



Chief Executive's Department  
Civic Centre  
HARTLEPOOL

10 February, 2020

Councillors C Akers-Belcher, S Akers-Belcher, Black, Brewer, Brown, Buchan, Cartwright, Cassidy, Fleming, Hall, Hamilton, Harrison, Howson, Hunter, James, Johnson, King, Lauderdale, Lindridge, Little, Loynes, Marshall, Moore, Prince, A Richardson, C Richardson, Smith, Stokell, Tennant, Thomas, Ward and Young.

Madam or Sir,

You are hereby summoned to attend the COUNCIL meeting to be held on THURSDAY, 20 FEBRUARY 2020 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

G Alexander  
Chief Executive

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# COUNCIL AGENDA



**20 February 2020**

**at 7.00 pm**

**in the Council Chamber,  
Civic Centre, Hartlepool.**

- (1) To receive apologies from absent Members;
- (2) To receive any declarations of interest from Members;
- (3) To deal with any business required by statute to be done before any other business;
- (4) To approve the minutes of the last meeting of the Council held on 19 December 2019 as the correct record;
- (5) To answer questions from Members of the Council on the minutes of the last meeting of Council;
- (6) To deal with any business required by statute to be done;
- (7) To receive any announcements from the Chair, or the Head of Paid Service;
- (8) To dispose of business (if any) remaining from the last meeting and to receive the report of any Committee to which such business was referred for consideration;
- (9) To consider reports from the Council's Committees and to receive questions and answers on any of those reports;
  - (1) Findings of the Committee following the Hearing of a Standards Complaint against Councillor Tony Richardson - Report of Audit and Governance Committee
  - (2) Nomination for Posthumous Conferment of the title of Freeman of the Borough - Report of Civic Honours Committee
- (10) To consider any other business specified in the summons to the meeting, and to receive questions and answers on any of those items;

(11) To consider reports from the Policy Committees:

- (a) proposals in relation to the Council's approved budget and policy framework;
  - 1. Medium Term Financial Strategy (MTFS) 2020/21 to 2023/24 – Report of Finance and Policy Committee
  - 2. Housing Revenue Account – Capital Investment Plan – Report of Finance and Policy Committee
  - 3. Youth Justice Strategic Plan 2019-2021 – Report of Children's Services Committee.
- (b) proposals for departures from the approved budget and policy framework;

(12) To consider motions in the order in which notice has been received;

- (1) "The Labour Group move that as a Council we are robust and proactive in our dealings with Councillors who do not adhere to the Code of Conduct.

Whilst we realise and appreciate the constraints that are put on Councils, we want to lobby for greater transparency when dealing with Elected Members who fail to adhere to the Code of Conduct.

Therefore, Hartlepool Borough Council should resolve to lobby for Councils to be given more powers in disciplinary procedures which should extend to the dismissal of a Member if the need arises."

Signed: Councillors Harrison, Prince, Brown, C Richardson and Lindridge

- (2) "Given the recent interest in the application of policies and procedures for allotments, can Council resolve that Neighbourhood Services review the dispute resolution process in respect of allotments to specifically allow for a review stage outside of the department and such process must be completed before any eviction action is taken.

Can it also be requested that the Head of Paid Service review the location of allotments in the departmental structure and consider designation of allotments to Adult and Community Based Services taking into consideration the impact allotment use has on individuals, community groups and associations in tackling isolation, family poverty and promoting wellbeing."

Signed: Councillors C Akers-Belcher, James, Marshall, S Akers-Belcher, T Richardson and Brewer

- (3) "That this council resolve to write to the Minister requesting to recognise the non means tested pension for women affected by the 1995 and 2011

Pensions Acts and to compensate those at risk and also to give proper notice of any further changes.

That we also write to the other Tees Valley Authorities and request they consider the joint commissioning of free bus passes for those who are affected.”

Signed: Councillors Little, Moore, A Richardson, Brewer, Brown and Loynes.

- (13) To receive the Chief Executive’s report and to pass such resolutions thereon as may be deemed necessary;
- (14) To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 9;
- (15) To answer questions of Members of the Council under Rule 10;
  - a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 10.1
  - b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 10.2
  - c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority
  - d) Minutes of the meetings held by the Cleveland Fire Authority and the Police and Crime Panel

Minutes of the meeting of the Police and Crime Panel held on 12 November 2019 and Cleveland Fire Authority held on 18 October 2019 are attached.

# **COUNCIL**

## **MINUTES OF PROCEEDINGS**

### **19 December 2019**

The meeting commenced at 7.00 pm in the Civic Centre, Hartlepool

The Ceremonial Mayor (Councillor Loynes) presiding:

**COUNCILLORS:**

|              |              |           |
|--------------|--------------|-----------|
| Black        | Brewer       | Brown     |
| Buchan       | Cartwright   | Cassidy   |
| Fleming      | Hall         | Harrison  |
| Howson       | Hunter       | Johnson   |
| King         | Lauderdale   | Lindridge |
| Little       | Moore        | Prince    |
| A Richardson | C Richardson | Stokell   |
| Tennant      | Thomas       | Young     |

Officers: Gill Alexander, Chief Executive  
Chris Little, Director of Finance and Policy  
Hayley Martin, Chief Solicitor  
Denise McGuckin, Director of Regeneration and Neighbourhoods  
David Cosgrove, Amanda Whitaker, Democratic Services Team.

#### **77. APOLOGIES FOR ABSENT MEMBERS**

Councillors C Akers-Belcher, S Akers-Belcher, Hamilton, James, Marshall, Smith and Ward

#### **78. DECLARATIONS OF INTEREST FROM MEMBERS**

The following interests were declared:-

Councillor Cartwright – employee of Home Group  
Councillor C Richardson – Business report item 1  
Councillor King – husband employed by Home Group and also knows Mr Wilson who had submitted a public question.

#### **79. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS**

None.

80. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 31 October 2019, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

The minutes were thereupon signed by the Chairman.

81. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

None.

82. BUSINESS REQUIRED BY STATUTE

None.

83. ANNOUNCEMENTS

The Ceremonial Mayor announced that her next charity event would be held on 20 January 2020 and referred to the success of a charity event which had been held earlier in the week.

84. TO DISPOSE OF BUSINESS (IF ANY) REMAINING FROM THE LAST MEETING AND TO RECEIVE THE REPORT OF ANY COMMITTEE TO WHICH SUCH BUSINESS WAS REFERRED FOR CONSIDERATION.

None.

85. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

None.

86. TO CONSIDER ANY OTHER BUSINESS SPECIFIED IN THE SUMMONS OF THE MEETING

None.

Prior to consideration of the following items, the Ceremonial Mayor reminded those in attendance of housekeeping arrangements and reiterated that if a member of the public wished to film, record or photograph proceedings they should have informed a member of the Democratic Services Team prior to the start of the meeting.

## 87. REPORT FROM THE POLICY COMMITTEES

## (a) Proposal in relation to the Council's budget and policy framework

1. Local Council Tax Support Scheme – *Report of Finance and Policy Committee*

The Chair of the Finance and Policy Committee presented details of the final proposals for the Localised Council Tax Support Scheme for 2020/21. The agenda documentation for the meeting included a copy of the report considered by Finance and Policy Committee on 9 December 2019. The Committee report included the results of public consultation on options for the Council's 2020/21 Local Council Tax Support (LCTS) scheme. Also included was a copy of the report to Finance and Policy Committee of 14 October 2019 which set out the issues and financial risks associated with the operation of the Local Council Tax Support scheme.

The Committee had recommended that Council:-

- i) Approve the decision of Finance and Policy Committee of 9 December 2019 to maintain a 12% LCTS scheme, the same as for the last 6 years.
- ii) Approve the continuation in 2020/21 of the existing LCTS scheme Principles detailed in paragraph 5.7 of the Finance and Policy Committee report of 14<sup>th</sup> October 2019.
- iii) Approve the passporting of about £4,000 of the 2020/21 Core Revenue Grant to Parish Councils in accordance with national regulations.
- iv) Note that the approved Local Council Tax Support Scheme will be subject to close monitoring and annual review.

The recommendations were moved by Councillor Moore and seconded by Councillor Young.

In accordance with Council Procedure Rule 15.5 of the Constitution, a recorded vote was taken on the Committee's recommendations:-.

Those in favour:

Councillors Black, Brewer, Brown, Buchan, Cartwright, Cassidy, Fleming, Hall, Harrison, Howson, Hunter, Johnson, King, Lauderdale, Lindridge, Little, Loynes, Moore, Prince, A Richardson, C Richardson, Stokell, Tennant, Thomas and Young.

Those against:

None.

Those abstaining:

None.

The vote on the recommendations of the Finance and Policy Committee was carried unanimously.

2. Medium Term Financial Strategy (MTFS) 2020/21 to 2023/24 – *Report of Finance and Policy Committee*

Council received a comprehensive presentation by the Chair of the Finance and Policy Committee which addressed the salient issues included in, and arising from, the report. A copy of the report considered by the Finance and Policy Committee, on 9 December 2019, had been provided to Full Council to consider the recommendations from the Committee. The Council report included an additional recommendation approved by Finance and Policy Committee to review fees and charges during 2020/21.

The presentation addressed the following:-

- Budget History 2013/14 to 2019/20
- 2020/21 Spending Review
- Council Budget 2020/21
- Workstream savings
- 2020/21 Council Tax
- 2021/22 Budget
- Reserves
- Capital Budget

The recommendations of the Finance and Policy Committee, detailed in the report, were moved by Councillor Moore and seconded by Councillor Young.

Elected Members debated issues arising from the presentation.

An amendment was moved by Councillor Black and seconded by Councillor Hunter:-

“That the recommendations of the Finance and Policy Committee be approved subject to an additional recommendation that a further review be commenced in relation to the costs of the Authority’s civic and democratic functions including the Ceremonial Mayoral system and the electoral cycle”

The Chair of the Finance and Policy Committee advised that although a review of civic arrangements had been considered by the Constitution Committee on 15 July 2019 following the referral from Full Council, the recommendations of the Committee had not yet been reported to Council.

In accordance with Council Procedure Rule 15.5 of the Constitution, a recorded vote was taken on the amendment -.



Those in favour:

Councillors Black, Brewer, Buchan, Cartwright, Cassidy, Fleming, Hall, Harrison, Howson, Hunter, Johnson, King, Lauderdale, Lindridge, Little, Loynes, Moore, Prince, A Richardson, C Richardson, Stokell, Tennant, Thomas and Young.

Those against:

None.

Those abstaining:

Councillor Brown.

The vote was carried.

The Chair of the Finance and Policy Committee responded to issues raised by Elected Members following presentation of the report.

In accordance with Council Procedure Rule 15.5 of the Constitution, a recorded vote was taken on the substantive Motion:-

Those in favour:

Councillors Black, Brewer, Buchan, Cassidy, Fleming, Hall, Lauderdale, Little, Loynes, Moore, Stokell, Tennant and Young.

Those against:

Councillors Brown, Cartwright, Harrison, Howson, Hunter, Johnson, King, Lindridge, Prince, A Richardson, C Richardson and Thomas.

Those abstaining:

None.

The vote was carried.

### 3. Hartlepool Housing Strategy 2019-2024 – *Report of Regeneration Services Committee*

Full Council was requested to consider approval of the Housing Strategy for 2019-2024 and the adoption of the Action Plan following referral from the Regeneration Services Committee on 13<sup>th</sup> November 2019. A copy of the report, and the associated Action Plan, submitted to the Committee was appended to the report.

Elected Members were advised that the new Housing Strategy for 2019-2024 detailed the key housing priorities for the Council and its partners for the period to 2024. The new strategy replaced the Hartlepool Housing Strategy 2015-2020. It was noted that while the Strategy set out a longer term vision it also

recognised that short and medium term actions were needed to address immediate issues such as affordability.

It was moved by Councillor Lindridge and seconded by Councillor Young:-

“That the recommendation of the Committee to approve the adoption and publication of the new Housing Strategy and Action Plan for 2019 – 2024 be approved.”

The recommendation was agreed, by show of hands.

(b) Proposal for Departure from the Budget and Policy Framework

None.

#### 88. MOTIONS ON NOTICE

None.

Councillor C Richardson left the meeting before the consideration of the following item.

#### CHIEF EXECUTIVE’S REPORT

##### 89. ALLOWANCES PAID TO THE CHAIR AND VICE CHAIR OF COUNCIL – REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE

The Chief Executive reminded Elected Members that following a referral from Full Council, on the 30<sup>th</sup> July 2019, the Audit and Governance Committee had undertaken an investigation. The outcomes of the Audit and Governance Committee’s investigation had been reported to Full Council on the 31<sup>st</sup> October 2019, with approval obtained for all recommendations made in relation to the ‘funding to any organisation to which an elected member is affiliated’.

With regard to the recommendations made by the Committee in relation to ‘allowances paid to the Chair and Vice Chair of Council’, Full Council had agreed that consideration would be deferred pending receipt of external legal advice on the lawfulness of the payments to the Chair and Vice Chair of Council. This advice had been obtained and was appended to the report to Full Council.

With due regard to the external legal advice obtained, Full Council was asked to consider the following recommendations made by the Audit and Governance Committee in relation to ‘allowances paid to the Chair and Vice Chair of Council’:-

- i) Note that the allowances paid up to 2011/12 to the Chair and Vice Chairs were authorised by officers and publically reported as a collective figure during the period 2007/8 in the Council’s Statement of Accounts and that

from 2008/9 onwards they were published independently against each Member; and

- ii) Note that officers have advised that there is no legal basis to seek to recover from the individual Members who received these allowances. To also note that this situation cannot arise again as these allowances were removed in 2011/12.

RESOLVED – That the recommendations be endorsed.

Councillor C Richardson returned to the meeting.

#### 90. POLLING DISTRICTS AND POLLING STATION REVIEW

Elected Members were reminded that under Section 18C(1) of the Representation of the People Act 1983 and the Electoral Registration and Administration Act 2013, the Council had conducted a review of Polling Districts and Polling Station Review with a consultation period ending on 4 October 2019. The outcome of the Boundary review was for an increase in one Ward to twelve and this had been reflected in an increase in polling districts from 62 to 69. The aim of the additional proposed polling districts was to assist in making a seamless transition to the new Warding arrangements when they come into effect for the 2020 elections.

A number of observations were made regarding parking and the use of different types of establishments. Every effort is made to make voting accessible for all electors. Many polling districts have a limited number of available venues and where possible the use of portable facilities had been kept to a minimum.

It was noted that the new polling districts would be transferred to the appropriate Wards when the electoral register is re-published in February 2020 and polling stations would be monitored for their suitability on an on-going basis.

RESOLVED – That the report be noted.

#### 91. CIVIC HONOURS COMMITTEE

Elected Members were reminded that a 4 year moratorium on civic honours was agreed by Full Council ending in 2020, unless exceptional circumstances applied. The membership of a Civic Honours Committee had, therefore, not been considered at the Annual Council meeting.

A nomination for a civic honour had been received recently which, following consultation with the Chair of Council and Leader of Council, was considered to meet the criteria that exceptional circumstances applied. Members were requested, therefore, to nominate Elected Members to the Civic Honours Committee.

RESOLVED – That the following nominations be approved:-

Labour – Councillors Brown and Hunter  
Brexit Party and Conservative Coalition – Councillors Loynes and Moore.  
Socialist Labour – to be notified to the Chief Executive.

## 92. SPECIAL URGENCY

In accordance with the requirements of the Access to Information Procedure Rules included in the Council's Constitution, Council was informed that no special urgency decisions had been taken in the period August 2019 to October 2019.

RESOLVED – That the report be noted.

## 93. OFSTED INSPECTION OF COUNCIL OPERATED CHILDREN'S HOME

The Chief Executive reported that a report to Children Services Committee on 17<sup>th</sup> December had provided details of the outcome of recent Ofsted full inspections which provided Members with additional assurance as corporate parents that the Council was providing effective services. The Ofsted reports had made a limited number of recommendation and these would be implemented by the Director of Children's and Joint Commissioning Services. The Ofsted ratings were summarised as follows:

- Exmoor Grove Children's Home - Ofsted rating 'outstanding' – third consecutive year rated 'outstanding'.
- St David's Walk Children's Home – Ofsted rating 'good' – first inspection
- Stockton Road Children's – Ofsted rating 'good' - third consecutive year rated 'good'.

RESOLVED - That congratulations be conveyed to the staff in the three children's homes.

## 94. ENVIRONMENT SERVICES AWARDS

The Chief Executive reported that at the Constructing Excellence National Awards 2019, the Council won the Innovation Project of the Year for the Hartlepool Headland Coastal Defences and Whitley Bay Promenade Coastal Protection Works. At the same awards the Council had been also presented with the Highly Commended Award for Sustainability for the Hartlepool Headland Coastal Defences Project.

At the Civil Engineering Contractors Association (North East) Awards 2019, the Council won Project of the Year for the over £5m category for the Hartlepool Headland Coastal Defence and Client of the Year.

Members were advised that the awards backed up the success earlier in the year when the Council had won a project of the year award from the Institution of Civil Engineers and reflected the high-quality work that the Council were capable of carrying out and they will only serve to further enhance the reputation of this Authority.

RESOLVED - That the congratulations of Council be forwarded to the appropriate staff.

#### 95. RESIGNATION OF COUNCILLOR

The Chief Executive referred to the resignation of David Mincher as a Borough Councillor for the Manor House Ward. An email notifying his resignation had been received on 9 December 2019. A notice of a casual vacancy arising through this resignation had been published and in accordance with the six-month rule the vacancy would be held until the scheduled all-out elections to be held on 7 May 2020.

Council is requested to note the resignation and the vacancies arising from the resignation as follows:-

Licensing Committee

South and Central Community Forum – Vice Chair.

It was reported at the meeting that the nominations to the vacancies would be submitted to the Chief Executive.

RESOLVED – That the report be noted and the nominations to the vacancies, arising from the resignation, be submitted to the Chief Executive.

#### 96. PUBLIC QUESTION

1. Question from Mr Wilson to the Chair of Neighbourhood Services Committee.

*“Why are recyclable items such as tins and plastic which are collected by HBC not recycled?”*

The Chair of the Neighbourhood Services Committee responded that in 2018/19, the Council had recycled the following tonnages:

- 324 tonnes of Steel cans;
- 148 tonnes of Aluminium cans; and
- 767 tonnes of Plastics.

The Committee Chair added that unfortunately there were circumstances e.g. street cleansing litter, where the waste collected could not be recycled due to contamination.

2. Question from Mr Wilson to the Chair of Neighbourhood Services Committee.

*“Why, in 2018, were there only 57 trees planted in Hartlepool and 27 removed?”*

The Chair of the Neighbourhood Services Committee responded that

unfortunately there would be circumstances where due to their condition it was necessary to remove individual trees. However where practical and appropriate, the Council would undertake to replant with a new tree in the same location or nearby, and the figures presented showed an overall increase in the number of trees in the Borough in 2018, in line with the existing strategy.

97. QUESTIONS FROM MEMBERS OF THE COUNCIL

- a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 12.1

None.

- b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 12.2

None.

- c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority

None.

- d) Minutes of the meetings held by the Cleveland Fire Authority and the Police and Crime Panel

The minutes of the meeting of the Police and Crime Panel held on 26 September 2019 were received.

The meeting concluded at 8.35 p.m.

CEREMONIAL MAYOR



**Report of:** Audit and Governance Committee

**Subject:** FINDINGS OF THE COMMITTEE FOLLOWING THE  
HEARING OF A STANDARDS COMPLAINT  
AGAINST COUNCILLOR TONY RICHARDSON

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**1. PURPOSE OF REPORT**

- 1.1 To inform Council of the outcome of the standards hearing that took place on 22 January 2020.

**2. BACKGROUND**

- 2.1 The Assistant Chief Solicitor reported on a Complaint (SC01/2020) that had been received in relation to an alleged breach of the 'Code of Conduct for Elected Members and Co-opted Members.' The complaint had been received from Councillor Black on 31 December 2019 and related to a series of Facebook posts on an account in the ownership of Councillor Tony Richardson. Councillor Black's complaint related to the racist tone of the posts, which had been shared by Councillor Tony Richardson, and the potential for a hate crime having been committed.
- 2.2 An investigation was instigated and involved the Standards Co-opted Independent Person. The report included full details of the investigation and evidence gathered including 'screen shots' of three posts and the text of another.
- 2.2 On 22 January 2020 a hearing was conducted by the Audit and Governance Committee in which the Assistant Chief Solicitor (acting as Investigating Officer) presented the findings of his report and Councillor Tony Richardson presented his case.
- 2.3 Councillor Tony Richardson accepted the findings of the Investigating Officer but explained the circumstances behind his action, by way of mitigation.

- 2.4 The Audit and Governance Committee was satisfied that there had been a significant breach of the code of conduct and imposed a number of sanctions including:
- That the findings of this Committee must be published to ensure transparency;
  - That the findings of this Committee be reported to Full Council at the next opportunity;
  - That a recommendation should be made to the leader of the Brexit Party and Conservative Coalition (now known as “the Coalition”) that Councillor Tony Richardson be removed as a member from the Licensing and Planning and Local Joint Consultative Committees at the next available opportunity. Furthermore, it was recommended that Councillor Tony Richardson should not be permitted to attend any committee as a substitute member. This sanction should last for the remainder of his current term of office. Councillor Tony Richardson had demonstrated a clear prejudice and bias towards a proportion of the community and this raises questions surrounding his objectivity when making decisions; and
  - That the Monitoring Officer should arrange for both diversity training and social media training for him to attend and this training should be made available to all Councillors.
- 2.6 On 04 February 2020 Councillor Tony Richardson formally resigned from the Coalition group.
- 2.7 The Monitoring Officer has made arrangements for both diversity training and social media training for Councillor Tony Richardson and this training is being made available to all Councillors.
- 2.6 In addition to the above, the Committee recommended that further sanctions be considered by Full Council as proposed below.

### 3. RECOMMENDATIONS

- 3.1 That Full Council notes the findings and recommendations arising from the hearing that took place on 22 January 2020;
- 3.2 That Full Council terminates the membership of Councillor Tony Richardson on the Licensing, Planning and Local Joint Consultative Committees, in accordance with the expressed wishes of the Coalition;
- 3.3. That Full Council resolves that Councillor Tony Richardson shall not be appointed as a member of any committee for the remainder of his current term of office and shall discourage any member from designating him as a substitute for them on any other committee;



- 3.3 That Full Council resolves that Councillor Tony Richardson consider resigning as an elected member of Hartlepool Borough Council.
- 3.4 That Full Council considers censure of Councillor Tony Richardson and issues the following formal statement:

***Hartlepool Borough Council is pleased to note that Councillor Tony Richardson accepts that he has breached the Council's Code of Conduct and that he has apologised for doing so. The promotion of racist and offensive material in any forum falls well below the standards expected of those in public life and such actions cannot and will not be tolerated. The actions of Councillor Tony Richardson are not representative of this Authority or the communities that it represents and as such the Authority has worked to impose the most appropriate and stringent sanctions that are available in law.***

#### 4. BACKGROUND PAPERS

Report of the Investigating Officer dated 13 January 2020.  
Decision Notice of the Audit and Governance Committee

## **REPORT**

### **CASE REFERENCE: SCO1/2020**

Report of an investigation under Section 28(6) of the Localism Act, 2011 by Neil Wilson, Investigating Officer (acting as Deputy Monitoring Officer as part of the arrangements to deal with complaints and their investigations under Part 1 Chapter 7 of the Localism Act, 2011) for Hartlepool Borough Council into an allegation concerning Councillor Tony Richardson.

Date: JANUARY 2020

## **CONTENTS**

1. Background and Code of Conduct
2. Councillor
3. The Relevant Legislation and Applicable Codes and Protocols
4. The Investigation
5. Findings and Recommendations
6. Independent persons view

## 1. Background

- 1.1 On 31 December 2019 the local authority received a formal complaint from Councillor James Black.
- 1.2 Councillor Black had become aware of a Facebook post that had been made by Councillor Tony Richardson on 31 December 2019. Councillor Black considered that the post was racist, offensive and is of the type that has “no place in society”. He went onto state that this type of behaviour shows a disrespect for the people of Hartlepool.
- 1.3 Upon receipt of the complaint, on 31 December 2020, the request for a formal investigation was supported by Councillor Shane Moore who stated “***I am happy to support this formal complaint going forward as none of us should accept this.***”
- 1.4 The post in question reads as follows:

***I took my dog to the dole office to see what he was entitled to. The bloke behind the counter said, “You idiot, we don’t give benefits to dogs.” I argued, “Why not? He’s brown, he stinks, he’s never worked a fucking day in his life & he can’t speak a fucking word of English.” The man replied, “His first payment will be on Monday.”***

- 1.5 It is a requirement under *Section 28(7) of the Localism Act, 2011* to make arrangements for the investigation of complaints and for the appointment of an Independent Person, whose views must be taken into account. The Independent Person was consulted and she expressed the following view:

***That is vile and offensive. Hate speech in any one's opinion. Definitely against the Code of Conduct I would have thought. Not upholding decent standards in public office at all.***

- 1.6 When undertaking initial evidence gathering it was apparent that the post that Councillor Richardson had made had generated significant attention and was

being widely reported in social media. As of 07 January 2020 one of the shared posts alone had generated 192 shares, 88 comments and 200 reactions. The responses condemn the actions of Councillor Richardson and reflect the offence described by the complainant.

- 1.7 To accompany the original disclosure further screenshots were being shared on social media and in particular three offensive posts that had been shared by Councillor Richardson as follows:

On 23 September 2019 the following image was shared:



On 25 September 2019 the following image was shared:



And on 01 October 2019 the following image was shared:



1.8 The above posts have been included in this investigation given the clear link and relationship that they have to the initial complaint.

### **Assessment Criteria**

1.9 The Assessment Criteria for assessing complaints under the *Localism Act 2011* and as approved by the Council's Audit and Governance Committee provides criteria for assessment of a complaint. Both the Deputy Monitoring Officer and the Independent Person had regard to the below criteria when assessing this complaint.

"Before commencing an assessment of a complaint, it needs to be satisfied that:-

- 1) It is a complaint against one or more named Members of the Council ....
- 2) The named Member was in office at the time of the alleged conduct and the Code of Conduct was in force at the time.
- 3) The complaint, if proven, would be a breach of the Code under which the Member was operating at the time of the alleged misconduct”

The assessment criteria also states that a complaint is likely to be investigated when it meets one or more of the following criteria:-

- It is so serious, if proven, to justify in the public interest a formal investigation of a complaint.
- It is part of a continuing pattern of serious misconduct that is unreasonably disrupting the business of the authority and there is no other avenue left to deal with it, other than by investigation.

1.10 Following initial assessment of the complaint, the Deputy Monitoring Officer and Independent Person were of the opinion that the complaint satisfied the assessment criteria, in that, it was a complaint against a Member of the Council who was in office at the time of the alleged conduct and that if proven, it would be a breach of the Code of Conduct.

1.11 Pursuant to *Section 28(6) of the Localism Act, 2011*, this matter has proceeded to investigation and in compiling this report; the Investigating Officer has had regard to the written complaint of Cllr Black, the additional information that was freely available on social media and has interviewed Cllr Richardson.

## **2. Councillors Official Details**

2.1 Councillor Tony Richardson represents the Fens & Rossmere ward and is a member of the Brexit Party.

## **COMMITTEES**

- Planning Committee
- Licensing Committee (Vice Chair)

Member of South and Central Neighbourhood Forum

## **OUTSIDE BODIES**

- Local Joint Consultative Committee

### **3. The Relevant Legislation and Applicable Codes and Protocols**

- 3.1 All Members (included co-opted Members) are bound by the Code of Conduct when they act in the role as Member of the Borough Council. When Members act in their official roles it is their responsibility to comply with the provisions of the Code of Conduct which states that:-

*“You are a representative of this authority and the public will view you as such, therefore your actions impact on how the authority as a whole is viewed and your actions can have both positive and negative impacts on the authority”.*

- 3.2 The Code of Conduct conforms to the requirements as set out in *Section 27 of the Localism Act, 2011* and includes the mandatory Principles of Public Life.

- 3.3 Of particular relevance to this complaint are:

(vii) Leadership – Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

(viii) Respect for others – Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability.



3.4 The Localism Act 2011 abolished the statutory standards regime set up by the Local Government Act 2000. Therefore the range of sanctions prescribed by the 2000 Act are no longer available. The Council is therefore unable to suspend, or partially suspend, a Councillor for up to six months, or require the Councillor to provide a written apology, or to undertake training or conciliation.

3.5 The lawful sanctions that are available to the Committee are therefore:

- To publish its findings of Councillor Richardson's conduct
- To report its findings to Full Council and for Full Council to consider both censure and the removal of the Councillor from all outside appointments
- To recommend to the Councillor's group leader that he be removed from all committees and sub committees of the Council
- To instruct the Monitoring Officer to arrange for both diversity and social media training for the Councillor
- To withdraw facilities provided to the member by the Council such as computer, e-mail and internet access
- To exclude the councillor from all Council offices and premises with the exception of those necessary for attending meetings to which he is entitled to attend.

#### **4. The Investigation**

4.1 Councillor Richardson met with the Chief Executive, The Chief Solicitor and the Assistant Chief Solicitor on 07 January 2020.

4.1 Councillor Richardson accepted, without hesitation that it was he who had shared the posts.

4.2 When asked why he had shared the posts the Councillor responded that he shares everything. He was challenged about the racist connotations of the

posts and responded emphatically that he does not consider the posts to be in any way racist. In respect of the post regarding the dog in the benefits office he claimed that he simply found the idea of a dog in a benefits office to be amusing.

4.3 Councillor Richardson was unable to explain what he considered to be the meaning behind the other shared posts.

4.4 It was explained to Councillor Richardson how and why the posts that he has shared would cause offence and his attention was drawn to the widespread condemnation of his actions that has appeared on social media.

4.4 Having reflected upon the explanations that were given to him, Councillor Richardson expressed regret at his actions and accepted that the sharing of the posts would have caused offence.

4.5 Councillor Richardson maintains that the sharing of the posts were not in any way racially motivated and he points to his lack of experience in using the platform and his naivety in respect of content as a partial explanation for his behaviours. He accepts that he has breached the code of conduct for elected members and indicated that he would take the following actions immediately:

- He would close his Facebook account with immediate effect
- He would issue a public apology for his actions.

4.6 Initial findings of this report were reported to the Councillor's group leader (Councillor Shane Moore) on 07 January 2020. Councillor Richardson was suspended from the coalition party that day pending the outcome of this Committee's findings.

4.7 On 07 January 2020 Councillor Richardson did take action to suspend his Facebook account and he also released the following press release:

***“I would like to apologise unreservedly for sharing these posts. I am an inexperienced Facebook user who has shared many posts – often without fully reading them or understanding them. This is both wrong and naive and I accept I should have taken more care. I am mortified by the offence I have caused and have removed myself from Facebook. It was never my intention to upset people and I will not be using any form of social media until I have a full understanding.”***

## **5. FINDINGS AND RECOMMENDATIONS**

- 5.1 The facts alleged by the complainant in this matter are largely accepted by Councillor Richardson.
- 5.2 The Councillor did share four posts on his Facebook account and the Councillor now accepts, following explanation and reflection, that the content of these posts had clear racist connotations.
- 5.3 The Councillor accepts that the sharing of these posts would likely cause offence and is a breach of the code of conduct.
- 5.4 It is of significant concern that the Councillor has shared the posts whilst claiming to have no insight into the meaning of the said posts. My view is that a councillor who uses Facebook must ensure that they are able to use it competently and in full knowledge of what it is that they are doing. Social media is fundamentally about sharing content and creating conversations in an open and transparent forum. Councillor Richardson's posts can be viewed by many other users and inappropriate content compromises his position as a councillor and the reputation of the Council as a whole.
- 5.5 In light of the above and the likely reputational damage to the Council I do not consider that this matter is capable of Local Resolution. This matter should be

considered and determined by way of Local Hearing in accordance with paragraph 8.2 of the *Arrangements For Dealing With Standards Allegations*.

5.6 The committee should consider the imposition of all sanctions available in law, which include:

- To publish its findings of Councillor Richardson's conduct
- To report its findings to Full Council and for Full Council to consider both censure and the removal of the Councillor from all outside appointments
- To recommend to the Councillor's group leader that he be removed from all committees and sub committees of the Council
- To instruct the Monitoring Officer to arrange for both diversity and social media training for the Councillor
- To withdraw facilities provided to the member by the Council such as computer, e-mail and internet access
- To exclude the councillor from all Council offices and premises with the exception of those necessary for attending meetings to which he is entitled to attend.

## **6. Independent Person View (Clare Wilson)**

6.1 Clare Wilson stated:

***"I fully concur with the findings and recommendations of this report. No recipient of those shared "jokes" can have been in any doubt that the sender agreed with the racist sentiments. As a member of the public, who was born and raised in Hartlepool, I am ashamed and taken aback that the town's image suffers yet again from the outmoded, ignorant and bigoted views expressed by one of its elected members."***

A handwritten signature in black ink, appearing to read 'NS Wilson'.

Signed

Neil Wilson

Assistant Chief Solicitor & Deputy Monitoring Officer

Dated: 13/01/2020



## DECISION NOTICE

### Case Reference: SC01/2020

On 22 January 2020 a Hearing of the Council's Audit and Governance Committee considered a report, dated 13 January 2020 from the Deputy Monitoring Officer, concerning the alleged conduct of Councillor Tony Richardson, following the receipt of a complaint.

The complaint had been received from Councillor Black on 31 December 2019 and related to a series of Facebook posts that had been shared by Councillor Tony Richardson on his Facebook account. The posts that had been shared were of a racially offensive nature.

It was therefore alleged that Councillor Tony Richardson's behaviour had breached the Code of Conduct for Elected Members and Co-opted Members as contained within part 5 of the Council's Constitution. In particular it was alleged that Councillor Tony Richardson had:

- failed to demonstrate Objectivity in that he had demonstrated both discrimination and bias towards a proportion of the community
- failed to demonstrate leadership in that he had failed to exhibit the Nolan principles in his own behaviour
- failed to demonstrate respect for others and in particular those of the Islamic faith and immigrants
- brought the reputation of this Council and his political group into disrepute.
- caused embarrassment and offence to the whole community and in particular the subjects of the offensive posts

### Decision

Further to the Council's ***Arrangements for Dealing with Standards Allegations under the Localism Act 2011*** the Committee considered the Audit and Governance Committee considered the verbal and written representations of the Deputy Monitoring Officer (as Investigating Officer) and Councillor Tony Richardson. Councillor Tony Richardson had acknowledged that the posts in question were racially offensive, he accepted that he had shared them and he agreed that in doing so he had breached the code of conduct as had been alleged. In light of the agreed facts of this case no additional witnesses were called to give evidence.

Councillor Richardson, whilst accepting that he had shared the posts claimed to have had no insight or understanding into the meaning of the said posts. The Assistant Chief Solicitor's view was that a councillor who uses Facebook must ensure that they are able to use it competently and in full knowledge of what it is that they are doing. Social media is fundamentally about sharing content and creating conversations in an open and transparent forum. Councillor Tony Richardson's posts can be viewed by many other users and inappropriate content compromises his position as a councillor and the reputation of the Council as a whole.

The committee was, therefore, requested to consider the imposition of all sanctions available in law, which include:

- To publish its findings of Councillor Tony Richardson's conduct
- To report its findings to Full Council and for Full Council to consider both censure and the removal of the Councillor from all outside appointments;
- To recommend to the Councillor's group leader that he be removed from all committees and sub committees of the Council;
- To instruct the Monitoring Officer to arrange for both diversity and social media training for the Councillor;
- To withdraw facilities provided to the member by the Council such as computer, e-mail and internet access; and
- To exclude the councillor from all Council offices and premises with the exception of those necessary for attending meetings to which he is entitled to attend.

Members wished to thank Councillor James Black (whose attendance had been excused) for bringing the posts to light but were concerned that despite them having been shared quite widely, no one else had brought them to the Council's attention.

Councillor Tony Richardson addressed the Committee stating the he was extremely sorry for any offence he had caused and he was not a racist person. In mitigation, he stated that he was very illiterate with computers and had not realised the consequences.

Members acknowledged that Councillor Tony Richardson may have difficulties with computers but could not accept that he had not known that he was sharing offensive posts. Members expressed their concern that the Facebook posts reflected extremely badly on the Council as a whole. Members considered that, at best, the sharing of these posts had shown significant carelessness and naivety.

In reviewing the Code of Conduct, the Committee was of the view that there had been a serious breach of all elements of the code and that the six sanctions set out in the Assistant Chief Solicitor's report should be applied. The Committee went further in agreeing that they considered the breaches of the Code of Conduct so severe that Councillor Tony Richardson should have resigned his position as an elected Councillor for Hartlepool in order to protect the reputation of the Council as a whole.

## **Actions**

The committee was satisfied Councillor Tony Richardson had seriously breached the majority of the Code and in particular:

- Councillor Tony Richardson has not demonstrated Objectivity in that he had demonstrated both discrimination and bias towards a proportion of the community
- Councillor Tony Richardson has not demonstrated leadership in that he had failed to exhibit the Nolan principles in his own behaviour
- Councillor Tony Richardson has demonstrated a lack of respect for others and in particular those of the Islamic faith and immigrants
- Councillor Tony Richardson has brought the reputation of this Council and your political group into disrepute.
- Councillor Tony Richardson has caused embarrassment and offence to the whole community and in particular the subjects of his offensive posts

The committee carefully considered all of the sanctions that were available to it. Consideration was also given to the representations that Councillor Tony Richardson made. The Committee unanimously agreed that:

- The findings of this committee must be published to ensure transparency.
- The findings of this committee should be reported to full council at the next opportunity.
- Full council should censure Councillor Tony Richardson and issue a formal statement condemning his actions to make it clear that his actions are not representative of this council or the community that it represents. Full Council should ask Councillor Tony Richardson to consider resigning.
- Full council should consider removing Councillor Tony Richardson from the outside body appointment to the Local Joint Consultative Committee.
- A recommendation should be made to the leader of the Brexit Party and Conservative Coalition that Councillor Tony Richardson be removed as a member from the Licensing and Planning Committees forthwith. Furthermore, it is recommended that Councillor Tony Richardson should not be permitted to attend any committee as a substitute member. This sanction should last for the remainder of Councillor Tony Richardson's current term of office. Councillor Tony Richardson has demonstrated a clear prejudice and bias towards a proportion of the community and this raises questions surrounding his objectivity when making decisions.
- The Monitoring Officer should arrange for both diversity training and social media training for Councillor Tony Richardson to attend and this training should be made available to all Councillors.

The Committee expressed its surprise that Councillor Tony Richardson had not yet resigned from the council and requests that he consider doing so. The committee also expressed its frustration at the sanctions that were available to it as it did not consider that they were sufficient in these circumstances.

This Decision Notice is now sent to the person making the allegations and the Subject Member against whom these allegations were made.

SIGNED:.....  
CHAIR OF THE AUDIT AND GOVERNANCE COMMITTEE

DATE:.....



**COUNCIL**  
20 February 2020



**Report of:** CIVIC HONOURS COMMITTEE

**Subject:** NOMINATION FOR POSTHUMOUS CONFERMENT  
OF THE TITLE OF FREEMAN OF THE BOROUGH

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**1. PURPOSE OF REPORT**

To consider a nomination in respect of the award posthumously of the title of Honorary Freeman of the Borough of Hartlepool.

**2. BACKGROUND**

- 2.1 A principal Council may, by resolution passed by not less than two-thirds of the members voting thereon at a meeting of the Council specially convened for the purpose with notice of the object admit to be honorary freemen/honorary freewoman of the city, borough or royal borough, persons of distinction and persons who have in the Council's opinion, rendered eminent services to the city, borough or royal borough, but the admission of a person to be an honorary freeman or honorary freewoman does not confer on him the rights granted to be an honorary alderman.
- 2.2 The Civic Honours Committee, at its meeting on 1 September 2016, agreed a moratorium of four years be imposed ending in 2020, unless recognition for an exceptional achievement was applicable.

**3. POSTHUMOUS HONOUR**

- 3.1 It is recognised that conferment of any civic honour needs to be exceptional as Section 249 of the Local Government Act, 1972, states that it is only through 'eminent services' that an individual should be conferred with such an honour. At the meeting of Full Council held on 23 February 2017, it was agreed that the Process and Selection Criteria for civic honours be updated to include that honours are not conferred posthumously unless exceptional

circumstances apply and an individual had been alive at the time of nomination but died prior to consideration (**Appendix A**).

#### 4. NOMINATION

- 4.1 A report submitted to Full Council on 19 December 2019 advised that a nomination for a civic honour has been received (**Appendix B which contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely paragraphs 1 and 2**) which, following consultation with the Chair of Council and Leader of Council, was considered to meet the criteria that exceptional circumstances apply. Full Council agreed the membership to the Civic Honours Committee to consider the nomination and a meeting of the Civic Honours Committee was, convened on 23 January. As that meeting was not quorate, a further meeting of the Committee was convened for 31 January. At that meeting, the Committee agreed unanimously to recommend to Full Council that the nomination be approved.
- 4.2 In accordance the agreed Procedure, the wife of the nominee has been consulted on whether to accept the nomination on the nominee's behalf. Subject to acceptance and to the outcome of this meeting, a Special Council would be convened to install honours on date agreed by the Chair of Council.

#### 5. RECOMMENDATIONS

- 5.1 That Full Council consider the recommendation of the Civic Honours Committee.

## APPENDIX 1

## PROCESS AND SELECTION CRITERIA RELATING TO THE NOMINATION AND ELECTION OF HONORARY FREEMEN AND FREEWOMEN AND HONORARY ALDERMEN AND HONORARY ALDERWOMEN

1. Nominations1.1. Honorary Freeman/Freewoman of the Borough of Hartlepool

## 1.1.1 Nominations for election as an Honorary Freeman or Honorary Freewoman should

- (a) have been born in the Borough *and/or*;
- (b) reside or have resided in the Borough *and/or*;
- (c) have or have had strong established links to the Borough; *and*
- (d) The nominee must have made a sustained and significant contribution, unless exceptional circumstances apply in some manner have brought distinction upon the Borough.

## 1.1.2 Nomination for election as Honorary Freeman or Honorary Freewoman may be made by any -

- (a) Hartlepool Borough Councillor
- (b) political party or group connected with the Council
- (c) voluntary organisation operating in the borough
- (d) corporate body with premises in the borough
- (e) public or charitable body, or
- (f) member of the public

## 1.1.3 The nominee must be either -

- (a) an individual person (not a body corporate), or
- (b) a group of individual persons,

but a person may not nominate him/herself

Honours are not conferred posthumously unless exceptional circumstances apply and an individual had been alive at the time of nomination but died prior to consideration.

## 1.1.4 Nominations must be in writing and may be submitted to the Ceremonial Mayor or the Chief Executive. A nomination should state the person or body making the nomination and his/her/its address and include an explanation of why the person nominated is considered appropriate to be elected as Honorary Freeman or Honorary Freewoman.

1.1.5 Publicity

Invitation to submit nominations for election as Freeman of the Borough or Freewoman of the Borough shall appear in two editions of Hartbeat prior to the closing date for nominations, and shall be posted on the Council's website [www.hartlepool.gov.uk](http://www.hartlepool.gov.uk)

## 1.2 Honorary Alderman/Alderwoman

1.2.1 Nomination for election as Honorary Alderman or Honorary Alderwoman may be made by ~~any~~ -

- A Hartlepool Borough Councillor, a Committee or Council
- ~~Political party or group connected with the Council~~

~~1.2.4~~ 1.2.2 Nominations must be of a person who has formerly served as a ~~C~~ouncillor of Hartlepool Borough Council

~~1.2.5~~ 1.2.3 Nominations must be in writing and may be submitted to the Ceremonial Mayor or the Chief Executive. A nomination should be signed by the person or on behalf of the group making the nomination and include an explanation of why the person nominated is considered appropriate to be elected as Honorary Alderman or Honorary Freewoman.

## 2. Consideration of nominations

2.1 Nominations will be considered by the Proper Officer to comply with the requirements of para 1 (but for this purpose disregarding para 1.1.1) shall be referred to the next meeting of the Civic Honours Committee. The Committee will consider each nomination (including its compliance with para 1.1.1) and may resolve to recommend the nomination to the Council.

(Note - the proper officer for the purposes of para 2.1 is the Chief Executive or his nominee)

2.2 A nominee whose nomination is resolved to be referred to the Council will be invited, on a confidential basis, to indicate whether s/he would accept the relevant honour if offered.

2.3 Following confirmation of the nominee's prospective acceptance, at the next ordinary meeting of the Council the Council will determine whether or not they are minded to elect the nominee as Honorary Freeman/Freewoman or Alderman/Alderwoman, as the case may be. Before the matter is considered the Chairman will invite the Council to resolve to exclude the press and public pursuant to Local Government Act 1972 sched 12A para 2.

2.4 If the Council resolve that they are minded to elect the nominee as Honorary Freeman/Freewoman or Alderman/Alderwoman the matter shall be deferred to be dealt with at an Extraordinary meeting of the Council convened especially for that purpose.

2.5 The date for the Extraordinary meeting to confer the honour shall be fixed either by the Council at the meeting referred to in para 3.4 or by the Chairman of Council.

3. MORATORIUM

The Civic Honours Committee agreed, at its meeting held on 1<sup>st</sup> September 2016, that in order to address concerns about potentially devaluing Civic Honours, that following the honours to be conferred in 2017, a moratorium of four years be imposed before any further honours are conferred, unless ~~someone was to be recognised for an exceptional achievement~~ exceptional circumstances apply.

FEBRUARY 2017

# COUNCIL

20 February 2020



**Report of:** Finance and Policy Committee

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2020/21 TO 2023/24

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## 1. PURPOSE OF REPORT

- 1.1 The purposes of this report are:
- (i) to provide details of the final 2020/21 Local Government Finance settlement announcement;
  - (ii) enable Members to finalise the 2020/21 technical Council Tax calculations, which incorporate Council Tax levels independently set by precepting bodies; and
  - (iii) enable Members to consider and approve additional General Fund Prudential Borrowing requirements.

## 2. BACKGROUND

- 2.1 In accordance with the Constitution the Finance and Policy Committee is required to develop budget and Council Tax proposals for the forthcoming year for consideration by Council. Detailed proposals to balance the 2020/21 budget were considered and approved by Council on 19<sup>th</sup> December 2019, which included a Council Tax increase of 3.9%, including a Social Care precept of 2%.
- 2.2 Members noted that the final technical budget and Council Tax calculations would then be considered in February 2020 to reflect the final 2020/21 Local Government Finance Settlement. These statutory calculations require the Council to set the overall Council Tax level by incorporating the Council Tax levels approved by 'precepting bodies', i.e. the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils.
- 2.3 For clarity this report deals with the statutory arithmetic calculation of the overall level of Council Tax, which incorporates Council Tax levels set by individual 'precepting bodies' in accordance with the specific Government Council Tax referendum limits. The report is not an opportunity to revisit the decisions made by full Council on 19 December 2019. Further information is provided in section 5.

### 3. FINAL 2020/21 LOCAL GOVERNMENT FINANCE SETTLEMENT AND IMPACT ON THE COUNCIL

3.1 The timing of Government funding announcements was delayed owing to the General Election. This meant that the provisional Local Government Finance Settlement was not issued until 20<sup>th</sup> December 2019. The provisional settlement for Police and Crime Commissioners, including the specific proposed Council Tax referendum limit, was not issued until 23<sup>rd</sup> January 2020.

3.2 At the time the report for Finance and Policy Committee on 10<sup>th</sup> February was prepared the final 2020/21 Local Government Finance Settlement had not been issued. These details were issued on 6<sup>th</sup> February 2020 and the Finance and Policy Committee were verbally advised that this announcement confirmed the following issues:

- At a national level the 2020/21 Local Government Finance Settlement will provide Core Spending Power of £49.1 billion, an increase on 2019/20 of **£2.929 billion**;

- The national increase in Core Spending Power consists of two key elements:

- **55%** of the national increase will come from forecast **Council Tax increases**.

The Government's forecasts assume all authorities will increase Council Tax in line with the national Council Tax referendum limits. For Social Care Authorities the referendum limit is 4%, including a 2% Adult Social Care precept.

As reported previously the 2020/21 national Council Tax Referendum limits continue to shift the funding of local services from national taxation on to Council Tax.

- **45%** of the national increase will come from an increase in **Government Grants increase**.

This increase mainly reflects the additional Social Care funding of £1 billion provided for 2020/21.

3.3 As reported previously the national funding arrangements for local authorities, including Council Tax referendum limits set by the Government, mean that authorities either increase Council Tax in line with these limits, or reduce expenditure to balance their budgets.

3.4 The Local Government Association has stated that:

- “the Settlement indicates that core spending on local services has the potential to increase by £2.9 billion next year, which is good news for councils and shows that the Government has responded to the financial pressures local authorities face in meeting rising costs and demand for services, such as adult and children’s social care;
- the ability of councils to increase council tax and levy an adult social care precept next year gives the potential to raise £1.6 billion. This will help councils continue to deliver vital services, but it is not a sustainable solution because increasing council tax raises different amounts of money in different parts of the country, unrelated to need, and adds an extra financial burden on households. The Government needs to deliver on its pledge to bring forward proposals for the long term reform of adult social care and how it is funded”.

3.5 The Settlement provided no update on the progress to increase Business Rates retention from 50% to 75%, or the Fair Funding Review. As reported previously if the Government intends implementing these changes for 2021/22, which is just over a year away, this leaves very little time for consultation on these proposals. There will then be even less time for individual authorities to respond to any funding changes once final proposals are provided by the Government. Approval of the MTFS in December 2019 provided the best possible financial foundations for the Council to manage this uncertainty. Further updates will be provided when more information is available.

3.6 **Local impact of final 2020/21 Local Government Finance Settlement**

3.7 The final settlement confirmed:

- that the Council will receive total Government funding for 2020/21 of £28.133m, which is £14,000 more than forecast in December 2019. For planning purposes it is anticipated that this funding will be sustainable in future years; and
- enabled calculations in relation to retained Business Rate income and Business Rates Section 31 grants to be completed. These factors provide an increase in recurring resources of £76,000.

3.8 Finance and Policy Committee (30<sup>th</sup> January 2020) determined to seek Council approval to use the above revenue resources of £90,000 to increase the use of borrowing by £2 million to increase the approved Capital Investment Programme budget. Subject to Council approving this proposal detailed work will commence on delivering the Capital Investment Programme approved by Finance and Policy Committee on 30<sup>th</sup> January 2020. If the additional funding is not approved a further report will need to be considered by the Finance and Policy Committee to prioritise capital projects within the original funding enveloped approved by Council in



December 2020. This will require Finance and Policy Committee to determine which schemes are removed, or scaled back, to reduce the overall programme by £2m.

- 3.9 In line with the procedures adopted in previous years the separate booklet issued with the agenda papers provides the detailed departmental revenue budgets for 2020/21. This document reflects the recommendations approved by Council in December 2020.

#### **4.0 LEGAL CONSIDERATIONS**

- 4.1 The following issues are relevant to the 2020/21 budget and were addressed in previous reports to Finance and Policy Committee (9<sup>th</sup> December 2019) and Council (19<sup>th</sup> December 2019):-

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Finance and Policy) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves;
- The requirements of the Prudential Code in relation to the use of Prudential Borrowing.

- 4.2 The Local Government Act 1992 and relevant regulations also require the Council to approve the statutory Council Tax calculations incorporating the Council Tax levels set by individual precepting bodies i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils.

- 4.3 Individual ‘precepting bodies’ are responsible for setting their own Council Tax levels in accordance with the specific Government Council Tax referendum limits and which meet their own budgetary requirements. The following table details the Government Council Tax referendum limits for 2020/21 and Council Tax increases approved by individual precepting bodies:

| Type of Authority              | Government Council Tax Referendum Limits 2019/20        | Band D Council Tax increase approved by individual precepting bodies |
|--------------------------------|---|--|
| Police and Crime Commissioners | Increases of up to £10 in Band D Council Tax in 2020/21 | £10 (4.0%)   |

|                             |   |                             |
|-----------------------------|---|-----------------------------|
| Fire and Rescue Authorities | Increases of up to 2% in Band D Council Tax in 2019/20  | £1.47 (1.9%)                |
| Town and Parish councils    | No referendum limits have been set and the Government intends to keep this matter under active review for future years. | Various depending on Parish |

- 4.4 The statutory Council Tax calculations are an administrative responsibility that the Council as the statutory 'billing authority' is required to undertake once the Council has set its own Council Tax level (which was approved on 19<sup>th</sup> December 2019) and the individual precepting bodies have set their own Council Tax levels.
- 4.5 The statutory billing authority calculations are not an opportunity to review the decision made by Council on 19<sup>th</sup> December 2019, or to challenge the Council Tax decisions of individual precepting bodies – which they are legally responsible for making. The statutory determinations are an arithmetic calculation and the only grounds for not approving these calculations is if a Member identifies that the additions of the various Council Tax levels set by the Council and precepting bodies are incorrect.
- 4.6 Whilst Members may be frustrated by the limitations of the Council's responsibilities in relation to the statutory calculations this is the legal position governing these calculations. A decision not to approve the statutory calculations would have serious consequences as the Council would be unable to produce Council Tax bills and issue these to approximately 40,000 households in sufficient time to collect the first direct debt payments. This would have an adverse impact on the Council's cash flow as Council Tax income would not be received, whilst the Council would still have to pay staff/suppliers and make precept payments. Delays in collecting direct debits would also impact on households as payments would not be taken when expected. Additionally, there would be an increased risk that households fell into arrears with Council Tax, which would then increase collection costs and have a continued adverse impact on cash flow.
- 4.7 For Members information, for areas without a parish council, which is 91.5% of Hartlepool households, the overall Council Tax increase for 2020/21 is 3.8% (2019/20 - 4.6%), which reflects the increases approved by the Council, the Police and Crime Commissioner and Cleveland Fire Authority.
- 4.8 The overall increase reflects the weighting of Council Tax increases set by individual organisations and for a Band A property (53% of Hartlepool households) the following table provides a breakdown of the 2020/21 Council Tax increase:

**Overall 2020/21 Council Tax levels, incorporating Major Precepts for a Band A property (but excluding Parish precepts)**

|  | Council Tax increase | 2019/20   | 2020/21   | Annual Increase | Notes |
|--|----------------------|-----------|-----------|-----------------|-------|
| Hartlepool Council (includes 2% Social Care Precept) | 3.9%                 | £1,123.52 | £1,167.34 | £43.82          |       |
| Police & Crime Commissioner                          | 4.0%                 | £167.03   | £173.69   | £6.66           | (a)   |
| Cleveland Fire Authority (CFA)                       | 1.9%                 | £51.57    | £52.55    | £0.98           |       |
| Overall increase                                     | 3.8%                 | £1,342.12 | £1,393.57 | £51.45          | (b)   |

(a) Police and Crime Commissioner increase is based on a £10 increase for a Band D property, which equates to a 4.0% increase for all property bands.

(b) Total percentage increase of 3.8% is based on total increase of £51.45 divided by 2019/20 total Council Tax of £1,342.12.

- 4.9 Based on the approved increases detailed in paragraph 4.6 the following table summarises the Council Tax for 2020/21, for areas without a parish. The Adult Social Care precept is the cumulative amount and includes the 2% increase for 2020/21.

|   | Council Tax Bands |          |          |          |          |          |          |          |
|---|-------------------|----------|----------|----------|----------|----------|----------|----------|
|   | A<br>£ p          | B<br>£ p | C<br>£ p | D<br>£ p | E<br>£ p | F<br>£ p | G<br>£ p | H<br>£ p |
| Hartlepool Borough Council Basic Amount without parishes or special items | 1,065.04          | 1,242.55 | 1,420.05 | 1,597.56 | 1,952.57 | 2,307.59 | 2,662.60 | 3,195.12 |
| Hartlepool Borough Council Adult Social Care Precept                      | 102.30            | 119.35   | 136.40   | 153.45   | 187.55   | 221.65   | 255.75   | 306.90   |
| Office of Police and Crime Commissioner                                   | 173.69            | 202.64   | 231.59   | 260.54   | 318.44   | 376.34   | 434.23   | 521.08   |
| Fire Authority  | 52.55             | 61.31    | 70.07    | 78.83    | 96.35    | 113.87   | 131.38   | 157.66   |
| Areas without a Parish Council  | 1,393.58          | 1,625.85 | 1,858.11 | 2,090.38 | 2,554.91 | 3,019.45 | 3,483.96 | 4,180.76 |

- 4.10 Appendix A details the Council Tax levels for all areas of the town, including areas covered by the Parish Council.

## 5. Grayfield's Recreation Ground and Pavilion

- 5.1 On 30<sup>th</sup> January 2020 Finance and Policy Committee considered a comprehensive "Leisure Facilities Review and Options Appraisal" report. The report included a proposal to invest £160,000 to improve this site and reinstate the artificial pitch. The report also proposed advertising the

opportunity of a community asset transfer, which would require the successful bidder to fulfil the Terms and Conditions of the Football Foundation and continue to operate the site as a community asset and deliver associated outcomes. The community asset transfer will be subject to a legal agreement and the successful organisation producing robust business, financial and football development plans.

- 5.2 After allowing for annual loan repayment costs an asset transfer would enable a net saving of £50,000 to be achieved. This will support offset existing income pressures in leisure budgets.

## **6. CHILD AND FAMILY POVERTY**

- 6.1 As detailed in the December 2019 MTFS report there are no specific child and family poverty considerations as part of this report.

## **7. STAFF CONSIDERATIONS**

- 7.1 None.

## **8. ASSET MANAGEMENT CONSIDERATIONS**

- 8.1 None in relation to the statutory budget calculations. The proposals in relation to Grayfield's Recreation Ground and Pavilion will improve these facilities.

## **9. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 9.1 As reported in the December 2019 MTFS report the majority of budget proposals put forward will not impact on the delivery of frontline services or service users. Equality Impact Assessments (EIA) were undertaken where required and included as part of the proposals reported to Policy Committees to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions.
- 9.2 An overall central assessment was also undertaken to determine the cumulative impact of the savings proposals on each individual "protected characteristic". This assessment demonstrated that the savings proposals approved in December do not have an overall potential impact on any one area and there is no requirement to arrange further corporate consultation in relation the budget proposals.

## **9. RECOMMENDATIONS**

### **9.1 Statutory Council Tax calculations**

- i) Note that 55% of the Government's forecast national increase in Core Spending Power for local authorities is based on the assumption that all authorities will increase Council Tax up to the referendum limits;

- ii) Approve the statutory Council Tax calculations detailed in Appendix A, which includes the Council Tax increases approved by the individual precepting bodies;

## 9.2 Prudential borrowing recommendations

- i) Approve the allocation of the additional recurring resources of £90,000 to fund increased Prudential Borrowing of £2m, which will increase the Capital Programme budget;
- ii) Note that if recommendation (i) is not approved a further report on the detailed Capital Programme will need to be considered by Finance and Policy Committee to prioritise projects within the resulting lower funding envelope.
- iii) Approve the proposal to invest £160,000 at the Grayfield's Recreation Ground and Pavilion to improve this site and reinstate the artificial pitch, subject to securing a new operator for the site. Repayment of the prudential borrowing will be over 10 years from the annual saving in running costs achieved from a successful asset transfer. A legal agreement will be in place for the asset transfer and subject to the successful organisation producing robust business, financial and football development plans.

## 10. REASON FOR RECOMMENDATIONS

- 10.1 To enable the final 2020/21 budget and technical Council Tax calculations to be completed.

## 11. BACKGROUND PAPERS

- Medium Term Financial Strategy 2020/21 to 2023/24 Report to Council 19<sup>th</sup> December 2019;
- Leisure Facilities Review and Options Appraisal Report to Finance and Policy Committee 30<sup>th</sup> January 2020;
- Medium Term Financial Strategy 2020/21 to 2023/24 to Finance and Policy Committee 10<sup>th</sup> February 2020.

## 12. CONTACT OFFICER

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Tel: 01429 523003

Sign Off:-

Chief Executive



Director of Policy and Finance

Chief Solicitor



**SUPPORTING STATUTORY RESOLUTIONS - COUNCIL TAX INCREASE**

- 1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2020/2021 in accordance with the Local Government Finance Act 1992 and relevant regulations:

i) To note that on 13<sup>th</sup> January 2020 the Finance and Policy Committee approved the 2020/21 Council Tax Base for:

- The whole Council area as 24,882 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
- For dwellings in those parts of its area to which a Parish precept relates as follows:

**Parish Council Tax bases (Band D Equivalents)**

|               |       |               |       |
|---------------|-------|---------------|-------|
| Dalton Piercy | 100.0 | Greatham      | 586.8 |
| Elwick        | 703.8 | Hart          | 318.7 |
| Headland      | 726.5 | Newton Bewley | 33.5  |

- 2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £43,568,631.

- 3 That the following amounts be calculated by the Council for in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-

- (a) £77,731,836 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
- (b) £34,127,503 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £7,904,524, Business Rates Baseline Funding of £15,804,997, Top up Funding of £10,525,375 and the estimate to be paid into the Collection Fund of £107,393 as at 31st March 2020, in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Charges for England (Collection Fund Surpluses and Deficits) Regulations 1995 amended.
- (c) £43,604,333 Being the amount by which the aggregate at 3 (a) above exceeds the aggregate at 3 (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (including Parish precepts).

- |     |                                   |  |
|-----|-----------------------------------|--|
| (d) | £1,752.44                         | Being the amount calculated by the Council in accordance with Section 31B of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year (including Parish precepts).   |
| (e) | £35,702<br>Parish<br>Precepts     | Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.  |
|     | £14,800<br>Concurrent<br>Services | Concurrent Services - as detailed in Table 1.  |
| (f) | £1,751.01                         | Being the amount calculated by the Council in accordance with Section 34 (2) of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year 2020/21 (excluding Parish precepts), which has the effect of increasing the Council's element of Council Tax by 3.9%. |
- 
- 4 The Basic Council Tax for 2020/21 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Table 2.
  - 5 Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Table 3 the amounts of Council Tax for 2020/21 for each part of the Council's area and each of the categories of dwellings.
  - 6 Approve that the Council's basic amount of Council Tax for 2020/21 of £1,751.01, detailed in 3 (f) above is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992 and that no local referendum will be carried out in relation to Chapter 4ZA of the Local Government Finance Act 1992.
  - 7 Approve the amount of Council Tax including the Cleveland Fire Authority and the Office of the Police and Crime Commissioner precepts, in accordance with Section 40 of the Local Government Finance Act 1992 and the relevant inclusion of amounts of Council Tax for each category of dwelling in accordance with Sections 43 to 47 of the Act as set out in Table 3.



**TABLE 1 - Council Tax For Parish Councils 2020/2021**

|                 | Precept<br>(1) | Parish<br>Tax<br>Base<br>(2) | Parish<br>Council<br>Tax<br>(3)<br>[=(1)/(2)] | Basic<br>Council<br>Tax<br>(4) | Billing<br>Authority's<br>Council Tax<br>(5)<br>[=(3)+(4)] | Precept<br>met from<br>Council Tax<br>Support<br>Scheme | Concurrent<br>Services | Total<br>Payment<br>to<br>Parish |
|-----------------|----------------|------------------------------|---|--------------------------------|--|---|------------------------|----------------------------------|
| <u>Parishes</u> | £ p            |                              | £ p   | £ p                            | £ p  | £ p   | £ p                    | £ p                              |
| Dalton Piercy   | 7,751          | 100.0                        | 77.51   | 1,751.01                       | 1,828.52   | 549   | 2,560                  | 10,860                           |
| Elwick          | 13,032         | 703.8                        | 18.52   | 1,751.01                       | 1,769.53   | 468   | 7,300                  | 20,800                           |
| Greatham        | 2,776          | 586.8                        | 4.73  | 1,751.01                       | 1,755.74   | 424   | 1,385                  | 4,585                            |
| Hart            | 6,427          | 318.7                        | 20.17   | 1,751.01                       | 1,771.18   | 273   | 3,555                  | 10,255                           |
| Headland        | 5,604          | 726.5                        | 7.71  | 1,751.01                       | 1,758.72   | 2,396   | -                      | 8,000                            |
| Newton Bewley   | 112            | 33.5                         | 3.34  | 1,751.01                       | 1,754.35   | 8   | -                      | 120                              |
|                 | 35,702         |                              |   |                                |  | 4,118   | 14,800                 | 54,620                           |

**TABLE 2 - Council Taxes For Each Property Band 2020/2021****(Including Parish Precepts but excluding Office of Police and Crime Commissioner & Fire Authority)**

| <u>Parishes</u>                   | Council Tax Bands |          |          |          |          |          |          |          |
|-----------------------------------|-------------------|----------|----------|----------|----------|----------|----------|----------|
|                                   | A<br>£ p          | B<br>£ p | C<br>£ p | D<br>£ p | E<br>£ p | F<br>£ p | G<br>£ p | H<br>£ p |
| Dalton Piercy                     | 1,219.01          | 1,422.19 | 1,625.35 | 1,828.52 | 2,234.85 | 2,641.20 | 3,047.53 | 3,657.04 |
| Elwick                            | 1,179.69          | 1,376.30 | 1,572.91 | 1,769.53 | 2,162.76 | 2,555.99 | 2,949.22 | 3,539.06 |
| Greatham                          | 1,170.49          | 1,365.58 | 1,560.65 | 1,755.74 | 2,145.90 | 2,536.07 | 2,926.23 | 3,511.48 |
| Hart                              | 1,180.79          | 1,377.59 | 1,574.38 | 1,771.18 | 2,164.77 | 2,558.37 | 2,951.97 | 3,542.36 |
| Headland                          | 1,172.48          | 1,367.90 | 1,563.30 | 1,758.72 | 2,149.54 | 2,540.38 | 2,931.20 | 3,517.44 |
| Newton Bewley                     | 1,169.57          | 1,364.50 | 1,559.42 | 1,754.35 | 2,144.20 | 2,534.06 | 2,923.92 | 3,508.70 |
| Areas without a<br>Parish Council | 1,167.34          | 1,361.90 | 1,556.45 | 1,751.01 | 2,140.12 | 2,529.24 | 2,918.35 | 3,502.02 |

**TABLE 3 - Council Taxes For Each Property Band 2020/2021****(Including Parish Precepts, Office of Police and Crime Commissioner & Fire Authority)**

| <u>Parishes</u>                   | Council Tax Bands |          |          |          |          |          |          |          |
|-----------------------------------|-------------------|----------|----------|----------|----------|----------|----------|----------|
|                                   | A<br>£ p          | B<br>£ p | C<br>£ p | D<br>£ p | E<br>£ p | F<br>£ p | G<br>£ p | H<br>£ p |
| Dalton Piercy                     | 1,445.25          | 1,686.14 | 1,927.01 | 2,167.89 | 2,649.64 | 3,131.41 | 3,613.14 | 4,335.78 |
| Elwick                            | 1,405.93          | 1,640.25 | 1,874.57 | 2,108.90 | 2,577.55 | 3,046.20 | 3,514.83 | 4,217.80 |
| Greatham                          | 1,396.73          | 1,629.53 | 1,862.31 | 2,095.11 | 2,560.69 | 3,026.28 | 3,491.84 | 4,190.22 |
| Hart                              | 1,407.03          | 1,641.54 | 1,876.04 | 2,110.55 | 2,579.56 | 3,048.58 | 3,517.58 | 4,221.10 |
| Headland                          | 1,398.72          | 1,631.85 | 1,864.96 | 2,098.09 | 2,564.33 | 3,030.59 | 3,496.81 | 4,196.18 |
| Newton Bewley                     | 1,395.81          | 1,628.45 | 1,861.08 | 2,093.72 | 2,558.99 | 3,024.27 | 3,489.53 | 4,187.44 |
| Areas without a<br>Parish Council | 1,393.58          | 1,625.85 | 1,858.11 | 2,090.38 | 2,554.91 | 3,019.45 | 3,483.96 | 4,180.76 |



**Report of:** Finance & Policy Committee

**Subject:** HOUSING REVENUE ACCOUNT (HRA) – CAPITAL INVESTMENT PLAN

---

## **1. PURPOSE OF REPORT**

- 1.1 To enable Council to consider the Finance and Policy Committees recommendation to use prudential borrowing to match fund capital grants to finance the proposed HRA Capital Investment Plan and to increase the Prudential Borrowing Limits accordingly.

## **2. BACKGROUND**

- 2.1 In accordance with the Constitution the Finance and Policy Committee is responsible for proposing borrowing levels for the HRA, , which are then referred to Council for consideration.
- 2.2 The HRA Business Plan Update report to Finance and Policy Committee on 10<sup>th</sup> February, 2020 included recommendations to improve the financial resilience of the HRA and a Capital Investment Plan which will add an additional 164 dwellings. This will increase the provision of 'affordable' housing in the Borough, which helps meet the need identified in the Strategic Housing Market Assessment (SHMA) and is a key priority in the Council's 2019-24 Housing Strategy. The proposed borrowing and updates to Prudential Indicators require the approval of Council.

## **3. PROPOSALS**

- 3.1 Following the government's removal of the HRA debt cap in October 2019, there is an opportunity for the Council to use borrowing, repaid from rental income, to attract additional grant funding to increase the provision of affordable housing.
- 3.2 The proposed capital programme aims to deliver an additional 164 units in the period 2020/21 to 2024/25 by investing up to £19.168m funded by £7.960m external funding and borrowing of £11.208m. Amounts relating to specific years are shown in the table below:

**Table 1: HRA Capital Funding to be Approved**

| <b>Year</b> | <b>Indicative<br/>External<br/>Funding<br/>£000</b> | <b>Borrowing<br/>£000</b> | <b>Total<br/>Funding<br/>£000</b> |
|-------------|---|---------------------------|-----------------------------------|
| 2020/21     | 667   | 1,085                     | 1,752                             |
| 2021/22     | 1,282   | 1,850                     | 3,132                             |
| 2022/23     | 1,898   | 2,617                     | 4,515                             |
| 2023/24     | 1,097   | 1,644                     | 2,741                             |
| 2024/25     | 3,016   | 4,012                     | 7,028                             |

- 3.3 The Investment Plan proposes to deliver 50 high quality empty property acquisitions, 40 new build acquisitions from private developers and 74 new builds built on Council owned land. The business model for the scheme requires that acquisitions will generate additional income for the HRA, which will help to reduce the HRA deficit and contribute to the higher costs of some of the more challenging former empty properties.

#### **4. OTHER CONSIDERATIONS**

|  |  |
|--|--|
| Staff Considerations   | No relevant issues   |
| Consultation   |  |
| Child/Family Poverty Considerations                          | Covered in the HRA Business Plan Update Report to Finance & Policy Committee 10 <sup>th</sup> February, 2020 |
| Equality and Diversity Considerations                        |  |
| Risk Implications  |  |
| Financial Considerations                                     |  |
| Legal Considerations   |  |
| Section 17 of the Crime and Disorder Act 1998 Considerations |  |
| Asset Management Considerations                              |  |

#### **5. RECOMMENDATIONS**

- 5.1 To consider the Finance and Policy Committees recommended HRA Capital Investment Plan to deliver 164 units at a cost up to £19.168m, requiring borrowing of £11.208m to be funded from rental income and to approve the inclusion of this scheme within the Capital Programme and Prudential Indicators.

#### **6. REASONS FOR RECOMMENDATIONS**

- 6.1 To help meet the need for 'Affordable Housing' and to ensure that the HRA is sustainable.

#### **7. BACKGROUND PAPERS**

- 7.1 HRA Financial Business Plan Update, Finance and Policy Committee, 10<sup>th</sup> February, 2020

**8. CONTACT OFFICER**

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Sign Off:-

- Director of Finance and Policy ☒
- Chief Solicitor/Monitoring Officer ☒
- Chief Executive ☒

# COUNCIL

## 20 February 2020



**Report of:** Children's Services Committee

**Subject:** YOUTH JUSTICE PLAN 2019-2021

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### 1. PURPOSE OF REPORT

1.1 Part of the Budget and Policy Framework.

### 2. BACKGROUND

2.1 Council are being asked to adopt the draft Youth Justice Strategic Plan 2019-2021 (attached at **Appendix 1**).

2.2. The final Strategy will also be sent to the National Youth Justice Board.

### 3. PROPOSALS

3.1 Children's Service Committee approved the consultation process for Youth Justice Strategic Plan on 19<sup>th</sup> November, consequently the Youth Justice Plan has been presented to Safer Hartlepool Partnership and Audit and Governance Committee where it has been accepted and no additional comments or amendments have been suggested. Children's Service Committee approved the Youth Justice Strategy on the 28<sup>th</sup> January 2020 and therefore request the Council adopt the Youth Justice Plan 2019/2021.

### 4. RISK IMPLICATIONS

4.1 Should the plan not be agreed we would not be compliant with the requirements linked to Youth Justice Board Grant.

**5. FINANCIAL CONSIDERATIONS**

- 5.1 There are no direct financial implications arising from this Report, however the Youth Justice grant contributes £370k towards the overall cost of the service.

**6. LEGAL CONSIDERATIONS**

- 6.1 Crime and Disorder Act 1998 A local authority must submit a youth justice plan annually to the Youth Justice Board setting out (a) how youth justice services are to be provided and funded in their area and (b) how the YOTs established by them are to be composed and funded, how they are to operate and what functions they are to carry out. The plan must be published in such manner and by such date as the Secretary of State may direct.

**7. CHILD AND FAMILY POVERTY CONSIDERATIONS**

- 7.1 Not applicable.

**8. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 8.1 Not applicable.

**9. STAFF CONSIDERATIONS**

- 9.1 There are no staffing implications within this report.

**10. ASSET MANAGEMENT CONSIDERATIONS**

- 10.1 There are no asset management implications form this report.

**11. RECOMMENDATIONS**

- 11.1 The Council is requested to approve the Youth Justice Plan 2019/20.

**12. REASONS FOR RECOMMENDATIONS**

- 12.1 The development of the Youth Justice plan for 2019-2021 will provide the Youth Justice Service with a clear steer to bring about further reductions in youth offending and contribute to improving outcomes for children, young people and their families alongside the broader community.

- 12.2 The local Youth Justice Strategic Plan for 2019–2021 will establish responsibility across the Youth Justice Service and the Youth Justice Strategic Board for taking each improvement activity forward within agreed timescales.

### **13. BACKGROUND PAPERS**

- 13.1 The following background papers were used in the preparation of this report:
- Crime and Disorder Act 1998
  - Standards for children in the youth justice system 2019

### **14. CONTACT OFFICER**

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**HARTLEPOOL**  
**YOUTH JUSTICE SERVICE**



|          |   |                |
|----------|---|----------------|
| <b>1</b> | <b>FOREWORD</b>   | <b>Page 3</b>  |
| <b>2</b> | <b>INTRODUCTION</b>   | <b>Page 5</b>  |
| <b>3</b> | <b>WHAT WE HAVE ACHEIVED IN 2017/18 &amp; 2018/19</b>                     | <b>Page 7</b>  |
| <b>4</b> | <b>STRATEGIC VISION AND PRIORITIES - A BETTER CHILDHOOD IN HARTLEPOOL</b> | <b>Page 22</b> |
| <b>5</b> | <b>STRUCTURE AND GOVERNANCE</b>   | <b>Page 27</b> |
| <b>6</b> | <b>RESOURCES AND VALUE FOR MONEY</b>                                      | <b>Page 30</b> |
| <b>7</b> | <b>PARTNERSHIP ARRANGEMENTS</b>   | <b>Page 32</b> |
| <b>8</b> | <b>RISKS TO FUTURE DELIVERY</b>   | <b>Page 33</b> |
| <b>9</b> | <b>STRATEGIC SUMMARY</b>  | <b>Page 35</b> |

# 1. FOREWORD

Welcome to the 2019 - 2021 Hartlepool Youth Justice Strategic Plan. This plan sets out our ambitions and priorities for Hartlepool Youth Justice Service and the broader local Youth Justice Partnership for the next 2 years.

Hartlepool's Community Strategy 2008-20 establishes a vision for the town:

*"Hartlepool will be an ambitious, healthy, respectful, inclusive, thriving and outward looking community, in an attractive and safe environment, where everyone is able to realise their potential".*

The Youth Justice Service and broader partnership has a key role in contributing to this vision, by continuing to deliver a high quality, effective and safe youth justice service that prevents crime and the fear of crime, whilst ensuring that young people who do offend are identified, managed and supported appropriately, without delay.

In recent years Hartlepool has witnessed a significant reduction in youth crime. The local youth justice partnership has been particularly effective in reducing the numbers of young people entering the youth justice system for the first time, but there remains a need to drive down incidents of re-offending by young people who have previously offended. This will be achieved through a combination of robust interventions designed to manage and reduce risk of harm, support safety & wellbeing, restore interpersonal relationships, promote whole family engagement and achieve positive outcomes. Encouragingly, Hartlepool Youth Justice Service is developing its restorative offer to young people whilst ensuring that victims of youth crime have a voice.

The recently published 'Standards for children in the youth justice system 2019' and the 'Child First' ethos will be integral to the way the service builds upon our progress to date. However, it must be acknowledged that the current economic climate, and the continuing introduction of new reforms relating to how we respond to children, young people, families and communities, will inevitably present new challenges in the coming year and beyond.

Despite these challenges I am very confident that Hartlepool Youth Justice Service and the broader Youth Justice Partnership will continue to help make Hartlepool a safer place to live, work, learn and play

In 2019-21 we will strive to continuously improve by:

- Adopting an Enhanced Case Management model, with trauma informed practice at its core.

- Developing a clear and consistent approach to all forms of child exploitation.
- Building on the improving YJS offer of a 'whole family approach'
- Ensuring the Service maintains a 'child first' ethos.

None of the above will be possible without the continued support and close working relationships of our partners and Children's Social Care. In addition, these relationships allow us to mitigate the impact of ever reducing partnership budgets whilst maintaining the quality and effectiveness of the Service.

2018-19 has been a year of change with the YJS Team Manager. Mike Lane moved to HMIP as a Lead Inspector, I would like to put on record the thanks of the Management Board, YJS staff and all the partners for his dedicated and effective leadership.

We also wish Roni Checksfield all the very best in taking up the challenge and are confident that the Service will continue to deliver high quality services to all young people, families and victims.

As always, the Strategic Management Board is extremely grateful for the skill and dedication of our employees in supporting young people who offend, or are at risk of becoming involved in offending.

On behalf of the Youth Justice Service Strategic Management Board I am pleased to **pledge my support to** and endorse the Youth Justice Strategic Plan

Signature

A handwritten signature in black ink, appearing to read 'Ch. Insp Burnell', written in a cursive style.

Chief Inspector Nigel Burnell, Cleveland Police - Youth Justice Service Strategic Management Board Chair

## 2. INTRODUCTION

The National Youth Justice System primarily exists to ensure that children and young people between the age of 10 and 17 (who are arrested and charged with a criminal offence) are dealt with differently to adult offenders, to reflect their particular welfare needs.

In summary, young people who offend are:

- Dealt with by youth courts;
- Given different sentences in comparison to adults and
- When necessary, detained in special secure centres for young people.

It is the responsibility of the Local Authority and statutory partners to secure and coordinate local youth justice services for young people, area who come into contact with the Youth Justice System as a result of their offending behaviour. This is achieved through the established Youth Justice Service.

The primary functions of Youth Justice Services are to prevent offending and re-offending by children and young people and reduce the use of custody.

Hartlepool Youth Justice Service was established in April 2000 and is a multi-agency service made up of representatives from Children's Services, Police, Probation, Public Health, Education, Community Safety and the local voluntary/community sector. Hartlepool Youth Justice Service seeks to ensure that:

- All young people entering the youth justice system benefit from a structured needs assessment to identify risk and protective factors associated with their offending behaviour in order to inform effective interventions.
- Courts and Referral Order panels are provided with high quality reports that enable them to make informed decisions.
- Orders of the Court are managed in such a way that they support the primary aim of the youth justice system, alongside managing risk of harm and ensuring there is due regard to the welfare of the young person.

- Services provided to courts are of a high quality and ensure that magistrates and the judiciary have confidence in the supervision of young people.
- Comprehensive bail and remand management services are in place locally for young people remanded or committed to custody, or on bail while awaiting trial or sentence.
- The needs and risks of young people sentenced to custodial sentences (including long-term custodial sentences) are assessed to ensure effective resettlement and management of risk.
- Those receiving youth justice services are treated fairly regardless of race, language, gender, religion, sexual orientation, disability or any other factor, and actions are put in place to address discrimination if identified

In addition to the above, the remit of the service has widened significantly in recent years due to both national and local developments relating to prevention, diversion and restorative justice and there is a now requirement to ensure that:

- Strategies and services are in place locally to prevent young people from becoming involved in crime or anti-social behaviour;
- Out-of-court disposals deliver targeted and bespoke interventions for those at risk of entering the Youth Justice System
- Assistance is provided to the Police when determining whether Youth Cautions should be issued and
- Restorative approaches are used, where appropriate, with victims of crime and ensures that restorative justice is central to work undertaken with young people who offend.

The Hartlepool Youth Justice Plan for 2019-2021 sets out how youth justice services will be delivered, funded and governed in response to both local need and national policy changes including the implementation of Standards for children in the youth justice system 2019. It also highlights how Hartlepool Youth Justice Service will work in partnership to prevent offending and re-offending by young people and reduce the use of custody.

### 3. WHAT WE HAVE ACHEIVED IN 2017/18 & 2018/2019

A review of progress made against last year's plan highlights that the service has made progress across the majority of the year's priorities; but there remains key areas for improvement that will need to be driven forward in the coming year:

|  | Comments   |
|--|--|
| <b>Early Intervention and Prevention</b> – sustain the reduction of first time entrants to the youth justice system by ensuring that there remain strategies and services in place locally to prevent young people from becoming involved in crime and anti-social behaviour | <p>The last two years have seen decreases in FTE's. In 2016/17 we had an increase in FTE to 42. This has been followed by a 52% reduction in 2017/18 to 20 and a further 25% reduction in 2018/19 to 15. These decreases are reflective of the Tees-wide trend, with neighbouring Tees Valley YOTS also reporting decreases across the same period.</p> <p>Our continued partnership arrangements with Cleveland Police remain effective in relation to the diversion of young people from the Youth Justice System. This is primarily through the delivery of Out Of Court Disposals, with longer term data trend evidencing significant success in this area.</p> <p>The Cleveland Police and Crime Commissioner (PCC) continues to fund Triage.</p>   |
| <b>Re-offending</b> - reduce further offending by young people who have committed crime  | <p>The YJMIS reoffending data demonstrates how unpredictable young people's behaviours can be. The current rate is 53.8% (Apr 17-Jun 17 cohort) which represents an increase after 5 consecutive quarterly reductions. The number of re-offenders has also fluctuated over the last 2 years. Inevitably, due to the low cohort numbers, any re-offending sees a considerable increase in the rate.</p> <p>The rate of youth re-offending within Hartlepool remains above both the national and regional average and addressing this remains a strategic priority in the coming year. This will be primarily through continued assessment and a bespoke package of interventions (which is currently being developed). In addition, the proportionate use of rehabilitative interventions and, where necessary, restrictive interventions will serve to ensure effective management of risk and support around welfare-related need. <b>We aim to address the needs</b></p> |

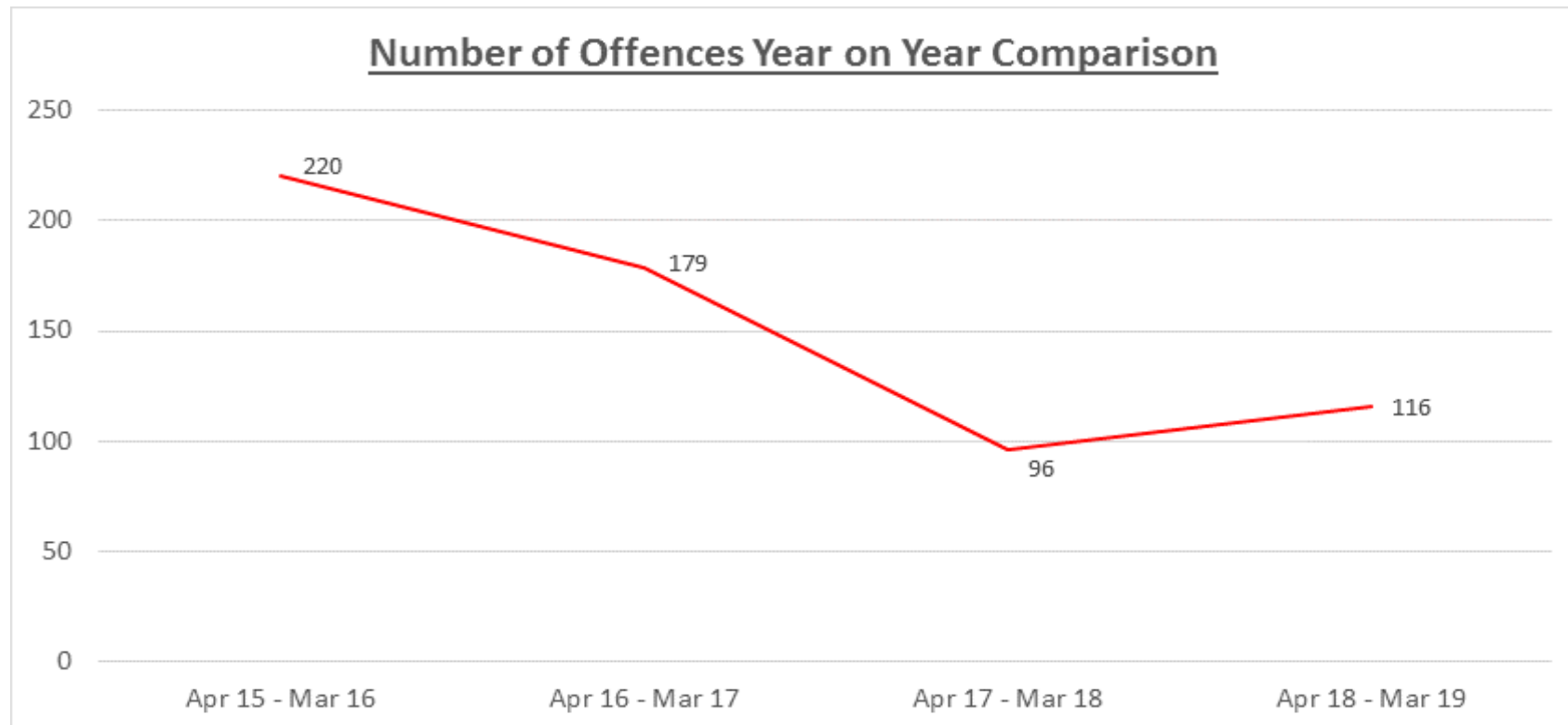
|  |   |
|--|---|
|  | of young people using a systemic team around the family model maximising inter-agency support and services and the family own resources.  |
| <b>To focus our iniRemand and Custody –</b> demonstrate that there are robust and comprehensive alternatives in place to support reductions in the use of remands and custody.   | <p>The number of remand episodes in 2017/18 was 0 with 1 in 2018/19. These are excellent figures and continue to evidence the Bail Supervision and Support/ISS packages which are provided (where necessary and appropriate) as an alternative to custody.</p> <p>The number of custodial sentences across 2017/18 and 2018/19, have remained static with 3 young people having been made subject to such a disposal.</p> <p>The number of breaches of community based court orders has decreased from 15 in 2017/18 to 8 in 2018/19.</p> <p>Compliance panels have been established within YJS practice, as a means of identifying barriers to engagement and the reasons for none attendance, with the aim of increasing attendance and reducing the likelihood of remand.</p>  |
| <b>Restorative Justice –</b> ensure all victims of youth crime have the opportunity to participate in restorative justice approaches and restorative justice is central to work undertaken with young people who offend. | <p>The victims of youth crime are given the opportunity to participate in restorative justice. Restorative practice remains an integral part of the work undertaken with young people involved with the YJS.</p> <p>The Restorative Justice and Victim provision was in-sourced from April 2017, after a review of the previous provision. These statutory duties were re-aligned within the existing staffing of Hartlepool YJS – all of whom have undertaken service-wide Restorative Justice training, many to level 3. This has enabled Hartlepool YJS to have control and influence in shaping the direction and quality of Restorative Justice work. Across 2017/18 and 2018/19 there were <b>90</b> contacts with victims of crime and where consented a Victim Impact Statement completed.</p> <p>Young people, under the supervision of Hartlepool YJS, delivered approximately <b>700</b> hours of direct and indirect unpaid reparative activity within the Hartlepool area in 2017/18 and 2018/19. This was across various projects and involved working with local voluntary groups throughout the town.</p> |
| <b>Risk and Safety &amp; Wellbeing –</b> ensure all children and young people entering or at risk of entering the youth justice system benefit from a structured needs assessment to identify risk                       | Risk, Safety and Wellbeing arrangements continue to benefit from regular quality assurance, ensuring all young people entering (or at risk of entering) the youth justice system benefit from a structured needs assessment (via Asset Plus). The management of risk remains a key priority, alongside ensuring   |

|  |   |
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| and vulnerability to inform effective intervention and risk management.  | interventions are tailored to meet the individual's needs. The safety and wellbeing of young people under the supervision of the YJS is paramount.  |
| <b>Voice of the Young People</b> – ensure that all young people are actively involved in developing their own plans and interventions and have the opportunity to develop and inform current and future service delivery | <p>Hartlepool YJS has ensured young people have a voice and this is captured within their assessment – primarily through completion of the Asset Plus self-assessment.</p> <p>The service has ensured young people have been provided with opportunities to influence and shape service delivery – through utilising Hartlepool YJS e-survey feedback.<br/>The e-survey has recently been extended to include parents/carers and victims.</p> <p>Specialist Speech, Language and Communication Need (SLCN) training was commissioned from Durham YOS, and whole-service training was delivered, with the aim of raising awareness and supporting those young people with a SLCN. In turn, this enabled more effective signposting of young people to specialist Speech &amp; Language Therapeutic services, culminating with the YJS commissioning a Speech and Language Therapist in 2018/19 and re commissioned in 2019/20.</p> |
| <b>Extremism and PREVENT Strategy</b> – To ensure that the Youth Justice Service is compliant with legislative and practice requirements and adhere to the specific objectives of the 2011 Prevent Strategy              | <p>All members of Hartlepool Youth Justice Service (across all staff grades) have completed the mandated training around the PREVENT strategy and the Government's overall counter-terrorism strategy (CONTEST)</p> <p>Hartlepool YJS has a designated staff member as a specialist Prevent lead and WRAP3 Train the Trainer, accredited via the Office for Counter Terrorism &amp; Security.</p> <p>Assessments and planned interventions adequately consider issues such as extremism and radicalisation and, where necessary or appropriate, refer young people for further guidance and support</p> <p>Hartlepool YJS are also represented on the local Prevent Operational Group.</p>  |
| <b>Effective Governance</b> – ensure that the Youth Justice Strategic Management Board remains a well constituted, committed and knowledgeable Board which scrutinises Youth Offending Service performance.              | <p>The Youth Justice Strategic Management Board continues to be a well constituted, committed and knowledgeable Board which scrutinises Youth Justice Service performance. Ongoing development/shadowing days with all board members will continue to ensure the board remain committed and are able to advocate for the YJS within their own service areas.</p> <p>A new YJS Team Manager was appointed in October 2018 and a review was undertaken in March 2019 to ensure that the governance of YJS activity is fit for purpose, in line with changing national policy.</p>   |



## Young People Who Offend

In spite of the challenges that young people, families and communities contend with in Hartlepool, the local Youth Justice Partnership has had significant success in recent years in terms of preventing and reducing youth offending behaviour.



The number of offences committed by the YJS cohort has reduced from 179 (2016/17) to 96 in 2017/18 and followed by a slight increase to a current level of 116 in 2018/19 – which represents a significant reduction of 35% across the two years. Alongside this, the longer term rising trend in Restorative Interventions (for which responsibility lies with the Police) has contributed to a reduction of the number of young people entering the Criminal Justice System.

## **Prevention and Diversion**

Hartlepool Youth Justice Service, and the broader youth justice partnership, continue to place a significant emphasis on the prevention of young people's involvement in crime and anti-social behaviour. This continues to positively impact on the reduction of young people entering the Youth Justice System.

Youth crime prevention and diversion is based on the premise that it is possible to change the direction of young people by reducing risk factors that may lead to offending behaviour and enhancing protective factors that might help prevent offending.

It marks a concerted shift away from reactive spending, towards early action and intervention, through a range of programmes for young people who are at risk of offending, which can result in better outcomes and greater value for money.

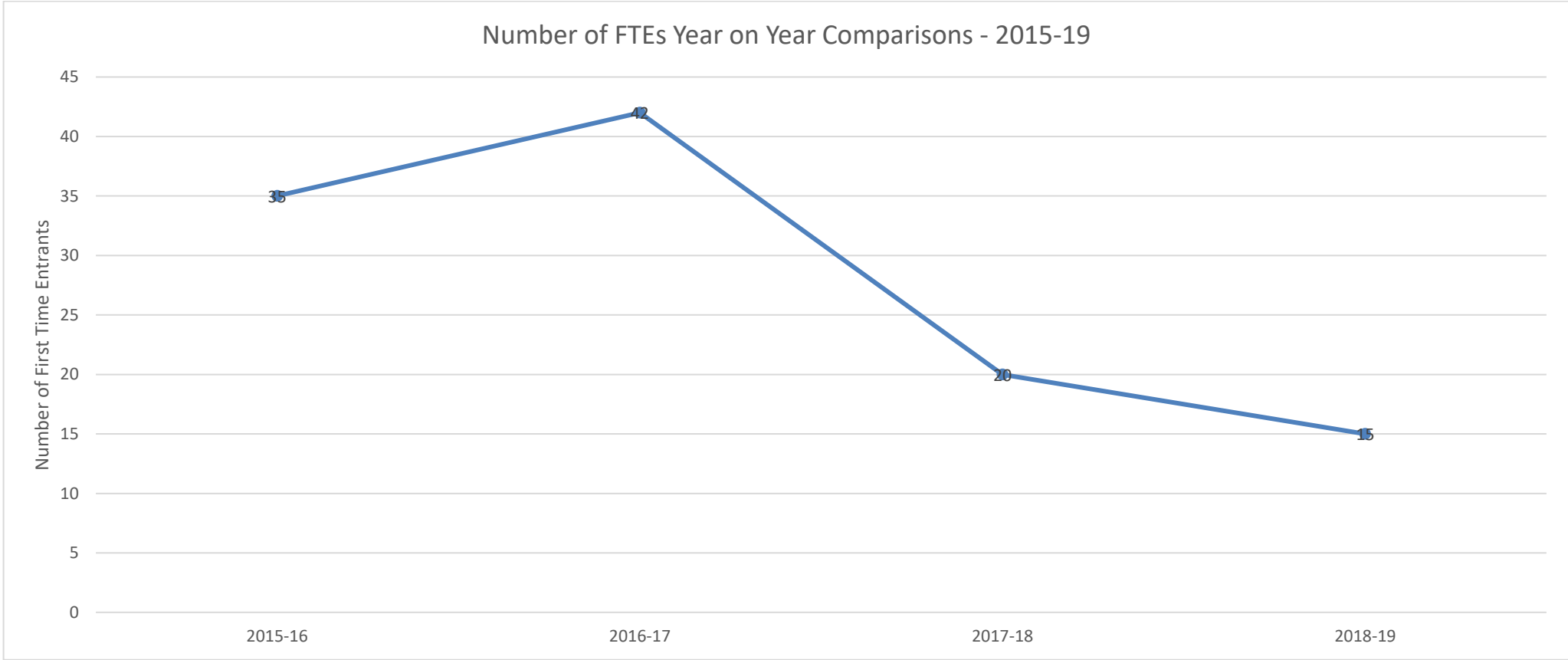
For young people whose behaviour has become more problematic, robust out of court interventions have proven to be highly successful in diverting young people away from further involvement in crime and anti-social behaviour. The use of out of court interventions are able to impress upon the young people the seriousness, and potentially damaging effect, of their actions however they do not criminalise the young people in the way that statutory court orders inevitably do.

Hartlepool YJS has again seen a reduction in First Time Entrants (FTEs) over the last 2 years 2017/18 and 2018/19. Hartlepool YJS partnership arrangements with Cleveland Police are established and effective in relation to the diversion of young people from the Youth Justice System. This remains primarily through the delivery of Out Of Court Disposals (O OCD), with longer term data trend evidencing significant success in this area. Indeed, Hartlepool YJS will continue to monitor the number of FTEs and for those young people subject to an O OCD, ensuring interventions are robust and sufficient to address the offence committed, alongside other areas of need identified in the assessment, in order to help prevent any further offending.

Cleveland PCC continues to fund the diversionary Triage programme which has made a considerable contribution to the continuing reduction of FTEs. There was a recorded 143 FTEs in 2009/10, compared to 15 in 2018/19 marking a huge reduction of 89%.

Multi agency partnership work is ongoing to implement suitable interventions and processes to work intensively with those young people identified as potentially being criminally exploited. Hartlepool YJS will be providing a leading role in this process alongside the Vulnerable, Exploited, Missing and Trafficked (VEMT) local board.

First Time Entrants (FTEs)



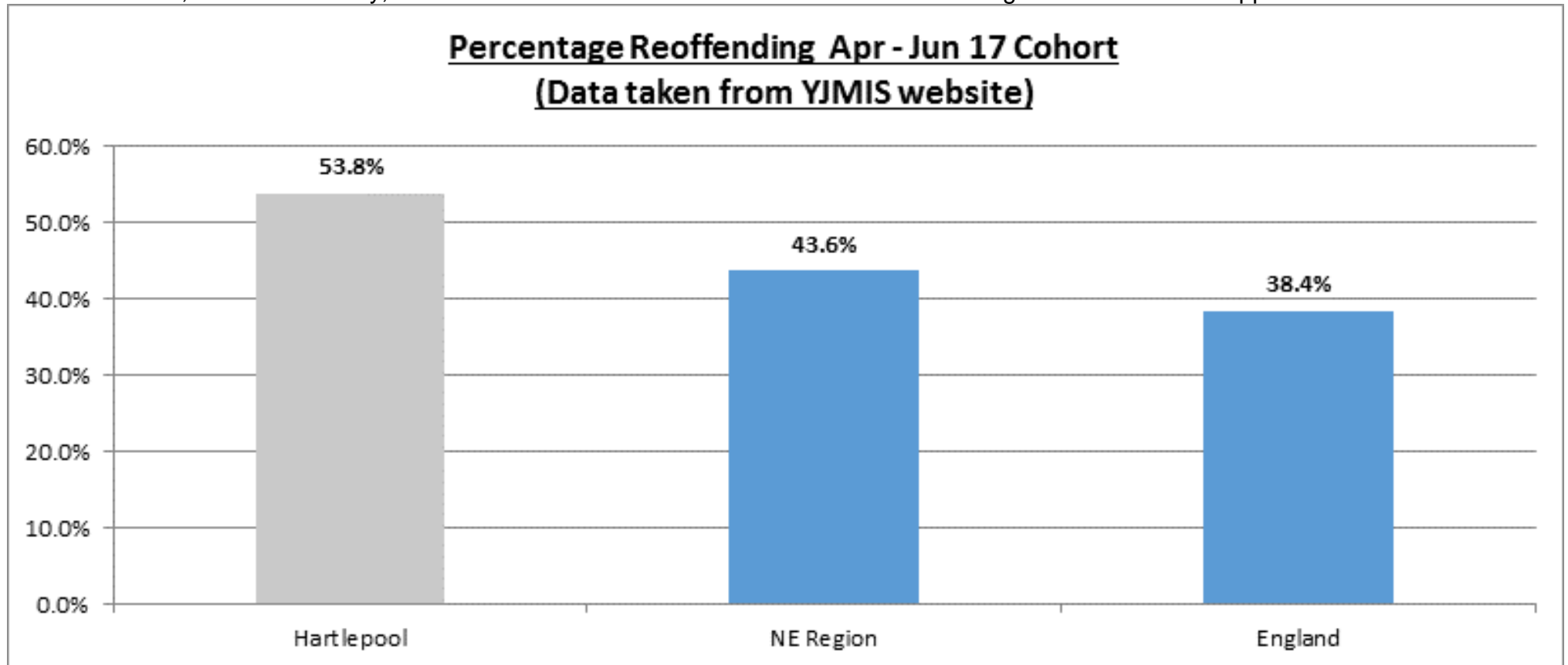
## Reoffending

The reoffending indicator has been changed nationally which makes direct comparisons with historical performance difficult. Although Hartlepool is still above the national and regional average, the YJMIS reoffending data provides a somewhat unpredictable picture. Up until recently, Hartlepool YJS's reoffending rate had seen a reduction for 5 consecutive quarters. At a current level of 53.80%, which still represents a reduction of 6.20% from the July 15 – Sept 15 cohort. Each of the cohorts are tracked for a period of 12 months, plus a further waiting period of 6 months to allow for any offences which may not have yet been dealt with by the Criminal Justice System – therefore the most recent reoffending data always has an 18 month time lag.

Alongside this, the number of re-offenders also continues to fluctuate, although the constant low numbers impact hugely on the reoffending measures.

| Cohort                 | Number in cohort | No of Re-offenders | No of Re-offences | Re-offences / Re-offenders | % Re-offending |
|------------------------|------------------|--------------------|-------------------|----------------------------|----------------|
| <b>Jul 15 - Sep 15</b> | 20               | 12                 | 54                | 4.50                       | 60.00%         |
| <b>Oct 15 - Dec 15</b> | 29               | 17                 | 88                | 5.18                       | 58.60%         |
| <b>Jan 16 - Mar 16</b> | 16               | 9                  | 54                | 6.00                       | 56.30%         |
| <b>Apr 16 - Jun 16</b> | 18               | 10                 | 23                | 2.30                       | 55.60%         |
| <b>Jul 16 - Sep 16</b> | 22               | 10                 | 36                | 3.60                       | 45.50%         |
| <b>Oct 16 - Dec 16</b> | 29               | 9                  | 22                | 2.44                       | 31.00%         |
| <b>Jan 17 - Mar 17</b> | 25               | 11                 | 31                | 2.82                       | 44.00%         |
| <b>Apr 17 - Jun 17</b> | 26               | 14                 | 35                | 2.50                       | 53.80%         |

The rate of youth reoffending within Hartlepool remains above the national and regional average and will be a key priority in the coming year. This will be primarily achieved through an improvement in the offers of intervention (**which is under review**) to young people under YJS supervision and using feedback from young people to inform service delivery. In addition the planned use of Live Tracker and the proportionate use of rehabilitative interventions and, where necessary, restrictive measures will serve to ensure effective management of risk and support welfare-related need.



The service is dealing with smaller caseloads consisting of complex individuals with multiple risks and vulnerabilities. Recent analysis reveals a cohort which display broader lifestyle choices relating to substance misuse and the need to generate income to maintain this. This also reflects the national and regional picture in terms of caseload composition.

Furthermore, this cohort of young people who continue to offend are predominantly young males aged between 15 and 17, many of whom reside within Hartlepool's most deprived neighbourhoods. Although not mutually exclusive, the common criminogenic need and welfare issues prevalent amongst this cohort are identified as:

- higher than average mental health/emotional wellbeing needs
- higher levels of drug and alcohol use than for the general population and in particular 'heavy cannabis use'
- low educational attachment, attendance and attainment
- having family members or friends who offend
- higher than average levels of loss, bereavement, abuse and violence experienced within the family
- a history of family disruption
- chaotic and unstructured lifestyles

Alongside this cohort of young males, there is another cohort of young females aged 14 -17 whom, although perhaps not as prolific in terms of reoffending, are of significant concern due to multiple complex issues which are predominately welfare-orientated. These include:

- Substance misuse
- Chaotic lifestyles
- Sexual exploitation
- Missing from home
- Family breakdown

Again, as with the male cohort, young females who are offending are noted to have a higher prevalence of poor emotional well-being. Analysis shows that this arises from loss, bereavement and domestic or sexual abuse.

Working in partnership is key to supporting a greater understanding of these underlying issues, alongside addressing them in a holistic and co-ordinated way to provide “pathways out of offending”, with the intention of trying to reduce crime and break the cycle of offending behaviour across generations. This collaborative work is achieved through:

- A Better Childhood In Hartlepool,
- Hartlepool Community Safety Partnership
- Cleveland & Durham Local Criminal Justice Partnership
- Education Commission
- Emotional Health and Wellbeing Transformation

It is also important to adopt an ‘intelligence-led’ targeted approach, particularly in relation to prevention, and build on service-wide staff training to respond to Speech, Language, & Communication, alongside the emotional health and wellbeing needs of the young people. An important element to the reduction of reoffending and the number of those entering the youth justice system is the development of the YJS interventions. Interventions are bespoke, based on high quality, integrated assessments and plans, delivered by YJS staff and partner agencies. Some progress has been made in this area, however further work is needed in the forthcoming year. Some innovative interventions have been developed and a more evident ‘Whole Family’ approach is being further developed with the recent inclusion of Psychological Therapists and the re commission of the Speech and Language Therapist within the service. This will continue to be monitored through established quality assurance and performance measures, such as the monthly YJS performance clinics and the Hartlepool Community Safety Partnership meetings between Police, Social Care, ASBU, YJS, Fire and Rescue Services and Adult Services.

## Victims of Youth Crime

Whilst crime rates in Hartlepool have fallen, the likelihood of being a victim of crime still remains a reality, especially in our most vulnerable and disadvantaged communities. The YJS and broader Youth Justice Partnership are working hard to reduce the numbers of victims of crime, by incorporating the use of restorative justice practices. Restorative Justice (RJ) provides opportunities for those directly affected by an offence (victim, offender and members of the community) to communicate and ensure victims of youth crime have a voice.

In addition victims of youth crime are helped to access appropriate support pathways that enable them to move on from the impact of crime. A personalised approach is taken to ensure that victims of crime in Hartlepool are placed at the centre. This includes ensuring that individual needs and wishes are fully taken into account. As a result we aim to visit all victims of crime so they are able to access pathways to support, including the option to participate in restorative justice. Across 2017/18 and 2018/19 there were **90** contacts with direct victims of crime and where consented a Victim Impact Statement carried out.

RJ is an important underlying principle of all disposals for young people on YJS caseload, from Triage to Detention & Training Orders. Whilst restorative processes typically result in practical reparation, for example participating in a task that benefits the community, the communication between victim and offender, as part of this process, can also produce powerful emotional responses leading to mutual satisfaction and socially inclusive outcomes.

The decision was made to in-source the RJ and Victim provision as of 1/4/17. These statutory duties have been re-aligned within the existing staffing of Hartlepool YJS – all of whom have undertaken service-wide RJ training, many to level 3. This decision has enabled Hartlepool YJS to have direct control and influence in shaping the direction and quality of RJ work, including the establishment of updated working policies, practices and procedures. In turn, this has already begun to result in better outcomes for both victims and young people and is much more responsive to local need.



There is considerable evidence that RJ practice is much more integrated across all areas of the service. In particular, there is a closer link between those workers with additional RJ responsibility and case managers in relation to the needs and wishes of victims.

In summary, young people under the supervision of Hartlepool YJS delivered approximately 700 hours of direct and indirect reparative activity within Hartlepool in 2017/18. This was across a varied scope of projects and collaborative working with local voluntary groups in varying locations across the town, including The Headland, Burn Valley Park, Ward Jackson Park and Seal Sands beach. In addition, more individual bespoke projects have taken place involving furniture restoration, bird boxes for distribution to local groups, Christmas hampers for those in need and an art project to benefit the local community.



## Quality of Services

Throughout 2018/19, the YJS Team Manager has focused on the quality of assessments and subsequent managerial oversight and quality assurance. This has been sustained by the current management team, through regular supervision, audit and staff training. Policy development has been a priority over the last two years in particular updating and reviewing the staff guidance in relation to the management of Risk of Harm, Safety & Wellbeing and also Case Recording.

Performance management and data analysis has continued to be a priority within 2018/19, with significant work undertaken in conjunction with the Local Authority's Data information and IT teams. This has enabled various processes and documents (including the YJS Board Report) to be aligned with cleansed data, which not only makes performance management data more accessible and understandable, but also allows such data to inform service improvement activity, comparative analysis and the directing of resource to areas of organisational need.

**Hartlepool YJS continue to commission South Tees YOS, to provide duty cover of Youth Court work in Teesside.** Whilst allowing the service to maintain excellent working relationships within the Court arena, this continues to create some necessary and critical capacity within the team to manage the volume of post-court work and utilise staffing time more effectively. Given the success of this arrangement (strategically, operationally and financially) this was re commissioned in March 2019 for a further 12 month period.

A continued key strength of Hartlepool YJS is the ability of all staff to engage complex and challenging young people, through quality assessments and response to individual need. This builds positive relationships and leads to better outcomes – both for the young person as an individual and their families and the community as a whole. Throughout 2017/18 and 2018/19 there has been considerable service-wide training, which compliments staff members' professional development on an individual level via training from the Local Authority and other statutory and voluntary partners. Alongside internal training around Risk of Harm, Safety & Wellbeing, and Asset Plus refreshers. Hartlepool YJS has received Talking Mats training which is a specialist Speech Language and Communication Need (SLCN) intervention and some staff attended Kids For Law training. All of the YJS staff received two days Trauma training delivered by Tees Esk and Wear Valley NHS Trust, which will be followed up by Trauma



Recovery Model training and the implementation of Enhanced Case Management, which is planned for late of 2019. Staff development will continue throughout 2019-21 and remains a key focus in working towards a quality service. This will be supported by regular supervision and appraisal, alongside reflective supervision sessions which encourage staff to analyse their practice within a supportive learning environment.

In relation to inspection, the new HMIP inspection framework was published and implemented in 2018. HMIP will grade the quality of work delivered by each YOT using a four point scale, with the following categories: Outstanding, Good, Requires Improvement and Inadequate. Inspections are across 3 domains, Governance/Leadership, Post Court and Out Of Court Disposals. Subsequently a lot of work has been undertaken in ensuring the service is 'inspection ready'. The challenge for Hartlepool YJS throughout 2019-21 is to ensure and maintain inspection readiness. ( I would take this para out )

The HMIP inspection framework and the recently published 'Standards for children in the youth justice system 2019' will ensure that Hartlepool YJS continues to provide the best outcomes possible for children in the youth justice system.

## Service User Feedback

The voice of the young person was identified as a key strategic objective for 2017/18 and 2018/19 and completion of Asset Plus self-assessments remains critical in capturing the voice and perceived needs of those young people with whom the YJS work. Internally, given that (as of April 2017) HMIP were no longer gathering and monitoring Viewpoint e-survey returns. Hartlepool YJS completed some internal work to develop an evaluative Survey Monkey (based on the original Viewpoint questions) to measure Young People's perceptions of: Quality of Service, Likelihood of Offending, Fairness of treatment by YJS staff and Quality of interventions.

52 surveys were completed by young people across the last 2 years:

- Just under 90% of YP indicated they know what kind of things make them more likely to offend;
- Just under 90% of YP indicated work with the YJS made them realise change is possible;
- Over 80% of YP indicated they are a lot less likely to offend;
- Over 90% of YP felt they were treated fairly;
- Over 80% of YP felt the service they given was 'very good';
- 100% of YP felt listened to by the people who worked with them
- Just under 80% of YP indicated the sessions helped change their behaviour

## 4. STRATEGIC VISION AND PRIORITIES - A BETTER CHILDHOOD IN HARTLEPOOL

Hartlepool's Children Strategic Partnership has set out its vision for children and young people within the town as follows:

### **Vision:**

Our ambition as a children's partnership is to enable all children and families in Hartlepool to have opportunities to make the most of their life chances and be supported to be safe in their homes and communities.

### **Obsessions:**

- Children and young people have opportunities to make the most of their life chances and are safe
- Improving family relationships, strengths, skills and ability to cope
- Reducing the impact of domestic violence, mental health, drugs and alcohol misuse on children and families
- Helping parents, carers and young people to gain skills and get jobs

The Youth Justice Service, as part of the wider services for children, seeks to deliver on the vision and obsessions through a number of identified Youth Justice Service Strategic Priorities for 2019 - 2021.

In addition, these priorities align and overlap with the strategic objectives set by the Safer Hartlepool Partnership for 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 reoffending.

To enable Hartlepool Youth Justice Service to contribute to the vision above, it will focus on the following strategic objectives and priorities:

## Proposed Strategic Objectives and Priorities – 2019-2021

Hartlepool Youth Justice Service (and the broader Youth Justice Partnership) will be utilising the YJB grant to help achieve the following key strategic objectives during 2019-21, also ensuring the service achieves and maintains inspection readiness and that the recently published Standards for children in the youth justice system 2019 are embedded throughout the service:

### Youth Justice Strategic Priorities

**Re-offending** - reduce further offending by young people who have committed crime with a particular emphasis in the development of Service interventions that are structured, responsive and tailored to meet identified individual need and evaluated. (Both within Youth Justice Service and provided by external agencies).

#### Key Actions

- Undertake quality assessments of young people at risk of re-offending, ensuring risks, desistance factors and needs are identified which inform effective intervention planning
- Improve interventions delivered, through innovation and collaboration where appropriate
- Improve intelligence and timely information sharing relating to those young people who are at risk of offending, to inform service-wide improvement activity or targeted work
- Continue to improve the 'whole family' approach offer within the service and with partners
- Scoping activity to be undertaken in relation to retaining both the Speech & Language Therapist and Emotional Wellbeing therapists presence within the YJS beyond March 2020

**Early Intervention and Prevention** – sustain the reduction of first time entrants to the youth justice system by ensuring that strategies and services remain in place locally to prevent children and young people from becoming involved in crime and anti-social behaviour.

**Key Actions**

- Embedding of 'A Better Childhood' in Hartlepool and fulfilling the YJS role within the wider Local Authority approach and vision
- Operate a targeted approach to supporting individuals and groups of young people at risk of offending - based on intelligence and collaborative working with key partners (Police, ASB, Early Help, Voluntary Community Sector, Schools, etc)
- Ongoing trend analysis of past and current FTE's to identify key themes and responses
- Ongoing briefings to key partners (such as Police and Social Care) to emphasise and promote the Prevention and Diversion agenda
- Ensure point of arrest diversion is evident as a distinct and substantially different response to formal out of court disposals

**Remand and Custody** – demonstrate that there are robust and comprehensive alternatives in place to support reductions in the use of remands and custody.

**Key Actions**

- Monitor and maintain the use of Compliance Panels to ensure continued effectiveness
- Ensure the Service provides intensive packages of supervision and support to high intensity orders and bail arrangements
- Ensure that the needs of young people in custody and the factors relating to their offending behaviour are addressed in the secure estate to prevent further offending upon release
- Ensure that robust and timely Resettlement Planning is in place for young people upon release to reduce the risk of further reoffending (Recommendations to be implemented from the Joint Youth Resettlement Inspection carried out by HMI Probation and HMI Prisons 2018/19)
- Review capacity to deliver ISS, and resource appropriately, through a multi-agency approach

**Risk and Safety & Wellbeing (Asset Plus)** – ensure all children and young people entering or at risk of entering the youth justice system benefit from a structured needs assessment to identify risk of harm, safety and wellbeing concerns and desistance factors, to inform effective intervention and risk management.

**Key Actions**

- Continued Asset Plus refresher training, ensuring robust assessment of a young person's needs
- Work in partnership with other agencies to ensure there is a co-ordinated assessment and plan relating to a young person's risk and safety & wellbeing
- Implement an audit cycle/performance clinic to ensure assessment and plans are meeting the appropriate quality standards through robust and transparent quality assurance and feedback.
- Ensure that desistance factors are identified and analysed in all assessments of every young person subject to YJS supervision through quality assurance and staff supervision.

- Attendance and contribution to YJB Regional Effective Practice groups and peer collaboration with Tees Valley and North East YOT colleagues
- Ongoing internal staff training and workshops to benchmark quality standards in the management of risk and safety & wellbeing
- Continue to work alongside the partnership to identify suitable interventions and pathways for children and young people criminally exploited and potentially being drawn into County Lines activity
- Undertake 'Practice Week', this consists of a team of independent auditors will audit case work, undertake practice observations and gain feedback from young people and their families. The evaluation of practice week will inform the service development plan.

**Restorative Justice** – ensure all victims of youth crime have the opportunity to participate in restorative justice approaches and restorative justice is incorporated in to the work undertaken with young people who offend.

#### **Key Actions**

- Ensure that victims of youth crime have the opportunity to participate in restorative justice approaches leading to improved outcomes for victims
- Continue to use restorative practice across all aspects of the Youth Justice Service
- Regularly re-visit, review and develop practice and process around Referral Order panels to ensure increased involvement from victims, panel members, young people and their families
- Continue to develop the in-house RJ 'offer' to consolidate and embed current and better integrated working practices – including the victim's evaluation

**Effective Governance** – ensure that the Youth Justice Strategic Management Board is a well constituted, committed and knowledgeable Board which scrutinises Youth Justice Service performance.

#### **Key Actions**

- The Youth Justice Management Board will provide oversight and scrutiny of the service action plan and performance
- Ensure Management Board members attend regular development and shadowing opportunities as provided by the YJS Team Manager.
- Continue to review the Terms of Reference for the YJS board to ensure it is fit for purpose and includes appropriate representation and contribution of all statutory partners.
- Attendance and representation at YJB Regional executive meetings with colleague YOT Managers from the North East – to share learning and Governance issues to improve wider regional service delivery



**Voice of the Young People** – ensure that all young people are actively involved in developing their own plans have the opportunity to develop and inform current and future service delivery

**Key Actions**

- Ensure young people's involvement in relation to their assessment and plans is clearly evidenced within the records.
- Young people to be actively involved in developing their own plans and their comments are captured at implementation, review and closure of all plans
- The service will ensure young people are provided with opportunities to influence and shape service delivery – through access to, and completion of, Survey Monkey feedback
- YJS leadership team to hold regular evaluation/feedback meetings to ensure all comments are seen and actioned where required

**'Child First'** – ensure that the Child First principles are embedded within the Youth Justice Service and that every child has the opportunity to live a safe and crime free life, and makes a positive contribution to society.

**Key Actions**

- Prioritise the best interests of children, recognising their needs, capacities, rights and potential.
- Encourage children's active participation, engagement and wider social inclusion.
- Ensure that all work carried out by the service is a meaningful collaboration with children and their parents/carers.
- The YJS will promote a childhood that is removed from the Justice System, using prevention, diversion and minimal intervention and that all work minimises stigma.

## 5. STRUCTURE AND GOVERNANCE

### Service Structure:

Hartlepool Youth Justice Service employs a staff team of thirty people, which includes three seconded staff, and four sessional workers (**see Appendix 1**). The service also benefits from a team of ten active volunteers who are Referral Order Panel members. All staff and volunteers are subject to Disclosure and Barring Service (DBS) checks which are renewed every three years.

Hartlepool YJS has experienced a challenging year (operationally and strategically) during 2018/19. Internal challenges have included staffing changes at managerial and operational level, policy development, service-wide training, and, in addition, external issues in terms of ongoing reductions in finance and resource across the partnership.

The YJS delivery model has been reconfigured and restructured to ensure the service remains sufficiently flexible to address future challenges. This will continue to be achieved through a generic case management and intervention delivery model, across pre and post court functions. This will ensure maximum resilience, capacity and flexibility to meet the needs of children and young people and the service as a whole.

The current YJS structure aims to consolidate areas of strong performance and effective practice, whilst also providing a dynamic framework to respond to emerging priorities, recognised both by the Local Authority and key partners. This model (alongside the YJS strategic plan) allows the organisation and the wider YJS partnership to action the priorities for service delivery and to achieve best outcomes for children and young people across the range of statutory and preventative service.

### Governance:

The Youth Justice Service is located within the Children & Joint Commissioned Services Division of Child and Adult Services. The Management Board is chaired by the local Police Area Commander and is made up of representatives from Child and Adult Services, Police, Probation, Public Health, Courts, Education, Youth Support Services and Community Safety.

Effective integrated strategic partnership working and clear oversight by the Management Board are critical to the success and effective delivery of youth justice services in Hartlepool. The board is directly responsible for:

- Determining how appropriate youth justice services are to be provided and funded;
- Overseeing the formulation each year of the youth justice plan;
- Agreeing measurable objectives linked to key performance indicators as part of the youth justice plan;
- Ensuring delivery of the statutory aim to prevent offending by children and young people;
- Giving strategic direction to Youth Justice Service Manager and Youth Justice Service Team;
- Providing performance management of the prevention of youth crime and periodically report this to the Safer Hartlepool Executive Group;
- Ensuring that Standards for children in the youth justice system 2019 are embedded across the whole service and audits are completed within required timescales;
- Promoting the key role played by the Youth Justice Service within local integrated offender management arrangements;
- Advocate on behalf of the YJS within their own service areas and beyond, specifically supporting the YJS overcome barriers to effective multi agency working;
- Oversight of all data submissions to the YJB ensuring timeliness, especially conditions set out in the YJB grant;

The Management Board is clear about the priority areas for improvement, and monitors the delivery of the Youth Justice Strategic Plan, performance and prevention work. It is well attended and receives comprehensive reports relating to performance, finance and specific areas of service delivery.

Members of the Board are knowledgeable, participate well in discussions and are members of other related boards, such as the Local Safeguarding Children's Board and the Safer Hartlepool Partnership, which contribute to effective partnership working at a strategic level. Board meetings are well structured and members are held accountable. The current membership of the Board is as follows:

|                                  |   |
|----------------------------------|---|
| <b>Nigel Burnell (Chair)</b>     | Local Police Area Commander                             |
| <b>Jane Young (Deputy Chair)</b> | Assistant Director – Children and Families              |
| <b>Roni Checksfield</b>          | Hartlepool YJS Team Manager                             |
| <b>Emma Rutherford</b>           | Virtual School Headteacher, HBC                         |
| <b>Ann Powell</b>                | Head of Cleveland NPS – National Probation Service (NE) |
| <b>Rachel Parker</b>             | Community Safety Team Leader HBC                        |
| <b>Zoe McKenna</b>               | One Stop Shop Manager, HABC                             |
| <b>Deborah Clark</b>             | Public Health Improvement Practitioner HBC              |
| <b>Jo Heaney</b>                 | Clinical Commissioning Group (North east)               |
| <b>Lesley Moss</b>               | Her Majesty's Courts and Tribunals Service (HMCTS)      |
| <b>David Ward</b>                | Head of Finance (Children's & adults) HBC               |

|                      |  |
|----------------------|--|
| <b>Lisa Oldroyd</b>  | Office for Police & Crime Commissioner (OPCC)  |
| <b>Kay Nicholson</b> | Durham Tees Valley Community Rehabilitation Company  |
| <b>Paul Cartmell</b> | Head of Service, Health & Justice Services   |
| <b>Linda Bush</b>    | Head of Innovation and Engagement (North East/Yorks & Humber)<br>Youth Justice Board for England and Wales |

## 6. RESOURCES AND VALUE FOR MONEY

The Youth Justice Service budget is mainly funded by a combination of Local Authority funding and Youth Justice Board grant, although historically there have been financial contributions from the Police and Health (CCG and Public Health). The Local Authority's contribution to the service has remained protected; however there have been significant reductions in the other areas of funding.

The Youth Justice Board grant has been static for the last two years 2017/18 and 2018/19, and the anticipated cut in YJB grant for 2019/20 wasn't as big as expected, the YJB allocated a grant reduction of 0.94%.

The National Probation Service continue to provide funding (£5k) as well as their staffing contribution which is 0.5 FTE, however there continues to be no health contribution (CCG).

Cleveland Police ceased their cash contribution in 2013/14. However funding secured from the Police and Crime Commissioner in 2015 towards the delivery of Triage continues, there has however been a slight reduction in the amount of this funding for the next 18 months.

### 2019/2020 Youth Justice Service Budget

| Agency | Staffing Costs | Payments in kind | Other delegated funds | Total |
|--------|----------------|------------------|-----------------------|-------|
|--------|----------------|------------------|-----------------------|-------|

|                               |                |                |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|
| Police                        |                | 45,000         |                | 45,000         |
| Police and Crime Commissioner |                |                | 32,000         | 32,000         |
| Probation                     |                | 19,000         | 5,000          | 24,000         |
| Health                        |                |                |                | 0              |
| Local Authority               | 148,954        | 117,545        | 92,398         | 358,987        |
| Welsh Government              |                |                |                | 0              |
| YJB                           | 213,034        |                | 156,979        | 370,013        |
| Other                         |                |                |                | 0              |
| <b>Total</b>                  | <b>361,988</b> | <b>181,545</b> | <b>286,377</b> | <b>830,000</b> |

### Planned/Proposed Expenditure 2019/20

| <b>Direct Costs</b>        | <b>2019/20 Budget<br/>£'000</b> |
|----------------------------|---------------------------------|
| Employees                  | 532                             |
| Premises                   | 23                              |
| Transport                  | 12                              |
| Other Non-Pay Costs        | 114                             |
| Indirect Costs – HBC #     | 85                              |
| Indirect Costs - Police    | 45                              |
| Indirect Costs - Probation | 19                              |
| <b>Total</b>               | <b>830</b>                      |

# - Inc recharges for premises, management, payroll, HR, finance, legal etc

The minimum staffing requirements set out in the Crime & Disorder Act 1998 requires that the service has a nominated person from each of the following statutory partners; Police Service, Children's Social Services, National Probation Service, Education and Health. Hartlepool YJS does not have an education rep sitting within the team, however there is a designated Education Officer who deals solely with YJS children. Monthly Education meetings are held where each child in the current cohort is discussed at depth, barriers to education, current circumstances and plans moving forward are also agreed. All staff have direct access to the Education Officer to discuss ongoing daily education issues as and when they arise and gather any information/data as required.

## 7. PARTNERSHIP ARRANGEMENTS

Hartlepool Youth Justice Service is a statutory partnership which includes, but also extends beyond, the direct delivery of youth justice services. In order to deliver youth justice outcomes it must be able to function effectively in both of the two key sectors within which it operates, namely:

- Criminal justice services.
- Services for children, young people and their families.

The Youth Justice Service contributes both to improving community safety and to safeguarding and promoting the welfare of children and in particular protecting them from significant harm.

Many of the young people involved with the Youth Justice Service are amongst the most vulnerable children in the borough and are at greatest risk of social exclusion. The Youth Justice Service's multi-agency approach ensures that it plays a significant role in meeting the safeguarding needs of these young people. This is achieved through the effective assessment and management of safety & wellbeing and risk, through working in partnership with other services, for example Children's Services, Health, Education, Secure Estate and Police to ensure young people's wellbeing is promoted and they are protected from harm. Regular ongoing communication, meetings, joint training opportunities and speedy information/intelligence sharing ensure ongoing strong links and relationships.

All high risk cases can be escalated to either the Vulnerable, Exploited, Missing and Trafficked group (VEMT) or the Strategic Risk Management Group, the Youth Justice Service has representation on both groups which meet monthly. Discussions around serious youth violence, criminal exploitation and county lines are conducted within these forums ensuring tight plans are implemented and strategic management oversight is afforded

## 8. RISKS TO FUTURE DELIVERY

The key risks that have the capacity to have an adverse impact on the Youth Justice Service in the coming twelve months and potentially beyond are detailed below:

| Risks                      | Potential Impact   | Control Measures  |
|----------------------------|--|---|
| <b>Secure Remand Costs</b> | The continued unpredictability associated with remand episodes and remand length has the potential to place significant financial pressure on the YJS and broader Local Authority. | <p>It remains essential that the service can demonstrate to magistrates that there are robust and comprehensive alternatives in place to support reductions in the use of remands and custody.</p> <p>Coordinated multi-agency responses to young people at risk of remand where safe and secure accommodation is the precipitating factor to be further developed. Remand budget is incorporated within Wider Children's Services placement costs.</p> |



|   |   |   |
|---|---|---|
| <b>Managing the potential for reduction in YJB grant and partnership financial and 'in-kind' contributions for post-2019/20</b> | Consequential negative impact on performance. Reduced capacity to meet strategic and operational obligations and statutory requirements. Reduced capacity to continue to focus on early intervention and identification   | Targeted resources to address need. Continue to administer and embed the current structure and practice. Regional collaboration with neighbouring YOS' such as coverage of TYC. Robust financial management and oversight from strategic board.   |
| <b>Performance on reoffending outcomes and impact to children</b>   | Rising reoffending rates will have an adverse effect on the service as a whole. Leading to potential rises in remand, custody figures and the use of alternatives to custody. This will place considerable pressure on the service both financially and in terms of capacity. | Through continued assessment and a bespoke package of interventions (which is currently being developed) and identifying all desistance factors. In addition, the proportionate use of rehabilitative interventions and, where necessary, restrictive interventions will serve to ensure effective management of risk and support around welfare-related need.<br><br>Continue to work alongside the partnership to identify suitable interventions and pathways for children and young people criminally exploited and potentially being drawn into County Lines activity alongside timely referrals to Strategic Risk Management and VEMT groups. |
| <b>Emerging concerns around Serious Youth Violence, Criminal Exploitation and County Lines</b>                                  | The rise in FTE, reoffending rates and exploitation of vulnerable children. Ultimately leading to criminalisation and wider service involvement having an adverse impact on Looked After Children (LAC) figures   | Continued regular communication, intelligence and information sharing across all services. Ensuring a multi-agency approach is adopted with senior strategic oversight. Ongoing joint training and regular updates on the national and local picture enabling timely and relevant interventions.<br><br>Ensure clear processes and pathways (known to all staff) are implemented to work with identified children.  |

## 9. STRATEGIC SUMMARY

In spite of the adversities that families and communities contend with in Hartlepool, the local Youth Justice Partnership has had significant success in recent years in preventing and reducing youth offending behaviour.

An emphasis on prevention and diversion needs to be maintained, however this presents significant challenge in light of the continued economic climate and potential impact on staffing and resources. In spite of the continued reductions in offences and FTE, the rate of re-offending in Hartlepool continues to be an area of concern. The Youth Justice Service will continue to work with partner agencies particularly Early Help Locality Teams, Schools and CAMHS to identify and support children and young people at risk of offending as part of the wider programme “A Better Childhood in Hartlepool”, the Education Commission and Emotional Health and Wellbeing Transformation Programme

Evidence highlights that it is often the complex interplay of multiple deprivation factors and difficulties that makes problems in some households insurmountable and places these vulnerable children at significant risk of criminal exploitation, involvement in anti-social and offending behaviour and in some instances links to County Lines. As a result there is a need to place an even greater emphasis on whole family interventions to create “pathways out of offending”, reduce crime and break the cycle of offending behaviour across generations.

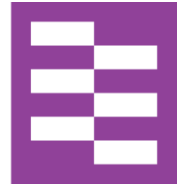
Whilst youth crime rates in Hartlepool have fallen, the likelihood of being a victim of crime still remains a reality, especially in our most disadvantaged communities and there remains a need to continue to invest in the delivery of restorative approaches to give victims of crime a voice, choice, control and satisfaction in the criminal justice system.

At a national level the recent implementation of the new HMIP Inspection Framework and newly published Standards for children in the youth justice system have given all youth justice providers elements of challenge, but a clear steer and direction of travel for the future. Hartlepool Youth Justice Service and broader Youth Justice Partnership will be proactive in implementing the above standards, tackling all future challenges and ultimately securing further reductions in offending and re-offending by children and young people.

## Hartlepool Youth Justice Partnership



National  
Probation  
Service

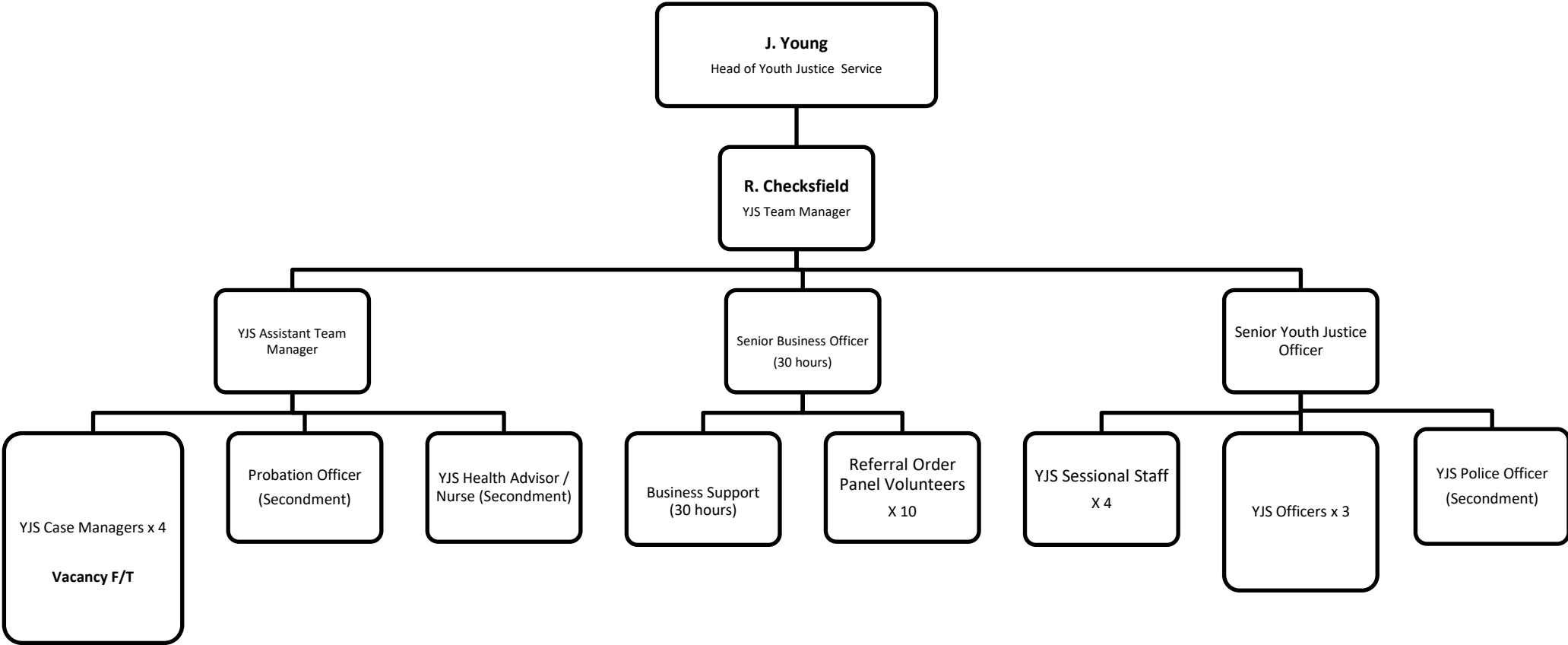


**NHS**  
*Hartlepool and Stockton-on-Tees  
Clinical Commissioning Group*



Appendix 1

Youth Justice Service Structure



**COUNCIL**  
20 February 2020



**Report of:** Chief Executive

**Subject:** BUSINESS REPORT

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**1. 2020/21 TREASURY MANAGEMENT STRATEGY**

The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004. This guidance recommends that all Local Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to Council. This responsibility has been allocated to the Audit and Governance Committee.

The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 9<sup>th</sup> January 2020 and this report is attached as Appendix 1.

The Audit and Governance Committee scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.

**RECOMMENDATIONS**

It is recommended that Members note the report and the recommendation from the Audit and Governance Committee to approve the following detailed

recommendations for the 2020/21 Treasury Management Strategy and related issues;

### **Borrowing Strategy 2020/21**

- i) **Core borrowing requirement** – following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- ii) To note that in the event of a change in economic circumstances that the Director of Finance and Policy may take out additional borrowing if this secures the lowest long term interest cost.
- iii) To authorise the Director of Finance and Policy to implement Treasury Management arrangements which minimise the short and long term cost to the Council.
- iv) **Capital Investment Programme (CIP)** - to note that in order to secure the CIP pot of £13.395m the Director of Finance and Policy will seek to lock in long term loans once the 2020/21 budget proposals have been approved by full Council.

### **Investment Strategy 2020/21**

- v) Approve the Counterparty limits as set out in paragraph 8.7 of Appendix 1.

### **Minimum Revenue Provision (MRP) Statement**

- vi) Approve the MRP statement outlined in paragraph 9.3 of Appendix 1.

### **Prudential Indicators 2020/21**

- xi) Approve the prudential indicators outlined in Appendix 2.

## **2. RESIGNATION FROM POLITICAL GROUP**

Elected Members are requested to note that I have been informed that Councillor T Richardson has resigned from Brexit Party and the Coalition Group and will be, therefore, an Independent Councillor.

## **3. CHANGE IN COMMITTEE MEMBERSHIP**

I have been notified of the following changes to the membership of Committees:-

Arising from resignations from Committees by Councillor Cartwright

Councillor Cassidy to replace Councillor Cartwright on Neighbourhood Services Committee

Councillor Loynes to replace Councillor Cartwright on Regeneration Services Committee

Vacancy Chair of South and Central Community Forum

A vacancy is still available for Vice Chair of South and Central Community Forum and a vacancy on Licensing Committee both following resignation of David Mincher previously reported to Council

Council is requested to approve the proposed changes.



# AUDIT AND GOVERNANCE COMMITTEE

9<sup>th</sup> January 2020



**Report of:** Director of Finance and Policy

**Subject:** TREASURY MANAGEMENT STRATEGY

## 1. PURPOSE OF REPORT

1.1 The purposes of the report are to:

- i. Provide a review of Treasury Management activity for 2018/19 including the 2018/19 outturn Prudential Indicators;
- ii. Provide a mid-year update of the 2019/20 Treasury Management activity; and
- iii. Enable the Audit and Governance Committee to scrutinise the recommended 2020/21 Treasury Management Strategy before it is referred to the full Council for approval.

## 2. BACKGROUND

2.1 The Treasury Management Strategy covers:

- the borrowing strategy relating to the Council's core borrowing requirement in relation to its historic capital expenditure (including Prudential Borrowing);
- the borrowing strategy for the use of Prudential Borrowing for capital investment approved as part of the Medium Term Financial Strategy; and
- the annual investment strategy relating to the Council's cash flow.

2.2 The Treasury Management Strategy needs to ensure that the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget, which was reduced as part of the Medium Term Financial Strategy in previous years. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases. As detailed later in the report these issues are being managed successfully.

2.3 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential

Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.

- 2.4 The Act requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April, 2004, and has subsequently been updated, most recently in 2017.
- 2.5 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee.
- 2.6 This report covers the following areas:
  - Economic background and outlook for interest rates
  - Treasury management outturn position for 2018/19
  - Treasury Management Strategy 2019/20 mid-year review
  - Treasury Management Strategy 2020/21
  - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2020/21

### 3. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

- 3.1 **UK** – The UK economy has faced an extended period of economic and political uncertainty. The Bank of England has recently expressed increased concerns surrounding weak global economic growth and the risk of ongoing uncertainties becoming entrenched and resulting in delayed global and UK economic recovery. Although the Bank of England recently voted to maintain interest rates at 0.75% the Monetary Policy Committee (MPC) warned that if global and UK growth does not pick up then an interest rate cut will become more likely. Conversely if there is a more rapid recovery of growth and risks recede then there will be a gradual and limited rise in interest rates. Should economic growth weaken considerably the MPC would have relatively little room to make an impact owing to the low Bank Interest Rate. Commentators suggest that this would put pressure on government to give the economy a fiscal boost through tax cuts and increases in annual expenditure budgets of government departments.
- 3.2 Inflation has been around the Bank of England target of 2% for much of 2019 but fell to 1.5% in October and forecasts indicate that it will remain around the 2% target over the next two years. However, there are potential risks of imported inflation if the value of pound reduces.
- 3.3 Unemployment is now at a 44 year low of 3.8% based on the Independent Labour Organisation measure. Wage inflation has been positive and real terms earnings grew by more than inflation. As the UK economy is service

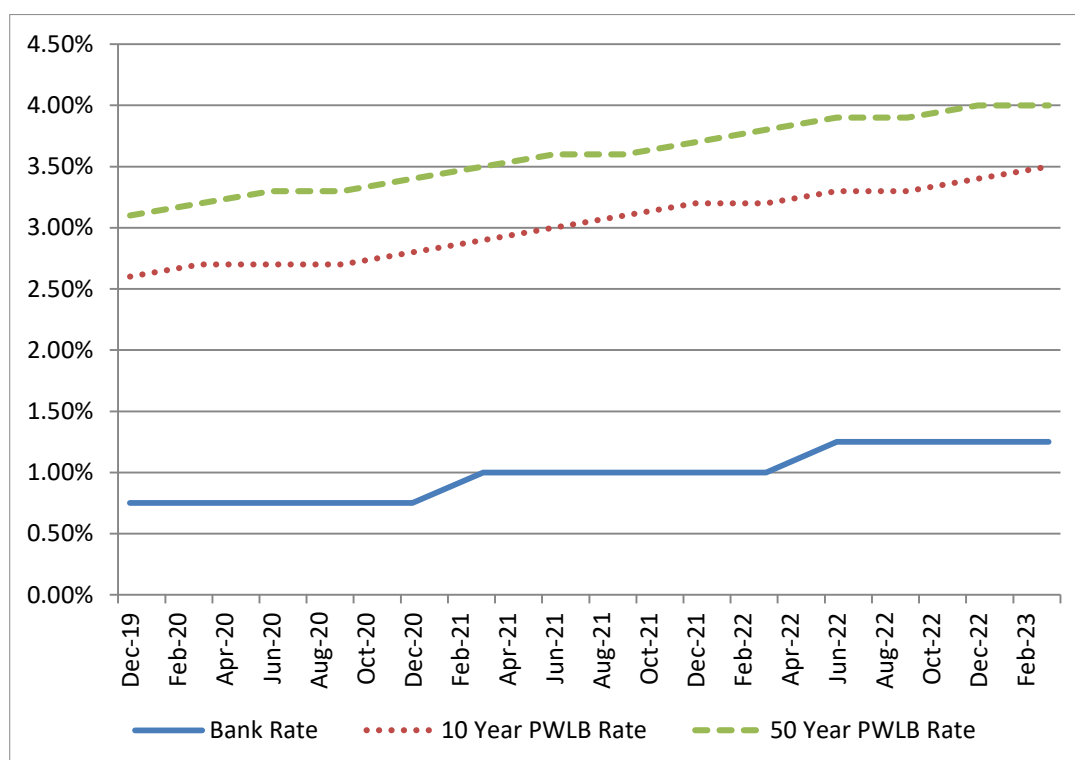
driven an increase in household spending power is likely to feed through to providing support to the economy.

- 3.4 The Office for Budget Responsibility's revised growth forecast up to 2022 are set out in the following table:

| Year | March 2019<br>Growth Forecast | November 2019<br>Growth Forecast |
|------|-------------------------------|----------------------------------|
| 2019 | 1.0%                          | 0.75%                            |
| 2020 | 1.2%                          | 0.75%                            |
| 2021 | 1.75%                         | 1.0%                             |
| 2022 | 2.0%                          | 1.25%                            |

- 3.5 **European Union (EU)** – Growth has been slowing from +1.8% during 2018 to around 0.9% in 2019, reflecting lower global demand and more recently the impact of US tariffs on manufacturing exports such as cars.
- 3.6 **USA** – The easing of the fiscal policy in 2018 fueled a temporary boost in consumption. However, growth has been falling in 2019 to 1.9% in quarter 3 and is expected to fall further. Following an increase in its interest rate to 2.5% the Federal Reserve has since cut rates by 0.75% to ward off a downturn in growth.
- 3.7 **Other Economies** – In China economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus and medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property. Japan is still struggling to stimulate economic growth and keep inflation within its 2% target.
- 3.8 **Interest Rate Forecasts**
- 3.9 Link Asset Services (the Council's Treasury Management advisors) continue to update their internal rate forecasts to reflect statements made by the Governor of the Bank of England and changes in the economy. Their latest forecast have been based on an assumption that there is an agreed deal with the EU, including agreement on the terms of trade between the UK and EU, at some point in time. Given the current level of political and economic uncertainty forecasts may need to be reassessed in the light of events over the coming weeks or months.
- 3.10 The Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty.
- 3.11 Link Asset Services believe that the overall longer run future trend is for PWLB rates to rise, albeit gently. PWLB rates are subject to ad hoc decisions by H.M Treasury to change the margin over gilt yields charged in PWLB rates: such changes can be up or down.

- 3.12 National borrowing from the PWLB has continued to increase at a rapid rate in recent years due to the historically low rates on offer. However, in October 2019, the Treasury increased the interest rate by one percentage point – meaning the typical rate for a loan is now 2.8% instead of 1.8%.
- 3.13 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields (i.e. Government borrowing) and PWLB rates. The forecasts made by Link Asset Services, (and MPC decisions) may be liable to further amendment depending on how the political and economic developments transpire over the next year.
- 3.14 Interest Rate Forecast up to March 2023



- 3.15 Since the late 1990s Base Rate averaged 5% until 2009 when the Bank of England reduced it to the historically low 0.5% in response to the financial crisis and increased to 0.75% in August 2018. Over the same period PWLB rates have been significantly higher than they are at present. In August 2018 the Bank of England raised the interest rate for only the second time in a decade. The rates for 10 year loans were on average 5% prior to the financial crisis but subsequently fell to between 3% and 4%. The rates for 50 year loans were also on average 5% although this trend continued throughout the financial crisis. PWLB interest rates fell to historically low levels in early 2015 predominantly as a consequence of falling oil prices. They fell further following the EU referendum to the current levels. In the context of previous interest rates, current rates are at a low historic level.

#### 4. TREASURY MANAGEMENT OUTTURN POSITION 2018/19

##### 4.1 Capital Expenditure and Financing 2018/19

- 4.2 The Council's approved capital programme is funded from a combination of capital receipts, capital grants, revenue contributions and prudential borrowing.
- 4.3 Part of the Council's treasury management activities is to address the prudential borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activity also includes managing the Council's day to day cash flows, previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then to optimise performance.
- 4.4 Actual capital expenditure forms one of the required prudential indicators. As shown at Appendix A, the total amount of capital expenditure for the year was £26.154m, of which £5.532m was funded by Prudential Borrowing.
- 4.5 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is the accumulated value of capital expenditure which has yet to be expensed or paid for through revenue or capital resources. Each year the Council is required to apply revenue resources to reduce this outstanding balance (termed Minimum Revenue Provision).
- 4.6 Whilst the Council's CFR sets a limit on underlying need to borrow, the Council can manage the actual borrowing position by either;
- borrowing externally to the level of the CFR; or
  - choosing to use temporary internal cash flow funds instead of borrowing; or
  - a combination of the two.
- 4.7 The Council's CFR for the year was £103.437m as shown at Appendix A comprising:
- £71.714m relating to the core CFR,
  - £21.909m relating to business cases and
  - £9.814m relating to the Housing Revenue Account (HRA).

The actual CFR is lower than the approved estimate of £106.989m owing to rephasing of capital expenditure into 2019/20.

- 4.8 The Council's total long term external borrowing as at 31<sup>st</sup> March, 2018 was £84.3m and increased to £87.4m at 31<sup>st</sup> March 2019. This increase was in line with the approved strategy and reflected the new annuity loans taken out in March 2019, to fund the following schemes:

| Scheme  | Value<br>£ | Rate<br>% |
|---|------------|-----------|
| 16/17 Seaton Carew P&D Parking Scheme             | 60,000     | 2.26      |
| 16/17 Community Safety                            | 35,000     | 1.72      |
| 16/17 Burn Road Recycling and Stranton Allotments | 426,000    | 2.54      |
| 17/18 EDM Coastal Management                      | 1,100,000  | 2.54      |
| 17/18 Depot                                       | 365,000    | 2.54      |
| 17/18 Wheely Bins                                 | 74,000     | 1.89      |

4.9 The total borrowing remains below the CFR and there continued to be an element of netting down investments and borrowing.

#### 4.10 Prudential Indicators and Compliance Issues 2018/19

4.11 Details of each Prudential Indicator are shown at Appendix A. Some of the prudential indicators provide either an overview or specific limits on treasury activity. The key Prudential Indicators to report at outturn are described below.

4.12 The **Authorised Limit** is the “Affordable Borrowing Limit” required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. Appendix A demonstrates that during 2018/19 the Council has maintained gross borrowing within its Authorised Limit.

4.13 **Gross Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council’s external borrowing, must only be for a capital purpose. Gross borrowing should not exceed the CFR for 2018/19 plus the expected changes to the CFR over 2019/20 and 2020/21. The Council has complied with this Prudential Indicator.

#### 4.14 The treasury position 31<sup>st</sup> March 2019

4.15 The table below shows the treasury position for the Council as at the 31<sup>st</sup> March, 2019 compared with the previous year:

| Treasury position                | 31st March 2018 |              | 31st March 2019 |              |
|----------------------------------|-----------------|--------------|-----------------|--------------|
|                                  | Principal       | Average Rate | Principal       | Average Rate |
| <b>Fixed Interest Rate Debt</b>  |                 |              |                 |              |
| - Tees Valley Combined Authority | £2.2m           | 0.00%        | -               | -            |
| - PWLB                           | £37.1m          | 3.08%        | £36.4m          | 3.13%        |
| - Market Loans (Maturities)      | £25.0m          | 3.92%        | £31.0m          | 3.16%        |
| - Market Loans (LOBOs)           | £20.0m          | 4.12%        | £20.0m          | 4.12%        |
| <b>Total Long Term Debt</b>      | <b>£84.3m</b>   | <b>3.50%</b> | <b>£87.4m</b>   | <b>3.43%</b> |
| <b>Total Investments</b>         | <b>£37.1m</b>   | <b>0.48%</b> | <b>£36.1m</b>   | <b>0.92%</b> |
| <b>Net borrowing Position</b>    | <b>£47.2m</b>   |              | <b>£51.3m</b>   |              |

\* The Tees Valley Combined Authority loan was converted to grant in 2018/19.

- 4.16 At the time the LOBOs were taken out the prevailing PWLB rates were between 4.25% and 4.55%. The LOBOs have therefore allowed the Council to achieve annual interest savings between 0.13% and 0.43% compared to prevailing PWLB loans.
- 4.17 A key performance indicator shown in the above table is the very low average rate of external debt of 3.43% for debt held as at 31<sup>st</sup> March, 2019. This is a historically low rate for long term debt and the resulting interest savings have already been built into the Medium Term Financial Strategy.
- 4.18 The Council's investment policy is governed by Ministry of Housing, Communities and Local Government (MHCLG) guidance, which has been implemented in the annual investment strategy approved by Council.
- 4.19 The Council does not rely solely on credit ratings and takes a more pragmatic and broad based view of the factors that impact on counterparty risk. As part of the approach to maximising investment security the Council has also kept investment periods short (i.e. in most cases between three and six months but a maximum of one year). The downside of this prudent approach is that the Council achieved slightly lower investment returns than would have been possible if investments were placed with organisations with a lesser financial standing and for longer investment periods. However, during 2018/19 the risk associated with these higher returns would not have been prudent.
- 4.20 A prudent approach will continue to be adopted in order to safeguard the Council's resources.
- 4.21 **Regulatory Framework, Risk and Performance 2018/19**
- 4.22 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
  - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made since this power was introduced);
  - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act, and requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
  - The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
  - Under the Act the MHCLG has issued Investment Guidance to structure and regulate the Council's investment activities;

- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8<sup>th</sup> November, 2007.

4.23 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its Treasury Management activities

## 5. TREASURY MANAGEMENT STRATEGY 2019/120 MID YEAR REVIEW

5.1 The Treasury Management Strategy for 2019/20 was approved by Council on 21<sup>st</sup> February 2019. The Council's borrowing and investment position as at 30<sup>th</sup> September 2019 is summarised as follows:

|                                | £m          | Average Rate |
|--------------------------------|-------------|--------------|
| PWLB Loans                     | 35.0        | 3.17%        |
| Market Loans (Maturities)      | 25.0        | 3.92%        |
| Market Loans (LOBOs)           | 20.0        | 4.12%        |
| <b>Gross Debt</b>              | <b>80.0</b> | <b>3.64%</b> |
| Investments                    | 25.6        | 0.75%        |
| <b>Net Debt as at 30-09-19</b> | <b>54.4</b> |              |

5.3 Net Debt has increased since 31<sup>st</sup> March 2019 owing to a reduction in investments. The average interest rate of borrowing has increased to 3.64% (3.43% at 31<sup>st</sup> March 2019), owing to the maturity of a low interest temporary loan.

5.4 As part of the Treasury Strategy for 2019/20 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.

## 6. TREASURY MANAGEMENT STRATEGY 2020/21

6.1 Prudential Indicators and other regulatory information in relation to the 2020/21 Treasury Management Strategy is set out in Appendix B.

6.2 The key elements of the Treasury Management Strategy which Members need to consider are the Borrowing and Investment Strategies, detailed in section 7 and 8.

## 7. BORROWING STRATEGY 2020/21

7.1 Borrowing strategies are needed for the core borrowing requirement and the borrowing requirement related to specific business cases, as outlined in the following paragraphs.

### 7.2 Core Borrowing Requirement



- 7.3 The continuing objective of the Council's Treasury Management Strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate.
- 7.4 Owing to the continued low Base Rate the Treasury Management Strategy has been to net down investments and borrowings resulting in annual savings reflected in the MTFS. The existing Treasury Management Strategy has always recognised that this approach was not sustainable in the longer term as the one-off resources which have been used to temporarily avoid long term borrowing would be used up. The MTFS for 2019/20 recommended proposals for using significant one-off resources and therefore a large proportion of reserves will be used up over the next three years and will not be available to net down the borrowing requirement. Therefore, in advance of this a decision was taken to partially fund the core borrowing requirement when long term PWLB interest rates fell to unprecedentedly low levels in January 2015.
- 7.5 This decision has secured low long term interest rates, meeting the objective of funding the borrowing requirement at historically low long term interest rates. This action secured the Treasury Management savings built into the budget since 2015/16 of £1.270m, which reduced the recurring budget by 21%.
- 7.6 Total borrowing remains below the CFR and the strategy continues an element of netting down investments and borrowing. This is at a level that is forecast to be sustainable. However owing to the unprecedented financial environment it may be appropriate to take out further borrowing and the position will be kept under constant review. A decision to borrow up to the CFR may be taken by the Director of Finance and Policy if it is in the best interests of the Council to do so. It is recommended that the Director of Finance & Policy is authorised to implement Treasury Management arrangements which minimise the short and long term cost to the Council.
- 7.7 The 2020/21 MTFS proposals approved by Finance and Policy Committee on 9<sup>th</sup> December 2019, to be referred to Council on 19<sup>th</sup> December 2019, include a recommendation to establish a Capital Investment Programme (CIP) pot of £13.395m. The local repayment costs of the CIP pot will be funded from recurring revenue savings, as summarised below:

|                    | Recurring<br>Revenue<br>saving<br><br>£'000 | Prudential<br>Borrowing<br>support from<br>recurring<br>revenue<br>saving<br>£'m |
|--------------------|---|--|
| Ward Member Budget | 66  | 1.535  |

|  |     |        |
|--|-----|--------|
| Other net budget savings (detailed Appendix B) | 80  | 1.860  |
| Employer's Pension contribution reduction      | 440 | 10.000 |
| Total  | 586 | 13.395 |

- 7.8 The reports to Finance and Policy Committee, and Council, advised Members that the CIP pot provide a unique opportunity to fund local capital priorities which did not attract external grant funding. This funding will be complement funding secured from Tees Valley Combined Authority (TVCA) and provide an overall CIP pot of £40.895, as follows:

Forecast Capital Investment Pot

|  | Funding<br>£'m |
|--|----------------|
| Prudential Borrowing   | 13.395         |
| TVCA Capital Funding<br>- £20m allocated, less existing commitments to convert Jacksons Landing loan to grant (£1.6m) and TVCA development funding (£0.650m) | 17.750         |
| TVCA – Indigenous Growth Fund (IGF)<br>- £10m allocated, less TVCA IGF development funding (£0.250m)   | 9.750          |
| Total  | 40.895         |

- 7.9 Council approved the CIP pot and detailed proposals for using these capital resources will be submitted to a future meeting of the Finance and Policy Committee. This will enable the detailed priorities to be funded to be agreed and this will include:

- Leisure Facilities – delivery of replacement Mill House, improvement of other existing facilities and demolition of existing Mill House;
- Waterfront – public realm, public art, exhibition space and RML497;
- Cultural assets - Borough Hall, Town Hall, Art Gallery and Headland band stand area;
- Attracting Investment / Business Park Investment;
- Shades – will be based on successful Heritage Lottery Fund bid;
- Wingfield Castle;
- Neighbourhood Improvement Plan.

- 7.10 The forecast capital resource of £13.395m is based on current interest rates and assets having a 40 year operational life. The actual pot may be lower if interest rates increase before the Council actually borrows this money. In the current economic climate this should be a low risk. However, there is a continuing risk that the Government may increase Public Works Loan Board (PWLB) interest rates as these rates recently increased by 1% without warning. This situation highlights the potential risk of interest rate increases, as a further increase of 1% would reduce the investment pot to £11.4m.
- 7.11 To remove this risk the Council will need to lock into long term loans once the 2020/21 budget proposals have been approved by full Council. In practice this will mean that borrowing is undertaken early in 2020 as it will not be practical to undertake this level of borrowing in the available working days between Council on 19<sup>th</sup> December and financial markets closing down for the Christmas / New Year period. Additionally, there may be a period of interest rate volatility following the outcome of the General Election, which may impact on the timing of borrowing and the interest rates which can be secured. Once interest rates are fixed for this borrowing the value of the investment pot will be confirmed.
- 7.12 For planning purposes it is appropriate to work on the figure of £13.395m, provided the capital spending is on assets with an operational life of 40 years. If the capital expenditure is on assets with a shorter operational life the capital pot will reduce as the loans will need to be repaid over a shorter life, which increases the annual cost.
- 7.13 **Borrowing Requirement Business Cases (including the Housing Revenue Account)**
- 7.14 The financial viability of each business case is assessed on an individual basis reflecting the specific risk factors for individual business cases. This includes the repayment period for loans and fixed interest rates for the duration of the loan. This assessment is designed to ensure the business case can be delivered without resulting in a General Fund budget pressures and corresponding increase in the overall budget deficit.
- 7.15 In order to ensure that the above objectives are achieved a strategy of fully funding the borrowing for business cases has been adopted in recent years. However, given the reduction in interest rates and current interest rate forecasts it is recommended that a strategy of temporarily internally funding business cases maybe appropriate in order to mitigate counterparty risk. The timing of long term borrowing decisions will then be managed carefully to ensure that interest rates are fixed at an affordable level.
- 7.16 **Borrowing in Advance of Need**
- 7.17 The Council has some flexibility to borrow funds for use in future years, including in relation to the CIP pot. The Director of Finance and Policy may do this under delegated power where, for instance, an increase in interest rates is expected. In these circumstances borrowing early at fixed interest

rates may be undertaken where this will secure lower fixed interest rates for specific business cases; including the Western Growth Corridor Scheme or to fund future debt maturities (i.e. if the remaining LOBOs were called). Any borrowing in advance of need will be reported to the Council in the next Treasury Management report.

## 8. INVESTMENT STRATEGY 2020/21

8.1 The Ministry for Housing, Communities and Local Government (MHCLG) issued investment guidance in 2010, updated in 2017, and this forms the structure of the Council's policy. The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. This Council has adopted the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and applies its principles to all investment activity. In accordance with the Code, the Director of Finance and Policy has produced Treasury Management Practices covering investment counterparty policy which requires approval each year.

8.2 The primary objectives of the Council's investment strategy in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time;
- ensuring adequate liquidity; and
- investment return.

## 8.3 Counterparty Selection Criteria

8.4 The Council's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the three major ratings agencies (Fitch, Moody's and Standard & Poor's) and is supplied by our treasury consultants. All active counterparties are checked against criteria outlined below to ensure that they comply with the criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance a negative rating watch applying to a counterparty at the minimum criteria will be suspended from use, with all others being reviewed in light of market conditions.

8.5 The **lowest common denominator** method of selecting counterparties and applying limits is used. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria

8.6 The Director of Finance and Policy will continue to adopt a vigilant approach resulting in what is effectively a 'named' list. This consists of a select number of counterparties that are considered to be the lowest risk.

8.7 There are no proposed changes to existing counter parties and the table below shows the proposed limits in 2020/21 for the Council:

| Category | Fitch  | Moody's | Standard & Poor's | Proposed Counterparty Limit | Proposed Time Limit     |
|----------|--|---------|-------------------|-----------------------------|-------------------------|
| A*       | F1+/AA-  | P-1/Aa3 | A-1+/AA-          | £15m                        | 1 Year                  |
| B        | F1/A-  | P-1/A3  | A-1/A-            | £10m                        | 1 Year                  |
| C        | Debt Management Office/Treasury Bills/Gilts  |         |                   | £40m                        | 1 Year                  |
| D        | Part Nationalised Banks and Banks covered by UK Government Guarantee   |         |                   | £15m                        | 1 Year                  |
| E        | Other Local Authorities<br>Individual Limits per Authority:<br>- £8m County, Metropolitan or Unitary Councils<br>- £3m District Councils, Police or Fire Authorities |         |                   | £40m                        | 1 Year                  |
| F        | Three Money Market Funds (AAA) with maximum investment of £3m per fund   |         |                   | £9m                         | Liquid (instant access) |

\*including Svenska Handelsbanken

## 8.8 Specified and Non-Specified Investments

8.9 MHCLG regulations classify investments as either Specified or Non-Specified. Specified Investment is any investment not meeting the Specified definition.

8.10 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Council to use rather than defining what its investments are.

8.11 Specified Investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).

- Other Councils
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating (AAA) by a credit rating agency.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.

8.12 Non-specified Investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.
- Any bank or building society that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

## 9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION 2020/21

9.1 There are two elements to the Councils annual loan repayment costs – the statutory Minimum Revenue Provision (MRP) and interest costs. The Council is required to pay off an element of the Capital Financing Requirement (CFR) each year through a revenue charge called the Minimum Revenue Provision (MRP).

9.2 MHCLG Regulations require the Council to approve **an MRP Statement** in advance of each year. This will determine the annual loan repayment charge to the revenue account.

9.3 The budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:

- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Council's MRP policy is to calculate MRP based on a 50 year annuity repayment.
  - i. Where MRP has been overcharged in previous years, the recovery of the overcharge will be implemented by reducing the MRP in relation to this capital expenditure by reducing future MRP charges that would otherwise have been made. It should be noted that this will ensure the debt will be paid off by 2056/57 whereas the previous 4% reducing balance MRP charge would have left debt of £9.4m at this date.

- ii. The total MRP after applying the adjustment will not be less than zero in relation to this capital expenditure.
  - iii. The cumulative amount adjusted for will never exceed the amount overpayment.
- From 1<sup>st</sup> April, 2008 the Council calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual annuity loan repayments.
  - The MHCLG revised its MRP guidance in 2017, which would impact on any future changes to the Council's MRP policy, however the guidance is not retrospective. The approved MRP policy implemented prior to the MHCLG changes is therefore compliant with the recent MHCLG revisions and will be carried forward in the future years, until such time as a prudent approach is considered to be appropriate.
  - MRP in relation to the Hartlepool Western Growth Corridor (HWGC) will be applied using a 40 year straight line basis, with additional annual VRP applied to reflect S106 income to achieve repayment over a 7 to 10 year period. Where additional VRP is made any 'overpayment' may be used to reduce future MRP charges if S106 receipts are delayed.

#### 9.4 **CIPFA Treasury Management Code of Practice**

9.5 The Council has adopted CIPFA Treasury Management Code of Practice. Confirmation of this is the first prudential indicator.

#### 9.6 **Treasury Management Advisors**

9.7 The Council uses Link Asset Services – Treasury as its external treasury management advisors.

9.8 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

9.9 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

#### 9.10 **Markets in Financial Instruments Directive (MIFID II)**

9.11 On 3<sup>rd</sup> January 2018 an updated version of the European Union's Markets in Financial Instruments Directive (known as MIFID II) comes into effect. It is designed to offer greater protection for investors and inject more transparency into financial markets. Under MIFID II all local authorities will

be classified as “retail” counterparties and will have to consider whether to opt up to “professional” status and for which type of investments

- 9.12 Local authorities that choose not to opt up or do not meet the minimum criteria for opting up (i.e. minimum investment balances of £10m) may face a reduction in the financial products available to them, a reduction in number of brokers and asset managers that will be able to engage with and may face increased fees.
- 9.13 Local authorities that choose to opt up must be able to satisfy some quantitative tests, and each Financial Institution will independently determine whether the Authority meet the qualitative test of being appropriately knowledgeable, expert and experienced. Financial Institutions also need to satisfy themselves that the Authority can make its own investment decisions and understands the risks involved.
- 9.14 The Council choose to opt up in order to maintain the Council’s ability to operate effectively under the new regime.

## **10. FINANCIAL CONSIDERATIONS**

- 10.1 As detailed in preceding paragraphs.

## **11. RISK IMPLICATIONS**

- 11.1 There is a risk in relation to the level of interest rates the Council is able to secure for long term borrowing and the proposals detailed in this report are designed to manage these risks. This includes reducing the size of the CIP pot if interest rates increase beyond the level used to estimate the size of this pot.
- 11.2 There are also risk implication in relation to the investment of surplus cash and these are addressed in the strategy recommended in section 8.

## **12. LEGAL CONSIDERATIONS**

- 12.1 The report details how the Council will comply with the relevant legal and regulatory requirements in relation to Treasury Management activities.

## **13. CHILD AND FAMILY POVERTY**

- 13.1 None.

## **14. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 14.1 None.

## **15. SECTION 17 OF THE CRIME AND DISORDER ACT 1998 CONSIDERATIONS**



15.1 None

## 16. STAFF CONSIDERATIONS

16.1 None

## 17. ASSET MANAGEMENT CONSIDERATIONS

17.1 None

## 18. CONCLUSION

18.1 The report sets out how the Council will comply with the regulatory framework to ensure the Council achieves the lowest borrowing costs and security for any temporary cash investments made by the Council.

18.2 In relation to the borrowing strategy this underpins capital investment decision made in the MTFS and HRA Business Plan to ensure affordable interest rates are secured. The timing of long term borrowing decisions will then be managed carefully to ensure that interest rates are fixed at an affordable level.

18.3 In relation to the investment strategy the Council has adopted an extremely prudent approach over the last few years and continues to do so. It is recommended that the Council approves the existing counterparty criteria as set out in paragraphs 8.7.

## 19. RECOMMENDATIONS

19.1 It is recommended that Members approve that the following proposals are referred to full Council:

### 19.2 Treasury Management Outturn Position 2018/19

- i) Note the 2018/19 Treasury Management Outturn detailed in section 4 and Appendix A.

### 19.3 Treasury Management Strategy 2019/20 Mid-Year Review

- ii) Note the 2019/20 Treasury Management Mid-year Position detailed in section 5.

### 19.4 Treasury Management Strategy 2020/21 (Prudential Indicators)

- iii) Approve the prudential indicators outlined in Appendix B.

### 19.5 Borrowing Strategy 2020/21

- iv) **Core borrowing requirement** – following the securing of exceptionally low interest rates approve that the remainder of the under borrowing is netted down against investments.
- v) To note that in the event of a change in economic circumstances that the Director of Finance and Policy may take out additional borrowing if this secures the lowest long term interest cost.
- vi) To authorise the Director of Finance and Policy to implement Treasury Management arrangements which minimise the short and long term cost to the Council.
- vii) **Capital Investment Programme (CIP)** – to note that in order to secure the CIP pot of £13.395m the Director of Finance and Policy will seek to lock into long terms loans once the 2020/21 budget proposals have been approved by full Council.

19.6 **Investment Strategy 2020/21**

- viii) Approve the Counterparty limits as set out in paragraph 8.7.

19.7 **Minimum Revenue Provision (MRP) Statement**

- ix) Approve the MRP statement outlined in paragraph 9.3 above.

**20. REASON FOR RECOMMENDATIONS**

- 20.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

**21. CONTACT OFFICER**

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## Appendix A

**Prudential Indicators 2018/19 Outturn****1. Ratio of Financing Costs to Net Revenue Stream**

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt.

| 2018/19<br>Estimate |  | 2018/19<br>Outturn |
|---------------------|--|--------------------|
| 4.07%               | Ratio of Financing costs to net revenue stream | 3.53%              |

**2. Capital Expenditure**

This indicator shows the total capital expenditure for the year.

| 2018/19<br>Estimate<br>£'000 |                     | 2018/19<br>Outturn<br>£'000 |
|------------------------------|---------------------|-----------------------------|
| 22,853                       | Capital Expenditure | 26,154                      |

The actual is higher than estimated owing to the phasing of capital expenditure between years.

**3. Capital Expenditure Financed from Borrowing**

This shows the borrowing required to finance the capital expenditure programme, split between core expenditure and expenditure in relation to business cases.

| 2018/19<br>Estimate<br>£'000 |   | 2018/19<br>Outturn<br>£'000 |
|------------------------------|---|-----------------------------|
| 572                          | Core Capital Expenditure Financed by Borrowing          | 3,506                       |
| 6,914                        | Business Case Capital Expenditure Financed by Borrowing | 2,026                       |
| 647                          | HRA Capital Expenditure Financed by Borrowing           | -                           |
| <b>8,133</b>                 | <b>Total Capital Expenditure Financed by Borrowing</b>  | <b>5,532</b>                |

The actual is lower than estimated owing to the phasing of borrowing between years.

4. Capital Financing Requirement

CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Council's Balance Sheet and is shown below. Forecasts for future years are directly influenced by the capital expenditure decisions taken and the actual amount of revenue that is set aside to repay debt.

| 2018/19<br>Estimate<br>£'000 |   | 2018/19<br>Outturn<br>£'000 |
|------------------------------|---|-----------------------------|
| 72,467                       | Core Capital Financing Requirement          | 71,714                      |
| 24,344                       | Business Case Capital Financing Requirement | 21,909                      |
| 10,178                       | HRA Capital Financing Requirement           | 9,814                       |
| <b>106,989</b>               | <b>Total Capital Financing Requirement</b>  | <b>103,437</b>              |

The capital financing requirement is lower than estimated owing to the phasing of capital expenditure.

5. Authorised Limit for External Debt

The authorised limit determines the maximum amount the Council may borrow at any one time. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cash flow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements. In line with the Prudential Code, the level has been set to give the Council flexibility to borrow up to three years in advance of need if more favourable interest rates can be obtained.

| 2018/19<br>Limit<br>£'000 |                                    | 2018/19<br>Peak<br>£'000 |
|---------------------------|------------------------------------|--------------------------|
| 125,000                   | Authorised limit for external debt | 89,597                   |

The above Authorised Limit was not exceeded during the year. The level of debt as at 31<sup>st</sup> March 2019, excluding accrued interest was £87.434m. The peak level during the year was £89.597m.

6. Operational Boundary for External Debt

The operational boundary is the most likely prudent, but not worst case scenario, level of borrowing without the additional headroom included within the authorised limit. The level is set so that any sustained breaches serve as an early warning that the Council is in danger of overspending or failing to achieve income targets and gives sufficient time to take appropriate corrective action.

| 2018/19<br>Limit<br>£'000 |  | 2018/19<br>Peak<br>£'000 |
|---------------------------|--|--------------------------|
| 115,000                   | Operational boundary for external debt | 89,597                   |

The operational limit was not exceeded in the year. The peak level of debt was £89.597m.

#### 7. Interest Rate Exposures

This indicator is designed to reflect the risk associated with both fixed and variable rates of interest, but must be flexible enough to allow the Council to make best use of any borrowing opportunities.

| 2018/19<br>Limit<br>£'000 | Upper limits on fixed and variable interest<br>rate exposure | 2018/19<br>Peak<br>£'000 |
|---------------------------|--|--------------------------|
| 115,000<br>85,000         | Fixed Rates<br>Variable Rates                                | 69,597<br>20,000         |

The figures represent the peak values during the period.

#### 8. Maturity Structure of Borrowing

This indicator is designed to reflect and minimise the situation whereby the Council has a large repayment of debt needing to be replaced at a time of uncertainty over interest rates, but as with the indicator above, it must also be flexible enough to allow the Council to take advantage of any borrowing opportunities.

|                                      | Upper Limit<br>£000 | Lower Limit<br>£000 | Actual by<br>Maturity Date<br>£000 | Actual by<br>soonest call<br>date<br>£000 |
|--------------------------------------|---------------------|---------------------|------------------------------------|---|
| Less than one year                   | 111,000             | 0                   | 9,238                              | 14,238                                    |
| Between one and five years           | 121,000             | 0                   | 7,377                              | 22,377                                    |
| Between five and ten years           | 121,000             | 0                   | 4,070                              | 4,070                                     |
| Between ten and fifteen years        | 121,000             | 0                   | 3,975                              | 3,975                                     |
| Between fifteen and twenty years     | 121,000             | 0                   | 2,790                              | 2,790                                     |
| Between twenty and twenty-five years | 121,000             | 0                   | 2,227                              | 2,227                                     |
| Between twenty-five and thirty years | 121,000             | 0                   | 2,557                              | 2,557                                     |
| Between thirty and thirty-five years | 121,000             | 0                   | 3,044                              | 3,044                                     |
| Between thirty-five and forty years  | 121,000             | 0                   | 6,554                              | 6,554                                     |
| Between forty and forty-five years   | 121,000             | 0                   | 807                                | 807                                       |
| More than forty-five years           | 121,000             | 0                   | 45,217                             | 25,217                                    |

9. Investments over Maturing over One Year

This sets an upper limit for amounts invested for periods longer than 364 days. The limit was not exceeded as a prudent approach to investment has been taken owing to uncertainties in the economy this is in line with the Treasury Management Strategy. Consequently all investments made during the year were limited to less than one year.

|               | 1 year<br>£000 | 2 year<br>£000 | 3 year<br>£000 |
|---------------|----------------|----------------|----------------|
| Maximum Limit | 20,000         | 0              | 0              |
| Actual        | 0              | 0              | 0              |

## **TREASURY MANAGEMENT STRATEGY 2020/21 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS**

### **1. INTRODUCTION**

- 1.1 The regulatory information and prudential indicators for the 2020/21 Treasury Management Strategy are set out below.

### **2. PRUDENTIAL INDICATORS**

- 2.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity.
- 2.2 The first prudential indicator is confirmation that the Council has adopted the CIPFA Treasury Management Code of Practice, which the Treasury Management Strategy report confirms.
- 2.3 Details of the proposed prudential limits are set out in the following sections.

### **3. CAPITAL EXPENDITURE AND FINANCING REQUIREMENT**

- 3.1 The Council's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Council's view of interest rates. The CFR is the amount the Council needs to borrow to fund capital expenditure incurred in previous financial years and forecast capital expenditure in the next three years which is funded from borrowing. Historically the majority of the Council's CFR related to capital expenditure supported by Government borrowing approvals.
- 3.2 Government borrowing approvals are authority to fund capital expenditure from loans. Prior to the introduction of the prudential borrowing system in the Local Government Act 2003 Councils could only borrow for capital expenditure authorised by a Government borrowing approval.
- 3.3 Following the introduction of the prudential borrowing systems Councils can determine their own borrowing levels, subject to revenue affordability. The Council has managed the new flexibility carefully owing to the ongoing revenue commitment of taking on new additional borrowing. The Council has only approved specific self-funding business cases, for example affordable housing schemes and a limited amount of General Fund capital expenditure where the resulting loan repayment and interest costs have been funded as a revenue budget pressure.

- 3.4 Councils ultimately need to fund the CFR by borrowing money from the Public Works Loan Board (PWLB) or banks. The CFR is then repaid over a number of years reflecting the long term benefits of capital expenditure. In simple terms the CFR represents the Council's outstanding mortgage, although the legislation and accounting requirements are significantly more complex.
- 3.5 The estimated Capital Finance & Borrowing Requirement is shown in the following table:

| <b>Capital Financing &amp; Borrowing Requirement</b>                             | <b>2019/20 Revised<br/>£'000</b> | <b>2020/21 Estimate<br/>£'000</b> | <b>2021/22 Estimate<br/>£'000</b> | <b>2022/23 Estimate<br/>£'000</b> |
|--|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>CFR at 1st April</b>  | <b>103,436</b>                   | <b>120,692</b>                    | <b>135,373</b>                    | <b>147,404</b>                    |
| Capital Expenditure Financed by New Borrowing                                    | 11,914                           | 16,700                            | 5,535                             | 3,664                             |
| Approved Borrowing Rephased from 2018/19 and Borrowing Profiled for Future Years | 18,794                           | 0                                 | 0                                 | 0                                 |
| Less Borrowing to be Rephased to Future Years                                    | (11,033)                         | 1,033                             | 10,000                            | 0                                 |
| Less Repayment of CFR  | (2,419)                          | (3,052)                           | (3,504)                           | (3,420)                           |
| <b>CFR at 31st March</b>   | <b>120,692</b>                   | <b>135,373</b>                    | <b>147,404</b>                    | <b>147,648</b>                    |
| Less assets held under Finance Lease   | (256)                            | (245)                             | (235)                             | (225)                             |
| <b>Borrowing Requirement</b>   | <b>120,436</b>                   | <b>135,128</b>                    | <b>147,169</b>                    | <b>147,423</b>                    |
| Corporate Borrowing Requirement  | 75,044                           | 87,374                            | 85,554                            | 83,805                            |
| Business Case Borrowing Requirement  | 35,579                           | 36,889                            | 47,451                            | 46,133                            |
| Housing Revenue Account Borrowing Requirement                                    | 9,814                            | 10,866                            | 14,165                            | 17,486                            |
| <b>Borrowing Requirement</b>   | <b>120,436</b>                   | <b>135,128</b>                    | <b>147,169</b>                    | <b>147,423</b>                    |

\*The Capital Expenditure in 2020/21 includes the £13.395m Council Capital Investment Programme to be funded from Prudential Borrowing, the actual profiling will be updated once the individual schemes have been approved by Finance and Policy Committee.

- 3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2020/21 capital programme summarised as follows:



| Capital Expenditure   | 2019/20<br>Revised<br>£'000 | 2020/21<br>Estimate<br>£'000 | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 |
|---|-----------------------------|------------------------------|------------------------------|------------------------------|
| New Approved Capital Expenditure  | 24,426                      | 20,489                       | 9,157                        | 7,286                        |
| Rephased Capital Expenditure from 2018/19 and Expenditure Profiled for Future Years     | 34,350                      | 0                            | 0                            | 0                            |
| 2019/20 Capital Expenditure to be Rephased  | (24,603)                    | 14,603                       | 10,000                       | 0                            |
| <b>Capital Expenditure for the Year</b>   | <b>34,173</b>               | <b>35,092</b>                | <b>19,157</b>                | <b>7,286</b>                 |
| <b>Financed by:</b>   |                             |                              |                              |                              |
| Capital grants and contributions  | 12,512                      | 3,789                        | 3,622                        | 3,622                        |
| Other Capital Funding   | 0                           | 0                            | 0                            | 0                            |
| Capital Expenditure to be funded from New Prudential Borrowing                          | 11,914                      | 16,700                       | 5,535                        | 3,664                        |
| Capital Resources Rephased from 2018/19 and Capital Resources Profiled for Future Years | 34,350                      | 0                            | 0                            | 0                            |
| Rephased Expenditure between years.   | (24,603)                    | 14,603                       | 10,000                       | 0                            |
| <b>Total Funding</b>  | <b>34,173</b>               | <b>35,092</b>                | <b>19,157</b>                | <b>7,286</b>                 |
|   |                             |                              |                              |                              |
| Non-HRA Capital Expenditure   | 34,173                      | 34,040                       | 15,858                       | 3,965                        |
| HRA Capital Expenditure   | 0                           | 1,052                        | 3,299                        | 3,321                        |
| <b>Total Capital Expenditure</b>  | <b>34,173</b>               | <b>35,092</b>                | <b>19,157</b>                | <b>7,286</b>                 |

#### 4. AFFORDABILITY PRUDENTIAL INDICATORS

4.1 The affordability of the approved Capital Investment Programme was assessed when the capital programme was approved and revenue costs are built into the Medium Term Financial Strategy or individual business cases. The 'Affordability Prudential Indicators' are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing in terms of the impact on Council Tax and the Net Revenue Stream.

##### 4.2 Incremental Impact of Capital Expenditure on Housing Rent Levels

4.3 This indicator shows the revenue impact on any newly proposed changes to HRA capital expenditure. At present there will be no impact on housing rent levels as these have been set taking into account the existing HRA capital programme.

|                                   | Forward<br>Projection | Forward<br>Projection | Forward<br>Projection | Forward<br>Projection |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                   | 2019/20<br>£'000      | 2020/21<br>£'000      | 2021/22<br>£'000      | 2022/23<br>£'000      |
| <b>Weekly Housing Rent Levels</b> | £0.00                 | £0.00                 | £0.00                 | £0.00                 |

#### 4.4 Ratio of Financing Costs to Net Revenue Stream

- 4.5 This shows the net cost of capital borrowing as a percentage of the net budget. The decrease reflects significant savings from locking into historically low interest rates and re-profiling of MRP as outlined in the report.

|  | 2019/20<br>Estimate | 2020/21<br>Estimate | 2021/22<br>Estimate | 2022/23<br>Estimate |
|--|---------------------|---------------------|---------------------|---------------------|
| Non-HRA financing cost to General Fund<br>Net Revenue Stream | 4.07%               | 3.93%               | 3.83%               | 3.83%               |

#### 4.6 Ratio of Finance Costs to HRA Net Revenue Stream

- 4.7 This shows the net cost of capital borrowing as a percentage of the net HRA budget arising from the phased implementation of the business case.

|   | 2019/20<br>Estimate | 2020/21<br>Estimate | 2021/22<br>Estimate | 2022/23<br>Estimate |
|---|---------------------|---------------------|---------------------|---------------------|
| HRA financing cost to HRA Net Revenue<br>Stream | 28.89%              | 27.98%              | 28.61%              | 36.60%              |

- 4.8 This reflects the profile of funding used to finance the HRA, including delaying the use of borrowing.

### 5. **BORROWING PRUDENTIAL INDICATORS**

#### 5.1 Debt Projections 2019/20 – 2022/23

- 5.2 The following table sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

| Debt and Investment Projections   | 2019/20<br>Revised<br>£'000 | 2020/21<br>Estimated<br>£'000 | 2021/22<br>Estimated<br>£'000 | 2022/23<br>Estimated<br>£'000 |
|-----------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Long Term Borrowing 1 April       | 87,434                      | 91,434                        | 108,434                       | 119,434                       |
| Expected change in Long Term Debt | 4,000                       | 17,000                        | 11,000                        | 0                             |
| <b>Debt at 31 March</b>           | <b>91,434</b>               | <b>108,434</b>                | <b>119,434</b>                | <b>119,434</b>                |
| <b>Borrowing Requirement</b>      | <b>120,436</b>              | <b>134,476</b>                | <b>142,860</b>                | <b>139,436</b>                |
| <b>Under Borrowing</b>            | <b>(29,002)</b>             | <b>(26,042)</b>               | <b>(23,426)</b>               | <b>(20,002)</b>               |
|                                   |                             |                               |                               |                               |
| Non-HRA Debt                      | 81,620                      | 97,568                        | 105,269                       | 101,948                       |
| HRA Debt                          | 9,814                       | 10,866                        | 14,165                        | 17,486                        |
| <b>Total Debt</b>                 | <b>91,434</b>               | <b>108,434</b>                | <b>119,434</b>                | <b>119,434</b>                |

- 5.3 Although the Council has reduced the level of under borrowing in recent years the table shows that an element of core borrowing can continue to be temporarily deferred by netting down investments and borrowing.

5.4 Limits to Borrowing Activity

- 5.5 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.

- 5.6 The Council needs to ensure that total borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/2021 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The following table demonstrates that borrowing will not exceed the CFR.

| External Debt                | 2019/20<br>Revised<br>£'000 | 2020/21<br>Estimated<br>£'000 | 2021/22<br>Estimated<br>£'000 | 2022/23<br>Estimated<br>£'000 |
|------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Gross Borrowing              | 91,434                      | 108,434                       | 119,434                       | 119,434                       |
| Other Long Term Liabilities  | 256                         | 245                           | 235                           | 225                           |
| <b>Total Gross Borrowing</b> | <b>91,690</b>               | <b>108,679</b>                | <b>119,669</b>                | <b>119,659</b>                |
| <b>Borrowing Requirement</b> | <b>120,436</b>              | <b>134,476</b>                | <b>142,860</b>                | <b>139,436</b>                |

- 5.7 The following table shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Council will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of cash flows that might occur for the Council in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

| Borrowing Limits  | 2019/20<br>£'000 | 2020/21<br>Estimated<br>£'000 | 2021/22<br>Estimated<br>£'000 | 2022/23<br>Estimated<br>£'000 |
|-------------------|------------------|-------------------------------|-------------------------------|-------------------------------|
| Operational Limit | 131,000*         | 145,000*                      | 157,000                       | 157,000                       |
| Authorised limit  | 141,000*         | 155,000*                      | 167,000                       | 167,000                       |

\*These Limits include provision for potential temporary borrowing related to the phasing of capital receipts over the period of the MTFS.

## 6. INVESTMENT PRUDENTIAL INDICATORS AND OTHER LIMITS ON TREASURY ACTIVITY

## 6.1 Investment Projections 2019/20 – 2022/23

6.2 The following table sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

| 2018/19<br>Outturn<br>£'000 | Year End Resources                        | 2019/20<br>Revised<br>£'000 | 2020/21<br>Estimate<br>£'000 | 2021/22<br>Estimate<br>£'000 | 2022/23<br>Estimate<br>£'000 |
|-----------------------------|---|-----------------------------|------------------------------|------------------------------|------------------------------|
| 41,467                      | Balances and Reserves                     | 32,335                      | 28,692                       | 27,120                       | 25,771                       |
| (1,286)                     | Collection Fund Adjustment Account*       | 0                           | 0                            | 0                            | 0                            |
| 4,485                       | Provisions                                | 4,485                       | 4,485                        | 4,485                        | 4,485                        |
| <b>44,666</b>               | <b>Total Core Funds</b>                   | <b>36,820</b>               | <b>33,177</b>                | <b>31,605</b>                | <b>30,256</b>                |
| (8,023)                     | Working Capital**                         | (7,100)                     | (7,100)                      | (7,100)                      | (7,100)                      |
| <b>36,643</b>               | <b>Resources Available for Investment</b> | <b>29,720</b>               | <b>26,077</b>                | <b>24,505</b>                | <b>23,156</b>                |
| (16,002)                    | (Under)/over borrowing                    | (29,002)                    | (26,694)                     | (27,735)                     | (27,989)                     |
| <b>20,641</b>               | <b>Expected Investments</b>               | <b>718</b>                  | <b>(617)</b>                 | <b>(3,230)</b>               | <b>(4,833)</b>               |

## 6.3 Sensitivity to Interest Rate Movements

6.4 Sensitivity to Interest Rate Movements is a prudential indicator that the Authority is required to disclose. The following table highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the borrowing requirement that has not yet been fixed (i.e. under borrowing). Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes. The “Treasury Management Risk Reserve” was established to manage this risk.

| Impact on Revenue Budgets              | 2019/20<br>Estimated<br>1%<br>£'000 | 2019/20<br>Estimated<br>-1%<br>£'000 |
|--|-------------------------------------|--------------------------------------|
| Interest on Borrowing                  | 260                                 | (260)                                |
| Investment income                      | (0)                                 | 0                                    |
| <b>Net General Fund Borrowing Cost</b> | <b>260</b>                          | <b>(260)</b>                         |

6.5 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates.

6.6 The limits are:

- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Council's borrowing and investments that are held with variable interest rates. The proposed limits are detailed in the following table.

| Limits on Variable Interest Rates | 2020/21<br>Upper<br>£'000 | 2021/22<br>Upper<br>£'000 | 2022/23<br>Upper<br>£'000 |
|-----------------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing                         | 75%                       | 75%                       | 75%                       |
| Investments                       | 100%                      | 100%                      | 100%                      |

- ii) Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Council's borrowing and investments that are held with fixed interest rates.

| Limits on Fixed Interest Rates | 2020/21<br>Upper<br>£'000 | 2021/22<br>Upper<br>£'000 | 2022/23<br>Upper<br>£'000 |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| Borrowing                      | 100%                      | 100%                      | 100%                      |
| Investments                    | 100%                      | 100%                      | 100%                      |

- iii) Maturity structure of borrowing – Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. In the opinion of the Chief Finance Officer limits on fixed and variable rates for **borrowing** are unhelpful and could lead to higher costs 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. In the Chief Finance Officer's professional opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the Council, whilst not exposing the Council to unnecessary risk. The Council should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the following table:

| <b>Maturity Structure of fixed interest rate borrowing 2020/21</b> |                         |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | <b>2019/20<br/>£000</b> | <b>2019/20<br/>£000</b> | <b>2020/21<br/>£000</b> | <b>2020/21<br/>£000</b> |
|  | <b>Lower Limit</b>      | <b>Upper Limit</b>      | <b>Lower Limit</b>      | <b>Upper Limit</b>      |
| Under 12 months  | 0                       | 90%                     | 0                       | 90%                     |
| 12 months to 2 years   | 0                       | 100%                    | 0                       | 100%                    |
| 2 years to 5 years   | 0                       | 100%                    | 0                       | 100%                    |
| 5 years to 10 years  | 0                       | 100%                    | 0                       | 100%                    |
| 10 years to 20 years   | 0                       | 100%                    | 0                       | 100%                    |
| 20 years to 30 years   | 0                       | 100%                    | 0                       | 100%                    |
| 30 years to 40 years   | 0                       | 100%                    | 0                       | 100%                    |
| 40 years to 50 years   | 0                       | 100%                    | 0                       | 100%                    |
| 50 years to 60 years   | 0                       | 100%                    | 0                       | 100%                    |
| 60 years to 70 years   | 0                       | 100%                    | 0                       | 100%                    |

- iv) Maximum principal sums invested – Total principal funds invested for greater than 364 days – These limits are set with regard to the Council's liquidity requirements and reflect the current recommended advice that investments are limited to short term investments i.e. up to one year.

| <b>Limit for Maximum Principal Sums Invested &gt; 364 days</b> |                        |                         |                         |
|--|------------------------|-------------------------|-------------------------|
|  | <b>1 year<br/>£000</b> | <b>2 years<br/>£000</b> | <b>3 years<br/>£000</b> |
| Maximum  | 20,000                 | 0                       | 0                       |

## 6.7 Performance Indicators

- 6.8 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. The Council will produce the following performance indicators for information and explanation of previous treasury activity:

- Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year

## Cleveland Police and Crime Panel

A meeting of Cleveland Police and Crime Panel was held on Tuesday, 12th November, 2019.

**Present:** Cllr Norma Stephenson O.B.E (Chair), Cllr Lee Cartwright, Cllr Barrie Cooper, Cllr Graham Cutler, Cllr Dave Hunter, Cllr Chris Jones, Cllr Steve Nelson, Mayor Andy Preston, Cllr Vera Rider, Cllr Matthew Storey and Cllr Steve Walmsley.

**Officers:** Julie Butcher, Peter Bell (Stockton-on-Tees Borough Council).

**Also in attendance:** Barry Coppinger (Commissioner), Michael Porter, Simon Dennis, Elise Pout (Commissioner's Office), DCC Arundale (Cleveland Police),

**Apologies:** Cllr Matthew Vickers, Paul McGrath and Chief Constable Richard Lewis.

### **PCP 29/19 Welcome and Introductions**

The Chair welcomed everyone to the meeting and introductions were given.

### **PCP 30/19 Declarations of Interest**

There were no interests declared.

### **PCP 31/19 Minutes of the meeting held on 26 September 2019**

Consideration was given to the minutes of the meetings held on 26 September 2019.

RESOLVED that the minutes of the meeting held on 26 September 2019 be agreed.

### **PCP 32/19 Members' Questions to the Police and Crime Commissioner**

Members were informed that there were no Members' Questions.

### **PCP 33/19 Operation Phoenix**

The Panel received a presentation on Operation Phoenix. The presentation covered the following key areas:-

- Implementation and Development of Operation Phoenix
- The Aims and Objectives of the Operation and Subsequent Results:-
  - To enhance the wellbeing of our staff by effectively managing demand and outstanding workloads
  - To effectively manage and investigate calls for service identifying threat, risk and harm with a clear focus on vulnerability (Domestic Abuse, MFH and serious violence)
  - To provide appropriate resources for calls for service with a clear focus on vulnerability (Domestic Abuse, MFH and serious violence)
  - To problem solve and implement preventative and safeguarding measures with a clear focus on vulnerability (Domestic Abuse, MFH and serious violence)
  - To effectively manage all reported crime / outstanding crime and prioritise

offences by identifying threat, risk and harm with a clear focus on vulnerability (Domestic Abuse, MFH and serious violence)

- To implement / embed a new process for managing crime investigation with increased scrutiny provided by new software
- To continuously improve positive outcomes
- To effectively manage and reduce outstanding named (not arrested) suspects and wanted persons
- To effectively manage and reduce outstanding warrants, prison recall and breach of bail offences
- To provide an effective intelligence led tasking process to improve the proactive ability to combat crime and those causing harm within the community, with a clear focus on vulnerability (domestic abuse), serious violence and identified outstanding offenders
- To provide an enhanced proactive capability to combat crime and those causing harm within the community, with a clear focus on vulnerability (domestic abuse), serious violence and identified outstanding offenders
- To engage and take an inclusive approach with both internal and external partners in all aspects of the operation
- To implement an effective communication strategy in order to inform staff, public and partners
- To ensure a value for money service is provided to the public by the effective management of finance throughout the duration of the operation
- The 18 recommendations made to be worked into the Service Improvement Plans and continued use of resources to support domestic abuse victims at the weekends

Members were then given the opportunity to ask questions and make comments on the presentation and these could be summarised as follows:-

- Cleveland Police should have had a lot of these measures already in place
- There needs to be a robust system in place to monitor the recommendations
- The control room and the use of the 101 number must be made a high priority
- The Road to Improvement Plan will involve a large training element for staff
- This will be a slow evolution but it will be worth it for the long term future of Cleveland Police
- The Communications Strategy needs to be improved and include more use of social media
- It would be useful for the Panel to see the hard data behind the presentation
- There will be concern that if further funding is not secured Cleveland Police will have the same issues again
- Brilliant presentation and the Panel will look forward to an update

RESOLVED that the presentation be received and Members comments be noted.



Consideration was given to a report that provided Members with a summary update on progress since the meeting in September 2019.

The report highlighted the following key areas:-

- Investing in Our Police
- A Better Deal for Victims
- Tackling Offending and Reoffending
- Working Together to Make Cleveland Safer
- Securing the Future of Our Communities

With regard to Investing in Our Police it was noted that since the last report the PCC, Chief Constable and respective officers had attended the first Police Performance and Oversight Group. The group was chaired by HMI Chief Inspector Sir Tom Winsor and included representation from the Home Office, College of Policing and other forces also being monitored by the process.

Within the meeting the Chief Constable was required to present the initial response to the report and work that had been initiated since the inspection. Both the PCC and Chief Constable acknowledged the report and the findings and would report progress at the next meeting in January 2020. In the meantime Force monitoring (planned and ad-hoc) would be undertaken by the regional inspection team overseen by HMI Northern Phil Gormley.

As reported in the September meeting the process for governance and scrutiny continued to develop with the Chief Constable and Cleveland Police. The reports of the monthly Performance and Scrutiny meetings were included within the overall scrutiny report. In addition the following had been completed:

- Discussions had taken place with all of the External / Independent Chairs to consider how support / communication could be improved with Cleveland Police. It had been clear that previously these groups had not been used to best effect by the force. The PCC would bring together these groups with the Chief Constable during December to confirm how use of the groups will improve.
- The internal structures for managing performance and governance had been reviewed with the OPCC and linkages identified in how external scrutiny would further be linked into formal meeting structures for holding to account.
- Regular updates were in place with HMICFRS to ensure that requests for information and scrutiny requirements from Cleveland Police do not conflict, maximising use for external purposes.

Further detail on progress made was included within the Performance report, Scrutiny report and Decisions of the PCC.

RESOLVED that the report be noted.

November 2019. Future engagement work of the PCC was also be summarised.

The PCC's consultation and engagement activities focused on increasing understanding of the policing and community safety needs of the communities of Cleveland, ensuring that strategic planning effectively delivers the policing service that communities require.

The work undertaken with the community supports all areas of the Police and Crime Plan but had a focus on 'Securing the Future of Our Communities'.

The PCC attended a number of meetings on a regular basis with key partners, stakeholders and residents from across the Cleveland area.

In addition to this the PCC attended many regional and national meetings representing Cleveland.

The 'Your Force Your Voice' engagement initiative continued to take place with community meetings in all of Cleveland's 79 ward areas being visited on an annual basis. Since coming into office in November 2012 the PCC had attended over 690 community meetings allowing him to better understand the needs of local communities across Cleveland.

During this reporting period the PCC had attended the following community meetings across Cleveland – Dent and Derwent Area Residents Association, Lockwood Neighbourhood Action Partnership, Bishop Cuthbert Residents Association, Central Estate Hartlepool Residents Association, Cobden Area Residents Association, Thornaby Town Council, Newtown Residents Meeting, North Billingham Residents Meeting, Seaton Carew Residents Meeting.

Motorbike and off road vehicle nuisance had been a common concern, particularly in the Billingham area. Operation Kickstart had been introduced across Stockton as a multi-agency operation focusing on the antisocial and illegal use of motorbikes. This had involved Cleveland Police, Thirteen Housing, Trading Standards and the National Police Air Service, and had resulted in 50 bikes being seized and crushed. Feedback from the local community had been overwhelmingly supportive with residents feeling that their concerns had been taken on board and acted upon.

Drugs had also been a commonly raised concern by local residents. Through Operation Phoenix intelligence and analytical staff had responded to the threat of emerging Organised Crime Groups and their drug activity through planning and executing operations in conjunction with partners to target known addresses. This had been assisted by the re-introduction of police officers to Neighbourhood Teams with several high profile drugs seizures, which had sent a positive message to local communities.

All of the issues raised at community meetings were raised with Cleveland Police for action where necessary.

The report also contained a summary of key other meetings attended by the PCC. The full diary was published on the PCC website.

The future meetings of the PCC included:-

- 8th November – LGBT+ Regional Football Conference
- 13th November - Launch of Cleveland Autism Association Awareness Champions
- 18th November – Tees Rural Crime Forum
- 18th November – Philomena Protocol multi agency meeting
- 21st November – Fraud Awareness Week drop in session, 25k Centre, Redcar

RESOLVED that the report be noted.

**PCP  
36/19**

### **Decisions of the Police and Crime Commissioner**

Consideration was given to a report that provided an update on decisions made by the Police and Crime Commissioner (PCC) and the Forward Plan.

The Police and Crime Commissioner made all decisions unless specifically delegated within the Scheme of Consent / Delegation. All decisions demonstrated that they were soundly based on relevant information and that the decision making process was open and transparent.

A copy of the Forward Plan was attached to the report and published on the PCC website which included items requiring a decision in the future.

Each decision made by the PCC was recorded on a decision record form with supporting background information appended. Once approved it was published on the PCC website.

Decisions relating to private / confidential matters would be recorded; although, it may be appropriate that full details were not published.

Decisions made since the last meeting of the Police and Crime Panel were attached to the report.

RESOLVED that the report be noted.

**PCP  
37/19**

### **Police and Crime Commissioner's Scrutiny Programme**

Consideration was given to a report that gave an update on the PCC's scrutiny programme.

Holding the Chief Constable to account was the key duty of the Police & Crime Commissioner and must encompass all of the functions of the Chief Constable and functions of those who were under the Chief Constable's direction and control.

The PCC had a range of scrutiny approaches in place to engage with the Chief Constable and hold Cleveland Police to account. These took place on a daily, weekly and monthly schedule and include a range of meetings, data and feedback from partners and the public.

Changes were made to the scrutiny regime in July 2019 that resulted in a thematic approach to scrutiny across the priorities within the Police and Crime Plan and a greater depth of information was provided by Cleveland Police in order for the PCC to hold the force to account. The new approach could be seen in the sharper questioning and clearer minutes which were attached to the report.

The processes would continue to develop and it had been made clear that there would be greater use of independent scrutiny approaches such as Internal Audit (Joint Independent Audit Committee), internal scrutiny panels such as the Out of Court Disposals, the Use of Force and Domestic Abuse Scrutiny Panels as well as identifying those services which would benefit from a wider multi agency scrutiny approach.

Wider scrutiny arrangements were also in place including:

- Ethics Committee
- Feedback from complaints
- Issues raised at community meetings and focus groups

The PCC's scrutiny programme was constantly evolving and as a result the OPCC was keen to use best practice from other OPCCs. Therefore, staff from OPCC had been to visit South Yorkshire OPCC to undertake benchmarking and to understand their approach to holding the force to account with a view to implementing best practice in Cleveland.

Since the previous Police and Crime Panel meeting the following meetings had taken place with minutes attached to the report:-

- 2 September 2019
- 7 October 2019

Since the last update to the Panel there had been a Working Together meeting on the 12 September 2019. The minutes were attached to the report.

In addition to the meetings above, the Commissioner continued to attend the following to complement his scrutiny programme:-

- Daily review of the Control Room and Serious Incident Logs;
- Weekly accountability meetings with the Chief Constable;
- Attend at least one local area meeting in each of Cleveland's neighbourhood police team areas.

RESOLVED that the report be noted.

reader in their understanding of the report.

The report covered the following keys areas:-

- Investing in Our Police
- A Better Deal for Victims and Witnesses
- Tackling Offending and Re-Offending
- Working Together to Make Cleveland Safer
- Securing the Future of Our Communities

The Chair made reference to Member Champions for the Panel. Each member Champion would be responsible for a different area within the Commissioner's Police and Crime Plan. Councillor Dave Hunter indicated he had expressed an interest in becoming a Member Champion.

If any Member had an interest in leading on any of the above priorities they should email Peter Bell (Governance Officer).

It was noted that a report would be brought to a future meeting of the Panel on how Cleveland Police deal with victims of crimes.

RESOLVED that the report be noted.

**PCP  
39/19      Public Questions**

Members were informed that there were no Public Questions.

**PCP  
40/19      Forward Plan**

Members were presented with the Forward Plan for the Panel.

RESOLVED that the Forward Plan for the Panel be noted.

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# CLEVELAND FIRE AUTHORITY

## MINUTES OF ORDINARY MEETING

18 OCTOBER 2019

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**PRESENT:**

**CHAIR**

Cllr Paul Kirton – Stockton on Tees Borough Council

**HARTLEPOOL BOROUGH COUNCIL**

Cllrs Tim Fleming, Marjorie James, Stephen Thomas

**MIDDLESBROUGH COUNCIL**

Cllrs Teresa Higgins, Naweed Hussain,

**REDCAR & CLEVELAND BOROUGH COUNCIL**

Cllrs Billy Ayre, Norah Cooney, Mary Ovens

**STOCKTON ON TEES BOROUGH COUNCIL**

Cllrs Luke Frost, Jean O'Donnell, Andrew Stephenson

**AUTHORISED OFFICERS**

Chief Fire Officer, Director of Corporate Services/Clerk, Legal Adviser and Monitoring Officer, Treasurer

**BRIGADE OFFICERS**

Director of Technical Services

**APOLOGIES:**

Councillor Ashley Waters; Jon Rathmell - Middlesbrough Council

Councillor Adam Brook - Redcar & Cleveland Borough Council

Councillor William Woodhead MBE – Stockton Borough Council

**51. DECLARATIONS OF MEMBERS INTEREST**

It was noted no Declarations of Interests were submitted to the meeting.

**52. MINUTES**

**RESOLVED - that the Minutes of the Ordinary Meeting on 26 July 2019 be confirmed.**

**53. MINUTES OF MEETINGS**

**RESOLVED - that the Minutes of the Audit & Governance Meeting on 23 August 2019 and Executive Committee Meeting on 4 October 2019 be confirmed.**

**54. COMMUNICATIONS RECEIVED BY THE CHAIR**

ZOE BILLINGHAM

Fire & Rescue Inspection Updates

LGA

Circular NJC/4/19 – Continual Professional Development Payments

Circular NJC/3/19 – Pay Award

EMP/6/19 – Pay Update

EMP/5/19 – Pay Update

HOME OFFICE

Kit Malthouse MP, Minister of State for Policing

**RESOLVED – that the communications be noted.**

## **55. REPORT OF THE CHIEF FIRE OFFICER**

### **55.1 Information Pack**

- 55.1.1 Employers / National Joint Council Circulars
- 55.1.2 Campaigns
- 55.1.3 Events – Councillor Frost requested that the Chair provides an update on the LGA Fire Commission meeting and Combined Fire Authority Conference at the Authority meeting on 13 December 2019.

#### Hate Crime Awareness Week

The Chief Fire Officer (CFO) informed Members that the Brigade had hosted Hart Gables 'Hate Crime Awareness' event on 14 October 2019. The event, opened by the CFO, was attended by the Chair, the PCC Barry Copping and was aimed at encouraging greater reporting of hate crimes across Cleveland.

#### Firework Safety Campaign

Cllr Thomas reported that Sainsbury's had banned the sale of fireworks. He commended this move and hoped other Supermarkets would follow the trend. The CFO supported Sainsbury's commitment and reported that the Brigade was working with other agencies to eradicate the sale of fireworks from illegal outlets as well as encouraging people to attend one of the main council-organised events.

Councillor James suggested the Authority issue a press release in support of Sainsbury's ban on firework sales and encouraging other supermarkets to follow the trend. Councillor Ovens stated a need for legislation to prevent fireworks being launched in communities. The CFO stated that the Community Safety Teams would be carrying out audits on the safe storage of bulk fireworks and the number of fireworks coming through the ports.

#### **RESOLVED:-**

- (i) that the information pack be noted.
- (ii) that a press release be distributed showing the Authority's support for Sainsbury's ban on fireworks sales.
- (iii) That the Chair provides an update on the LGA Fire Commission meeting and the Combined Fire Authority Conference at the Authority meeting on 13 December 2019.

## **56. JOINT REPORT OF THE CHIEF FIRE OFFICER AND TREASURER**

### **56.1 Contingency Plan to Meet the Fire Authority's Forecasted Medium Term Financial Deficits 2020/21 – 2022/23**

Members considered the Contingency Plan for meeting the Authority's medium term deficits 2020/21 – 2022/23, as recommended by the Executive Committee at its meeting on 4 October 2019.

The Treasurer covered the background of the report at section 3 and noted that in February 2019 the Authority approved a Medium Term Financial Strategy which anticipated:

- A three year spending review covering 2020/21 – 2022/23
- Government Proposals to implement a Fair Funding Review
- Government Proposals to increase Business Rates Retention from 50% to 75%

**56.1 Contingency Plan to Meet the Fire Authority's Forecasted Medium Term Financial Deficits 2020/21 – 2022/23 cont.**

The Authority instructed the CFO to develop a contingency savings plan based on potential deficits of up to £2.297 (with recurring fire pensions grant in 2020/21) and £3.841m (without recurring fire pensions grant in 2020/21), as detailed in the table at paragraph 3.5 of the report.

At the Executive Committee meeting on 4 October 2019 Members were verbally advised that the Government issued technical consultation proposals the previous day in relation to the Local Government Finance settlement for 2020/21. These proposals include a proposed 2% Council Tax referendum covering all types of authorities, including Fire and Police. The only proposed exceptions are an additional 2% Adult Social Care precept, and for district councils a limit of either 2% or £5, whichever is greater. The previous budget forecasts were based on a Council Tax Referendum of 3% and have been updated to reflect a 2% limit.

The Treasurer reported that the Government's one year Spending Review would provide greater certainty for 2020/21. In addition it was anticipated that when the provisional 2020/21 Local Government Finance Settlement is announced that the Authority will receive a small grant increase, compared to a forecast cut. However, significant uncertainty remains in relation to funding for 2021/22 and 2022/23, therefore it remains appropriate for the Fire Authority to continue to plan for future budget deficits until future funding is certain.

The CFO referred Members to section 4 of the report which set out the Contingency Plan to meet the Authority's Forecasted Medium Term Financial Deficits 2020/21 - 2022/23, comprising of :-

- lobbying Government for a fairer distribution of funding
- using reserves
- reviewing 'non-pay' budgets
- reviewing enabling services
- re-designing the Brigade's service delivery model
- exploring other efficiency opportunities

The CFO outlined each component in detail and reported that Members would have the opportunity to consider the outcomes of these ongoing priorities by Summer 2020. He informed Members that to reflect the Authority's current financial position and to address the complexity of some of the projects it was proposed that the following Corporate Priorities 2019/20 be subsumed into and/or aligned to those associated within the Contingency Plan above: SSC3: Introduce a Strategic Reserve to sustain the optimum operational configuration of 18 fire appliances; UOR2: Review of Flexi-Duty System; UOR10: Undertake an Interim Review of CIRMP

Councillor James expressed disappointment that the MPs of Cleveland had failed to respond to requests to support the Authority in lobbying parliament for fairer funding.

Councillor Stephenson asked what level of savings could be made from merging support staff. The CFO said this was difficult to estimate but could be in the region of £350k from £3.5m support staff costs, based on previous work to explore opportunities to collaborate with Cleveland Police. Councillor Stephenson suggested there may be locality issues merging with regional partners and he did not consider this viable for 5–7% saving. The CFO agreed that merging regionally would not support employment issues in Teesside.



**56.1 Contingency Plan to Meet the Fire Authority's Forecasted Medium Term Financial Deficits 2020/21 – 2022/23 cont.**

**RESOLVED:-**

- (i) That Members noted that the one year Spending Review only provides certainty for 2020/21 and the Authority may face continuing budget deficits in 2021/22 and future years, therefore it remains appropriate to plan for potential deficit of up to £2.938m.
- (ii) That Members considered and approved the Contingency Plan for meeting the Authority's medium term financial deficits as fully detailed in section 4 of this report; in brief these are:-
  - lobbying Government for a fairer distribution of funding
  - using reserves
  - reviewing 'non-pay' budgets
  - reviewing enabling services
  - re-designing the Brigade's service delivery model
  - exploring other efficiency opportunities
- (iii) That Members noted the amendments to the Corporate Priorities 2019/20 as detailed in section 5 of this report.
- (iv) That Members noted that further regular reports will be received by the Executive Committee on any changes to the agreed financial and strategic plans.

**57. REPORT OF THE TREASURER**

**57.1 Members Allowance Scheme - Tabled**

Members considered the tabled report of the Independent Remuneration Panel (IRP) in relation to the level of Basic and Special Responsibility Allowances paid by the Authority.

The Treasurer reported that the current Members Allowance Scheme was approved by the Authority on 4 June 2010 as follows:-

- Basic Allowance - £2,194
- Special Responsibility Allowances
- Chair of Authority - £8,776
- Vice Chair of Authority - £4,388
- Chair of Audit and Governance Committee - £2,742

At the Authority meeting on 13 October 2017, Members approved the recommendation for an Independent Remuneration panel to be established to review the Authority's Members Allowance Scheme. The outcomes of this review were detailed at Appendix 1 of the report to enable Members to consider the proposals in the context of the ongoing financial challenges facing the Authority and the national position regarding the Firefighter Pay Award.

The Treasurer acknowledged the delay in completing the review and the subsequent change in implementation date to 1 April 2019.

**57.1 Members Allowance Scheme – Tabled cont.**

Councillor Frost proposed:

- 2% increase to basic allowance - frozen for 4 years
- Reduce Chair's Special Responsibility Allowance by 30%
- Remove Vice Chair's Special Responsibility Allowance
- Remove the Audit & Governance Chair's Special Responsibility Allowance
- These changes would bring savings of £11k per annum to the Authority

This was seconded by Councillor James.

Councillor Higgins proposed the following amendment to the original motion, seconded by Councillor Ayre:-

- 2% increase to both basic and special responsibility allowances to be implemented from 1 April 2019
- This would be index linked in line with staff on 1 April 2020, 2021 and 2022
- These changes would make Cleveland one of the lowest paid UK Fire Authorities

Members voted on Councillor Frost's proposal, 3 votes for and 8 votes against, with one abstention.

Members voted on Councillor Higgins' amendment, 6 votes for and 5 votes against, with one abstention.

Members then voted on the substantive motion for a 2% increase to both basic and special responsibility allowances to be implemented from 1 April 2019 and index linked in line with staff on 1 April 2020, 2021 and 2022. Members voted 6 for and 6 against. The Chair had the casting vote and voted in favour of the substantive motion.

Councillor Fleming asked for clarification on what the additional cost would be to the Authority and the Treasurer confirmed that it would be approximately an additional £1k per annum.

**RESOLVED:-**

- (i) That following consideration of the Independent Remuneration Panel (IRP) report at Appendix A, Members approved a 2% increase to both basic and special responsibility allowances to be implemented from 1 April 2019 and index linked in line with staff on 1 April 2020, 2021 and 2022.
- (ii) That the details of the new Members Allowance Scheme be published in accordance with statutory requirements.

- 58. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION ORDER) 2006**  
**RESOLVED - "That 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 paragraphs 1, 3 and 4 below of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006", namely information relating to an individual; information relating to any financial or business affairs of any particular person (including the authority) holding that information; and information in relation to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.**

59. **CONFIDENTIAL MINUTES**  
**RESOLVED** – that the confidential minutes the Minutes of the Ordinary Meeting on 26 July 2019 be confirmed.
60. **CONFIDENTIAL MINUTES OF MEETINGS**  
**RESOLVED** – that the confidential minutes of the Executive Committee on 4 October 2019 be confirmed.
61. **CONFIDENTIAL VERBAL REPORT OF THE CHIEF FIRE OFFICER**
- 61.1 **SSI Incident Update**  
Members received an update on the ongoing incident at the former steelworks site in South Bank, Redcar.

**COUNCILLOR PAUL KIRTON**  
**CHAIR**