | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: Revaluations losses IAS19 Pensions Adjustment Depreciation Transfer to Major Repairs Reserve | 2017/18 £000s (538) 969 (1,036) (28) (154) 250 |
| 2016/17 £000s - 3,039 (3,024) (23) (179) 179 | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: - Revaluations losses - IAS19 Pensions Adjustment - Depreciation | 2017/18 £000s (538) 969 (1,036) (28) (154) 250 |
| 2016/17 £000s - 3,039 (3,024) (23) (179) 179 (8) | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: Revaluations losses IAS19 Pensions Adjustment Depreciation Transfer to Major Repairs Reserve | 2017/18 £000s (538) 969 (1,036) (28) |
| 2016/17 £000s - 3,039 (3,024) (23) (179) 179 (8) | N THE HRA STATEMENT Opening balance on the HRA (Surplus) or Deficit for the year on the HRA Income and Expenditure Statement Adjustments between accounting basis and funding basis under statute: - Revaluations losses - IAS19 Pensions Adjustment - Depreciation - Transfer to Major Repairs Reserve Net (increase) or decrease before transfers to or from reserves | 2017/18 £000s (538) 969 (1,036) (28) (154) 250 |

NOTES TO THE HRA

Note 1: Depreciation and Revaluation

Included within the HRA is a depreciation charge of £0.154m (2016/17 £0.179m) which transfers funding into the Major Repairs Reserve to meet the cost of future major repairs. The loss on revaluation for the year was £1.036m (2016/17 £3.024m). This is prevented from being a true cost to the HRA by an adjustment between accounting basis and funding basis under statute on the 'Movement on the HRA Statement'.

Note 2: Capital Expenditure and Financing

| 2016/17 £000s | 2017/18 £000s |
|--|------------------|
| 1,535 Acquisition and renovation of Council Dwellings | 1,159 |
| 32 Major Repairs | 38 |
| 1,567 | 1,197 |
| Funded by: | |
| 921 Borrowing | 741 |
| 407 Homes & Communities Agency Grant | 418 |
| 207 Income from Sale of former Right to Buy properties | - |
| 32 Major Repairs Reserve | 38 |
| 1,567 | 1,197 |

Note 3: Value of Council Dwellings

There were 256 Council Dwellings held as at 31 March, 2018 (243 in 2016/17). The table below shows the vacant possession value and the balance sheet value based on social housing use. The difference represents the economic cost of providing council housing at less than market rent.

| 1st April 2017 | 31st March 2018 |
|--------------------------------|-----------------|
| 2017 | 2018 |
| £000's | £000's |
| 6,473 Balance Sheet Value | 6,754 |
| 14,500 Vacant Possession Value | 15,129 |

Note 4: Rent Arrears

The level of rent arrears as at 31 March, 2018 was £0.132m (31 March, 2017 £0.077m) and the provision in respect of these debts which are uncollectable is £0.065m (2016/17 £0.037m)

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.

|)16/17 £000 | THEOME | 2017/18 £000 |
|---------------------------------------|---|-----------------|
| | INCOME | |
| (40.774) | Council Tax: | (40 545) |
| (40,771) | Billed to tax payers | (43,515) |
| (40,771) | Non Domestic Rates : | (43,515) |
| (31,843) | Income Collectable from Business Ratepayers | (32,148) |
| 75 | Transitional Protection Payment | 2,266 |
| 15 | Deferral Scheme | |
| (31,753) | | (29,882) |
| (72,524) | TOTAL INCOME | (73,397) |
| | <u>EXPENDITURE</u> | |
| | Council Tax : | |
| 34,320 | Precepts Hartlepool Borough Council | 36,473 |
| 4,894 | Police & Crime Commissioner | 5,057 |
| 1,668 | Cleveland Fire Authority | 1,722 |
| 54_ | Increased Provision for Non-Payment of Council Tax | (48) |
| 40,936 | | 43,204 |
| | Non Domestic Rates : | |
| | Payment of Non Domestic Rates to Preceptors | |
| 15,873 | Hartlepool Borough Council | 14,681 |
| 324 | Cleveland Fire Authority | 300 |
| 16,080 | Payment of Non Domestic Rates to Central Government | 14,859 |
| 119 | Cost of Collection Allowance | 115 |
| (172) | Increased Provision for Non-Payment of NNDR | 109 |
| (2,603) | Provision for Non Domestic Rating Appeals | 2,645 |
| 117 | Enterprise Zone Relief | 122 |
| - | Disregarded Amounts | 27 |
| 29,738 | Contributions for previous years estimated | 32,858 |
| | Collection Fund Surplus/(Deficit) - Council Tax | |
| 963 | Hartlepool Borough Council | 111 |
| 140 | Police & Crime Commissioner | 16 |
| 48 | Cleveland Fire Authority | 4 |
| 1,151 | | 131 |
| · · · · · · · · · · · · · · · · · · · | Contributions for previous years estimated | |
| (20 501) | Collection Fund Surplus/(Deficit) - Non-Domestic Rates: | (4 755) |
| (20,501) | Hartlepool Borough Council | (1,755) |
| (418) | Cleveland Fire Authority | (36) |
| (20,919) | Central Government | (1,791) |
| (41,838) | TOTAL EVDENDITURE | (3,582) |
| 29,987 | TOTAL EXPENDITURE | 72,611 |
| (42,537) | NET TOTAL | (786) |
| | Movement on Fund Balances | |
| | Council Tax: | |
| 1,316 | (Surplus)/Deficit for the year | (180) |
| (1,153) | (Surplus)/Deficit brought forward | 163 |
| 163 | (Surplus)/Deficit carried forward | (17) |
| | Non Domestic Rates: | |
| (43,854) | (Surplus)/Deficit for the year | (606) |
| 46,445 | (Surplus)/Deficit brought forward | 2,591 |
| 2,591 | (Surplus)/Deficit carried forward | 1,985 |

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 33,579 Band D equivalents in 2017/18 (33,287 for 2016/17) and the basic amount of Council Tax for a Band D property was £1,833.86 (£1,756.09 in 2016/17).

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 |
|--------|------------------------|--------------------------------------|---|---|---|--|---|---------------------------------------|
| | 6.10 | 22.522 | 15.600 | | | | | |
| Α | 6/9 | 23,539 | 15,693 | 1,030.84 | 143.03 | 48.71 | 1,222.58 | 28,778 |
| В | 7/9 | 7,196 | 5,597 | 1,202.65 | 166.86 | 56.82 | 1,426.33 | 10,264 |
| С | 8/9 | 6,057 | 5,384 | 1,374.45 | 190.70 | 64.94 | 1,630.09 | 9,873 |
| D | 9/9 | 3,158 | 3,158 | 1,546.26 | 214.54 | 73.06 | 1,833.86 | 5,791 |
| E | 11/9 | 1,618 | 1,978 | 1,889.87 | 262.22 | 89.30 | 2,241.39 | 3,627 |
| F | 13/9 | 639 | 923 | 2,233.49 | 309.89 | 105.53 | 2,648.91 | 1,693 |
| G | 15/9 | 438 | 730 | 2,577.10 | 357.57 | 121.77 | 3,056.44 | 1,339 |
| H | 18/9 | 58 | 116 | 3,092.52 | 429.08 | 146.12 | 3,667.72 | 213 |
| TOTALS | | 42,703 | 33,579 | | | | | 61,578 |

The income of £43.515m for 2017/18 (£40.771m for 2016/17) is receivable from the following sources :

| 2016/17 £000 | | 2017/18 |
|-----------------|--------------------------------------|-------------|
| 58,454 | Opening Liability | 61,578 |
| 1,192 | Net increase/(decrease) in liability | 1,375 |
| (97) | Disabled Relief | (104) |
| (5,931) | Discounts | (6,250) |
| (1,179) | Exemptions | (1,306) |
| (126) | Write Offs | (71) |
| (11,542) | Council Tax Support Scheme | (11,707) |
| 40,771 | | 43,515 |

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 46.6p in 2017/18 (48.4p in 2016/17), and; the Non Domestic Rate Multiplier, which was 47.9p in 2017/18 (49.7p in 2016/17). 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 £77.542m.

The NNDR income collectable from Ratepayers is shown below.

| 2016/17 | | 2017/18 |
|---------|---------------------|---------|
| £000 | _ | £000 |
| 38,036 | Gross Rates payable | 36,571 |
| (5,716) | Mandatory Reliefs | (6,572) |
| 75 | Transitional Relief | 2,266 |
| (552) | _Write Offs | (117) |
| 31,843 | <u>-</u> | 32,148 |

MEMORANDUM NOTES - TRUST FUNDS

During 2017/18 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 2017 £000 | Income £000 | Expenditure £000 | Balance at 31st March 2018 £000 |
|---|---|----------------|---------------------|--|
| Preston Simpson & Sterndale Scholarship in Music | 82 | 8 | 7 | 83 |
| Doughty Fund | 5 | - | - | 5 |
| Education Trust Funds | 131 | 4 | 3 | 132 |
| | 218 | 12 | 10 | 220 |

The Preston Simpson & Sterndale Scholarship in Music Fund consisted of a cash investment of £82,880 with Hartlepool Borough Council as at 31 March, 2018. The Trust also held two separate external investments valued respectively at £105,682 as at 5 April, 2018 (£116,077 as at 5 April, 2017) and £20,988 as at 31 March, 2018 (£20,620 as at 31 March, 2017).

External investments for the above Trust Funds are not shown in the Council's Accounts.

As at 31 March, 2018, the Doughty Fund consisted wholly of a cash balance investment with the Council.

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 2016. A copy of the code is on our website at www.Hartlepool.gov.uk or can be obtained from the Council's 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), (a) which requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with the statement of accounts. Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015, require that for a local authority that statement is 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 31st March 2018 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 Director of Finance and Policy and the Assistant Director (Finance and Customer Services). 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 2016/17 Statement

Progress has been made over the course of 2017/18 to actively manage and address issues identified as part of the 2016/17 process. This approach ensures the Council actively manages these issues. The table below identifies action that has been taken to mitigate the areas identified.

Issue Raised

Action Undertaken

Delivery of Council Plan, revised Performance management Framework and Medium Term Financial Strategy, the sustainability of services and level of performance.

A strategic multi-year approach to financial management is embedded with a revised savings programme encompassing key required elements at a corporate and departmental level developed and implemented. Members' 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. The Council Plan for 2017/18 has been largely delivered and is reported to Members via Finance and Policy Committee on a quarterly basis. The Council Plan, Medium Term Financial Strategy and the five year Capital Plan have been developed as three parts of a single strategy to ensure the linkages between the three are strengthened.

Ensuring appropriate arrangements for Information Governance – Complying with NHS requirements.

In March 2017, HBC completed the National Information Governance (IG) Toolkit. This is an online tool which organisations complete to assess themselves against national Information Governance policies and standards. In completing and achieving these standards, it allows the Council to get access to Health's N3 network, i.e. a secure communications network allowing information to be exchanged between these organisations and help integrate and transform health and social care services. The Toolkit also allows members of the public to view participating organisations' IG Toolkit assessments and their progress towards compliance. This is an annual requirement that will be completed again in March 2018 to allow continued access to the N3 network (now called the 'Health and Social Care Network').

Ensuring adequate management arrangements for non-core grant funding.

Internal review of management arrangements undertaken to ensure risks in relation to performance monitoring and claim processing are mitigated. Development and agreement of strategies and plans for effective working between HBC and partner organisations.

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 is scheduled to be reviewed annually and has subsequently been reviewed and the outcomes reported to Council on the 23rd May 2017, with a supplemental review reported to Council on 22nd June, 2017. A further update was reported to Council on 14th December, 2017.

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 requirements. 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 24th January, 2018 and referred to Council for approval on 22nd February, 2018 for the financial year 2018/19. 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 Ministry of Housing, Communities and Local Government (HCLG) 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 Director of Finance and Policy 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.

An updated Code of Conduct for Employees has been approved, published and communicated to all employees. A Health and Safety Policy has been approved and published and a Communication Strategy implemented to ensure general awareness. The Council has also implemented a programme of Health and Safety Leadership Training for senior managers.

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 3rd 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 five years. The Council produces a Council Plan that sets out the Council's ambitions for the town. The Council Plan 2017/18-2019/20 was agreed by Council on 16th March 2017. For the first time, this year the Council Plan, Medium Term Financial Strategy and the five year Capital Plan have been developed as three parts of a single strategy to ensure the links between the three are strengthened. The Council's performance management arrangements are based on the Council Plan which identifies a series of six strategic priorities under which sit a number of key deliverables. Progress against the Council Plan is reported to SLT and Finance & Policy Committee on a quarterly basis and the three-year Plan is subject to an annual refresh. The refreshed Council Plan is to be taken for approval to the first ordinary full Council of the new municipal year in June 2018.

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.

A Data Quality framework is in place with Internal Audit conducting a targeted annual review of PIs. The Council's Performance Management Framework includes information relating to departmental and officer responsibility for the collation of data, target setting and addressing performance issues. The Framework 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, Comments and Compliments 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 has updated 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 5th 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 will be identified within the Council Plan and changes 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. 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 Pentana Performance 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 General Data Protection Regulation (GDPR) is new European legislation and replaces the Data Protection Act in the UK. This was designed to harmonise data privacy laws across Europe, to protect and empower all EU citizens' data privacy and to reshape the way organisations across the region approach data privacy and security. The key changes that GDPR bring into force include strengthening conditions for consent, increasing penalties for the most serious of infringements, speeding up breach notification, expanding users access rights and introducing the 'right to be forgotten' for the data subject. In order to ensure compliance with these requirements the Council has identified a named Data Protection Officer and established a GDPR Working Group with representatives from each Department. Work is ongoing to identify all data currently held and classify it in line with the new requirements.

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 bimonthly and contributes to the makeup of the Council's Major Incident Plan which is tested annually.

Responsibility for updating and implementing Corporate Business Continuity has transferred to the Assistant Director (Environment and Neighbourhood Services). A Revised Business Continuity Policy and accompanying Plan is being developed to complement the existing Business Continuity Database. Work is ongoing to identify and document formal decant arrangements for the delivery of priority services in the event of a disruption. A rolling exercising programme to test the plan focusing on two separate services per year is in development.

The Equality Act 2010 came into force on 1st 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 nine 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 6th April, 2012 and then every four years.

In order to demonstrate our compliance with the above requirements, we have produced a Workforce Equality Information Report 2016/17 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 the report is regularly updated. Our latest equality objectives were agreed by Council as part of the Council Plan 2017/18 – 2019/20 on 16th March 2017.

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 and through our use of Equality Impact Assessments.

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 (CS) as "performing well". The most recent Single Inspection Framework (SIF) inspection which is the most comprehensive inspection framework for CS rated Hartlepool CS as 'good'. Most childcare providers and schools are rated "good" or "outstanding" and none are "inadequate". A Care Quality Commission (CQC) Local System Review of services for older people in October 2017 identified a wide range of examples of good practice and found that a multidisciplinary integrated approach provided a proactive and solution focused service that improved people's experiences. Commissioned services for adults with care and support needs are predominantly rated 'good' by CQC with no services rated inadequate. An Ofsted inspection of Adult Education in December 2017 rated the service as good. Hartlepool Connect has achieved the Customer Service Excellence standard. In their 2016/17 Annual Audit Letter, Mazars, the Councils 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.
- Director of Finance and Policy reports to the Audit and Governance Committee how the Council's financial arrangements conform to 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 reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).
 - 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.
- 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, 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 Council Plan, revised Performance Management Framework and Medium Term Financial Strategy. The sustainability of services, level of performance and the continuing need to achieve housing growth. | The approved 2018/19 MTFS includes savings proposals to be implemented in 2019/20 and 2020/21. However, after reflecting these proposals the Council still faces net budget deficits in these years. Detailed proposals for addressing the residual budget deficits will be developed during 2018/19, this will ensure these proposals can be implemented in 2019/20 and 2020/21. The ongoing implementation and refresh of the 3 year Council Plan taking into account the impact of the financial challenges facing the Council, with regular | 2018/19 - 2020/21 | СМТ |
| 2 | Business Continuity Arrangements | Responsibility for updating and implementing Corporate Business Continuity has transferred to the Assistant Director (Environment and Neighbourhood Services). A Revised Business Continuity Policy and accompanying Plan is being developed to complement the existing Business Continuity Database. Work is ongoing to identify and document formal decant arrangements for the delivery of priority services in the event of a disruption. A rolling refreshed programme to test the plan focusing on two separate services per year is in development. | 2018/19 | СМТ. |
| 3 | Ensuring adequate management arrangements for non-core grant funding. | The Council is accountable body for competitively secured time limited grant resources for projects that requires the authority to have in place robust arrangements for managing such funding streams. a) The Governance Framework covering grant claims has been strengthened. b) Development and implementation of a strategy for effective working between HBC and delivery partners with programme workshop/review held on 26.01.18. c) Ongoing engagement with funders regarding the potential extension of programme. | 2017/18 | СМТ |
| 4 | General Data Protection Regulation (GDPR) | In order to ensure compliance with the new requirements by May 2018, the Council has identified a named Data Protection Officer and established a GDPR Working Group with representatives from each Department. Work is ongoing to identify all data currently held. Data will then be classified and held securely in line with the new requirements. | 2018/19 | СМТ |
| 5 | Delivery of Regeneration/Capital Programme on time and budget in line with key Council objectives. | Responsibility for delivery of schemes allocated to senior officers. Regular progress and budget monitoring undertaken through the capital programme management group, chaired by the Director and the Council's Strategic Asset Management Board. Regular updates provided to members. | 2018/19 – 2020/21 | СМТ |

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

DRAFT 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 2018 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, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account 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 2017/18.

This report is made solely to the members of Hartlepool Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 as set out in 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 Director of Finance and Policy and Auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Director of Finance and Policy 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 2017/18, 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 Director of Finance and Policy; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2018 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 2017/18.

Opinion on Other Matters

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

DRAFT 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 comply with Delivering Good Governance in Local Government: Framework (2016);
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 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. 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 Comptroller and Auditor General, 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.

DRAFT 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 issued by the Comptroller and Auditor General, 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 2018.

Certificate

We certify that we have completed the audit of the financial statements of Hartlepool Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Cameron Waddell,

For and on behalf of Mazars LLP Salvus House 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.

SECTION 6: Glossary of Terms

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
- 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.

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.

HOUSING REVENUE ACCOUNT

Local Authorities are required to maintain a separate Housing Revenue Account - which sets out the expenditure and income arising from the provision of Council housing. Other services are charged to the General Fund.

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-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

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.

SECTION 6: Glossary of Terms

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 of 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.

4.1 Appendix A

4.1 Appendix A

For more information about Hartlepool Borough Council:







(01429) 266522

If you know someone who needs this information in a different format, for example large print, Braille or a different language, please call (01429) 266522.



Checklist of questions to assist with the understanding of the Council's Financial Report (Appendix A)

| | prehensive Income and Expenditure Statement (page 12) and Note 6 Expenditure Funding Analysis (page 30). |
|-----|---|
| 1 | Is the purpose of the Comprehensive Income and Expenditure Statement clear (i.e. does it show actual financial performance under accounting standards before fiscal adjustments)? |
| 2 | Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year? |
| 3 | Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes? |
| 4 | Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)? |
| 5 | Are there any unexplained significant variances between current and previous year information? |
| 6 | Have any significant differences between budget reports and net expenditure chargeable to General Fund balances been explained? |
| 7 | Are the major statutory adjustments clearly explained and easily understood? |
| Mov | ement in Reserves Statement (page 11) |
| 8 | Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report? |
| 9 | Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes? |
| 10 | Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.) |
| 11 | Do the entries on the statutory adjustment line net to nil? |
| 12 | Do the related notes on reserves clearly explain the purpose for holding reserves? |
| 13 | Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement? |
| 14 | How have the balances of usable reserves moved during the year? Are these balances sufficient to support the Council's financial plans in the immediate future and over the medium term? |

| Balance Sheet | | |
|---------------------|---|--|
| 15 | Does the property, plant and equipment information tell the story of the Council's property portfolio during the year (including the major movements in that portfolio i.e. major disposals and acquisitions)? Do these balances reflect the Council's asset management strategy? | |
| 16 | Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report? | |
| 17 | Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained? | |
| 18 | Have there been any significant movements in the Council's borrowings during the year? Are these movements reflected in the Council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans? | |
| 19 | Are there any significant movements in the Council's investment portfolio? Do these agree with the plans in the Council's treasury management strategies and statutory investment plans? | |
| 20 | Are there any other significant movements in balances in the balance sheet that are not clearly explained? | |
| 21 | Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement? | |
| Cash Flow Statement | | |
| 22 | Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet? | |
| 23 | Are the Council's balances reflected adequately in the council's treasury management strategies? | |

AUDIT AND GOVERNANCE COMMITTEE

28 June 2018



Report of: Statutory Scrutiny Officer

Subject: INTRODUCTION TO SCRUTINY

1. PURPOSE OF REPORT

1.1 To provide an overview of the role and functions of the Audit and Governance Committee in fulfilling its statutory scrutiny responsibilities

2. BACKGROUND INFORMATION

2.1 Within the Council's Constitution, responsibility for the authority's statutory scrutiny functions is delegated to the Audit and Governance Committee. These statutory scrutiny functions relate to the areas of health and crime and disorder.

Statutory Health Scrutiny

- 2.2 In fulfilling the requirements of the Health and Social Care Act 2012, the Council has a statutory responsibility to review and scrutinise matters relating to the planning, provision and operation of health services at both local and regional levels. In doing this, local authorities not only look at themselves (i.e. in relation to public health), but also at all health service providers and any other factors that affect people's health.
- 2.3 The Audit and Governance Committee will review / scrutinise and make reports with recommendations to the Council (and / or Finance and Policy Committee where appropriate), a 'responsible person' (that being relevant NHS body or health service provider) and other relevant agencies about possible improvements in service in the following areas:-
 - (i) health issues identified by, or of concern to, the local population;
 - (ii) proposed substantial development or variation in the provision of health services in the local authority area (except where a decision has been taken as a result of a risk to safety or welfare of patients or staff);
 - (iii) the impact of interventions on the health of local inhabitants;

- (iv) an overview of delivery against key national and local targets, particularly those which improve the public's health;
- (v) the development of integrated strategies for health improvement; and
- (vi) The accessibility of services that impact on the health of local people to all parts of the local community.

Additional Responsibilities:

- Recommend to Council that a referral be made to the Secretary of State where there are concerns over insufficient consultation on major changes to services.
- Participates in, and develops, the Tees Valley Joint Health Scrutiny Committee and other joint arrangements with neighbouring authorities.
- 2.4 Health Scrutiny Regulations enable the Committee to request the attendance of 'a responsible person' to answer questions. The responsible person is under a duty to comply with these requests.

A responsible person - NHS body or relevant health service provider.

NHS bodies – NHS Foundation Trusts, Clinical Commissioning Groups, NHS England, all NHS Trusts including acute or hospital trusts, mental health and learning disability trusts, ambulance trusts and care trusts.

Relevant service providers - Private, independent or third sector providers delivering services under contract to the NHS or to the local authority.

Statutory Crime and Disorder Scrutiny

- 2.5 In fulfilling the requirements of the Police and Justice Act 2006, the Council has a statutory responsibility to establish a Crime and Disorder Scrutiny Committee with the power to review or scrutinise decisions made or other action taken by the Safer Hartlepool Partnership. This function is fulfilled through the Audit and Governance Committee, which has responsibility for:-
 - (i) Scrutiny of the work of the partners (insofar as their activities relate to the partnership itself);
 - (ii) The review or scrutiny of decisions made or other action taken in connection with the discharge, by responsible authorities, of their crime and disorder functions (in this context responsible authorities means the Council, the Police, the Fire Authority and the Health Bodies) and make reports or recommendations to the Council or the appropriate Policy

Committee with regard to the discharge of those functions. Key areas for review or scrutiny being:

- Policy development including in-depth reviews;
- Contribution to the development of strategies;
- Holding to account at formal hearings; and
- Performance management.
- (iii) Making reports and recommendations to the Council or to the appropriate Policy Committee on any local crime and disorder matter (as defined by section 19 of the Police and Justice Act 2006) which has been referred to it by a Member of the Council as a Councillor Call for Action.

3. RECOMMENDATIONS

3.1 The Audit and Governance Committee is requested to note the report.

BACKGROUND PAPERS

No background papers were used in the preparation of this report.

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AUDIT AND GOVERNANCE COMMITTEE

28th June 2018



Report of: Director of Regeneration and Neighbourhoods

Subject: COMMUNITY SAFETY PLAN 2017-20 (YEAR 2)

1 PURPOSE OF REPORT

1.2 To consider and comment on the Community Safety Plan 2017-20 (Year 2)

2. BACKGROUND

- 2.1 The Crime and Disorder Act 1998 established a statutory duty for the Local Authorities, Police, Fire Brigades, Clinical Commissioning Groups, Community Rehabilitation Companies and National Probation Service to work together to address local crime and disorder, substance misuse and reoffending issues. Collectively these six bodies are known as Responsible Authorities and make up the Safer Hartlepool Partnership.
- 2.2 In accordance with the Crime and Disorder Act 1998 and the Crime and Disorder Regulations 2007, the Safer Hartlepool Partnership is required to produce a three year Community Safety Plan setting out how it intends to tackle crime and disorder, substance misuse and re-offending in Hartlepool.
- 2.3 The current Community Safety Plan published in 2017 outlines the Safer Hartlepool Partnership's strategic objectives for a three year period, with a requirement to refresh the plan on an annual basis following completion of the annual strategic assessment.
- 2.4 The Community Safety Plan (Year 2) was agreed by the Safer Hartlepool Partnership on 22nd June.

3. 2018-19 COMMUNITY SAFTEY PLAN / PROPOSED PRIORITIES

3.1 The Community Safety Plan Year 2 provides an overview of progress made by the Safer Hartlepool Partnership during 2017-18 with an update on end of year performance. It describes some of the Partnership activity undertaken to reduce crime and improve safety during the last 12 months, and incorporates

the proposed 2018-19 annual priorities as recommended in the annual Partnership strategic assessment as follows:

| Strategic Objectives 2017-20 | Proposed Annual Priorities 2018-19 |
|---|---|
| Reduce crime and repeat victimisation | Acquisitive Crime – reduce acquisitive crime through raising awareness and encouraging preventative activity with a particular focus on domestic burglary. |
| | Domestic Violence & Abuse – safeguard individuals and their families from violence and abuse and reduce repeat victimisation. |
| Reduce the harm caused by drug and alcohol misuse | Substance Misuse – reduce the harm caused to individuals and their families and the community, by illegal drug and alcohol misuse, including alcohol related violence. |
| Create confident, cohesive and safe communities | Anti-Social Behaviour – reduce anti-social behaviour through a combination of diversionary, educational and enforcement action, and increase restorative interventions. |
| | Vulnerable Victims – work together to identify and support vulnerable victims and communities experiencing crime and anti-social behaviour. |
| Reduce Offending and Re-Offending | Re-Offending – reduce re-offending through a combination of prevention, diversion and enforcement activity. |

4. PERFORMANCE MONITORING

4.1 Progress made against the Community Safety Plan will be managed and monitored by the Safer Hartlepool Partnership, through quarterly performance reports and monitoring of Partnership Sub Group Action Plans. The Community Safety Plan incorporates performance indicators for 2018-19, along with a proposed delivery structure to progress the annual priorities outlined above.

5. FINANCIAL CONSIDERATIONS

5.1 There are no financial considerations associated with this report.

6. STAFF CONSIDERATIONS

6.1 There are no staff considerations associated with this report.

7. SECTION 17 CONSIDERATIONS

7.1 The Community Safety Plan (Year 2) provides an agreed plan of action between statutory partners in relation to how they will discharge their Section 17 considerations within the Borough.

8. LEGAL CONSIDERATIONS

8.1 Under the Crime and Disorder Act 1998, Community Safety Partnerships (CSPs) have a statutory responsibility to develop and implement strategies to reduce crime and disorder, substance misuse and re-offending in their local area. Part of this statutory responsibility is to produce an annual Community Safety Plan.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

9.1 Based on the needs identified in the Partnerships strategic assessment, the Community Safety Plan (Year 2) sets out how the Safer Hartlepool Partnership will aim to protect and improve the safety of vulnerable individuals, groups and localities in Hartlepool.

10. CHILD POVERTY CONSIDERATIONS

10.1 There are no child poverty implications associated with this report.

11. RECOMMENDATION

11.1 That, in accordance with their crime and disorder scrutiny function, the Audit and Governance Committee consider and comment upon the Community Safety Plan (Year 2).

12. CONTACT OFFICERS

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Rachel Parker Community Safety Team Leader Hartlepool Community Safety Team Hartlepool Police Station

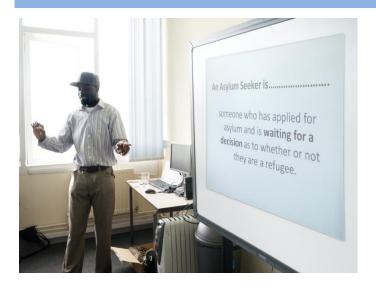
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Tel: 01429 523100

Safer Hartlepool Partnership

Safer

Community Safety Plan 2017 – 2020 (Year 2)













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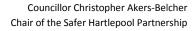




Foreword

Last year, the Safer Hartlepool Partnership introduced Hartlepool's Community Safety Strategy 2017-2020 where we set out our bold vision for maintaining and improving community safety in Hartlepool and identified our priorities to help us achieve this. These were to:

- Reduce crime and repeat victimisation
- Reduce the harm caused by drug and alcohol misuse
- Create confident, cohesive and safe communities
- Reduce offending and re-offending





During this past year, there have been a number of key community safety achievements, not least the introduction in March 2018 of the integrated Hartlepool Community Safety Team. The new team brings together staff from Hartlepool Borough Council, Cleveland Police and Cleveland Fire Brigade who are all based together in the Police Station on Avenue Road. The team was created in response to requests from residents for a more joined-up service and provides a single point of contact for reporting issues and obtaining support for victims of crime and anti-social behaviour.

By working more closely together, the new team will be working more efficiently and avoiding the duplication of resources, which means residents will see an improved community safety service. Indeed, officers from the Hartlepool Community Safety Team will now be offering weekly drop-in sessions in the Councils three Community Hubs to make reporting problems and getting help easier than ever before.

Victims remain at the heart of the service and during 2017 over 440 victims were supported with attendance at court, with emotional support and the provision of help and advice. We have made security improvements to 270 homes in Hartlepool to prevent repeat victimisation, and we have helped victims receive compensation through the Criminal Injuries awards scheme with £33,000 being awarded to victims to date.

We know we continue to be faced with significant budgetary challenges whilst demand for services is rising. We are fully committed to collaborative working both locally and at a Cleveland wide level with the Police and Crime Commissioner. We recognise both fighting crime and tackling the underlying causes of it is key to our success, and in true Hartlepool spirit, we will do it together in Partnership.

Introduction

The Safer Hartlepool Partnership is Hartlepool's statutory Community Safety Partnership as defined by the Crime and Disorder Act 1998. The Partnership comprises of a core group of statutory partners, Elected Members and a range of other stakeholders from the public and voluntary sectors. Their main aim and purpose is to reduce crime and disorder, substance misuse and re-offending in Hartlepool. The full current membership is detailed in **Appendix A**.

It is a statutory requirement of all Community Safety Partnerships that they regularly prepare and publish a Plan that shows how they will work together to address community safety issues in the local area. The aim of this Plan is to inform people about the work of the Partnership, its priorities for the next three years and how these will be achieved.

Our priorities continue to be informed through analysis of crime and community safety data, and by listening to the views of those living and working in Hartlepool through surveys and events such as our annual Face the Public event, the Safer Hartlepool Partnership annual on-line survey, and Cleveland Police Public Confidence Survey.



The Partnerships vision is that 'Hartlepool will be a safe place to live, work and visit'. Our approach for achieving this vision will be to focus on 'prevention'. We want to stop problems from happening in the first place by tackling root causes, and where problems do exist we want to stop them from escalating by intervening early and focusing our resources where they are most needed. We also remain committed to safeguarding and protecting vulnerable people from harm, and exploitation in the community. To do this we will work collaboratively and flexibly to deliver integrated models of service delivery, in conjunction with other Boards and Partnerships such as the Safeguarding Children's Board, Tees-wide Safeguarding Adults Board, Health and Wellbeing Board and Local Criminal Justice Board.

Local Context

Hartlepool is the smallest unitary authority in the North East region and the third smallest in the country comprising of some of the most disadvantaged areas in England. Issues around community safety can be understood by a number of contextual factors:

Population

At 92,500 the Hartlepool population has remained relatively unchanged over the last decade.

Health & Wellbeing

There is a higher prevalence of long term health problems, including mental health, in Hartlepool.

Deprivation

Hartlepool is the 18th most deprived local authority area out of 326 local authorities.

Housing

The percentage of long term empty properties in Hartlepool is higher than the Tees Valley average.

Geography

Community Safety issues are concentrated in geographic hotspots, particularly in the most deprived wards in Hartlepool.

Unemployment

Unemployment rates in Hartlepool are above the regional average and double the national average.

Partnership Activity 2017/18

During the first year of the Community Safety Plan for 2017-2020, the Partnership has delivered a number of activities against its strategic priorities to make Hartlepool safer some of which are outlined below:

Strategic Objective 1: Reduce crime and repeat victimisation Strategic Objective 2: Reduce the harm caused by drugs and alcohol Strategic Objective 3: Create confident, cohesive and safe communities Strategic Objective 4: Reduce re-offending

Provided support to more than 430 victims of crime and antisocial behaviour and improved security to nearly 300 homes.

Developed a holistic service for the victims of Domestic Abuse, piloted new ways of working with families where domestic abuse is present, and rolled out 'DASH' risk assessment training for practitioners.

Introduced a multi-agency 'Team Around the Individual' approach for adults with complex needs. Provided a 'community-based' drug and alcohol treatment and recovery service.

Launched a new 'Drug and Alcohol Harm Reduction Delivery Framework' (2018 -2025).

Disrupted criminal activity linked to the supply of drugs through the execution of drug warrants and premises closures.

Successful closure of premises under the Anti-Social Behaviour Crime and Policing Act known to be persistently selling illicit tobacco.

Launched a new multi-agency
Hartlepool Community Safety
Team with the Council, Cleveland
Police and Cleveland Fire
Brigade.

Delivered our annual Anti-Social Behaviour Awareness Day to 1,065 pupils across Hartlepool.

Developed our use of social media to raise awareness and reporting of hate crime, domestic abuse, and burglary and vehicle crime.

Delivered restorative interventions in neighbourhoods to repair the harm caused by low -level anti-social behaviour.

Supported more than 540 families to successfully turn their lives around through the 'Troubled Families Programme'.

Continued to work with the Tees Reducing Re-offending Group and multi-agency Integrated Offender Management Team to target and support persistent offenders.

Prevented and diverted young people away from the criminal justice system through effective use of out-of-court interventions.









Strategic Assessment 2017 – Key Findings (January – December 2017)

The Safer Hartlepool Partnership Strategic Assessment contains information to aid the Partnership's understanding of the priority community safety issues in Hartlepool. The Assessment forms part of an intelligence-led approach to community safety which enables a more focused, resource-effective and partnership-oriented delivery of options.

Strategic Objective 1: Reduce crime & repeat victimisation

- 21% increase in crime, 1,808 more offences.
- 44% increase in residential burglary, 249 more offences.
- 14% increase in violent crime, 281 more offences
- Domestic related violent crime increased by 17 % however, the number of high risk repeat cases of domestic violence referred to the Hartlepool Multi-agency Risk Assessment Conference (MARAC) reduced by 10%

Strategic Objective 2: Reduce the harm caused by drugs & alcohol

- The cost of alcohol misuse has increased to be nearly £40m and equates to £430 per head of population
- The number of people dependant on drugs is twice the national average
- More than two thirds of the estimated drug dependant population in Hartlepool are receiving treatment
- Heroin is the main drug used by adults who are receiving treatment

Strategic Objective 3: Create confident, cohesive & safe communities

- 1% increase in anti-social behaviour, 53 more incidents
- Lack of visible police presence in communities and poor street lighting perceived to be main community safety concerns
- 11.8% increase in hate crime, 171 more offences (but may reflect increased publicity and confidence in reporting)

Strategic Objective 4: Reduce offending and re-offending

- 729 offenders charged with more than 1,850 offences
- 377 offenders committed two or more offences
- 8 individuals committed 15 or more offences, equating to 11.3% of all detected crime
- The number of young people entering the criminal justice system continues to follow a decreasing trend

Public Consultation

Consultation with communities in Hartlepool takes place all year round through the work of the two Local Authority Community Cohesion Officers. These officers engage on a daily basis with communities across the town to inform, consult, and involve residents in the planning and delivery of services that affect their neighbourhood.

Additionally, on an annual basis, members of the public are invited to the Partnership's Face the Public event and to participate in an online survey. The majority of survey respondents agreed that the priorities outlined above are still important, along with concerns in relation to the levels of police presence in the community and vehicle crime.

Less than half of survey respondents (45%) felt that anti-social behaviour was a problem in their neighbourhoods, whilst 52% felt that crime was either not a big problem or not a problem at all in their local area. When asked to compare with the previous year, most people felt that levels of crime and anti-social behaviour where they live had not changed (62% and 75% respectively), although 35% felt that crime had become more of a problem in the past year.

When attendees at the Safer Hartlepool Partnership Face the Public workshop session were asked what the Partnership could do to improve matters, suggestions included better promotion of support services and where to go for help. People were aware that services such as drug and alcohol support were still available but did not know how to access them. Some people also felt that a culture of acceptance of bad behaviour and a reluctance among many people to get involved in their local community had developed and that this needed to be challenged.

Making people take responsibility for their actions and encouraging 'neighbourliness' and respect for others was also highlighted, and it was suggested that this could be achieved through better liaison with schools and landlords, as well as more use of restorative justice with offenders to make them repair the harm they had caused to their community.

Suggestions for how the public could help focussed on becoming more active members of the community, for example, volunteering, looking out for neighbours and sharing local intelligence and information. It was also felt that residents associations were well placed to help do this, particularly by looking out for vulnerable people in the neighbourhood.



Partnership Strategic Objectives 2017 - 2020

Based on the findings in the annual Strategic Assessment and consultation with the local community, the Partnership will retain the following four strategic objectives during the lifetime of the three year plan:

| Strategic Objectives 2017-2020 | | | |
|---|---|--|--|
| Reduce crime and repeat victimisation | Reduce the harm caused by drug and alcohol misuse | | |
| Create confident, cohesive and safe communities | Reduce offending and re-offending | | |

Partnership Priorities 2018-2019

| Annual Priorities 2018-2019 | | | |
|--|--|--|--|
| Re-offending –reduce re-offending through a combination of prevention, diversion and enforcement activity. | Acquisitive Crime—reduce acquisitive crime through raising awareness and encouraging preventative activity. | | |
| Domestic Violence and Abuse –safeguard individuals and their families from violence and abuse and implement programmes to tackle those identified as 'high risk'. | Anti-social behaviour—reduce anti-social behaviour through a combination of diversionary, educational, and enforcement action and restorative interventions. | | |
| Substance misuse—reduce the harm caused to individuals, their family and the community, by drug and alcohol misuse and alcohol related violence. | Vulnerable Victims - work together to identify and support vulnerable victims and communities experiencing crime and anti-social behaviour. | | |

Key Activities 2018-2019

| Partnerships | Crime Prevention | Anti-Social Behaviour | Vulnerable Victims |
|--------------|------------------|-----------------------|--------------------|
| | | | L |
| | | | |

Improve multi-agency problem solving approaches through the provision of training to key front-line staff.

Embed the Hartlepool Community Safety Team.

Undertake multi-agency prevention and disruption activities in relation to organised crime.

Make use of Social media to relay key crime prevention messages and promote services.

Develop new 'no cold calling zones' to protect communities against door step crime.

Deliver home and personal security to victims of crime and anti-social behaviour.

Make effective use of tools and powers to enforce against antisocial behaviour and environmental crime.

Deliver early intervention sessions in schools to educate and prevent young people from getting involved in ASB.

Pilot the use of a
Neighbourhood Police AntiSocial Behaviour car to provide
a quick response in target
neighbourhoods.

Work with the 'Anti-Slavery Network' to identify, disrupt, and eradicate Human Trafficking and Modern Day Slavery.

Develop a multi-agency response to young people identified as repeatedly missing from home.

Safeguard vulnerable individuals from radicalisation through the Implementation of the national Channel

Domestic Violence & Abuse

Substance Misuse

Offenders

Community Engagement

Assess the benefit of existing perpetrator programmes targeted at all ages.

Embed and monitor the impact of the new Multi-Agency Risk Assessment process for high risk victims of domestic abuse.

Apply for Hartlepool to become a nationally accredited 'White Ribbon' town.

Establish a directory of local treatment and support services.

Work with businesses and communities to reduce the illegal sale of alcohol to children and young people.

In conjunction with the Health and Well Being Board review our approach to reducing the harm caused by drugs and alcohol

Tackle drug supply and related crime and anti-social behaviour.

Establish the 'Divert
Programme' to assist in
reducing re-offending rates.

Develop a local partnership to improve our current understanding and responses to acquisitive crime.

Ensure a co-ordinated response to restorative approaches across Hartlepool.

Implement 'Pop Up' shops and a programme of engagement activity linked to Community Hubs.

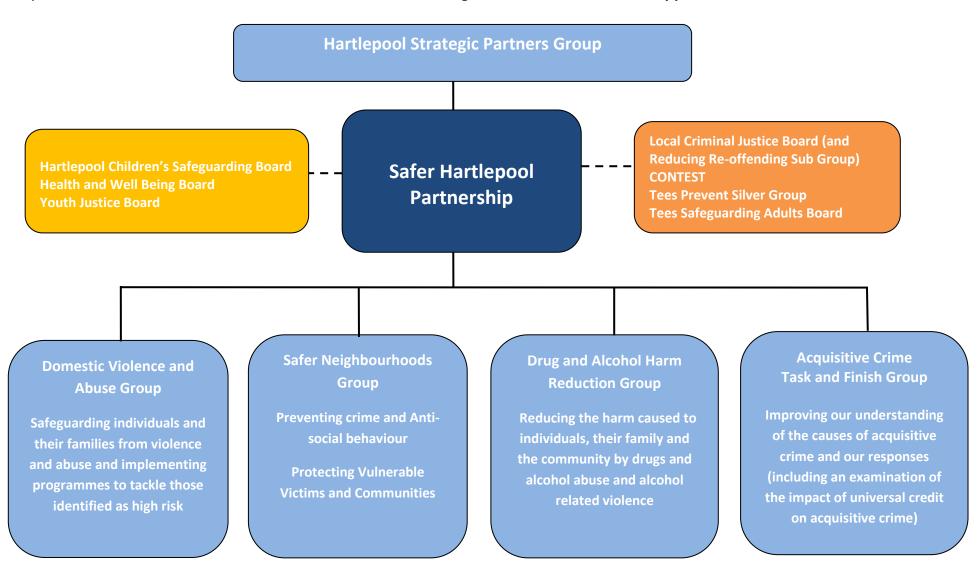
Promote and assist in developing volunteering and social action in communities.

Develop a 'Hartlepool in Unity Programme'.

Promote and increase sign up to 'Cleveland Connect'.

Delivering and Monitoring Performance

This chart outlines the Partnership delivery structure. Performance monitoring will be undertaken on a quarterly basis to assess progress against key priorities drawn from the strategic assessment and identify any emerging issues. Partnership performance will be monitored over the next 12 months using the indicators outlined in **Appendix B**



Safer Hartlepool Partnership Plan 2018-2019

| SHP Vision | "Hartlepool is a safe place to live, work and visit" | | | |
|----------------------------|--|--|---|---|
| Landscape | Increased crime in Hartlepool Fe | ewer resources Organisa | tional Change Rise in complex ca | ases impacting on demand |
| Statutory Functions | Crime and Disorder | Anti Social Behaviour | Substance Misuse | Reducing re-offending |
| Strategic Objectives | Reduce crime and repeat victimisation | Create confident, cohesive and safe communities | Reduce the harm caused by drug and alcohol misuse | Reduce re-offending |
| Priorities | Reduce Acquisitive Crime with a focus on domestic burglary Safeguard individuals and their families from domestic abuse | Reduce Anti Social Behaviour and support Vulnerable Victims and Communities | Reduce the harm to individuals, and the community by drug and alcohol misuse and alcohol related violence | Reducing offending and re-offending by a combination of education, diversion and enforcement |
| Cross Cutting Themes | · · | nerable individuals with Si nplex needs | ubstance misuse Domestic abuse | Child sexual Exploitation |
| Supporting Partnerships | | tlepool Safeguarding Tees Ad drens Board Board | ult Safeguarding Local Criminal J Board | Justice Youth Justice Board |
| | Reduce crime and repeat victimisation | Create confident, cohesive And safe communities | Reduce the harm caused by drugs and alcohol misuse | Reduce re-offending |
| Performance Measures | Total recorded crime rate per 1,000 population % of violent crime that is domestic related % of repeat cases of domestic abuse (MARAC) Residential burglary rate per 1,000 households | Anti-social behaviour rate per 1,000 population Number of reported hate crimes and incidents % of people who think the Police & Local Authority are dealing with crime & ASB issues that matter locally % of people who feel that they belong to their local area | % of opiate users successfully completing treatment % of non opiate users that have successfully completed treatment Rate of alcohol related hospital admissions per 10,000 population Number of young people known to substance misuse services | Number of first time entrants into the criminal justice system Re-offending rate of prolific and priority offenders % of offenders that re-offend Average number of re-offences per offender |

Membership of the Safer Hartlepool Partnership

Membership of the Partnership reflects the statutory requirements and consists of senior representatives from the five responsible authorities¹ plus additional stakeholders as follows:

Responsible Authorities

Hartlepool Borough Council – Two Elected Members including Leader of the Council

Hartlepool Borough Council – Chief Executive

Hartlepool Borough Council - Director of Regeneration and Neighbourhoods

Hartlepool Borough Council - Assistant Director Neighbourhoods and

Environment

Cleveland Police – Chief Superintendent – Neighbourhoods and Partnerships

Cleveland Fire and Rescue Authority – District Manager

Durham Tees Valley Community Rehabilitation Company - Director of

Operations

Cleveland National Probation Service - Head of Area

Representative of Hartlepool and Stockton on Tees Clinical Commissioning

Group

Youth Justice Board - Chair

Other Members

Hartlepool Borough Council – Director of Public Health
Office of Police and Crime Commissioner for Cleveland
Hartlepool Borough Council – Director of Children's and Joint

Commissioning Services

Hartlepool Borough Council – Director of Adult Services
Representative of Voluntary & Community Sector – Chief

Executive, Safe in Tees Valley

Thirteen – Director of Customer Support Services

This group is the 'strategy group' for the purposes of the statutory Regulations. New members may be added to the Partnership by agreement of existing members. There is also the potential for co-opting members onto the Partnership to undertake specific pieces of work or for specialist knowledge and skills as and when required.

¹

Strategic Objectives and Performance Indicators 2018-2019

| Strategic Objective | Performance Indicators |
|-----------------------|--|
| | Total recorded crime rate per 1,000 population |
| | Domestic burglary rate per 1,000 household |
| | Vehicle crime rate per 1,000 population |
| Reduce crime and | Robbery rate per 1,000 population |
| repeat victimisation | Shoplifting rate per 1,000 population |
| | Violent crime (including sexual violence) rate per 1,000 population* |
| | % of violent crime (including sexual violence) that is domestic related |
| | % of repeat cases of domestic violence (MARAC) |
| | Violent crime (including sexual violence) hospital admissions for violence per 100,000 population* |
| | |
| | Drug offences per 1,000 population |
| | % of people who think drug use or dealing is a problem |
| Reduce the harm | % of opiate drug users that have successfully completed drug treatment* |
| caused by drug | % of non-opiate drug users that have successfully completed drug treatment* |
| and alcohol misuse | % of alcohol users that have successfully completed alcohol treatment |
| IIIIsuse | Alcohol related hospital admissions rate per 100,000 population* |
| | Number of young people known to substance misuse services |

^{*}Indicators link to the Public Health Outcome Framework

| Strategic Objective | Performance Indicators |
|---------------------|--|
| | Anti-social behaviour incidents per 1,000 population |
| | Public order offences per 1,000 population |
| | Criminal damage rate per 1,000 population |
| | Deliberate fires rate per 1,000 population |
| | Number of reported hate crimes & incidents |
| | % of the population affected by noise - number of complaints about noise |
| | % of people who feel safe during the day |
| | % of people who feel safe after dark |
| Create | % of people who think rubbish or litter lying around is a problem |
| confident, | % of people who think groups hanging around the streets is a problem |
| cohesive & safe | % of people who think people being drunk or rowdy in a public place is a problem |
| communities | % of people who think vandalism, graffiti and other deliberate damage to property is a problem |
| | % of people who think noisy neighbours or loud parties is a problem |
| | % of people who think abandoned or burnt out cars are a problem |
| | % of people who think that they belong to their local area |
| | % of people who feel that they can influence decisions that affect their local area |
| | % of people who believe that people from different back grounds get on well together |
| | % of people who think that people in the area pull together to improve the local area |
| | |
| | Rate of first-time entrants to the Youth Justice System per 100,000 population* |
| | Re-offending levels - percentage of offenders who re-offend* |
| Reduce | Re-offending levels – average number of re-offences per offender* |
| offending & | Re-offending rate of Prolific & Priority Offenders |
| re- offending | Re-offending rate of High Crime Causers |
| | % of Troubled Families who have reduced their offending behaviour |

^{*}Indicators link to the Public Health Outcome Framework



















AUDIT AND GOVERNANCE COMMITTEE

28 June 2018



Report of: Statutory Scrutiny Officer

Subject: SELECTION OF POTENTIAL TOPICS FOR

INCLUSION IN THE 2018/19 STATUTORY SCRUTINY

WORK PROGRAMME

1. PURPOSE OF REPORT

1.1 To:-

- i) Outline the process for the determination of the Overview and Scrutiny Work Programme for the 2018/19 Municipal Year; and
- ii) Seek consideration of potential topics for inclusion into the Statutory Scrutiny Work Programme for the 2018/19 Municipal Year.

2. STATUTORY SCRUTINY WORK PROGRAMME 2018/19

- 2.1 The Council's Audit and Governance Committee has responsibility for two areas of statutory scrutiny. These two areas are health and crime and disorder.
- 2.2 Each year Overview and Scrutiny identifies, implements and completes an annual work programme as a means of fulfilling its responsibilities. Members are asked to consider the development of the 2018/19 Work Programme, identifying potential topics for investigation and indicative timeframes covering both areas of statutory scrutiny.
- 2.3 As part of this process, it is important to focus resources / committee time, and allow sufficient time to respond to other issues. On this basis, work programmes have in the past generally focused on one primary investigation for each service area and Members are asked to bear this in mind in the selection of topics. It is also suggested that Members retain capacity for consideration of:
 - Emerging issues on an ad hoc basis; and
 - Mandatory topics These topics are either statutory requirements, or have been agreed by the Committee in previous years. Details of these are outlined in **Appendix A.**

Health Statutory Scrutiny

- 2.4 In considering the development of a potential work programme item relating to health issues, the Director of Public Health, the Director of Child and Adult Services, HealthWatch, Hartlepool and Stockton-on-Tees Clinical Commissioning Group, North Tees and Hartlepool NHS Foundation Trust (NTHFT) and Members have been consulted and the potential topics that have been suggested are outlined in sections 2.5 of this report to enable the Committee to compile its Work Programme. However, it should be appreciated that some of the areas detailed below are continually evolving and further details will emerge throughout the year.
- 2.5 In addition to the mandatory topics, the topics below have been suggested as potential items for consideration by the Committee in relation to Health. In order for the Committee to identify a suitable topic for investigation a PICK scoring system has been utilised which measures each topic using 4 areas, public interest; impact; council performance and efficiency; and keep in context. An explanation of the scoring system is attached as **Appendix B.**

| TOPIC | Director of Public Health / Director of Child and Adult Services | Clinical Commissioning Group | North Tees and Hartlepool NHS Foundation Trust | Health watch | Councillors | Other | Matrix Score |
|---|---|------------------------------------|--|--------------|-------------|---------------------|--------------|
| Maternity Services – Carry over from 2017/18 | To be completed | | | | | | |
| Mental Health - Prevention (Appendix C) | X | | | | | Council Referral | 10 |
| Respite Care - Respite needs / services in Hartlepool (Appendix D) | | | | | X | | 4 |
| Special care baby unit at North Tees Hospital (Appendix E) | | | | | X | | 3 |

2.6 In considering potential work programme items for 2018/19, Members may also wish to update the 3 year rolling work programme for this Committee. The establishment of the rolling work programme is considered best practice as outlined in the health scrutiny guidance. This is to enable local partners to be aware in advance of forthcoming priorities of the Audit and Governance Committee. (see over the page)

| ROLLING HEALTH SCRUTINY WORK PROGRAMME | Matrix Score |
|---|-----------------|
| Drug Rehabilitation (For further details see Appendix F) | 9 |
| Diet, Nutrition and Diabetes (For further details see Appendix G) | 7 |
| Healthy Eating / Obesity (For further details see Appendix H) | 8 |

Crime and Disorder Statutory Scrutiny

- 2.7 In considering the development of a potential work programme item relating to **crime and disorder** issues, the Director of Regeneration and Neighbourhoods and Members have been approached for topic discussions. On the basis of discussions and in meeting the requirements of crime and disorder committee legislation, a list of mandatory items to be considered by the Committee is attached at **Appendix A**.
- 2.8 In addition to the mandatory topics, the below topics have been suggested as potential items for consideration by the Committee in relation to crime and disorder.

| TOPIC | Director of Regeneration and Neighbourhoods | Councillors | Matrix Score |
|----------------|--|-------------|--------------|
| None suggested | | | |

2.9 In setting the Work Programme for 2018/19 consideration also needs to be given to the following Budget and Policy Framework documents, which will be presented to the Committee during the course of the year.

| BUDGET AND POLICY FRAMEWORK ITEMS | ESTIMATED TIMETABLE FOR CONSIDERATION |
|--|---------------------------------------|
| Joint Health and Wellbeing Strategy | TBC |
| Community Safety Plan – Annual Refresh | June 2018 |
| Youth Justice Strategic Plan (Biannual review) | Not this year |

2.10 The Committee is also advised to be cautious in setting an overly ambitious Work Programme for which it may be unable to deliver. In order to assist Members, **Appendix I** maps the meetings of the Audit and Governance Committee alongside the issues already identified for consideration in Appendix A.

2.11 Having considered the above information together with topics identified by individual Members' for inclusion into the Work Programme, the Committee may wish to discuss various aspects contained within the Council Plan to raise potential areas for consideration. They could range from areas already identified as suitable for development or areas where the specific performance is of concern. For this purpose, **Appendix J** details the relevant sections of the Council Plan for the Committee's consideration as outlined below:-

Appendix J – Council Plan key deliverables relating to Community Safety and Health and Wellbeing

- 2.12 A copy of Hartlepool and Stockton-on-Tees Clinical Commissioning Group's (CCG) Annual Report 2016/17 can be viewed at http://www.hartlepoolandstocktonccg.nhs.uk/?s=annual+report. The Performance section of the report describes the CCG's work and assesses how they have performed over the last year. The Committee may wish to discuss various aspects contained within the Strategic section of the Annual Report to raise potential areas for consideration.
- 2.13 Once the Committee has identified its Scrutiny topics, anticipated time frames need to be applied. It is recognised that the Committee's workload needs to be managed carefully, with due consideration given to the allocation of appropriate time to allow effective exploration of the identified health and crime and disorder topics. In order to assist in achieving this, it is suggested that the Committee considers the potential value of establishing working groups to carry out work relating to the topics.
- 2.14 Evidence gathered by the groups outside of the normal scheduled Committee meetings, could then be reported back to the full Committee, maximising the use of resources and time, assisting in the collection of evidence to inform investigations and helping manage the duration of formal meetings. To assist in consideration of this suggestion, Members views are to be fed into discussions at today's meeting, including potential groupings, for consideration by the Committee.
- 2.15 It is also suggested to the Committee that a standard template for applying time allocations should be treated with caution as when scoping a subject a number of complexities may arise, therefore the anticipated duration should be allocated to the subjects on an individual basis.

3. RECOMMENDATIONS

- 3.1 The Audit and Governance Committee is requested to:
 - (a) consider the wide range of information detailed within this report to assist in the determination of its 2018/19 Work Programme, utilising the tables provided;

- (b) consider choosing a maximum of one/ two topics for the coming year, which will allow for flexibility in its work programme for emerging issues and referrals;
- (c) consider the items on the rolling programme and agree whether to maintain the current items or remove / add topics;
- (d) consider the working group proposal (as detailed in Section 2.13), to assist in the collection of evidence and effectively manage the duration of formal Audit and Governance Committee meetings; and
- (e) subject to approval of the proposal outlined in Section 2.13, consider nominations for the potential membership of the working group(s)

4. REASONS FOR RECOMMENDATIONS

4.1 To develop an effective Audit and Governance Work Programme which will to complement the work of other bodies.

BACKGROUND PAPERS

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

- (i) Community Safety Plan 2017-20
- (ii) Durham, Darlington, Teesside, Hambleton, Richmondshire and Whitby Sustainability and Transformation Plan
- (iii) Hartlepool Joint Health and Wellbeing Strategy (2018-2020)
- (iv) Hartlepool Matters Shaping the Future of Health and Social Care in Hartlepool
- (v) JSNA -http://www.teesjsna.org.uk/hartlepool/

Contact Officer:- Joan Stevens – Statutory Scrutiny Officer

Chief Executive's Department – Legal Services

Hartlepool Borough Council

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Email: joan.stevens@hartlepool.gov.uk

Health Items

| ITEM TO BE CONSIDERED | Details | Estimated Timetable for Consideration by the Forum |
|--|---|--|
| North Tees & Hartlepool NHS Foundation Trust Quality Account for 2018/19 | Annual reflection on the 2017/18 Quality Account and contribution towards the 2018/19 Quality Account for North Tees and Hartlepool NHS Foundation Trust (NTHFT). | November 2018 and February 2019 |
| Director of Public Health – Annual Report | Annual Report produced by the Director of Public Health | November 2018 |
| Health Inequalities | Annual update on Health Inequalities, focusing on women's life expectancy, as agreed by the Health Scrutiny Forum in 2009. | November 2018 |
| Health and Wellbeing Board Performance Reports (including sub group performance) | Details of the quarterly performance monitoring reports of the Health and Wellbeing Board will be presented to the Audit and Governance Committee on a regular basis. | TBC |
| Tees, Esk and Wear Valleys NHS Foundation Trust – Quality Account | Annual reflection on the 2017/18 Quality Account and contribution towards the 2018/19 Quality Account for Tees, Esk and Wear Valleys NHS Foundation Trust. | February 2019 |
| North East Ambulance Service - Quality Account | Annual reflection on the 2017/18 Quality Account and contribution towards the 2018/19 Quality Account for the North East Ambulance Service. | February 2019 |
| Independent Complaints Advocacy Update | Complains Update | October 2018 and April 2018 |

Crime and Disorder Items

| ITEM TO BE CONSIDERED | Details | Estimated Timetable for Consideration by the Forum |
|---|--|--|
| Community Safety Partnership | Strategic Assessment | April 2018 |
| | Performance Monitoring Reports | Q1 - September 2018 |
| | Details of the quarterly performance | Q2 - December 2018 |
| | monitoring reports of the Safer Hartlepool Partnership will be | Q3 - tbc |
| presented to the Audit and Governance Committee on a regular basis. | Q4 - tbc | |

PICK Priority Setting

P for Public Interest

Members' representative roles are an essential feature of Scrutiny. They are the eyes and ears of the public, ensuring that the policies, practice and services delivered to the people of the District, by both the Council and external organisations, are meeting local needs and to an acceptable standard. The concerns of local people should therefore influence the issues chosen for scrutiny. This could include current issues. For example, dignity is consistently cited as a high priority for service users (e.g. Mid Staffordshire Enquiry, care in Winterbourne hospital) and scrutiny committees are well placed to influence the agenda locally and drive forward better quality services). Members themselves will have a good knowledge of local issues and concerns. Surgeries, Parish Councils, Residents Associations and Community Groups are all sources of resident's views. Consultation and Surveys undertaken by the Council and others can also provide a wealth of information.

I for Impact

Scrutiny is about making a difference to the social, economic and environmental well-being of the area. Not all issues of concern will have equal impact on the well-being of the community. This should be considered when deciding the programme of work, giving priority to the big issues that have most impact. To maximise impact, particularly when scrutinising external activity, attention should also be given to how the committee could influence policy and practice. Sharing the proposed programme of reviews with Members, officer and key partners will assist this process.

C for Council Performance

Scrutiny is about improving performance and ensuring the Council's customers are served well. With the abolition of external inspection regimes, scrutiny has an even more important role to play in self regulation. Members will need good quality information to identify areas where the Council, and other external organisations, are performing poorly. Areas where performance has dropped should be our priority. As well as driving up Council performance, scrutiny also has an important role in scrutinising the efficiency and value for money of Council services and organizational development.

K for Keep in Context

To avoid duplication or wasted effort priorities should take account of what else in happening in the areas being considered. Is there another review happening or planned? Is the service about to be inspected by an external body? Are there major legislative or policy initiatives already resulting in change? If these circumstances exist Members may decide to link up with other approaches or defer a decision until the outcomes are known or conclude that the other approaches will address the issues. Reference should also be made to proposed programmes of work in the Council's plans and strategies

PICK Scoring System

• Public Interest: the concerns of local people should influence the issues chosen

| Score | Measure |
|-------|------------------------|
| 0 | no public interest |
| 1 | low public interest |
| 2 | medium public interest |
| 3 | high public interest |

 mpact: priority should be given to the issues which make the biggest difference to the social, economic and environmental well-being of the area

| Score | Measure |
|-------|---------------|
| 0 | no impact |
| 1 | low impact |
| 2 | medium impact |
| 3 | high impact |

• Council Performance and efficiency: priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support the current Efficiency, Improvement and Transformation Programme.

| Score | Measure |
|-------|--|
| 0 | 'Green' on or above target performance |
| 1 | 'Amber', |
| 2 | low performance 'Red' |

• Keep in Context: work programmes must take account of what else is happening in the areas being considered to avoid duplication or wasted effort.

| Score | Measure |
|-------|---|
| 0 | Already dealt with/ no priority |
| 1 | Longer term aspiration or plan |
| 2 | Need for review acknowledged and worked planned elsewhere |
| 3 | Need for review acknowledged |

Each topic will be scored under each category as indicated above. Where a category is not applicable, no score will be given.

Topic: Mental Health – Prevention (Incorporating referral from Council)

Background Information - Mental wellbeing is the foundation for positive health and effective functioning for individuals and communities. One in four people will experience mental health problems at some point during their life. Mental ill-health is common with a significant impact on individuals, their families and the whole population. 22.8% of burden of disease in UK is due to mental disorder and selfreported injury compared to 15.9% for cancer and 16.2% for cardiovascular disease (WHO 2008). Mental health needs in Hartlepool are higher than the national average.

The promotion and development of good mental health is essential to the human, social and economic development of the borough. The potential to promote good mental health lies with a number of agencies such as those responsible for housing, regeneration, social care, employment, leisure and health. (www.teesjsna.org.uk)

| AREAS FOR CONSIDERATION | PICK Scoring System |
|---|--------------------------------------|
| Public Interest – the concerns of local people should influence the issues chosen. This is in the public interest as mental health needs in Hartlepool are higher than the national average (www.teesjsna.org.uk). In addition to this, 'Improving Mental Health and Emotional Wellbeing' has been identified as a one of five key deep dive areas within the Hartlepool's Joint Health and Wellbeing Strategy (JHWS) (2018-2025). A copy of the JHWS can be accessed via the following link Joint Health and Wellbeing Strategy Hartlepool Borough Council. | 3 High public interest |
| Impact – priority should be given to the issues which make the biggest difference to the social, economic and environmental, and health and well-being of the area. This issue will have a high impact as outcomes will contribute to improving | 3 High impact |
| the health and wellbeing of Hartlepool residents. | |
| Council Performance and Efficiency – priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support budget proposals. | 1 'Amber' |
| Mental health needs in Hartlepool are higher than the national average (www.teesjsna.org.uk). | |
| Keep in Context – work programmes must take into account what else is happening in other areas, to avoid duplication or wasted effort. | 3 Need for review acknowledged |
| Hartlepool's Joint Health and Wellbeing Strategy (2018-2025) has identified 'Improving Mental Health and Emotional Wellbeing' as a one of five key deep dive areas. | |
| Referral from Council - Full Council, on 14 December 2017, requested | |

that the Audit and Governance undertake a review of mental health provision in Hartlepool, with a view to finding ways of improving access to the availability of mental health services within the Borough for all residents.

The selection of this topic, with a focus on prevention, would not only respond to the Council referral, but also allow the Audit and Governance Committee to feed in to / influence the implementation of the JHWS.

TOTAL SCORE: 10

Topic: Respite needs / services in Hartlepool

Background Information – Data provided to the Respite and Short Breaks Consultation Joint Health Scrutiny Committee (20 July 2017) indicated that there were 43 people from the Hartlepool and Stockton-on-Tees localities regularly accessing respite services at Aysgarth, Stockton and 51 people from the South Tees localities regularly accessing the service at Bankfields, Normanby. Of these, two were from Hartlepool and this figure remains the same (as at June 2018).

The Audit and Governance Committee appointed two Councillor to sit this Committee, established to develop a response to the Respite and Short Breaks consultation. The Committee met on a number of occasions, culminating it the submission of a consultation response (http://www.egenda.stockton.gov.uk/aksstockton/images/att33606.pdf).

Hartlepool's response being that

'Hartlepool Borough Council supports fully the ethos of equity of provision for all those who require respite services and the need to improve / expand existing services. The continuation of existing 'excellent' services from Bankfields and Aysgarth is critical to this and on this basis we agreed with the recommendation of the Respite Opportunities and Short Breaks Consultation Joint Health Scrutiny Committee, that

The consultation response should:-

- a) not support either of the options being put forward
- b) recommend that the CCGs should retain the current level of service provision at Bankfields and Aysgarth.

In addition to this, we reiterate the concerns expressed by Hartlepool's Audit and Governance Committee, and Adult Services Committee (11 December 2017 and 6 December 2017 respectively). We continue to feel strongly that the consultation is flawed and these concerns were not resolved by the consultation update given to the Respite Opportunities and Short Breaks Consultation Joint Health Scrutiny Committee on the 14 December 2017. On this basis, should the CCG Governing Body in Common, on the 1 February 2018, reject the recommendations of the Respite Opportunities and Short Breaks Consultation Joint Health Scrutiny Committee, we maintain our insistence that any decision regarding the future of this service be delayed pending completion of a full, and effective, consultation process that enables all interested parties (with particular emphasis carers and families of those who have, or have tried to access the service) to have the fullest possible opportunity to express their views.'

Whilst Hartlepool Borough Council did not agree to refer the proposal to the Secretary of State for Health and Social Care, a letter of support was sent to Redcar and Cleveland Borough Council who had decided to pursue that course of actions (**Appendix D(i)**). Hartlepool's position going forward was also emphasised to the Chair of the Respite Opportunities and Short Breaks that our members would continue to play an active part in the monitoring process for the implementation of the proposals (letter attached at **Appendix D(ii)**).

| AREAS FOR CONSIDERATION | PICK Scoring System |
|--|--|
| Public Interest – the concerns of local people should influence the issues chosen. | 2 Medium public interest |
| Impact – priority should be given to the issues which make the biggest difference to the social, economic and environmental, and health and wellbeing of the area. | 2 Medium impact |
| Council Performance and Efficiency – priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support budget proposals. | N/A |
| Keep in Context – work programmes must take into account what else is happening in other areas, to avoid duplication or wasted effort. Respite care was again selected / agreed as a work programme item for the Tees Valley Joint Health Scrutiny Forum (the Respite and Short Breaks Consultation Joint Health Scrutiny Committee being a subcommittee of this Forum) | 0 Already dealt with/ no priority |

TOTAL SCORE: 4

Councillor Ray Martin-Wells (Chair, Audit and Governance Committee)
C/o Civic Centre
Hartlepool
TS24 8AY

HARTLEPOOL BOROUGH COUNCIL

Redcar & Cleveland House Kirkleatham Street, Redcar Yorkshire TS10 1RT

4 April 2018

Dear Councillor Graham Jeffrey

As an authority with a number of residents affected by the proposed changes, we commend you on your decision to progress your referral to the Secretary of State for Health.

Whilst the Audit and Governance Committee did not feel that a similar course of action would be appropriate for Hartlepool, we are committed to ensuring that the requirements of those who need access to these services are met, now and in the future. In doing so, we will be playing an active part in monitoring the implementation of Option 2, to ensure that there is clarity in terms of the assessment and eligibility process and how services will be provided. As part if this, we look forward to seeing the outcome of your discussions with the Secretary of State for Health fed in to the ongoing monitoring arrangements, to the undertaken through the Tees Valley Joint Health Scrutiny Committee

Yours sincerely

COUNCILLOR RAY MARTIN-WELLS

CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE

Councillor Ray Martin-Wells Chair, Audit and Governance Committee C/o Civic Centre Hartlepool TS24 8AY HARTLEPOOL BOROUGH COUNCIL

Councillor Lisa Grainge Chair of the Respite Opportunities and Short Breaks Consultation Joint Health Scrutiny Committee

27 February 2018

Dear Councillor Grainge

RESPITE OPPORTUNITIES AND SHORT BREAKS CONSULTATION - HARTLEPOOL'S AUDIT AND GOVERNANCE COMMITTEE VIEWS

On the 14 February 2018, the Audit and Governance Committee, as the body responsible for Hartlepool's statutory health scrutiny function, were informed of the CCG's decision regarding respite and short break services. At this meeting the Committee agreed the following:-

'It is agreed that HBC will not be pursuing a referral to the Secretary of State in relation to the CCG's decision to progress Option 2 (as detailed in the consultation). The Committees representatives will, however, continue to play an active part in the monitoring process for the implementation of Option 2, in order to ensure that there is clarity in terms of the assessment / eligibility process and what / how services will be provided to ensure that the requirements of those who need to access these service are met, now and in the future.'

I would be grateful if you could share our position with the Joint Committee.

Yours sincerely

COUNCILLOR RAY MARTIN-WELLS
CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE

Topic: Special care baby unit at North Tees Hospital (i.e. Neo-natal Services)

Background Information - The North East Joint Health Scrutiny Committee (of which Hartlepool Borough Council was Chair during 2017/18, considered proposals for the reconfiguration of neonatal intensive care services across Teesside.

Following its meeting on the 15th February 2018, the Chair wrote to NHS England to confirm that the Committee had no objection to the proposals for changes to the provision of neonatal services, as detailed below:

- The RVI in Newcastle provide the Quaternary Centre:
- Sunderland provide the NICU for babies born over 26 weeks gestation for the whole region;
- James Cook Hospital in Middlesbrough expand its services to become a viable tertiary neonatal unit; and
- North Tees Hospital NICU only care for babies over 30 weeks gestation only Intensive Care and the High Dependency Care would be affected at North Tees.'

A copy of the letter is attached at **Appendix E(i)**.

In the period since the submission of the North East Joint Health Scrutiny Committee's response, the Chair of the Audit and Governance Committee has received notice of a letter from staff to the Foundation Trust (attached at Appendix E(ii)) and the Foundation Trust' response to concerns (Appendix E(iii)).

| AREAS FOR CONSIDERATION | PICK Scoring System |
|---|--------------------------------|
| Public Interest – the concerns of local people should influence the issues chosen. | 2 Medium public interest |
| Impact – priority should be given to the issues which make the biggest difference to the social, economic and environmental, and health and wellbeing of the area. | 1 Low impact |
| Data presented to the North East Joint Health Scrutiny Committee indicated that less than 20 babies a year would be affected by the changes (i.e. they would be cared for in Middleborough rather than North Tees). | |
| Council Performance and Efficiency – priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support budget proposals. | N/A |
| Keep in Context – work programmes must take into account what else is happening in other areas, to avoid duplication or wasted effort. | 0 Already dealt with/ no |
| The issue has already been considered by the North East Joint Health Scrutiny Committee (which Hartlepool Borough Council is a member) and a consultation response submitted (as detailed above). | priority |

TOTAL SCORE: 3

Councillor Ray Martin-Wells Chair, North East Regional Health Scrutiny Committee Civic Centre Hartlepool TS24 8AY

Penelope Gray
Assistant Director of Specialised Commissioning

– North East and Cumbria
NHS England



Sent via email to: penelope.gray@nhs.net

29 May 2018

Dear Penelope,

NEONATAL INTENSIVE CARE SERVICES

Further to my letter of the 22 May 2018, please note that an error has been identified. On this basis, please disregard my original letter and note the below amendment.

On the 15th February 2018, the North East Joint Health Scrutiny Committee agreed that 'subject to support from Stockton Borough Council, following their individual consideration on the proposals, the Committee had no objection to the proposals for changes to the provision of neo-natal services, as detailed below:

- The RVI in Newcastle provide the Quaternary Centre;
- Sunderland provide the NICU for babies born under 20 over 26 weeks gestation for the whole region;
- James Cook Hospital in Middlesbrough expand its services to become a viable tertiary neonatal unit; and
- North Tees Hospital NICU only care for babies over 30 weeks gestation only Intensive Care and the High Dependency Care would be affected at North Tees.'

As Chair of the North East Health Scrutiny Committee, I have now received confirmation that, on the 13th March 2018, Stockton's Adult Social Care and Health Select Committee agreed that they had been provided with sufficient assurance in relation to the proposals and that no further action required by than at this time. In addition to this, I have received confirmation from the North Tees and Hartlepool NHS Foundation Trust that they agree the proposals are the right thing to do in terms of the provision of services for this group of babies from the University Hospital of North Tees. Over and above these proposals, the Trust remains committed to the provision of a vibrant Special Care Baby Unit (SCBU) / model, ensuring the sustainability of remaining services from the University Hospital of North Tees as they go forward. A copy of the letter received from the Trust is attached for your information.

On the basis of the above, and in line with the decision of the North east Joint Health Scrutiny Committee at its meeting on the 15th February 2018, I would like to confirm that the Committee has no objection to the proposals for changes to the provision of neo-natal services, as detailed above. Should, however, the proposals be changed or amended in any way during the course of their implementation, the Committee will expect to be updated accordingly.

Yours faithfully

H.M.Ld

COUNCILLOR RAY MARTIN-WELLS
CHAIR OF THE NORTH EAST JOINT HEALTH SCRUTINY COMMITTEE

Copy to:

Councillor Christopher Akers-Belcher, Leader, Hartlepool Borough Council Julie Gillon, Chief Executive, North Tees and Hartlepool NHS Foundation Trust

North Tees and Hartlepool MH

NHS Foundation Trust

University Hospital of North Tees Hardwick Stockton on Tees TS19 8PE

> Tel: 01642 617617 Fax: 01642 624089 www.nth.nhs.uk

Dear Counsellor Martin Wells,

This a covering letter we have sent to our management regarding the reconfiguration of neonatal services at North Tees Hospital. We as staff feel we have been completely overlooked and not included in any of the discussions regarding the changes. The proposed changes will severely impact the people of Hartlepool and Stockton.

Regards

The staff of the Neonatal Unit North tees

Dear management

We are writing on the behalf of the Neonatal unit at North Tees Hospital regarding the proposed changes to Neonatal services. We, the staff of the Neonatal unit, are very concerned and frustrated by the lack of communication from management and senior management within the trust.

On the 11.04.18 Janet Mackie spoke to a small number of staff on duty that day to tell us that from the 3.9.18 we would be a special care baby unit with baby's under 30weeks gestation to be nursed on a level 3 unit. The remaining unit would consist of 8-11 special care cots and a stabilisation cot. All staff would be employed by James Cook Hospital and staff on both units would be required to rotate; however our contracts would be protected by TUPE. This information was left to staff that were on duty to cascade down via social media/texts/private messages. We were informed that there would be further meetings to discuss these changes and the options available, however these meetings have not materialised and staff are understandably becoming increasingly frustrated and anxious by the lack of communication.

We are a team that is committed to our role and always go above and beyond what is expected of us. We are also professional people with livelihoods and families to maintain and support. We feel we are being totally overlooked and undermined by senior management. We feel that our unit has been deliberately neglected by keeping us short of staff; both nurses and medical. Our registrar cover has been removed from the unit on late days/nights and weekends; we feel that this is to make

us unsafe to avoid the issue of going to public consultation. As explained previously the lack of communication is also preventing the public consultation process and hindering the staff in getting union advice. This will affect the families of Stockton/Hartlepool who are also being kept in the dark. The proposed changes are contradictory to what has been relayed in the press and public arena previously.

Recently James Cook has offered opening days for staff on our unit to visit their unit. On these open days we have been informed by James cook management that 16 WTE staff will be expected to transfer and is still in discussion as to whether this will

be permanent or a rotational post. This has again unsettled people as we have not been informed how the selection process will take place.

We are all aware that change is going to take place; however the lack of communication is causing unnecessary stress and anxiety; which is making a bad situation worse.

In order to reassure staff and provide clarity we would like the request a meeting with management and senior management to discuss the current situation and future plans for our unit and staff roles.

We look forward to your response.

Yours Sincerely

The staff of the Neonatal Unit North Tees

University Hospital of North Tees Hardwick Stockton on Tees TS19 8PE

JG/DHF www.nth.nhs.uk

19 June 2018

To Neonatal Unit staff
University Hospital North Tees

Dear Neonatal Staff

Further to the receipt on 6 June 2018 of an un-signed and un-dated letter on behalf of "all neonatal Unit staff" to a number of senior managers within and outwith the Trust. Whilst this response serves to answer the concerns highlighted in the letter, I will ensure a briefing is held to discuss the response letter and the concerns openly with senior management staff.

The commissioning intentions outlined by the Specialist Commissioners (NHS England) involve moving forward the recommendations made in The Royal College of Paediatrics and Child Health (RCPCH) Report of 2015 regarding the re-configuration of Neonatal Services in Teesside. After a period of planning and engagement, this process commenced in September 2017 when the care of all babies born with a gestation of less than 26 weeks and 6 days was transferred to South Tees NHS Foundation Trust. There is a need for further careful planning and engagement to ensure a safe, sustainable workforce across both hospital sites (James Cook University Hospital and the University Hospital of North Tees) to appropriately manage pathways and the expectations of safe access to services prior to the full implementation of the RCPCH recommendations whereby the Neonatal Unit at University Hospital North Tees will become a Special Care Unit. (Implementation planned for September 2018)

On 11 April 2018 Janet Mackie Head of Midwifery and Children's Services, accompanied by Karen Kerr workforce advisor held a briefing meeting with Neonatal Staff on the Neonatal Unit, the minutes of this meeting indicate 8 members of the Neonatal Unit staff were present for this briefing. Medical staffing issues were discussed, along with the reasoning behind the September 2018 deadline. Other issues included TUPE terms and conditions, the fact that discussions were still taking place with Commissioners and the management team at South Tees to agree the number of staff to transfer with the intensive care cots and how staff that remain on the special care unit will access up-skilling to maintain their skills. To this end Janet explained that a number of pathway groups have been established to look at medical, maternity and nurse staffing implications. Questions from staff were also acknowledged and where possible answers given with the explanation that work was still on-going and further briefing sessions would be held to keep staff updated. Staff were advised that if they were concerned about consultant cover then this should be escalated to Jane Barker General Manager or Janet Mackie immediately for discussion with the Clinical Director. Staff were also given a list of senior staff in the directorate to contact regarding any concerns.

Further briefings have been held in the neonatal Unit at UHNT as follows:

- 11 May 2018 Janice Atkinson Acting Manager Ward 23
- 21 May 2018 Janice Atkinson as part of open day at James Cook University Hospital
- 24 May 2018 Janet Mackie Head of Midwifery and Children's Services
- 25 May 2018 Janet Mackie and Janice Atkinson
- 4th June 2018 Janice Atkinson spoke with staff and shared dates of briefing sessions by email, posters and telephone calls to staff.

Paul Garvin Chairman Alan Foster Chief Executive It is appreciated how difficult service changes are for staff and the intent of the meetings has been to ensure staff have as much of the information available as possible going through the process. Due to clinical workload and leave commitments it is not possible to get all staff together for a briefing meeting therefore a cascade method of sharing information has been adopted with the contact details available of managers to contact should anyone wish to discuss further or require clarification.

In your letter you reference Nursing and Medical staff shortages. In terms of nursing recruitment 2 Neonatal staff nurses were recruited on an *evcf number WOM4876* and both started a 1 year fixed term contract in February 2018. A staff nurse has been redeployed into the Neonatal Unit on 1 May 2018 along with an additional ward manager transferred from the paediatric unit to support the staff in the Neonatal Unit.

In relation to Medical staffing; national and local shortages remain a concern and although the Trust has interviewed on 10 occasions for a Registrar including three occasions since March 2018, where offers of employment have been made these have not been accepted. In addition Neonatal and Community Trainees have been withdrawn by the Deanery due to reduced training opportunities. Research opportunities have also decreased as expected as the Unit does not reach the threshold cohort of babies required to go into trials. This is indeed one of the precursor issues driving the need for change and to ensure a consolidation of expertise to manage pre-term babies safely.

Patient safety remains paramount therefore following discussions with the Deanery there has been the introduction of a combined Middle Grade rota giving a total of 7 registrars to cross cover on call with Neonatal and Paediatric Consultant support, provision has also been made to allow the remaining Neonatal trainee to complete their training. I assure you every effort is being made to maintain a safe level of medical cover in these very difficult circumstances for all concerned.

I am sorry that you feel there has been a lack of communication on the part of the Trust, it is disappointing that no one from the Neonatal Unit has thought to personally speak to, email or telephone Jane Barker (General Manager), Janet Mackie, Vicky Whitfield (Senior Clinical Matron) or anyone in HR/Workforce to request further information or indeed raise a concern about the perceived lack of information being provided. However following your letter I will ensure that the communication plan for updating staff is reviewed and additional communications are planned including meetings with management teams as requested. For your information the external communication strategy is being led by the Commissioners.

Yours sincerely

Julie Gillon
Chief Executive

Copy: Mr P Garvin

J Gillan

Mr A Foster

Mr R M Wells (c/o Councillor B Loynes)

Mrs J Barker Mrs L Kirby

Dr D Dwarakanath

Mrs J Lane Dr S Christudas Mrs J Parkes Mrs T Lynch

Topic:

Drug Rehabilitation

Background Information

The rate of people dependent on drugs in Hartlepool (18.6 per 1,000 population) is more than double the national average (8.7 per 1,000 population). More than half of those users (63.7%) are currently accessing treatment services for support and this is higher than the England average (53.4%).

The total number of individuals in Hartlepool accessing treatment in 2012/13 was 861 (5.5% increase from the previous year). Nationally, the number of people accessing drug treatment has fallen by 1.1%.

(www.teesjsna.org.uk)

| AREAS FOR CONSIDERATION | PICK Scoring System |
|---|---|
| Public Interest – the concerns of local people should influence the issues chosen High public interest | 3 High public interest |
| Impact – priority should be given to the issues which make the biggest difference to the social, economic and environmental, and health and well-being of the area | 3 High impact |
| This issue will have a high impact as outcomes will contribute to improving the health and wellbeing of Hartlepool residents. | |
| Council Performance and Efficiency – priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support budget proposals | 2 Below England average |
| There is a high prevalence of opiate and/or crack use, which is higher than the England average. | |
| (Health profile 2015) | |
| Keep in Context – work programmes must take into account of what else is happening in the areas being considered to avoid duplication or wasted effort | 1 Longer term aspiration or plan |
| Scrutiny has not investigated this topic in previous years. This topic is on the rolling programme. | |

TOTAL SCORE: 9

Topic:

Healthy Eating / Obesity

Background Information

Within Hartlepool, 29.9% of adults are classified as obese and results from the National Child Measurement Programme show that by year six, 35% of children are either overweight or obese. These levels of obesity are significantly higher than the English average, illustrating the scale of the problem.

(teesjsna.org.uk)

| AREAS FOR CONSIDERATION | PICK Scoring System |
|---|--|
| Public Interest – the concerns of local people should influence the issues chosen This is in the public interest. | 3 High public interest |
| Impact – priority should be given to the issues which make the biggest difference to the social, economic and environmental, and health and well-being of the area | 3 High impact |
| This issue will have a high impact as outcomes will contribute to improving the health and wellbeing of Hartlepool residents. | |
| Council Performance and Efficiency – priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support budget proposals | 2 Higher than English average |
| In Year 6, 24.4% (245) of children are classified as obese, worse than the average for England. | |
| 30.6% of adults are Obese in Hartlepool, worse than the average for England. | |
| Keep in Context – work programmes must take into account of what else is happening in the areas being considered to avoid duplication or wasted effort | 0 Being looked at by HWBB |
| Scrutiny has not investigated this topic in previous years. This topic is on the rolling programme. The Health and Wellbeing Board (HWBB) have developed a 10 Year Healthy Weight Strategy. | |

TOTAL SCORE: 8

Topic:

Diet, Nutrition and Diabetes

Background Information

Good nutrition has a key role to play both in the prevention and management of diet related diseases such as cardiovascular disease, cancer, diabetes and obesity. (www.teesjsna.org.uk)

| AREAS FOR CONSIDERATION | PICK Scoring System | | | |
|---|-----------------------------------|--|--|--|
| Public Interest – the concerns of local people should influence the issues chosen | 3 High public | | | |
| This is in the public interest. | interest | | | |
| Impact – priority should be given to the issues which make the biggest difference to the social, economic and environmental, and health and well-being of the area | 3 High impact | | | |
| This issue will have a high impact as outcomes will contribute to improving the health and wellbeing of Hartlepool residents. | | | | |
| Council Performance and Efficiency – priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support budget proposals | N/A | | | |
| N/A | | | | |
| Keep in Context – work programmes must take into account of what else is happening in the areas being considered to avoid duplication or wasted effort | 1 Longer term aspiration or | | | |
| Scrutiny has not investigated this topic in previous years. This topic is on the rolling programme. | n plan | | | |

TOTAL SCORE: 7

| TIMETABLE 2018/19 | 28/06 | 25 | 5/07 | 7 | 20 | /09 | 18/10 | 15/11 | 13 | /12 | 17/01 | 14/02 | 14 | /03 | 16/0 | 04 |
|---|-------|----------|------|----|----|-----|----------|-------|----------|-----|-------|-------|---|---------------|----------------------|--------------|
| Statutory Scrutiny Issues | | | | | | | | | | | | | | | | |
| Statutory Scrutiny Work Programming | | | | | | | | | | | | | | | | |
| Closing the Loop and Recommendation Monitoring | | | | | | | | | | | | | | | | П |
| Work Programme Items and Investigations (as required) | | ĦΓ | Ī | | | | | | | | | | | | П | |
| Crime and Disorder Scrutiny | | | | | | | | | | • | | | | | | |
| Community Safety Partnership (Yr End Perf & Strategic Ass)(tbc) | | | | | | | | | | | | | | | | |
| Community Safety Partnership - Strategic Assessment | | ĦΓ | Ī | | | | | | | | | | | | | |
| Community Safety Partnership - Qrtly Performance | | ĦĨ | Ī | | Q | 1 | | | Q2 | 2 | | | | | | Ш |
| Community Safety Plan 2017-20 (Year 2) (B&PF) | | ĦĨ | Ī | | | | | | П | | | | | | | П |
| Youth Justice Strategic Plan (B&PF) (not for consideration this year) | | ΉĪ | ĪΪ | | | | | | 111 | | | | | | | TT |
| Health Scrutiny | | | | | | | <u> </u> | | | | | | | | | |
| Tees, Esk & Wear Valleys NHS FT – Quality Account | | Ш | | | П | | | | | | | | | | | П |
| NEAS – Quality Account | | 111 | П | Ħ | П | | | | | | | | | | | 11 |
| North Tees & Hartlepool NHS FT – Quality Account | | 111 | П | Ħ | П | | | | | | | | | | | TH |
| Health Inequalities Annual Update | | | П | | Ħ | | | - | | | | | 111 | Ш | | H |
| Director of Public Health – Annual Report | | | П | | Ħ | | | - | | | | | ĦĦ | Ш | | H |
| Care Quality Commission – NTHFT Inspection Action Plan progress | | Ħ | П | | П | | | | | 1 | | | ĦĦ | H | | Ħ |
| Urgent Care update (TBC) | | Ħ | П | | П | | | | Ħ | 1 | | | ĦĦ | H | | Ħ |
| Independent Complaints Advocacy Update | | | П | | Ħ | | | | Ħ | | | | ĦĦ | Ш | | |
| Joint Health and Wellbeing Strategy (B&PF) - | | | П | | Ħ | | | | Ħ | | | | ĦĦ | Ш | | т |
| Audit | | | - | | | | | | 1 88 8 | | | | | | | |
| Role of the Chief Finance Officer / Head of Internal Audit | | | П | | | | | | | | | | | | | |
| Annual Audit Letter | | | П | | Ħ | | | | | | | | ĦĦ | Ш | | П |
| Treasury Management Strategy | | | П | | Ħ | | | | ПП | | | | ĦĦ | Ш | | H |
| Quarterly Internal Audit Updates | | | П | | Н | | | | | | | | ĦĦ | Ш | | \mathbf{H} |
| Internal Audit Plan | | | П | | | | | | | | | | | | | H |
| Review the Treasury Management Strategy | | Ħ | П | | | | | | П | | | | Ш | | | TT |
| Internal Audit Outcome Report | | | П | | Ħ | | | | Ħ | | | | ĦĦ | Ш | | |
| Annual Governance Statement | | Ħ | П | | П | | | | Ħ | 1 | | | ĦĦ | H | | |
| Audit Progress Report | | Ħ | П | Ħ | | | | | | | | | HT | ш | | П |
| Letter to those Charged with Governance | | ш | | | П | | | | П | | | | ĦĦ | H | | TT |
| External Audit reports (as required) | | П | | П | | | | | 111 | | | | HT | ш | | Ħ |
| Statutory Accounts (July for info and Sept for approval) | | | ۲ | | H | | | | ╫╏ | | | | $\ \ $ | H | , | H |
| Standards Issues | | | | | | | | | 1 88 8 | | | I | | | | |
| Intro to Standards & Amendment of Forms (as required) | | П | П | | | | | | | | | | | | | П |
| Complaint Investigation (as required) | | ## | H | H | Н | H | | | ╫╏ | 1 | | | | Ш | , | 11 |
| DCLG guidance reports (as required) | | ## | H | H | Н | H | | | ╫╏ | 1 | | | | Ш | , | 11 |
| Appointment and training of Independent Person (if required) | | ╫ | Ħ | H | Н | H | | | ╫╫ | | | | $\ \cdot \ $ | Ш | ┌╂╂╂ | \mathbf{H} |
| Appointment and italining of independent 1 croon (in required) | | <u> </u> | Ļ | LI | L | | | | <u> </u> | | | | <u> </u> | <u>. I. I</u> | | <u>. L L</u> |

| Kev deliverable - Im | plement the new model | for encouraging a | and supporting | health | / lifestyles b | v 2018 |
|----------------------|-----------------------|-------------------|----------------|--------|----------------|--------|
| | | | | , | | , |

| Milestone | Due date | Proposed new due date | Note |
|--|-----------|-----------------------------|--|
| Review the model of delivery for NHS Health Checks | Dec 2017 | MAR 2018 | The Review by the 4 Directors of Public Health has been delayed until Q4 in order to take account of the local government settlement announced in December 2017 and wider budget discussions in the various local authorities. It is anticipated that a decision will be made in Q4 regarding the optimal future model. The due date needs to be amended to 31 March 2018. |
| Redesign the health improvement offer into community hubs | Sept 2017 | MAR 2018 | Once the review of NHS Health Checks has been finalised we will be able to complete the reshaping the provision of community health checks in the Hubs. This is due to be completed by 31/03/2018 |
| Review use of community pharmacy in supporting healthy lifestyle | Dec 2017 | MAR 2018 | This Review will start after the Review of NHS Health Checks and the Review of NHS Stop Smoking Services have been completed. It is expected that we can review the role and use of community pharmacy by the end of Q4. This Due date needs to be amended to 31 March 2018. |

Key deliverable - Widen participation in sport and leisure activities by April 2018

| Milestone | Due date | Proposed new due date | Note |
|---|----------|-----------------------------|--|
| Complete the indoor sports strategy to ensure planning and investment in services reflects need | Oct 2017 | MAR 2018 | The Playing Pitch Strategy and Indoor Facilities Strategy have been slightly delayed due to the difficulty in engaging stakeholders like schools and colleges over the summer period. The strategy has now been made available to us in draft and will go to CMT in January 2018 and then on to Committee before the end of Q4. The due date needs amended to 31 March 2018. |

| Work with sporting bodies and associations to increase the range and quality of activities on offer | Oct 2017 | APR 2018. | The Playing Pitch Strategy and Indoor Facilities Strategy have been slightly delayed due to the difficulty in engaging stakeholders like schools and colleges over the summer period. The strategy has now been made available to us in draft and will go to CMT in January 2018 and then on to Committee before the end of Q4. Once the Strategy is agreed we can work with appropriate sporting bodies and associations, many of whom are involved in the consultation process. Therefore, the due date needs to be amended to 30 April 2018 |
|--|----------|-----------------------------|--|
| Key deliverable - Implement the new model for supporting drug and alcohol recovery by September 2017 | | | Ilcohol recovery by September 2017 |
| Milestone | Due date | Proposed new due date | Note |
| Review new service model | Dec 2017 | MAR 2018 | As part of the corporate restructure the service will move from Public health to Adult Services on 1st February 2018 and will be subject to an early review. The due date needs to be amended to 31 March 2018. |

As presented to the Finance and Policy Committee – 12 March 2018

AUDIT AND GOVERNANCE COMMITTEE

28 June 2018



Report of: Statutory Scrutiny Officer

Subject: APPOINTMENT TO COMMITTEES / FORUMS

1. PURPOSE OF THE REPORT

- 1.1 To confirm appointments to the following Committees / Forums:-
 - (a) Tees Valley Joint Health Scrutiny Committee
 - (b) Regional Health Scrutiny Committee
 - (c) Better Health Programme Overview and Scrutiny Committee
 - (d) North East Regional Joint Member / Officer Scrutiny Network
 - (e) Health and Wellbeing Board as a non-voting official observer
 - (f) Safer Hartlepool Partnership as a non-voting observer

2. BACKGROUND INFORMATION

Tees Valley Joint Health Scrutiny Committee

2.1 The Tees Valley Joint Health Scrutiny Committee comprises of the following Local Authorities, Hartlepool Borough Council, Stockton-on-Tees Borough Council, Redcar and Cleveland Borough Council and Darlington Borough Council. The Committee facilitates the exchange of information about planned health scrutiny work and shares information and outcomes from local health scrutiny reviews. The Committee also considers proposals for scrutiny of regional or specialist health services in order to ensure that the value of proposed health scrutiny exercises is not compromised by lack of input from appropriate sources and that the NHS is not over-burdened by similar reviews taking place in a short space of time. Following the Annual Council meeting the following Members have been appointed to the Tees Valley Joint Health Scrutiny Committee:-

Councillors Belcher, Hamilton and Tennant were appointed as the Council's representatives on the Tees Valley Joint Health Scrutiny Committee. The Committee is requested to nominate one of the three members to the position of Vice-Chair of Tees Valley Joint Health Scrutiny Committee.

At the meeting of the Joint Health Scrutiny Committee held on 18 June 2018, a Task and Finish Group to undertake a review of Roseberry Park to understand the impact of the works there on service users and service delivery. A nomination of one of the three appointed members to serve on the Task and Finish Group has been requested.

Regional Health Scrutiny Committee

- 2.2 The Regional Committee comprises the following Local Authorities, Darlington Borough Council, Durham County Council, Gateshead Council, Hartlepool Borough Council, Middlesbrough Council, Newcastle upon Tyne City Council, North Tyneside Council, Northumberland County Council, Redcar and Cleveland Borough Council, South Tyneside Council, Stockton-on-Tees Borough Council and Sunderland City Council to scrutinise issues around the planning, provision and operation of health services in and across the North-East region.
- 2.3 The membership of the Joint Committee is made up of 1 member from each Local Authority, as outlined under section 5 and 6 of the Regional Health Scrutiny Protocol, attached as **Appendix A**.

The Committee is requested to note the Chair was appointed as the Council's representative on the Regional Health Scrutiny Committee.

<u>Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee</u>

- 2.4 The Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee now replaces the Better Health programme in developing health services to meet patient needs now and in the future with constantly improving health and social care delivered in the best place. Commissioners want to make sure that:
 - We improve results for patients;
 - Care is of the same high standard wherever, and whenever it is provided;
 - Services have the resources to be sustainable for the next 10 -15 years;
 - We can provide services across 7 days a week where necessary;
 - We make services easier for patients to understand and use;
 - We improve life expectancy and quality of life for everyone in Darlington, Durham and Tees.
- 2.5 The programme aims to continue improving the services available in Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby but in doing so, key challenges have been identified including:
 - The changing health needs of local people;
 - Meeting recommended clinical standards:
 - Availability of highly trained and skilled staff;
 - High quality seven-day services;
 - Providing care closer to home:
 - Making the best use of our money.
- 2.6 A Joint Health Scrutiny Committee has been established consisting of representatives from the local authorities. The Joint Committee will be the vehicle through which the respective Local Authorities will respond to the consultation.

2.7 The Committee is requested to appoint three members to the Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee reflecting the Council's political balance. The Chair has indicated a wish to be appointed to one of the three seats.

North East Regional Joint Member / Officer Scrutiny Network

- 2.9 The North East Regional Joint Member / Officer Scrutiny Network provides a forum for elected members who have a role within the scrutiny function to meet, make useful contacts with other members and officers, and to share 'experiences'. The network provides a mechanism:-
 - (a) to share information on, for example: scrutiny best practice; outcomes of scrutiny investigations; benchmarking; service planning; performance indicators; conference feedback and funding streams.
 - (b) to share ideas on improving scrutiny processes and enhancing effectiveness.
 - (c) to provide a mechanism to facilitate personal and professional development.
 - (d) to provide a conduit between the North East authorities and the Centre for Public Scrutiny for sharing up-to-date information, which would include inviting speakers to talk about recent national policy developments.
- 2.5 The Chair has expressed a wish to be appointed to this body and Members are requested to support the Chair's nomination to be a member of the North East Regional Joint Member / Officer Scrutiny Network.

Health and Wellbeing Board

2.6 There is a position on the Health and Wellbeing Board for a non-voting official observer, who will be invited along to the Health and Wellbeing Board meetings to observe at the meeting and update the Audit and Governance Committee following each Board meeting.

Safer Hartlepool Partnership

2.7 There is a position on the Safer Hartlepool Partnership for a non-voting observer, who will attend the meetings of the Safer Hartlepool Partnership to observe at the meeting and update the Audit and Governance Committee following each Partnership meeting. The Chair has expressed a wish to attend the Partnership meetings and the Committee is, therefore requested to nominate the Chair as the Committee's observer.

3. RECOMMENDATIONS

- 3.1 That:-
 - (a) Members note the appointments to the Tees Valley Joint Health Scrutiny Committee, the Regional Health Scrutiny Committee and;

- (i) nominate one of the three Members to take the position of Vice-Chair, and
- (ii) nominate one of the three Members to undertake the duties in relation to the Task and Finish Group.
- (b) Members agree the three nominations for the Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee;
- (c) Members support the Chair's appointment to the North East Regional Joint Member / Officer Scrutiny Network;
- (d) Members agree one nomination to the Health and Wellbeing as an nonvoting official observer; and
- (e) Members support the Chair's appointment to the Safer Hartlepool Partnership as a non-voting observer.

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BACKGROUND PAPERS

HBC Constitution Part 7; Appointments to Outside organisations and other bodies.

Joint Health Overview and Scrutiny Committee of:

Darlington Borough Council, Durham County Council, Gateshead Council, Hartlepool Borough Council, Middlesbrough Council, Newcastle upon Tyne City Council, North Tyneside Council, Northumberland County Council, Redcar and Cleveland Borough Council, South Tyneside Council, Stockton-on-Tees Borough Council and Sunderland City Council

TERMS OF REFERENCE AND PROTOCOLS

Establishment of the Joint Committee

- 1. The Committee is established in accordance with section 244 and 245 of the National Health Service Act 2006 ("NHS Act 2006") and regulations and guidance with the health overview and scrutiny committees of Darlington Borough Council, Durham County Council, Gateshead Council, Hartlepool Borough Council, Middlesbrough Council, Newcastle upon Tyne City Council, North Tyneside Council, Northumberland County Council, Redcar and Cleveland Borough Council, South Tyneside Council, Stockton-on-Tees Borough Council and Sunderland City Council ("the constituent authorities") to scrutinise issues around the planning, provision and operation of health services in and across the North-East region, comprising for these purposes the areas covered by all the constituent authorities.
- 2. The Committee will hold two full committee meetings per year. The Committee's work may include activity in support of carrying out:
 - (a) Discretionary health scrutiny reviews, on occasions where health issues may have a regional or cross boundary focus, or
 - (b) Statutory health scrutiny reviews to consider and respond to proposals for developments or variations in health services that affect more than one health authority area, and that are considered "substantial" by the health overview and scrutiny committees for the areas affected by the proposals.
 - (c) Monitoring of recommendations previously agreed by the Joint Committee.

For each separate review the Joint Committee will prepare and make available specific terms of reference, and agree arrangements and support, for the enquiry it will be considering.

Aims and Objectives

- The North East Region Joint Health Overview and Scrutiny Committee aims to scrutinise:
 - (a) NHS organisations that cover, commission or provide services across the North East region, including and not limited to, for example, NHS North East, local primary care trusts, foundation trusts, acute trusts, mental health trusts and specialised commissioning groups.
 - (b) Services commissioned and/or provided to patients living and working across the North East region.
 - (c) Specific health issues that span across the North East region.

Note: Individual authorities will reserve the right to undertake scrutiny of any relevant NHS organisations with regard to matters relating specifically to their local population.

- 4. The North East Region Joint Health Overview and Scrutiny Committee will:
 - (a) Seek to develop an understanding of the health of the North East region's population and contribute to the development of policy to improve health and reduce health inequalities.
 - (b) Ensure, wherever possible, the needs of local people are considered as an integral part of the commissioning and delivery of health services.
 - (c) Undertake all the necessary functions of health scrutiny in accordance with the NHS Act 2006, regulations and guidance relating to reviewing and scrutinising health service matters.
 - (d) Review proposals for consideration or items relating to substantial developments/substantial variations to services provided across the North East region by NHS organisations, including:

- (i) Changes in accessibility of services.
- (ii) Impact of proposals on the wider community.
- (iii) Patients affected.
- (e) Examine the social, environmental and economic well-being responsibilities of local authorities and other organisations and agencies within the remit of the health scrutiny role.

Membership

- 5. The Joint Committee shall be made up of 12 Health Overview and Scrutiny Committee members comprising 1 member from each of the constituent authorities. In accordance with section 21(9) of the Local Government Act 2000, Executive members may not be members of an overview and scrutiny committee. Members of the constituent local authorities who are Non-Executive Directors of the NHS cannot be members of the Joint Committee.
- 6. The appointment of such representatives shall be solely at the discretion of each of the constituent authorities.
- 7. The quorum for meetings of the Joint Committee is one-third of the total membership, in this case four members, irrespective of which local authority has nominated them.

Substitutes

8. A constituent authority may appoint a substitute to attend in the place of the named member on the Joint Committee. The substitute shall have voting rights in place of the absent member.

Co-optees

9. The Joint Committee shall be entitled to co-opt any non-voting person as it thinks fit to assist in its debate on any relevant topic. The power to co-opt shall also be available to any Task and Finish/Working Groups formed by the Joint Committee. Co-option would be determined through a case being presented to the Joint Committee or Task and Finish Group/Working Group, as appropriate. Any supporting information regarding co-option should be made available for consideration by Joint Committee members at least 5 working days before a decision is made.

Formation of Task and Finish/Working Groups

- 10. The Joint Committee may form such Task and Finish/Working Groups of its membership as it may think fit to consider any aspect or aspects within the scope of its work. The role of any such Group will be to consider the matters referred to it in detail with a view to formulating recommendations on them for consideration by the Joint Committee. The precise terms of reference and procedural rules of operation of any such Group (including number of members, chairmanship, frequency of meetings, quorum etc.) will be considered by the Joint Committee at the time of the establishment of each such Group. The Chair of a specific Task and Finish Group will act in the manner of a Host Authority for the purposes of the work of that Task and Finish Group, and arrange and provide officer support for that Task and Finish Group. These arrangements may differ if the Joint Committee considers it appropriate. The meetings of such Groups should be held in public except to the extent that the Group is considering any item of business that involves the likely disclosure of exempt information from which the press and public could legitimately be excluded as defined in Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.
- 11. The Chair of the Joint Health Overview and Scrutiny Committee may not be the Chair of a Task and Finish Group.

Chair and Vice-Chairs

- 12. The Chair of the Joint Committee will be drawn from the membership of the Joint Committee, and serve for a period of 12 months, from a starting date to be agreed. A Chair may not serve for two consecutive twelve-month periods. The Chair will be agreed through a consensual process, and a nominated Chair may decline the invitation. Where no consensus can be reached then the Chair will be nominated through a ballot system of one Member vote per Authority only for those Members present at the meeting where the Chair of the Joint Health Overview and Scrutiny Committee is chosen.
- 13. The Joint Committee may choose up to two Vice-Chairs from among any of its members, as far as possible providing a geographic spread across the region. A Vice-Chair may or may not be appointed to the position of Chair or Vice-Chair in the following year.

- If the Chair and Vice-Chairs are not present, the remaining members of the Joint Committee shall elect a Chair for that meeting.
- 15. Other than any pre-existing arrangements within their own local authority, no Special Responsibility Allowances, or other similar payments, will be drawn by the Chair, Vice Chairs, or Tasking and Finish Group Chairs in connection with the business of the Joint Committee.

Host Authority

- 16. The local authority from which the Chair of the Joint Committee is drawn shall be the Host Authority for the purposes of this protocol.
- 17. Except as provided for in paragraph 10 above in relation to Task and Finish Groups, the Host Authority will service and administer the scrutiny support role and liaise proactively with the other North East local authorities and the regional health scrutiny officer network. The Host Authority will be responsible for the production of reports for the Joint Committee as set out below, unless otherwise agreed by the Joint Committee. An authority acting in the manner of a Host Authority in support of the work of a Task and Finish Group will be responsible for collecting the work of that Group and preparing a report for consideration by the Joint Committee.
- 18. Meetings of the Joint Committee may take place in different authorities, depending on the nature of the enquiry and the potential involvement of local communities. The decision to rotate meetings will be made by members of the Joint Committee.
- 19. Documentation for the Joint Committee, including any final reports, will be attributed to all the participating member authorities jointly, and not solely to the Host Authority. Arrangements will be made to include the Council logos of all participating authorities.

Work planning and agenda items

- 20. The Joint Committee may determine, in consultation with health overview and scrutiny committees in constituent authorities, NHS organisations and partners, an annual work programme. Activity in the work programme may be carried out by the Joint Committee or by a Task and Finish/Working Group under the direction of the Joint Committee. A work programme may be informed by:
 - (a) Research and information gathering by health scrutiny officers supplemented by presentations and communications.
 - (b) Proposals associated with substantial developments/substantial variations.
- 21. Individual meeting agendas will be determined by the Chair, in consultation with the Vice-Chairs where practicable. The Chair and Vice-Chairs may meet or conduct their discussions by email or letter.
- 22. Any member of the Joint Committee shall be entitled to give notice, with the agreement of the Chair, in consultation with the Vice-Chairs, where practicable, of the Joint Committee, to the relevant officer of the Host Authority that he/she wishes an item relevant to the functions of the Joint Committee to be included on the agenda for the next available meeting. The member will also provide detailed background information concerning the agenda item. On receipt of such a request (which shall be made not less than five clear working days before the date for despatch of the agenda) the relevant officer will ensure that it is included on the next available agenda.

Notice and Summons to Meetings

23. The relevant officer in the Host Authority will give notice of meetings to all Joint Committee members, in line with access to information rules of at least five clear working days before a meeting. The relevant officer will send an agenda to every member specifying the date, time and place of each meeting and the business to be transacted, and this will be accompanied by such reports as are available.

Attendance by others

24. The Joint Committee and any Task and Finish/Working Group formed by the Joint Committee may invite other people (including expert witnesses) to address it, to discuss issues of local concern and/or to answer questions. It may for example wish to hear from residents, stakeholders and members and officers in other parts of the public sector and shall invite such people to attend.

Procedure at Joint Committee meetings

- 25. The Joint Committee shall consider the following business:
 - (a) Minutes of the last meeting (including matters arising).
 - (b) Declarations of interest.
 - (c) Any urgent item of business which is not included on an agenda but the Chair agrees should be raised.
 - (d) The business otherwise set out on the agenda for the meeting.
- 26. Where the Joint Committee wishes to conduct any investigation or review to facilitate its consideration of the health issues under review, the Joint Committee may also ask people to attend to give evidence at Joint Committee meetings which are to be conducted in accordance with the following principles:
 - (a) That the investigation is conducted fairly and all members of the Joint Committee be given the opportunity to ask questions of attendees, and to contribute and speak.
 - (b) That those assisting the Joint Committee by giving evidence be treated with respect and courtesy.
 - (c) That the investigation be conducted so as to maximise the efficiency of the investigation or analysis.

<u>Voting</u>

27. Any matter will be decided by a simple majority of those Joint Committee members voting and present in the room at the time the motion is put. This will be by a show of hands or if no dissent, by the affirmation of the meeting. If there are equal votes for and against, the Chair or other person chairing the meeting will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

Urgent Action

28. In the event of the need arising, because of there not being a meeting of the Joint Committee convened in time to authorise this, officers administering the Joint Committee from the Host Authority are generally authorised to take such action, in consultation with the Chair, and Vice-Chairs where practicable, to facilitate the role and function of the Joint Committee as they consider appropriate, having regard to any Terms of Reference or other specific relevant courses of action agreed by the Joint Committee, and subject to any such actions being reported to the next available meeting of the Joint Committee for ratification.

Final Reports and recommendations

- 29. The Joint Committee will aim to produce an agreed report reflecting a consensus of its members, but if consensus is not reached the Joint Committee may issue a majority report and a minority report.
 - (a) If there is a consensus, the Host Authority will provide a draft of both the conclusions and discursive text for the Joint Committee to consider.
 - (b) If there is no consensus, and the Host Authority is in the majority, the Host Authority will provide the draft of both the conclusions and discursive text for a majority report and arrangements for a minority report will be agreed by the Joint Committee at that time.
 - (c) If there is no consensus, and the Host Authority is not in the majority, arrangements for both a majority and a minority report will be agreed by the Joint Committee at that time.
 - (d) In any case, the Host Authority is responsible for the circulation and publication of Joint Committee reports. Where there is no consensus for a final report the Host Authority should not delay or curtail the publication unreasonably.
 - The rights of the health overview and scrutiny committees of each local authority to make reports of their own are not affected.
- 30. A majority report may be produced by a majority of members present from any of the local authorities forming the Joint

- Committee. A minority report may be agreed by any [number derived by subtracting smallest possible majority from quorum: e.g. if quorum is 4, lowest possible majority is 3, so minority report requires 1 members' agreement] or more other members.
- 31. For the purposes of votes, a "report" shall include discursive text and a list of conclusions and recommendations. In the context of paragraph 29 above, the Host Authority will incorporate these into a "final report" which may also include any other text necessary to make the report easily understandable. All members of the Joint Committee will be given the opportunity to comment on the draft of the final report. The Chair in consultation with the Vice-Chairs, where practicable, will be asked to agree to definitive wording of the final report in the light of comments received. However, if the Chair and Vice-Chairs cannot agree, the Chair shall determine the final text.
- 32. The report will be sent to [name of the NHS organisations involved] and to any other organisation to which comments or recommendations are directed, and will be copied to NHS North East, and to any other recipients Joint Committee members may choose.
- 33. The [name of the NHS organisations involved] will be asked to respond within 28 days from their formal consideration of the Final Report, in writing, to the Joint Committee, via the nominated officer of the Host Authority. The Host Authority will circulate the response to members of the Joint Committee. The Joint Committee may (but need not) choose to reconvene to consider this response.
- 34. The report should include:
 - (a) The aim of the review with a detailed explanation of the matter under scrutiny.
 - (b) The scope of the review with a detailed description of the extent of the review and it planned to include.
 - (c) A summary of the evidence received.
 - (d) An evaluation of the evidence and how the evidence informs conclusions.

- (e) A set of conclusions and how the conclusions inform the recommendations.
- (f) A list of recommendations applying SMART thinking (Specific, Measurable, Achievable, Realistic, Timely), and how these recommendation, if implemented in accordance with the review outcomes, may benefit local people.
- (g) A list of sources of information and evidence and all participants involved.

Timescale

- 35. The Joint Committee will hold two full committee meetings per year, and at other times when the Chair and Vice-Chairs wish to convene a meeting. Any three members of the joint committee may require a special meeting to be held by making a request in writing to the Chair.
- 36. Subject to conditions in foregoing paragraphs 29 and 31, if the Joint Committee agrees a report, then:
 - (a) The Host Authority will circulate a draft final report to all members of the Joint Committee.
 - (b) Members will be asked to comment on the draft within a period of two weeks, or any other longer period of time as determined by the Chair, and silence will be taken as assent.
 - (c) The Chair and Vice-Chairs will agree the definitive wording of the final report in time for it to be sent to [name of the NHS organisations involved].
- 37. If it believed that further consideration is necessary, the Joint Committee may vary this timetable and hold further meetings as necessary. The [name of the NHS organisations involved] will be informed of such variations in writing by the Host Authority.

Guiding principles for the undertaking of North East regional joint health scrutiny

- 38. The health of the people of North East England is dependent on a number of factors including the quality of services provided by the NHS, the local authorities and local partnerships. The success of joint health scrutiny is dependent on the members of the Joint Committee as well as the NHS and others.
- 39. Local authorities and NHS organisations will be willing to share knowledge, respond to requests for information and carry out their duties in an atmosphere of courtesy and respect in accordance with their codes of conduct. Personal and prejudicial interests will be declared in all cases in accordance with the Members' Code of Conduct of each constituent authority.
- 40. The scrutiny process will be open and transparent in accordance with the Local Government Act 1972 and the Freedom of Information Act 2000 and meetings will be held in public. Only information that is expressly defined in regulations to be confidential or exempt from publication will be considered in private. The Host Authority will manage requests and co-ordinate responses for information considered to be confidential or exempt from publication in accordance with the Host Authority's legal advice and guidance. Joint Committee papers and information not being of a confidential nature or exempt from publication may be posted on the websites of the constituent authorities as determined by each of those authorities.
- 41. Different approaches to scrutiny reviews may be taken in each case. The Joint Committee will seek to act as inclusively as possible and will take evidence from a wide range of opinion including patients, carers, the voluntary sector, NHS regulatory bodies and staff associations, as necessary and relevant to the terms of reference of a scrutiny review. Attempts will be made to ascertain the views of hard to reach groups, young people and the general public.
- 42. The Joint Committee will work to continually strengthen links with the other public and patient involvement bodies such as PCT patient groups and Local Involvement Networks, where appropriate.
- 43. The regulations covering health scrutiny allow an overview and scrutiny committee to require an officer of a local NHS body to

attend before the committee. This power may be exercised by the Joint Committee. The Joint Committee recognises that Chief Executives and Chairs of NHS bodies may wish to attend with other appropriate officers, depending on the matter under review. Reasonable time will be given for the provision of information by those asked to provide evidence.

- 44. Evidence and final reports will be written in plain English ensuring that acronyms and technical terms are explained.
- 45. Communication with the media in connection with reviews will be handled in conjunction with the constituent local authorities' press officers.

Conduct of Meetings

- 46. The conduct of Joint Committee meetings shall be regulated by the Chair (or other person chairing the meeting) in accordance with the general principles and conventions which apply to the conduct of local authority committee meetings.
- 47. In particular, however, where any person other than a full or co-opted member of the Joint Committee has been allowed or invited to address the meeting the Chair (or other person chairing the meeting) may specify a time limit for their contribution, in advance of its commencement which shall not be less than five minutes. If someone making such a contribution exceeds the time limit given the Chair (or other person chairing the meeting) may stop him or her.
- 48. The Chair (or other person chairing the meeting) may also structure a discussion and limit the time allowed for each agenda item and questioning by members of the Joint Committee.

AUDIT AND GOVERNANCE COMMITTEE

28 June 2018



Report of: Statutory Scrutiny Officer

Subject: DEDICATED OVERVIEW AND SCRUTINY BUDGET

- 2017/18 - OUTTURN

1. PURPOSE OF REPORT

1.1 To provide the Audit and Governance Committee with an up-to-date position of the expenditure of the Dedicated Overview Scrutiny Budget for the 2017/18 financial year.

2. BACKGROUND INFORMATION

2.1 In 2013, a budget of £5000 per year was allocated to the Overview and Scrutiny function. The purpose of the budget is to provide support for the delivery of the work programme and development of the function. An agreed procedure is in place for the authorisation for budget spends through this Committee and is utilised by Members in considering the appropriateness of funding requested.

3. BUDGET SPEND FOR THE 2016/17 FINANCIAL YEAR

3.1 Details of funding from the dedicated budget during the course of each year are reported to this Committee. The Committee is advised that during 2017/18 the following request was agreed for funding from the available £5,000 budget:-

ARU (Professional fees) - £1805.15

4. RECOMMENDATION

4.1 It is recommended that the Audit and Governance Committee notes the dedicated scrutiny budget position for the 2017/18 financial year.

Contact Officer:- Joan Stevens – Statutory Scrutiny Officer

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BACKGROUND PAPERS - No background papers were used in the preparation of this report.

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

5 March 2018

The meeting commenced at 10 a.m.in the Civic Centre, Hartlepool

Present:

Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group – Dr Nick Timlin (In the Chair)

Prescribed Members:

Elected Members, Hartlepool Borough Council – Councillors Buchan, Clark and Thomas

Representatives of Hartlepool and Stockton-on-Tees Clinical Commissioning Group – Karen Hawkins (as substitute for Ali Wilson)

Interim Director of Public Health, Hartlepool Borough Council - Dr Paul Edmondson-Jones

Director of Children's and Joint Commissioning Services, Hartlepool Borough Council – Danielle Swainston (as substitute for Sally Robinson)

Director of Adult and Community Based Services, Hartlepool Borough Council, Jill Harrison

Representative of Healthwatch - Ruby Marshall

Other Members:

Representative of Hartlepool Voluntary and Community Sector – Tracy Woodhall Representative of Tees, Esk and Wear Valley NHS Trust – Dominic Gardner Representative of North Tees and Hartlepool NHS Trust – Julie Parkes (for Deepak Dwarakanath/Julie Gillon

Representative of Cleveland Police, Jason Harwin

Representative of Headteachers - Julie Thomas

Also in attendance – Joanne Heaney, Hartlepool and Stockton-on-Tees Clinical Commissioning Group

Lynn Allison, Judy Gray and Zoe Sherry, Healthwatch Hartlepool

Hartlepool Borough Council Officers - Dr Esther Mireku, Acting Consultant in Public Health Joan Stevens, Statutory Scrutiny Officer Amanda Whitaker, Democratic Services Team

44. Apologies for Absence

Elected Member, Councillors C Akers-Belcher Representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group – Ali Wilson and Dr Andrea Jones Director of Children's and Joint Commissioning Services, Hartlepool Borough Council – Sally Robinson

Representative of the NHS England – Dr Tim Butler

Representative of North Tees and Hartlepool NHS Trust – Deepak

Dwarakanath / Julie Gillon

Representatives of Healthwatch - Margaret Wrenn

45. Declarations of interest by Members

Councillor Thomas reaffirmed his interest as an employee of Healthwatch Hartlepool.

46. Minutes

The minutes of the meeting held on 19th February 2018 were confirmed.

47. Pharmaceutical Needs Assessment 2018 (Interim Director of Public Health)

TYPE OF DECISION/APPLICABLE CATEGORY

Key Decision (test (i)(ii))

Approval was sought of the final draft of the Hartlepool Pharmaceutical Needs Assessment (PNA) 2018. It was highlighted that copies of the PNA could be accessed via a link set out in the report and a paper copy of the document was available at the meeting.

The Board was advised that the National Health Service (NHS) (Pharmaceutical and Local Pharmaceutical Services) Regulations 2013 ("the Regulations"), set out the minimum requirements for the Hartlepool Health and Wellbeing Board (HWB) PNA, produced under this duty. The 2013 Regulations outlined also the basis for the updating of PNA's, including the duty of Board's to publish a statement of its revised assessment within 3 years of its previous publication of a PNA'¹. It also required that the Board keep the PNA up to date in the intervening period as set out in the report. Further details of actions required to maintain the current PNA and the planning process for the publication of a fully reviewed PNA were outlined in appendices to the report. A summary of the conclusions of the PNA had been appended to the report also.

In presenting the report to the Board, the Interim Director of Public Health expressed his appreciation to those Officers who had been involved in the PNA with particular reference to the Statutory Scrutiny Officer, the Acting Consultant in Public Health and

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¹ The National Health Service (Pharmaceutical and Local Pharmaceutical Services) Regulations 2013 (Regulation 6(1))

Pharmacy Advisor for the Tees Local Pharmacy Committee (Hartlepool Area).

Decision

The Board:-

- Approved the final version of the PNA for publication on the Council's website before 25 March 2018, subject to minor errata identified before the publication date.
- ii) Continued to delegate authority to the Director of Public Health (in conjunction with the Chair of the Board) to approve as required:
 - Publication of minor errata/ service updates as on-going notifications that fall short of formal Supplementary Statements to the PNA (for example changes of ownership, minor adjustments to opening hours and service contracts that do not impact on need);
 - Any response on behalf of the Hartlepool HWB to NHS England (42 day) consultation on applications to provide new or amended pharmaceutical services, based on the PNA;
 - Any response behalf of the Hartlepool HWB in relation to an application to consolidate two pharmacies, and make a statement or representation, to NHS England (within 45 days) stating whether the consolidation would, or would not create a gap in pharmaceutical services provision;
 - Following determination on an application to consolidate two pharmacies by NHS England, publication of a supplementary statement reporting that removal of the pharmacy (which is to close from the Pharmaceutical List) will not create a gap in pharmaceutical services and update the map of premises where pharmaceutical services are provided (Regulation 4(2)); and
 - Any initial determination with respect to the potential for either a Supplementary Statement or need for full review. Publication of Supplementary Statements to be ratified by the HWB at suitable periodic intervals (e.g. annually) as required.
- iii) Acknowledged the responsibility of the HWB for maintenance of the PNA including the need to assess on-going changes which might impact on pharmaceutical need and the assessment thereof and respond by initiating early review or publishing a Supplementary Statement to the 2018 PNA as required.
- iv) To continue delegation of authority to Director of Public Health (in conjunction with the Chair of the HWB) as above, to make initial assessments with respect to potential Supplementary Statements or need for full review.

48. Child Protection - Information Sharing Project (Director of Children's and Joint Commissioning Services)

The Board was briefed on the Child Protection – Information Sharing (CP-IS) project and plans for implementation in Hartlepool. The Board was advised that the system was designed to improve information sharing between local authorities and health service providers to protect vulnerable children. It was noted that the CP-IS system connects systems helping organisations to improve business processes so essential information could be shared securely. Four years ago, officers from Hartlepool Borough Council (HBC) had met with the CP-IS implementation team regarding implementing CP-IS in Hartlepool. However, due to the social care system used in Stockton, which was not compatible with CP-IS, implementation in Hartlepool was not progressed to avoid the risk of a two tiered system for health providers. In recent months, momentum for the implementation of the CP-IS system had picked up and HBC was being encouraged to implement the system as CP-IS was part of the NHS Standard Contact and North Tees and Hartlepool NHS Foundation Trust (NTHFT) no longer needed to wait for local authorities to go live. In order to implement the CP-IS system, the council and health providers would need to work with the CP-IS implementation team and, as long as the IT systems were appropriate to support CP-IS, the process would take around six weeks. Officers from HBC had met with NTHFT and Stockton Borough Council to begin planning for implementation of CP-IS. NTHFT had a contractual requirement to implement the system and could progress without impact on the Local Authorities. There would be regular meetings of NTHFT, HBC and SBC to progress implementation and this would be dependent upon a number of factors including the procurement of middleware by NTHFT which would support their implementation of CP-IS. Until this was achieved, no specific dates for Go Live could be agreed. HBC would need to gather and record NHS numbers for at least 95% of the CP and LAC cohort prior to implementation of CP-IS.

Following presentation of the report, Board Members received clarification regarding impact of proposals on GP systems and timescale for implementation of the system.

Decision

The Board noted the contents of this report and the plan to implement the CP-IS in Hartlepool.

49. SEND (Special Educational Needs and Disabilities) Improvement (Director of Children's and Joint Commissioning Services)

The report updated the Board on the progress of the SEND Improvement Plan following the Area SEND Inspection which took place in October 2017 to ensure that all partners were committed to supporting the implementation of the statement of action. The inspection report, appended to the report, set out strengths and areas of development. The Local Authority and CCG were notified in January 2017 that serious weaknesses had been identified within the inspection and the local area was required to produce a statement of action. The recommendations within the inspection letter were:

- 1. Inconsistencies in the timeliness and effectiveness of the local area's arrangements for identifying and assessing children and young people's special educational needs and/or disabilities
- 2. Weaknesses in providing the clear and timely information, advice and support that families need
- Weaknesses in the strategic joint commissioning of services for children and young people who have special educational needs and/or disabilities
- Weaknesses in the monitoring of the effectiveness of services in improving outcomes for children and young people who have special educational needs and/or disabilities

The action plan, appended to the report, set out the detailed actions and progress with an update on the recommendations set out in the report.

The Board was updated that a letter had been received from the Government, since preparation of the report, which expressed reassurance with progress. Councillor Clark, Chair of Children's Services Committee, advised the Board that he had received a letter also and expressed his appreciation to all those who had been involved in the SEND Improvement Panel.

Whilst expressing appreciation of the progress which had been made, Board Members highlighted issues to be considered and identified future challenges to be addressed. Further updates were provided and whilst expressing some frustrations, the Board received further assurances in relation to progress in relation to the recommendations.

Decision

The Board noted the progress of the SEND Improvement Plan.

50. Health and Wellbeing Strategy (2018-2025) - Monitoring of the Implementation Plan (Interim Director of Public Health)

The report presented the Board with a proposed process for the monitoring of

the Implementation Plan for the Joint Health and Wellbeing Strategy (2018 – 2025) (JHWS). The Board was reminded that following an extensive engagement / consultation exercise, the development of its JHWS (2018 – 2025) had been completed. A copy of the Strategy was appended to the report. Final approval of the Strategy was to be sought from the Council and the Hartlepool and Stockton Clinical Commissioning Group's Governing Body, on the 15th March 2018 and the 27 March 2018 respectively. Subject to approval by these bodies, the Strategy would be formally published on the 28th March 2018, monitoring of the work undertaken to achieve the aims and outcomes contained within it would then be undertaken by the Board.

It was noted that contained within the Strategy was an Implementation Plan and consideration was needed as to how the Board would monitor progress against the actions and desired outcomes outlined in the Plan. In order to monitor the implementation of the Strategy, it was suggested that progress be considered against each of the deep dive areas identified in the strategy and that this be reported to the Board on area by area basis, as detailed in the report. The proposed monitoring process would enable the Board to look in greater detail at the actions allocated against each of the deep dive areas, and progress made towards achieving the outcomes outlined in the Implementation Plan. In addition, it was proposed that an annual 'baseline' report be presented to the Board, to provide an overview of overall progress. It was intended that presentation of this 'baseline' report would be incorporated in to the Board's Face the Public Event.

Decision

The Board approved the process for the monitoring of progress against the Implementation Plan for the JHWS, as detailed in the report.

51. Hartlepool Matters Plan (Chair of Health and Wellbeing Board)

The report updated the Board in relation to the implementation of the Hartlepool Matters Plan. The Plan, a copy of which was appended to the report, had been approved by the Health and Wellbeing Board, Full Council and the CCG Governing Body in October 2016. The Board was reminded that it had been agreed that implementation of the recommendations of the Plan would be monitored annually through the Hartlepool Matters Implementation Plan Working Group, as a sub group of the Health and Wellbeing Board. Professor David Colin-Thomé had chaired the first meeting of the Hartlepool Matters Implementation Plan Working Group which was held on the 2nd October 2017. Progress against the recommendations of the Plan was reported to the Working Group, with the assistance of a document entitled the 'Draft Hartlepool Matters Implementation Plan', a copy of which was appended to the report. Following consideration of the information provided, and taking into consideration views expressed by the Working Group on the 2nd October 2017, Professor David Colin-Thomé had submitted a letter outlining his

comments regarding the implementation of the recommendations of the Hartlepool Matters Plan. Professor David Colin-Thomé's letter had reflected positively on the way in which partners were working together on the provision of integrated services and identified areas for further progress. A copy of the letter was appended to the report.

Detailed presentations were made to the Board in relation to progress in the following areas:-

- Prevention Achievements:
- Local Hospital, Acute and Urgent Care Services;
- Primary Care Services;
- Children's Services:
- Adult Services;
- People and Places.

Following presentation of the report, the Board debated issues arising from the presentation. During the debate, Board Members received responses to questions raised in relation to the Holdforth unit, patient experiences with particular reference to GP appointments and potential introduction of pharmacy delivery charges. In relation to concerns expressed regarding pharmacy charges, it was highlighted that deliveries were offered as part of the business of a pharmacy and was therefore a business decision. However, the representative of Hartlepool and Stockton-on-Tees Clinical Commissioning Group undertook to refer the concerns which had been expressed to NHS England.

Decision

The HWB noted:

- Feedback following the meeting of the Hartlepool Matters Implementation Plan Working Group in October 2017;
- ii) Progress 'headlines and highlights' presented at the meeting; and
- iii) That Hartlepool Matters Plan will continue to be monitored though the Hartlepool Matters Implementation Plan Working Group.

52. Review of Mental Health and Wellbeing Services for Children and Young People (Hartlepool and Stockton-on-Tees Clinical Commissioning Group)

Joanne Heaney, representing Hartlepool and Stockton-on-Tees Clinical Commissioning Group, presented the report which provided the Board with an overview of the rationale and intended outcomes for reviewing the Mental Health & Wellbeing provision for children & young people in Hartlepool. The Board was reminded that Hartlepool & Stockton CCG had a contract in place

with Tees Esk and Wear Valley NHS Trust (TEWV) for a suite of services but the one which the review would focus on was the core CAMHS service: 'Community child and Adolescent Mental Health Service'. The information set out in the report highlighted work already completed, work in progress and work to be commenced imminently. As the review was happening across both Hartlepool and Stockton, some actions were being undertaken in one locality and others in both. However, the learning would be taken across both. It was highlighted that the review had commenced in November 2017 and began gathering data etc. It was highlighted that TEWV had changed the way in which they process referrals through core CAMHS. From January 2018 all referrals were receiving a 30 minute initial assessment appointment. Therefore all children & young people had one face to face contact; if they did not meet the threshold for the specialist service they were signposted to services which could give them support to meet their needs. The outcomes to achieve from this review were set out in the report. The report set out also the actions to date, work in progress and work which had not yet commenced.

Board Members expressed support for the review but expressed their concerns regarding current services, including the issues which had been expressed by the Young People involved in the Digital Futures Project. The representative of Tees, Esk and Wear Valley NHS Trust outlined the context of the review in terms of the 'national picture' and requested a copy of the Young People's report. The Headteachers' representative highlighted the frustration which existed in schools. It was considered that the review presented an opportunity for a whole system review. Following a comment that there needed to be more buy in to the Local Implementation Group, it was suggested that it would be appropriate to discuss governance arrangements to ensure a clear focus with the outcome of those discussions to be reported to the Board.

Decision

- (i) The Board noted the report and expressed their commitment to the review
- (ii) It was agreed that the Board would be kept informed of progress on a quarterly basis with a further report to be submitted to the Board upon completion of the review.

Meeting concluded at 11.45 a.m.

CHAIR

Extracts

FINANCE AND POLICY COMMITTEE MINUTES AND DECISION RECORD

12 MARCH 2018

118. Health and Wellbeing of the Workforce (Assistant Director, Corporate Services)

Type of decision

Non-Key Decision.

Purpose of report

The purpose of the report was to present Finance and Policy Committee with information on past and current initiatives that support the health and wellbeing of the workforce. The report also included an action plan for 2018/19.

Issue(s) for consideration

The Assistant Director, Corporate Services reported that following consideration of a Sickness Monitoring report by the Committee, members requested a subsequent report on the action taken within the Council to support the health and wellbeing of the workforce. Subsequently, a task and finish group was established with departmental representatives, chaired by the Assistant Director, Corporate Services.

The group had produced a document (submitted as an appendix to the report) detailing progress in supporting employee health and wellbeing over the period 2010 to 2017. The document also proposed a number of actions for 2018/19. Members were requested to consider approval of the action plan in order that further progress can be made in the health and wellbeing of the HBC workforce. The action plan detailed in Appendix A to the report would contribute to the Hartlepool Joint Health and Wellbeing Strategy priority of 'Working Well'.

A member commented that small changes were well received by staff such as the break out space recently introduced in Bevan House. Another Member sought details of how many requests for flexible working had been made and how many had been approved by managers. The Assistant Director indicated details would be circulated to Members.

Decision

That the action plan set out in the appendix to the report be approved for

Extracts

implementation.

119. Working Towards Being a Dementia Friendly Organisation (Assistant Director, Corporate Services)

Type of decision

Non-Key Decision.

Purpose of report

The purpose of this report was to support the Council to work towards being a Dementia Friendly Organisation.

Issue(s) for consideration

The Assistant Director, Corporate Services reported that Hartlepool and the Council had a long history of supporting dementia friendly policies, practices and initiatives. As a pivotal lead in the creation of the Dementia Friendly Hartlepool (DFH) project, a multi-agency project that aimed to develop Hartlepool as a regionally recognised dementia friendly community, HBC continued to serve and support as a full and active member of this project.

A number of staff within the Council were dementia friends and several teams have submitted pledges regarding their support and individual actions. Although a great deal of work is undertaken across individual Council Departments, there are no specific corporate actions that commit the organisation as a whole to work towards being a Dementia Friendly Organisation.

The proposed actions set out within the report would fit strategically with the 'Aging Well' objectives of the Hartlepool Health and Wellbeing Strategy and also the support to people living with dementia that is championed and led by the Adult Services Committee.

The Chief Executive commented that at a recent event involving business leaders the Dementia Friendly Hartlepool project was seen as a positive in raising the profile of Hartlepool as a great place to live. The objectives would provide a consistent approach across the organisation.

The Chair of the Adult Services Committee commented that the proposals would build on the work that had already been undertaken over the past five years and would give added direction. It was essential that all the Council's means of contact with the public were as dementia friendly as possible and the dementia friendly approach was embedded within the organisation. As many staff as possible should undergo the dementia champion training to cascade the knowledge throughout organisation. Members supported the proposals set out in the report.

Extracts

Decision

That the six point action plan set out in the report be approved in order to demonstrate a commitment to working towards being a Dementia Friendly Organisation at a corporate level.

TEES VALLEY HEALTH SCRUTINY JOINT COMMITTEE

18 April 2018

PRESENT -

Representing Darlington Borough Council:

Councillors Newall (in the Chair), J Taylor and Tostevin.

Representing Hartlepool Borough Council:

Councillor B Harrison.

Representing Redcar and Cleveland Council:

Councillors N Cooney and I Jeffrey.

Representing Stockton-on-Tees Borough Council:

Councillors E Cunningham and L Hall.

APOLOGIES – Councillors G Hall and L Hamilton, Hartlepool Borough Council; Councillors E Dryden, D Rooney and J McGee (Middlesbrough Council); Councillor L Grainge, Stockton-on-Tees Borough Council; and L Stones and J Stevens, Scrutiny Officers (Hartlepool Borough Council).

OFFICERS IN ATTENDANCE – K Graves (Darlington Borough Council), C Breheny (Middlesbrough Borough Council), A Pearson (Redcar and Cleveland Borough Council) and P Mennear (Stockton-On-Tees Borough Council).

EXTERNAL REPRESENTATIVES – D Gardner, Acting Director of Operations, Tees, Dr C Lanigan, Head of Planning and Business Development, L Taylor, Head of Service, Offender Health and Forensic Outreach Service, R Hand, Offender Health and Forensic Outreach Service, and D Colmer, Senior Nurse, Quality and Risk, Tees Esk and Wear Valley NHS Foundation Trust (TEWV).

- **23. DECLARATIONS OF INTEREST** There were no declarations of interest reported at the meeting.
- **24. MINUTES** Submitted The Minutes (previously circulated) of the meeting of the Tees Valley Health Scrutiny Joint Committee held on 19 January 2018.

RESOLVED – That the Minutes be approved as a correct record.

25. MATTERS ARISING – Following a question Members were advised that following legal advice it was not felt appropriate to hold an Inquiry into Roseberry Park Hospital building defects. Further clarification determined that a Task and Finish Review Group could be undertaken on the effect on service users and Members requested this item be placed on the Work Programme.

Dominic Gardner, Acting Director of Operations, Tees Esk and Wear Valley NHS Foundation Trust provided Scrutiny Committee with the present situation in relation to Roseberry Park Hospital including the completion of intrusive surveys by the end of April to determine what works were required and older people's inpatient services being moved temporarily to Sandwell Park.

It was also confirmed that there was an ongoing Court process to determine liability and that checks would be made to determine who was liable for legal costs.

Councillor Cunningham updated Scrutiny Committee on the flu vaccination provided for the Tees Valley area although confirmed that there was no information available on which strain of flu was presenting most at hospitals.

26. OFFENDER HEALTH AND FORENSIC COMMUNITY SERVICES – The Head of Service, Offender Health and Forensic Outreach Service, TEWV provided a PowerPoint presentation outlining the work of the Offender Health and Forensic Community Services (OHCFS).

The OHCFS had developed over recent years and now provided a service covering the Prison Mental Health Contract for ten prisons in the North East and North West; Women's Prison Health at HMP Low Newton; and Community Offender Health Services.

The Criminal Justice Liaison Service (CJLS) worked across County Durham and Darlington and provide assessment and liaison for people with mental health problems who were either currently in the criminal justice system or at risk of entering the criminal justice system. The CJLS addressed service users' health and social care needs and provided signposting for all other people who did not meet the criteria for adult mental health services.

Due to the low threshold for referral to the CJLS there would be a number of people seen who may not require TEWV Trust services although during assessment a number of other needs may be identified such as housing, counselling or benefit advice. The Team would identify those services and refer people on. Prior to any referral, consent is obtained from the individual. A follow up approach was made to ensure service users had engaged with the services they had been referred to.

It was reported that all police custody suites should have access to an all-age liaison and diversion (L&D) service. TEWV's was based in Middlehaven, Middlesbrough and comprised three teams across two police forces. The Service provided case identification, screening, assessment, referral and liaison with mental health services.

Criminal Justice Agencies were trained to recognise possible signs of mental ill health, learning disabilities and/or substance misuse in offenders and once an offender was identified as having a mental health issue or vulnerability, the L&D practitioner would offer screening to provide them with evidence to support a further assessment if this is required. Following a detailed assessment of the service user the L&D practitioner had several avenues of referral available to them including mainstream health and social care services, follow up support including further appointments with L&D team or support to attend appointments with other services.

If Police had concerns around Voluntary Attendees, a person suspected of committing a criminal offence who is interviewed but not under arrest, the L&D team would undertake a check on the persons mental health to determine if an assessment was required.

Liaison and Diversion covers many elements of concern in relation to vulnerability and service users most likely to be referred and benefit from the service include those with complex difficulties.

One of the largest elements of the Offender Health Service was prison healthcare covering seven prisons in the north east and three in the North West where North East residents could be located. Members noted that HMP Durham was now a receiving prison and all remand prisoners were held there.

Of the 250,000 people received into custody and community services per year 90 per cent presented with mental health problems including severe mental illness (psychosis), personality disorders, learning disabilities, drug and alcohol abuse, mood disorders, bipolar and depression. Mental health in prisons caused issues for both patients and staff and it was noted that a four stage Stepped Model Approach, equivalent to an IAPT Service, had been adopted. The stages were Receiving/Initial assessment; identification of need for specialist services; treatment; and discharge whereby service users received 10 days support after their release.

The Integrated Support Unit (ISU), established in HMP Durham in October 2017, aimed to develop therapeutic engagement and care plans that could be shared with wider staffing teams to support an individual to move on and be successful in other accommodations. The ISU has a maximum capacity of 17 and aims to develop closer links with secure hospitals to promote better joined up working thereby improving transitions when it was required to transfer individuals, both from prison to hospital and also when readmissions back to prison were needed.

HMP Holme House is a drug recovery prison, which aimed to enable people to recover from being dependent and become drug free by way of staff support, interventions focusing on strengths and nurturing support systems.

In relation to women's prison health it was reported that HMP Low Newton ran the Offender Personality Disorder Programme (OPDP) for twelve women aged over 18 years. They had to have a minimum of three years left of their sentence to serve with no current or pending appeals. The Programme had four key areas of investment in early identification of personality disorder (post sentence); risk assessment, case formulation and sentence planning in the community; increased treatment places in prison; and increased, knowledge, understanding and competency across all agencies.

Services in HMP/YOI (Young Offenders Institute) also included PIPE (Psychologically Informed Planned Environments) which provided a sense of identity, belonging and enhanced opportunities for learning new skills that could be utilised once the service user has left prison.

Scrutiny was advised that the Forensic Outreach Service, based at Roseberry Park, managed the transition of high risk individuals with recognised mental disorders through

secure care services into the community. The service was made up of a multi-disciplinary team of specialists including medical, nursing, social workers, psychology and support staff.

The Forensic Outreach service also worked in conjunction with inpatients services and community services to support the delivery of a broad range of positive therapeutic interventions, from self-development to offence-specific risk reduction.

It was stated that the Offender Personality Disorder (OPD) Pathway Programme was based on a 'whole systems' community-to-community pathway approach co-commissioned by NHS England and National Offender Management Service (NOMS).

Individuals that entered the pathway were mainly managed by the Criminal Justice System (CJS) in either prison and/or in the community, with some services also provided in Secure Health settings. The pathway preserved the concept of 'joint operations' whereby responsibility for an offender's pathway was shared between health and the Criminal Justice System.

The Psychological Informed Consultation Service involves Local Delivery Units at Durham, Consett, Police and Probation Public Protection Unit (PPU) Durham, Darlington, Newton Aycliffe, Middlesbrough, Peterlee, PPU Teesside, Stockton and Southbank.

Discussion ensued on referrals which could come from the service users' family, Prison Officers (all offenders were assessed on admission), family or even self-referral. It was also confirmed that the TEWV clinical record would highlight if an offender had been in the service so that the relevant teams could be informed. Concerns were also expressed that 10 days of support following release was not enough and it was confirmed that relevant support would be provided if necessary.

It was recognised that 90 per cent of the prison population had mental health issues although many people developed these issues due to actually being in prison and some due to drugs. Although training was available for Prison Officers to recognise mental health issues it was accepted that Prison Governors often had more pressing issues to attend to.

Feedback on mental health services in prisons was obtained from Friends and Family Test, complaint monitoring and staff surveys.

Members were advised that women caught shoplifting to feed families were not necessarily dealt with through the Justice Route but provided with information on available benefits and accessing food banks.

Details were provided of a pilot programme undertaken in Durham called 'Checkpoint' which aimed to cut the number of victims of crime by reducing reoffending, ensuring that communities were safer places to live and work. Many low level offenders had underlying issues in their lives including drug or alcohol misuse, mental and physical health issues, housing or homelessness, or problems related to money and relationships. Eligible offenders were offered a four month long contract to engage as an alternative to prosecution. The contract offered interventions to address the underlying reasons why

they committed the crime to prevent them from doing it again to somebody else. The pilot was being evaluated and Cleveland were considering a similar scheme.

Committee was provide with details of Street Triage, an excellent service that provided Psychology Nurses to work with the Police. Once an offender asked for a Nurse they were no longer dealt with by the Police. A Psychology Nurse was also based in the Police Control Room and if it was deemed necessary would possibly attend a call rather than a Police Officer.

Members were advised that it was difficult to measure the success of staff and whether or not offenders did re-offend. Some offenders were released at Court and it could be difficult to locate them with Teams being scrambled once a service user with a secure bed was released.

RESOLVED – That the thanks of this Joint Health Scrutiny Committee be extended to The Head of Service, Offender Health and Forensic Outreach Service for her informative and interesting presentation.

TEES, ESK AND WEAR VALLEYS NHS FOUNDATION TRUST (TEWV) QUALITY ACCOUNT 2017/18 – The Head of Planning and Business Development provided a PowerPoint presentation detailing the TEWV Quality Account 2017/18 which covered Mental Health and Learning Disability Services for County Durham, York and most of North Yorkshire, as well as the five Tees Valley Boroughs. Locally specific data had been drawn from the full report for the benefit of the Committee.

Within the 2016/17 Quality Account the Trust had agreed the following five Quality Priorities for 2017/18:-

- (a) Implementation of Phase Two of the Recovery Strategy;
- (b) Ensure safe staffing in all services;
- (c) Improve clinical effectiveness and patient experience in times of transition from Child to Adult Services;
- (d) Reduce the number of preventable deaths; and
- (e) Reduce the occurrences of serious harm resulting from inpatient falls.

The Committee was advised two out of the 37 actions within those five priorities had not been completed by 31 March. The first red action related to the training element of Preventable Deaths. It was reported that although the training had been completed data system issues had prevented real time compliance figures being made available. The second red action related to completion of an evaluation report within the Transitions Monitoring. It was reported that the target of 31 March had not been met because the other actions needed to be completed before the evaluation took place.

In terms of the Quality Metrics six of the ten were reported as red and three green at the end of March 2018 (full year). The six red Quality Metrics were as follows:-

1. Percentage of Patients reported 'yes always' to the question, 'do you feel safe on the ward'

It was advised that TEWV's position for the period April 2017 to the end of March 2018 was 62.13 per cent, which related to 2290 out of 3,7674 surveyed. This was 25.67 percentage points below the Trust target of 88 per cent. All localities underperformed this year with Durham and Darlington being closest to the target. It was reported that one of the most frequently sited reasons for not feeling safe was 'other patients' and that the Trust's Patient Safety Group was undertaking a 'deep dive' to better understand the data and develop an Action Plan to resolve the issues highlighted.

2. Number of Incidents of Physical Intervention/restraint per 1000 occupied bed days

TEWV's end of year position was 30.65 which related to 8,492 incidents out of 277,030 occupied bed days resulting in 11.40 above the target of 19.25. Scrutiny was advised that a small number of patients account for a high proportion of the restraints recorded and that some of the recorded instances of restraint were relatively minor – for example a hand on a shoulder or a guiding hand towards a dining area is classed as a restraint.

3. Average length of stay for patients in both Adult Mental Health and Mental Health Services for Older People Assessment and Treatment Wards

TEWV's position for the period April 2017 to the end of March 2018 in Mental Health Services for Older People was 69.47 days which is 17.47 worse than the target of <52 but an improvement compared to the position reported in 2016/17. The median length of stay was 54 days. A number of factors impacted on achieving this target including complexity of patients' needs and delays in accessing suitable placement for patients subsequent to discharge.

4. Percentage of patients who reported their overall experience as excellent or good

The end of year position for the period April 2017 to the end of March 2018 was 90.50 per cent which related to 13,772 out of 15,218 surveyed. Although it was reported that nine out of ten patients had a good experience this was 3.95 per centage points below the Trust's target of 94.00 per cent.

5. Percentage of patients that report that staff had treated them with dignity and respect

The end of year position for the period April 2017 to the end of March 2018 was 85.94 per cent which related to 14,567 out of 16,950 surveyed. It was reported that this figure equated to 17 out of 20 people which was 8.06 per centage points below the Trust target of 94 per cent.

6. Percentage of patients that would recommend the service to friends and family if they needed similar care or treatment

The end of year position for the period April 2017 to the end of March 2018 was 87.22 per cent which related to 12,424 out of 14,244 surveyed. It was reported that this was 6.78 per cent below the Trust's target of 94.00 per cent.

The Committee queried the CQC rating of TEWV which it was confirmed as good. It was also reported that an Inspection was due in the near future and that the Trust would work alongside Inspectors to demonstrate its competencies.

Members were also informed that the Trust had taken over responsibility for services for York in Autumn 2016. These services had previously received a poor rating. It was hoped that the Trust had made enough progress to ensure the CQC were now satisfied with the Service, and that the position in York would not adversely affect the Trust's overall inspection rating. The result of the inspection would be known in the Autumn and Members would be provided with the result once available.

Members also queried the Trust's staffing levels and whether they impacted on service provision. It was reported that the Trust had several recruitment difficulties although not as many as Southern Regions and Members were reassured that the Trust had Staff Planning to address this issue. It was also stated that although there were Medical Schools in Newcastle and Leeds students did not always remain in that location. It was hoped that the new medical school due to open in Sunderland would attract students form the North East who would wish to remain in the region post-graduation. Staff training was also being increased although it was recognised that some staff were near retirement age. The recruitment and retention pathways were being explored and staffing levels were reported on a weekly basis to determine where the need was. There was increased demand on mental health services in some areas due to more people seeking help and TEWV was doing what it could to deliver the service. Although the children and young people services were performing well this was an area currently being reviewed as referrals for this group were increasing in some places.

Members noted that there was no financial information within the Quality Accounts but were assured that the budgets were available through the Annual Accounts, which would be contained in the forthcoming TEWV Annual Report. TEWV was performing well and no deficit had been reported although each year became more challenging due to increased demand on services. Members were advised that the Trust's Business Plan would be published on its website soon and would be advised when it was available.

Following a question on Accountable Care Organisations whereby different organisations from the health and care system work together to improve the health of their local population by integrating services and tackling the causes of ill health, TEWV reported that they were actively involved although there were different views on what was best practice. The Trust was actively working with commissioners to prevent duplication of resources. The local and regional work that Trust managers had been involved in was unlikely to radically increase the proportion of mental health and learning disability NHS budgets being spent on private sector providers.

It was reported that issues varied between the areas within the Trust and there were business plans for all five Trust localities (Teesside; Durham and Darlington; North Yorkshire; York and Selby; Forensic and Offender Health). Robust processes were in

place to ensure that staff and stakeholders were involved in determining priorities, but these arrangements differed across Localities to take local circumstances into account.

Committee queried whether a metric for staff and staff surveys could be included in the Accounts which were analysed by Locality Teams and Management. Any issues highlighted were investigated as it was important to look after the staff looking after the patients

The Draft Quality Account 2017/18 had been circulated to all interested parties and stakeholders on 13 April and the deadline for responses was 13 May 2018. The Quality Account would be submitted to the Secretary of State on 30 May and published on 30 June 2018.

A Stakeholder event was to be held on 10 July in order to identify potential priorities for the next Quality Account.

RESOLVED – (a) That the thanks of this Joint Health Scrutiny be extended to the TEWV representatives for their informative presentation.

- (b) That a Tees Valley Joint Health Scrutiny Committee response be prepared to the TEWV NHS Trust Quality Accounts 2017/18 and submitted in advance of 13 May 2018 following approval by the Chair.
- (c) That TEWV be requested to consider including a Quality Metric relating to staffing in future Quality Accounts.

SAFER HARTLEPOOL PARTNERSHIP MINUTES AND DECISION RECORD

9 February 2018

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

Present:

Councillor: Christopher Akers-Belcher (In the Chair)

Councillor Steve Thomas

Clare Clark, Head of Community Safety and Engagement Chief Superintendent Alastair Simpson, Cleveland Police Barry Coppinger, Office of Police and Crime Commissioner for

Cleveland

Chief Inspector Nigel Burnell, Chair of Youth Offending Board John Graham, Durham Tees Valley Community Rehabilitation

Company

John Bentley, Safe in Tees Valley

Steve Johnson, Cleveland Fire Authority

Chris Joynes, Thirteen Group

Jean Golightly, NHS Hartlepool and Stockton on Tees CCG

Esther Mireku, Acting Consultant in Public Health was in attendance as substitute for Paul Edmondson-Jones

Also present: Councillors Jim Lindridge, Katie Trueman and Alan Clark

Sarah Wilson, Office of Police and Crime Commissioner for

Cleveland

Officers: Rachel Parker, Community Safety Team Leader

Phil Hepburn, Environmental Enforcement Team Leader Denise Wimpenny, Principal Democratic Services Officer

48. Apologies for Absence

Apologies for absence were submitted on behalf of Denise Ogden, Director of Regeneration and Neighbourhoods, Hartlepool Borough Council and Paul Edmondson-Jones, Interim Director of Public Health, Hartlepool Borough Council.

49. Declarations of Interest

None.

50. Minutes of the meeting held on 8 December 2017

Confirmed.

51. Matters Arising from the Minutes

Minute 41 – Operation Endurance

With regard to the request of the Partnership that the age profile of individuals committing off road vehicle related nuisance and anti-social behaviour offences be explored, the Chief Superintendent advised that the age profile was predominantly 13 to 19 year old white males.

52. Drugs and Alcohol Harm Reduction Update (Interim Director of Public Health)

Purpose of report

To provide the Safer Hartlepool Partnership (SHP) with:-

- Activity of the Substance Misuse Sub-Group in 2017;
- Suggest that the SHP agree to a change in name of the Sub-Group to 'Drug and Alcohol Harm Reduction Partnership'; and
- Request that the SHP agree to and support the implementation of the Drugs and Alcohol Harm Reduction delivery framework 2018 – 2025).

Issue(s) for consideration

The report included background information in relation to the implementation of the Hartlepool Substance Misuse Strategy and Plan and included the key focus of work for the year. Members were provided with an update on progress to date including a summary of actions undertaken to implement the current strategy.

In terms of the challenges ahead, it was reported that drug misuse deaths were increasing in England, with the North East region having the highest drug misuse related mortality rate in England and Hartlepool having the highest rate in the region. An increasing number of children and young people were identified with need to access specialist services for drug or alcohol misuse. Approximately three out of every four children and young people accessing services was below 16 years. The youngest service user was 12 years old.

In order to address such challenges, a number of actions had been taken, as detailed in the report, which included securing a grant to recruit an embedded researcher, review of the governance arrangements, a health equality audit would be undertaken in 2018, actions would continue to

reduce supply and underage sales through training, education and enforcement actions, intensified action on prevention and early identification, improve access to services and continue to work with Balance North East, NHS England (NHSE) and Public Health England on the national and regional agenda.

Disappointment was expressed regarding the increasing number of children and young people under 16 accessing the service as well as the level of drug misuse mortality rates in Hartlepool. Given that the statistics revealed no significant signs of improvement, concerns were raised in terms of the impact on young people and the level of support was questioned. Clarification was sought in terms of the accuracy of the statistics presented given that the Joint Strategic Needs Assessment (JSNA) was 7 years out of date. In relation to the actions undertaken to implement the current strategy, emphasis was placed upon the need to widen community prevention programmes to include youth centres in addition to schools and colleges. The Acting Consultant in Public Health indicated that the trends in Hartlepool were in line with the national picture. The Partnership was advised of the ongoing and proposed work of the Sub-Groups of which updates to the JSNA figures formed part.

The Chair commented that the Finance and Policy Committee had requested a detailed report in relation to what work was being done as a local authority as well as across partner organisations to address the problems associated with drug and alcohol misuse. Emphasis was placed upon the need for the report to include service provision information, how services would be delivered in future and how all partner agencies were working together. The need to focus upon the wider issues around support and prevention and the importance of a more integrated approach across partner agencies was debated. The Partnership welcomed the Chair's suggested approach and supported a referral to the Finance and Policy Committee to progress this issue.

The Chief Superintendent was pleased to note the high percentage of take up rates of services and was keen to receive reasons for drop-out rates which the Acting Consultant in Public Health agreed to circulate following the meeting.

The Acting Consultant in Public Health responded to further queries raised in relation to the report. Clarification was provided regarding the monitoring arrangements in place to measure improvement levels. In response to comments made regarding the benefits of sharing good practice with other local authorities, the Police and Crime Commissioner for Cleveland reported that successes in Cardiff had been achieved as a direct result of sharing public health information across partner agencies. Partnership Members shared information on their understanding of the Cardiff model and the reliance on good quality and reliable data being collated by Accident and Emergency departments was highlighted. The Chair was keen to receive further information on the Cardiff model to enable the benefits to be explored for Hartlepool.

Decision

- (i) That the contents of the report, be noted.
- (ii) That the change of name for the Sub-Group from 'Substance Mis-use Sub-Group' to 'Drug and Alcohol Harm Reduction Partnership' be agreed.
- (iii) That the comments of the Partnership, as set out above, be referred to the Finance and Policy Committee for consideration as part of a wider report to be received by the Committee in relation to drug and alcohol preventative services.
- (iv) That an invite be extended to all Members of the Safer Hartlepool Partnership during consideration of the report in relation to drug and alcohol prevention.

53. Health and Wellbeing Strategy (2018-2025) (Interim Director of Public Health)

Purpose of report

To present the Partnership with the final draft of the joint Hartlepool Health and Wellbeing Strategy (2018-2025) (JHWS) for comment.

Issue(s) for consideration

The draft Health and Wellbeing Strategy had been approved by the Health and Wellbeing Board on 4 December 2017 for referral to Full Council and the Hartlepool and Stockton on Tees Clinical Commissioning Group Governing Body (CCG) for formal approval. As part of the final stage of the process of the review of the Strategy, it was noted that the Safer Hartlepool Partnership had been identified as the lead body in the delivery of a number of actions within the Strategy's Implementation Plan. The views of the Partnership were sought to enable any feedback to the fed in prior to its formal approval by the CCG and Full Council.

A presentation was provided in support of the report which focussed on the following issues:-

- Priorities and what was hoped to be achieved
- Ways of working as partners
- Targeted Delivery Plan
- Joint Health and Wellbeing Strategy Implementation Plan

Decision

The Joint Health and Wellbeing Strategy and associated Implementation Plan, attached at Appendix 1, was agreed for submission to the Hartlepool and Stockton on Tees CCG Governing Body and Full Council for formal approval.

54. Integrated Working – Task and Finish Group Update (Director of Regeneration and Neighbourhoods)

Purpose of report

To inform the Partnership of current progress in relation to integrated working in Hartlepool between Community Safety Services and how these services will work together in the future.

Issue(s) for consideration

The Head of Community Safety and Engagement presented the report which provided background information to the development of a 'place based integrated service delivery model' between community safety partners in Hartlepool and to address concerns and increasing demands on services and information sharing. The report outlined the detail of the integrated model and how the integrated team would work with services in Hartlepool to improve safety and public confidence. To improve information sharing and ensure a joined up approach for the communities of Hartlepool, the 'Hartlepool Community Safety Team', consisting of a number of teams, including neighbourhood policing, crime and anti-social behaviour prevention, victim services and crime prevention, community resolution and mediation, fire service advocacy and interventions were now co-located at Avenue Road Police Station.

The Hartlepool Community Safety Team would have a specialist team of officers who were able to intervene where problems in relation to individuals and families, or communities had escalated and were presenting a concerning level of risk. The Partnership was referred to the Hartlepool Community Safety Team operational delivery model, attached at Appendix 1. Details of the benefits of the proposed model for communities, organisations as well as officers and staff were provided, as set out in the report.

In the discussion that followed Partnership Members welcomed the report and spoke in support of the initiative. The various benefits of an Integrated Community Safety Team to the local community were emphasised. The Chair and Vice-Chair paid tribute to everyone involved in development of this initiative and particular thanks were expressed to Clare Clark, the Council's Head of Community Safety and Engagement, who had been the driving force behind this initiative supported by Mal Suggitt from the Police.

Decision

- (i) That the contents of the report and comments of Members be noted.
- (ii) That an update on implementation of the model be provided to the Safer Hartlepool Partnership in the autumn of 2018.

55. Prevent - Update (Director of Regeneration and Neighbourhoods)

Purpose of report

To give an overview of the Home Office Pilot – Operation Dovetail and how the Channel Process is likely to be managed post 2018.

Issue(s) for consideration

The Head of Community Safety and Engagement reported on the background to the Prevent Strategy and statutory duty and responsibilities upon local councils for embedding and co-ordinating Prevent activity in their local area. The Office for Security and Counter Terrorism had identified nine pilot areas and funding had been provided for 12 months for Local Authority Channel co-ordinators (LACC) to lead on managing the Channel process. The pilot was evaluated in late 2017 and the roll out of Operational Dovetail was likely to reach the North East region late 2018/early 2019.

As in the pilot, the assessment and administration of referrals, including support to the Channel Panel would be the responsibility of the LACC. The Home Office intended to fund a number of LACC's nationally, but the Local Authority would continue to chair panels and have an oversight of Channel cases drawing on LACCs who would work with a number of different Panels as determined by demand. The location of the resource within each region had yet to be confirmed but would reflect referral and case activity. Nationally a rise in Channel referrals was experienced between April and July 2017. During the same period there were 81 referrals to the Channel process in Cleveland. Of the 5 referrals in Hartlepool, 4 were not linked to any particular ideology or theme, with the fifth linked to extreme right wing ideology. None of the Hartlepool referrals required a Channel Panel to be convened having being dealt with through other processes.

Decision

(i) The Partnership noted the proposed roll out of Operational Dovetail by early 2019.

(ii) That the Partnership be provided with a further update once the resources in the form of the Local Authority Channel Co-ordinators had been determined.

Safer Hartlepool Partnership Performance (Director of Regeneration and Neighbourhoods)

Purpose of report

To provide an overview of Safer Hartlepool Partnership performance for Quarter 3 – October 2017 to December 2017 (inclusive).

Issue(s) for consideration

The report provided an overview of the Partnership's performance during Quarter 3, 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 Community Safety Team Leader highlighted salient positive and negative data and responded to queries in relation to crime figures by type.

Partnership Members discussed issues arising from the report. The potential reasons why crime figures had increased in the last year were debated. A lengthy discussion ensued in relation to the potential cause of crime and the impact of welfare reform on crime figures generally. The need to closely monitor trends to establish the extent in which universal credit was impacting on acquisitive crime was highlighted. The Chair commented on the benefits of exploring real life case studies to enable the Partnership to have a greater understanding of the impact of universal credit on crime figures and requested that information of this type be It was suggested that a Task and Finish presented to the Partnership. Group be established to explore this issue to which the Head of Community Safety and Engagement agreed to co-ordinate. Reference was made to the issue of re-offending and the financial difficulties facing individuals following release from prison and the importance of post-release support was emphasised.

In relation to the increase in thefts from motor vehicles, sheds and garages, it was suggested that a community safety page in the March edition of Hartbeat be utilised to publicise crime prevention information to raise public awareness. It was suggested that information relating to Cleveland Connect, an e-mail based system, which currently had 12,000 members, be included within the Hartbeat publication. Partnership Members commented on the need to focus on repeat offending in Hartlepool and the links to acquisitive crime and substance misuse problems.

Decision

- (i) That the Quarter 3 performance figures be noted and comments of Members be noted and actioned as appropriate.
- (ii) That a Task and Finish Group be established to examine the impact of universal credit on crime and the findings be reported to a future meeting of the Partnership to include information on real life case studies.
- (iii) That crime prevention information including information relating to Cleveland Connect be publicised in the March edition of Hartbeat.

57. Date and Time of Next Meeting

The Chair reported that the next meeting would be held on Friday 13 April 2018 at 10.00 am. Members were also reminded of the Face the Public Event on Monday 26 February at 4.00 pm with registration to commence at 3.30 pm.

The meeting concluded at 11.20 am.

CHAIR

NORTH EAST JOINT HEALTH SCRUTINY COMMITTEE

MINUTES

15 FEBRUARY 2018

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

Present:

Chair: Councillor Ray Martin-Wells, Hartlepool Borough Council

Darlington Borough Council: Councillor Newall Newcastle City Council: Councillor Taylor

Stockton Borough Council: Councillor Povey (as substitute for Councillor Grainge)

Also Present: Mark Cotton, North East Ambulance Service NHS Foundation Trust

(NEAS)

Mike Maguire, Chair, DDT Local Professional Network (Pharmacy) Cara Charlton, Specialist Commissioning Team, NHS England Liz Rodgerson, Specialist Commissioning Team, NHS England Julie Turner, Specialist Commissioning Team, NHS England

Sundeep Harigopal, Newcastle Hospitals, NHS Trust

Michael Houghton, North Durham Clinical Commissioning Group Carol Langrick, County Durham and Darlington NHS Foundation Trust Philip Davey, County Durham and Darlington NHS Foundation Trust

Andrew Brown, CHS Healthcare Sean Fenwick, CHS Healthcare Paul Dunlop, CHS Healthcare

Officers: Durham County Council: Stephen Gwillym

Northumberland County Council: Paul Allen Stockton Borough Council: Peter Mennear

Middlesbrough Borough Council: Caroline Breheny

South Tyneside Council: Paul Baldesera Gateshead Borough Council: Angela Frisby Newcastle City Council: Karen Christon

Joan Stevens, Statutory Scrutiny Officer (HBC)

David Cosgrove, Principal Democratic Services Officer (HBC)

56. Apologies for Absence

Durham County Council: Councillor Robinson. Gateshead Borough Council: Councillor Green. Stockton Borough Council: Councillor Grainge.

57. Declarations of Interest

Councillor Taylor Newcastle City Council declared a personal interest as an NHS employee.

58. Minutes of the meeting held on 27 September 2017

In relation to Minute 53 'NEAS – Performance Update' the Stockton BC representative raised the following questions for the NEAS representative: -

Had there been a change in the way stroke patients were treated when NEAS had indicated that they did not need a response including a paramedic;

How many mental health professionals were employed at the Trust; Had the psychological services reduced;

How many staff had completed the friends and family survey;

How many managers were employed;

How many vacancies did the Trust currently have;

Did staff and managers receive performance bonuses.

The NEAS representative stated that there were no changes to the way stroke patients were treated. In stroke cases the patient needed a scan to assess the extent of the stroke and that could only be done in hospital. Essentially they needed transport to a hospital quickly but not a paramedic. In relation to the questions on mental health professionals and psychological services the NEAS representative stated he would have to provide a written response to the Committee.

The last friends and family survey had over 700 responses and the annual NHS survey was due which would target around 1000 staff. In terms of management, the Trust had recently undertaken a restructure which had been cost neutral. In terms of other staffing, the Trust had recently met its target for paramedics only to be given additional funding from government for additional staffing numbers. The trust was on target to meet the target numbers of paramedics later in the year when their training was completed. In terms of salaries, all staff were on the Agenda for Change pay structure with all directors' remuneration available on the NEAS website.

The minutes of the previous meeting were confirmed.

59. Specialist Services Update - Neonatal Intensive Care

Initial proposals for the Neonatal Intensive Care had been discussed in detail by the North East Joint Health Scrutiny Committee on the 17th December 2015. A number of progress reports have since been received by the Committee. There was a further presentation at this meeting by Dr Sundeep Harigopal, Lead for the Northern Neonatal Network, outlining the background and evidence base for the proposals to reconfigure Neonatal Intensive Care services in the North East.

The presentation highlighted the following base issues primarily that there were too many Neonatal ICUs for the population and a perceived need to concentrate care in fewer units for better outcomes. This issue had been initially raised in 2012 when there had been support for the proposals from the clinicians involved and the Royal College of Paediatrics and Child Health. The key proposals for the service being that:

- The RVI in Newcastle provide the Quaternary Centre;
- Sunderland provide the NICU for babies born over 26 weeks gestation for the whole region;
- James Cook Hospital in Middlesbrough expand its services to become a viable tertiary neonatal unit; and
- North Tees Hospital NICU would only care for babies over 30 weeks gestation – only Intensive Care and the High Dependency Care would be affected at North Tees.

At a meeting of the NEJHSC in December 2015 (minute number 24 refers) it had been agreed that North Tees would not look after babies less than 27 weeks and that the care of babies born between 27 and 30 weeks would be addressed.

The presentation went on to outline the evidence base behind the clinical recommendations outlined showing the low number of births below 30 weeks – only 62 babies over three years. The numbers of babies that would be affected from the North Tees area that would move to be cared for in Middlesbrough would be 20. The real impact would be 10 babies a year with 10 other cases that would have been cared for in North Tees due to lack of capacity in one of the other three regional NICUs.

In concluding Dr Harigopal stated that there was now an independent review recommending urgent change, there was regional clinical consensus, systems were in place to support the proposals, there was evidence to support the better outcomes in higher volume units and the numbers of babies affected in the North Tees area would only be around 10 each year.

The Chair stated that one of the concerns the Committee had when the proposals were initially put to them was that the recorded outcomes for babies under 30 weeks at Sunderland were poorer than those for North Tees hospital so Members had been somewhat puzzled at the direction of transfer. Some of the birth rate figures for the south of the region also conflicted with the numbers members had previously reported to them. The Chair objected to the intonation that this Committee had delayed these proposals; Members had concerns that needed to be addressed/responded to. Members did object to frequently being told changes were for 'clinical reasons' as a device to stop them objecting to proposals that would down grade services in their hospitals.

A Member commented that parents of premature babies would go wherever

the best outcomes could be had for their child. Sunderland may have in the past been receiving the babies with the poorest potential outcomes but there had been no evidence base to support that. Members questioned if James Cook Hospital in Middlesbrough had the capacity to be developed to become a viable tertiary neonatal unit; Dr Harigopal confirmed this was the case.

The officer from Stockton BC stated that SBC Scrutiny members had indicated their own concerns at the proposals and were to look at them in more detail, at a local level. The health representatives indicated their willingness to work with Stockton BC in addressing any concerns they may have.

The Chair thanked the representatives for their attendance at the meeting and concluded that the case for change had been well put. On this basis, subject to support from Stockton Borough Council following their individual consideration on the proposals, the Committee had no objection to the proposals.

Decision

- i) That the proposals as reported be noted,
- ii) Subject to support from Stockton Borough Council, following their individual consideration on the proposals, the Committee had no objection to the proposals, as detailed below:
- The RVI in Newcastle provide the Quaternary Centre;
- Sunderland provide the NICU for babies born over 26 weeks gestation for the whole region;
- James Cook Hospital in Middlesbrough expand its services to become a viable tertiary neonatal unit; and
- North Tees Hospital NICU only care for babies over 30 weeks gestation –
 only Intensive Care and the High Dependency Care would be affected at
 North Tees.

60. Specialist Services Update - Vascular Services Review

Representatives from the North East and North Cumbria Specialist Commissioning Unit gave an update on the progress of the North East Vascular Service Review following implementation of the recommendations from the Vascular Society of Great Britain and Ireland in 2016. The presentation restated the clinical case for the recommendations which would be based on three main centres in Newcastle, Sunderland and Middlesbrough. There would be no changes to out-patients services or support for diabetes, stroke, plastics, orthopaedics and gynaecology. Based on patient data from 2016/17 it had been estimated that the changes would affect around 12 patients a week with the main impact being on patients from Durham. Appropriate communication and engagement had commenced and the proposed timeline for the changes would be completed

later in the year.

Members questioned why the change of services were directed from Durham to Sunderland when the number of cases seemed to indicate the direction should be reversed. The representatives commented that there were a range of services at Sunderland that provided significant support to the vascular services, for example, Interventional Radiologists.

The Chair understood that the Commissioning Unit representatives were looking for the support of the NEJHSC but without appropriate representation from Durham CC that would not be possible. Durham CC may wish to review these proposals themselves due to the impact on their residents. The Chair also commented that the Committee would wish to see the results of the consultation and the business case for the proposed service changes.

The Officer representative from Durham CC commented that there had been an initial conversation with the County Council but that Members had requested clinicians to attend to discuss the issues further particularly as there were some differing opinions between NHS Trusts on the proposals.

The Chair concluded the debate indicating that at this point the Joint Committee would wish to see the evidence from the business case and the consultations. Durham CC would also need to give their consideration to the matter before it was reported back to this Joint Committee.

Decision

That the discussions be noted and the proposals reconsidered by the Joint Committee after consideration by Durham County Council's health scrutiny committee and provision of the consultation responses and business case to this Committee.

61. Community Pharmacies / Use of Pharmacies for Minor Ailments and Other Services

The representative from the North East Pharmacies Local Professional Network gave a presentation on Community Pharmacies and the use of pharmacies for minor ailments and other services. There were 618 pharmacies across the region with over 1.6m recorded visits to pharmacies across the whole of the UK each year. While there was the inverse health care law – those in affluent areas have the best access to the best health care services – community pharmacies tended to buck that trend with access to a community pharmacy within a 20 minute walk being available to 99.8% of people in deprived areas against the national figure of 89.2%.

The presentation outlined the community pharmacy referral service which was now part of the 111 NHS service. This had commenced towards the end of 2017 and some 400 pharmacies across the North East were signed up to service. There had been some 419 referrals to the service over Christmas period with some 3250 referrals in total to date. Of these

referrals only 5% of patients were then referred into clinical services.

There were a number of pharmacies offering a Minor Ailment service, though none presently in the Tees area. In Gateshead, Newcastle and North Tyneside this was a commissioned service.

The region still suffered some very stark health inequalities and locally there is a ten year change in life expectancy from one end of Marton Road in Middlesbrough to the other. The same applied to Ormesby Back.

The presentation outlined the Tees Healthy Living Pharmacies services which were now being seen as a gold standard for rest of UK. The presentation concluded with a video produced by the British Heart Foundation on how good pharmacy services could have an effect on heart patients care.

Members commented that many patients aware that paracetamol would not normally be prescribed by their GP were buying it in supermarkets and then taking too much at home. The Pharmacies Local Professional Network representative indicated that this was a concern shared by many pharmacists when it was sold without the correct advice.

A Member noted that not all pharmacies were taking part in the 111 service. The representative commented that the same could be said of GP Practices. There were some concerns being expressed around staffing but the 400 that had signed up showed it could be successful. The referrals from 111 could include minor ailments advice or consultation appointments.

Attention was also drawn to the value of the Pharmacy First service and it was noted that it is not commissioned in the Tees Valley. Members were interested to know why this was the case and agree that it be explored through this Committee in the coming year.

Decision

- i) That the presentation and comments be noted.
- ii) That the use of the Pharmacy First Service be explored through the North East Joint Health Scrutiny Committee.

62. NEAS NHS Foundation Trust – Quality Account 2017/18

The North East Ambulance Service NHS Foundation Trust (NEAS) representative gave a presentation on the Trust's Ambulances Response Standards. The representative commented that for some time paramedics and clinicians were somewhat frustrated that the measures were simply based on a 'clock stopping' approach and after representations to the Secretary of State, new measures had been introduced in October 2017. The new categories are now: -

Category 1 – time critical life threatening events – an average response time of 7 minutes with a 90% response time of 15 minutes.

Category 2 – potentially serious conditions - an average response time of 18 minutes with a 90% response time of 40 minutes.

Category 3 – urgent problems not immediately life threatening - 90% response time of 120 minutes

Category 4 – non-urgent; needs telephone or face to face assessment – 90% response time of 180 minutes.

Specialist response calls in hazardous areas or specialist rescue or mass casualty calls have no response measures.

These new national response targets to apply to every single 999 patient for the first time and should lead to faster treatment for those needing it to save 250 lives a year. There would be an end to "hidden waits" for millions of patients and there would be new standards to drive improved care for stroke and heart attack patients. The standards were those against which the service would be commissioned

The new targets did, however, require the Trust to reconfigure its fleet and staff. Previously a single responder could 'clock stop' the old Red 2 calls but now the measure was met when the conveying response arrived. Assessment now had to be made as to what was the most appropriate response to send to each call. With both category 3 and 4 calls having the 90% monitor more ambulances were going to be needed with crews. The changes to the structure of crews and shifts would be shared with the Joint Committee at a future meeting.

In terms of the Quality Account, the NEAS representative indicted that the proposed quality measures would be based around -

- 1. Early recognition of sepsis as at the end of December 81.6% of staff had been trained and it was expected that the target of 95% would be met before the end of March. In relation to the compliance with the sepsis care bundle, the target of 40% had been exceeded and stood at 61%. Work was ongoing on developing further tools on sepsis recognition.
- 2. Cardiac arrest the trust had implemented the Resuscitation Academy's ten steps and significant investment in new technology had been made with new defibrillation equipment in all ambulances. In the year to November 2016 there had been 304 successful Return of Spontaneous Circulation (ROSC). In the year nine months to August 2017 this had improved to 394, an average of 10 additional successful Return of Spontaneous Circulation each month.
- 3. Long waits all ambulance trusts had suffered a deterioration in response times resulting from increasing demand, staffing pressures, increased travel times and waits resulting from increased pressure across the health system. There had been enhancement of real time performance feedback for call handlers and the procedures for reviewing the processes for managing patients who had fallen and experienced long delays.

4. Safeguarding referrals – the trust had been working on improving the quality of its safeguarding referrals and was partially on track to achieving its aims and would be looking towards enhancing the audit process, improving training and developing a pool of safeguarding champions.

The priorities for 2018/19 would include a continuation of the work on sepsis, cardiac arrest and delays with a focus on patients who fall receiving some initial support. Other potential areas for monitoring including improving mental health pathways, improving end of life care and issues around frailty i.e. falls, dementia and emergency care plans.

A Members suggested that mental health issues should replace safeguarding going forward. There was also significant concern at the situation around long waits among the public that needed to be addressed.

The Chair commented that while the response to the new categories required the 'conveying' responder, single responders in cars were often very quick to get to patients and could start treating any casualty before the ambulance arrived. The NEAS representative commented that the response would be based on what the patient needed. A first responder may be able to start CPR or similar treatment but the measure would require the attendance of the most appropriate vehicle to convey the patient.

The Chair acknowledged the issue and commented that it would be wrong to be unfair to NEAS on the statistics when they were getting responders there within the timescales. The Chair indicated that he would wish to see single responders maintained by NEAS and would wish to know if any policy decision was taken on removing them in the future.

The NEAS representative commented that there was no intention to stop sending a particular response. Managers and commissioners knew what the demand was and what was needed to address patient needs. If there was a gap then NEAS would look to what was needed to fill that. The service was getting 42 more paramedics but at this time there was no certainty that would be enough. More may be needed or how and when they worked may need to change to meet the demands the service now faced. The NEAS representative referred to the Carter Review of Community Hospital Services in Liverpool and the efficiencies that had come out of that review. The review had now moved on to Ambulance services and that may bring forward new ideas on service provision. There were, however, different service models across the country, for example, in the Midlands every two man crew included one paramedic; we did not have that in this region. If that was something that was needed there would be significant costs associated with that.

The Chair thanked the NEAS representative for the presentation and responses to Members questions. The Chair indicated that, with the Joint Committee's support, he would submit a formal response to the Quality

Account Consultation. Members supported the suggestion.

Decision

- 1. That the presentation and comments be noted.
- That the HBC Statutory Scrutiny Officer be delegated, following consultation with the Chair, to formulate a response to the North East Ambulance Service NHS Foundation Trust Quality Accounts 2017/18.

63. Expressions of Interest for Chair/Vice Chair – 2018/19

It was reported that the current Chair and Vice-Chair's term of office was due to come to an end in June 2018. Therefore, expressions of interest for the position of Chair and Vice-Chair for the 2018/19 Municipal Year were sought. Formal appointment of both positions will be at the June meeting of the Committee.

The Chair commented that he would be happy to pass the position onto any Member that wished to take the role. If there were no expressions of interest the Chair indicated that he would not wish to see the position remain vacant and would, should the Joint Committee agree, continue in the role.

Decision

That the member authorities of the North East Joint Health Scrutiny Committee consider the issue of nominations to the position of Chair and the two vice-chair positions of the Committee.

64. Chairman's urgent items / Any other business

None.

The meeting concluded at 12.25 p.m.

CHAIR

Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee County Hall, Northallerton 17 January 2018 Minutes

Present:

Councillor J Robinson (Chairman) (Durham County Council)

Members of the Committee:

Councillor R Bell (Durham County Council)
Councillor J McGee (Middlesbrough Borough Council)
Councillors J Blackie, J Clark and H Moorhouse (North Yorkshire County Council)
Councillors N Cooney, R Goddard and M Ovens (Redcar and Cleveland Borough Council)
Councillor S Bailey, L Grainge and L Hall (Stockton-on-Tees Borough Council)

In attendance

Councillor C Dickenson (North Yorkshire County Council)

Officers:

Joan Stevens (Hartlepool Borough Council)
Stephen Gwillym (Durham County Council)
Peter Mennear (Stockton-on-Tees Borough Council)
A Pearson (Redcar and Cleveland Borough Council)
D Harry (North Yorkshire County Council)

STP and CCG Representatives:

Alan Foster, STP Lead and Chief Executive – North Tees and Hartlepool NHS Foundation Trust

Nicola Bailey, Chief Operating Officer North Durham and Durham Dales, Easington and Sedgefield Clinical Commissioning Groups

1. Apologies for absence

Apologies for absence were submitted on behalf of Councillors L Tostevin (Darlington Borough Council), J Chaplow (Durham County Council), R Cook, G Hall and R Martin-Wells (Hartlepool Borough Council).

2. Substitute Members

There were no substitutions.

3. To receive any declarations on interest of Members

There were no declarations of interest.

4. Minutes

The minutes of the Joint Committee's meeting held on 8 November 2017 were agreed as a true record and there were no matters arising.

5. Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP - Update by Alan Foster, Lead Officer, Durham Darlington and Teesside Hambleton Richmondshire and Whitby STP

Alan Foster, Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP lead officer, provided a verbal update which on the development of the STP and the Accountable Care System for the North East and Cumbria. The key elements of the update and subsequent discussions are summarised as below.

- Winter pressures and operational issues have been the focus over the past 3 months and so strategic work has not developed as fast as previously envisaged
- Engagement and dialogue is continuing with a broad range of strategic partners, including local authority chief executives, Clinical Commissioning Groups (CCG), Mental Health Trusts, the Ambulance Services, Directors of adult social care and public health.
- More work is needed to build a narrative that outlines exactly what it is that the STP is trying to achieve and how it will do it.
- The previous approach, which had been developed through the Better Health Programme, did not engage widely enough with or find support from the public and local politicians. As such, a new way forward is needed.
- CGGs have developed Joint Committee arrangements to help progress the development of proposals for services changes that are over an area larger than an individual CCG footprint.

Alan Foster then said that there had been some correspondence following on from a meeting in Darlington with local authorities in the STP, which outlined a development plan which had 14 workstreams. The intention had been to share this more widely but sickness and Christmas had prevented this.

A quick summary of the 14 workstreams was provided although it was noted that they had yet to be formally agreed by the CCG Governing Bodies. It was anticipated that this should be achieved by the end of January 2018. The STP Workstreams were:-

1. Cancer survival rates – compliance with the 2 week rule and the 62 days diagnosis to treatment rule;

- Demand management finding alternative ways of dealing with demand that does not need to come into hospital and which can be better managed in different settings;
- 3. Learning Disability and mental health achieve nationally set goals, such as parity of esteem for Mental health services;
- 4. Neighbourhoods and communities applying what has been learnt from what has been done in the upper dales and other rural areas about out of hospital care:
- 5. Acute sector development of a blueprint for hospital services;
- 6. Pathology more efficient delivery of services. This is largely an operational issue but crucially important for quick and effective diagnosis;
- 7. Prevention this is being led by the Director for Public Health from Newcastle but engages all DPHs across the STP footprint;
- 8. Urgent and Emergency Care learning lessons from pilots about how we can better manage bed space;
- 9. System development sharing innovation and good practice;
- 10. Digital Care how greater used of digital technology can increase efficiency;
- 11. Estates how the NHS estate can be used better and exploring opportunities for sharing sites with other public sector bodies;
- 12. Workforce second biggest challenge following on from money. Workforce pressures are driving some of the changes.
- 13. Communication and engagement consistent messages are crucial and a large part of this work will be co-ordinating communications across NHS England, NHS Improvement and local teams
- 14. Cumbria development and delivery of an improvement plan following the implementation of Special Measures for NHS Services within Cumbria.

Alan Foster emphasised that much of what was in the 14 workstreams was an extension of work that was already underway. As such, a review was being done to check that they were fit for purpose and that there was no duplication. Each workstream was being developed by a team of officers and clinicians from across the STP and which included local authority officers.

Alan Foster stated that the 14 workstreams should not be of concern to local authorities as they were focussed upon improving access to services and the quality of those services.

In terms of governance, Alan Foster said that the workstreams are not decision making groups. All proposals for changes to services have to and will follow the existing NHS and local authority processes and procedures. Local authority overview and scrutiny will be fully engaged as part of existing statutory regulations relating to NHS Service change and the need for OSC consultation.

There then followed a discussion based upon the update that had been provided by Alan Foster.

Cllr Moorhouse noted that it was reassuring to see a programme of work being developed that gave some substance to the STP.

Cllr Jim Clark raised his concerns that the development of an Accountable Care System for the North East and Cumbria posed a significant risk to North Yorkshire, which felt like a junior partner in the existing STP arrangements. He queried how the needs of people in North Yorkshire could be taken into account in a system that could inevitably focus upon Newcastle and Carlisle.

Cllr Jim Clark highlighted the recent governance failings at Carillion and noted that good corporate governance was the key to success.

In response, Alan Foster stated that the NHS England Five Year Forward View demanded a new approach to the delivery of health services. None of the requisite legal changes, however, had been made. This meant that the focus was upon collaboration and joint working. This was not something that the NHS locally could do on its own.

Alan Foster said that the CCGs remain as the key statutory body for the commissioning of local health services and nothing within the development of STPs has changed that. The focus remains upon place and the Accountable Care System approach offers an opportunity to extend and deepen that place based work. The real issue is how NHS money can be brought into the area and then held there.

Alan Foster stated that there would be opportunities to work with local authorities to build governance arrangements that supported scrutiny, openness and transparency.

Cllr Richard Bell asked what progress has been made with the workstream on acute services and what it would mean for hospitals in the STP.

Alan Foster stated that the development of acute care is focussed upon keeping services local and sustainable, managing workforce issues and ensuring high quality care. At present, the most in-depth work is being done in the south of the STP area at the Friarage Hospital in Northallerton. This is because there are significant operational pressures around Anaesthesia and Emergency Medicine which have to be addressed now.

Alan Foster emphasised that every day there are pressures on capacity in hospitals and community services. If we delay addressing these, then there is a very real risk that services may fail.

Cllr John Blackie said that he was worried about process. Previously promises were made about the long term future of key services at the Darlington Memorial Hospital and Bishop Auckland as part of the reconfiguration of services at the Friarage Hospital and elsewhere, particularly in respect of maternity services. He expressed concern that it now looks like these promises are going to be broken as the health system is once again reconfigured.

Cllr John Blackie stated that he remained deeply concerned that key services at the Darlington Memorial Hospital were under threat and that this would have a significant impact upon people living and working in the north Dales. He argued that the STP should be taking an aerial view of what happens and co-ordinating over a wide area,

rather than allowing piecemeal changes that do not take into account the linkages and interdependencies across the system.

Cllr John Blackie said that people were confused about what was going to be happening to their valued local health services and that clarity was required. He said that communications had completely dried up.

The Chairman agreed with the concerns raised by Cllr John Blackie, noting that any changes to services provided at the Friarage Hospital and the Darlington Memorial Hospital would have a direct impact upon Durham and the surrounding areas.

In response, Alan Foster re-iterated the need to respond to local issues without delay or risk losing services altogether. He acknowledged that promises had been broken but in doing so stated that the NHS could no longer continue in its present form. All services needed to be reviewed to ensure that they were sustainable in the long term and that they could deliver the best possible outcomes for patients.

Alan Foster said that the plan that was developed in 2016 to support the delivery of the Better Health Programme was based upon there being two emergency hospital sites and one elective hospital site in the STP area. At the time, this was seen as making sense in terms of managing patient demand and flow. In the past year, however, many of the assumptions underpinning the Better Health Programme have been challenged and feedback from local politicians and the public demonstrated that this was no longer an acceptable way forward.

Alan Foster continued saying that the focus was now on a model that had three hospitals that did both emergency and elective work. These three hospitals would work collaboratively to address many of the issues identified in the 14 workstreams.

The Chairman thanked Alan Foster for being so open and engaging in a positive discussion with members of the committee. He asked Alan Foster when the timeframe for the engagement and consultation on any plans for service reconfiguration would be available.

The Chairman reasserted the role if the Joint Committee and noted that they needed to be considered as an integral part of the process and not an after-thought.

Alan Foster agreed with the Chairman and reasserted his commitment to local, subregional and regional scrutiny.

Cllr John Blackie said that the role of the Ambulance Service should not be overlooked. He reminded the committee members that two ambulance services covered the STP, Yorkshire and the North East.

In response, Alan Foster said that he had attended a meeting in Gateshead on Monday and that the issue of patient transport, emergency or otherwise, came up there. This is recognised as a major issue and so will become the fifteenth workstream.

Alan Foster said that a number of people had raised concerns with him that the creation of Accountable Care Systems was part of a move to privatise the NHS. He said that this is not the case. An Accountable Care System is about a strong local focus and pulling NHS money into a defined area and making it work hard for that area.

The Chairman noted that, in view of the recent difficulties that Carillion had experienced, it was likely that the role of the private sector in delivering public services would be reviewed.

Cllr Heather Moorhouse said that she welcomed the comments by Alan Foster and queried what could be done to encourage the Royal Colleges to be more flexible and supportive of changes to the way in which senior NHS staff work.

The Chairman stated that the last person who tried to take on Royal Colleges was Barbara Castle and she failed.

Cllr Jim Clark highlighted his concerns about the loss of local NHS money when a property managed by NHS Property Services was sold and the proceeds held onto by the Treasury. He cited the example of the Lambert facility at Thirsk.

Cllr Jim Clark stated that the biggest challenge facing the NHS was not funding but shortages of key, skilled staff. The North Yorkshire County Council Scrutiny of Health Committee and the Care and Independence Overview and Scrutiny Committee had recently completed scrutiny of local health and social care workforce planning, the results of which has been shared with the Secretary of State for Health and others.

Cllr John Blackie said that he also welcomed the news about the three hospital solution and urged Alan Foster to issue a press release so that local people were kept up to date and could be reassured.

Alan Foster asked that nothing be sent out until the end of the month as the proposal had to go through the CCG Governing Bodies before a formal public statement could be made. Once the proposal had been agreed and a press release drafted, then it would be shared with the members of this committee prior to being sent out.

Cllr Richard Bell said that he would be happy to meet with clinicians, if it would help. He stated that he expected to see an increased flexibility amongst clinicians to enable them to meet the changing situation faced by the NHS.

Alan Foster said that he did not expect clinicians to come up with the blueprint by the end of January 2018. The discussions with the CCGs were about establishing a narrative for the STP.

Cllr Lynn Hall noted that the members of the committee have always known that the way forward was for three sites and not two. She said that she was glad that this had finally been recognised.

In summarising, Alan Foster said that everyone wanted better services and the way that this would be achieved was through collaboration. There were no guarantees but the three site model was emerging as the preferred model of the STP leadership. He stressed however that clinicians ultimately were to be tasked with developing options for the three centre model which would deliver safe, sustainable and effective services in the future.

6. Chairman's urgent items

None.

7. Any other business

None.

8. Date and time of next meeting

The next meeting was due to be held in either Darlington or Redcar with an anticipated date of late March or early April 2018.

DH – 22 January 2018.