

# **ECONOMIC GROWTH AND REGENERATION COMMITTEE**

## **AGENDA**



**Wednesday 10 November 2021**

**at 9.00 am**

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

**A limited number of members of the public will be able to attend the meeting with spaces being available on a first come, first served basis. Those wishing to attend the meeting should phone (01429) 523568 or (01429) 523193 by midday on Tuesday 9 November 2021 and name and address details will be taken for NHS Test and Trace purposes.**

**“You should not attend the meeting if you are required to self-isolate or are displaying any COVID-19 symptoms (such as a high temperature, new and persistent cough, or a loss of/change in sense of taste or smell), even if these symptoms are mild. If you, or anyone you live with, have one or more of these symptoms you should follow the NHS guidance on testing”**

**MEMBERS: ECONOMIC GROWTH AND REGENERATION COMMITTEE**

**Councillors Brown, Clayton, Cook, Cowie, Hargreaves, Lindridge and Young.**

**1. APOLOGIES FOR ABSENCE**

**2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**

**3. MINUTES**

- 3.1 Minutes of the meeting held on 28 September 2021 (*previously circulated and published*).**

**CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE**

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

**4. BUDGET AND POLICY FRAMEWORK**

- 4.1 Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – Issues  
Referred from Finance and Policy Committee – *Director of Resources and  
Development*

**5. KEY DECISIONS**

No items

**6. OTHER ITEMS REQUIRING DECISION**

No items.

**7. ITEMS FOR INFORMATION**

No items.

**8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

FOR INFORMATION

Date of next meeting – Tuesday 30 November 2021 at 10.00 am



# ECONOMIC GROWTH AND REGENERATION COMMITTEE

10<sup>th</sup> November 2021



**Report of:** Director of Resources and Development

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2022/23  
TO 2024/25 – ISSUES REFERRED FROM FINANCE AND  
POLICY COMMITTEE

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## 1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

## 2. PURPOSE OF REPORT

2.1 The purposes of this report are to enable Members to consider the savings proposals referred from Finance and Policy Committee and to determine the feedback they wish to refer back to Finance and Policy Committee.

## 3. BACKGROUND

3.1 MTFS reports to Finance and Policy Committee (13.09.21 and 11.10.21) and Council (30.09.21) highlighted the scale of previous reductions in Government funding and the resulting cuts in services, including a reduction in the workforce of 20%. These measures cannot be repeated and the financial deficit now facing the Council means further service cuts will have to be made.

3.2 This is increasingly difficult to explain to the public, particularly as cuts will continue at the same time as reliance on Council Tax and the Adult Social Care precept continues to increase. This is not unique to Hartlepool – most councils face this challenge. Council Tax funds 53% (£42.7m) of the budget in 2021/22 - compared to 32% (£30.8m) in 2013/14. It is increasingly challenging to explain to the public how their Council tax is used – particularly when this funds Social Care Services for adults and children, which not all residents use or appreciate councils provide.

3.3 The recent national debate may have helped people understand the challenges facing Adult Social Care. There has not been a similar national

debate regarding the challenges facing Children's Social Care and the financial impact.

- 3.4 The MTFS report detailed the forecast budget deficits for the next three years, including the impact of reducing the total deficit from **£11.435m** to **£7.523m** by increasing Council Tax up to the level of the forecast national Referendum Limit, including the 3% deferred Adult Social Care precept. The precept could either have been implemented in 2021/22 or deferred to 2022/23.
- 3.5 The report advised Members that increasing Council Tax reflects national policy for funding local services. Therefore, against this national policy these increases provide the most robust basis for the budget and protecting services. The report also provided details of the Budget Support Fund which can be used to phase the deficit over three years and to support implementation of a Transformation Plan.
- 3.6 Finance and Policy Committee considered the issues detailed in the MTFS report and made detailed recommendation to Council, which will be considered on 30<sup>th</sup> September 2021. On the basis these recommendations are approved a savings plan now needs to be developed to deliver total savings of **£7.523m**. The majority of this deficit is front loaded in 2022/23. To support the plan it was recommended that reserves are used to phase the deficit over the next three years, as follows:

	2022/23	2023/24	2024/25	Total 22/23 to 24/25 £'m
	£'m	£'m	£'m	£'m
Deficit <u>AFTER</u> Council Tax increase and forecast Tax Base Growth	5.154	1.212	1.157	7.523
Deficit deferred from 22/23 to 23/24 by using Reserves	(2.500)	2.500	0.000	0.000
Deficit deferred from 23/24 to 24/25 by using Reserves	0.000	(1.300)	1.300	0.000
<b>Revised Deficit <u>AFTER</u> Council Tax increase and forecast Tax Base Growth and use of reserves</b>	<b>2.654</b>	<b>2.412</b>	<b>2.457</b>	<b>7.523</b>

- 3.7 Achieving the savings plan will be challenging and will need to be managed carefully to ensure planned savings are delivered and reliance on reserves is phased out – as this is not sustainable.

#### 4. TRANSFORMATION AND SAVING PLAN

- 4.1 The MTFS report to Finance and Policy Committee (11.10.21) advised Members that the ideal situation would be to have a three year plan to address the forecast budget deficit and include some additional proposals in the event that identified financial risks materialise over the next three year, for example grants cuts resume, national pay awards/inflation exceed the

modest MTFS forecasts, or additional grant funding is not provided for the 1.25% National Insurance increase in April 2022. A three year plan was recommended by the Local Government Association when they reviewed the Council's financial position and approach to managing the budget deficit.

- 4.2 However, the scale of the budget deficit means this plan needs to be in two phases:

- **Phase 1 - to address the deficit for 2022/23.**

This stage needs to be completed by December 2021 to enable savings to be implemented from 1<sup>st</sup> April 2022;

In developing the 2022/23 plan it is recommended we aim to exceed the minimum savings required to balance the budget of **£2.654m**. This will provide a more robust basis for future years and reduce reliance on using reserves in 2022/23. Detailed proposals are provided in the next section.

- **Phase 2 – to address the deficits for 2023/24 and 2024/25.**

This stage needs to be completed and approved by September 2022 as it is envisaged many issues will have longer implementation periods.

Once a robust plan has been approved for 2022/23 the Corporate Management Team will work on proposals for 2023/24 and 2024/25. This work will commence in January/February 2022 and provide proposals for Members to consider after the May 2022 elections.

To assist the development of phase 2 savings a number of proposal which require a longer lead time to implement are identified in the next section. .

## 5. **PROPOSED SAVINGS**

- 5.1 Finance and Policy Committee were advised:

- That the savings proposals have been identified by the Corporate Management Team against the background of the significant savings made in previous years, whilst seeking to minimise the impact on services. However, owing to the scale of the cuts required it is impossible to identify proposals which will not impact on services.
- That if the total proposed savings are all approved this is only **65%** of the total three year deficit of **£7.523m**. If some of these proposals are not approved this percentage will reduce and alternative savings will need to be identified. This will be particularly challenging for 2022/23.

- If all the proposals are approved and implemented this will address the 2022/23 budget deficit, but will require further significant savings to be identified in 2023/24 and 2024/25, as summarised below:

	A	B	C = A less B
	Cumulative deficit	Cumulative savings proposal (details Appendix A)	Cumulative shortfall still be addressed / (saving achieved in advance – i.e. reduced use of Budget Support Fund)
	£m	£m	£m
2022/23	2.654	2.824 to 2.999	(0.170 to 0.345)
2023/24	5.066	4.268 to 4.693	0.373 to 0.798
2024/25	7.523	4.503 to 4.883	2.640 to 3.020

- If these proposals are not supported Members will need to propose viable alternative proposals that they are prepared to implement. This strategic direction is needed to enable the Corporate Management Team to develop a detailed implementation plan, which will include all necessary consultation, to ensure savings can be implemented from 1<sup>st</sup> April 2022 to balance the 2022/23 budget.
- The majority of the savings proposals are self-explanatory and if approved the 2022/23 proposals can be implemented from 1<sup>st</sup> April 2021. A number of proposals have longer lead times and require Members to provide a strategic direction as part of the 2022/23 budget process to enable savings to be achieved in 2023/24.

- 5.2 In line with the Council's Constitution Finance and Policy Committee are seeking the views of individual Policy Committees on the savings proposals for their areas. Accordingly details of proposed savings for 2022/23, 2023/24 and 2024/25 are summarised in **Appendix A. This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation Order 2006) namely: - Paragraph 1 - Information relating to any individual and Paragraph 2 - Information which is likely to reveal the identity of an individual.** Note – Savings proposals R&D 1-6 and 8-12 relate to proposals which fall within the remit of Finance and Policy Committee and therefore are excluded from Appendix A.

## 6. OTHER CONSIDERATION

### 6.1 Equality and Diversity

- 6.2 The savings proposals put forward will impact on the delivery of frontline services or service users to varying degrees. There are some proposals which

simply by the nature of the service area that they cover will impact on those with protected characteristics e.g. adult social care relating to older adults or those with disabilities. However, due to the financial challenges facing the Council we have no choice but to change, redesign and potentially close services to reduce costs. Where we may need to change, redesign and close services we are working to minimise the impact on those with protected characteristics and will focus on securing services for those who are the most vulnerable within those protected characteristics.

- 6.3 Members are aware from previous MTFS reports that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups.
- 6.4 Appendix A – Part 1 Summary of Initial Savings Proposals identifies those who could potentially be affected by each proposal from the 9 protected characteristics. Further analysis will be undertaken to determine who will be directly and indirectly impacted by the proposals and Equality Impact Assessments (EIA) will be undertaken where required. Further information will be provided within the next Finance and Policy Committee report to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions.
- 6.5 An overall central assessment will be undertaken to determine the cumulative impact of the savings proposals on each individual protected characteristic. This assessment will be included within the December MTFS report.

## **6.6 Child and Family Poverty**

- 6.7 Appendix A – Part 1 Summary of Initial Savings Proposals identifies where proposal could potentially affect child and family poverty. Further analysis will be undertaken to determine who will be directly and indirectly impacted by the proposals and Child and Family Poverty Impact Assessments will be undertaken where required.
- 6.8 An overall central assessment will be undertaken to determine the cumulative impact of the savings proposals on child and family poverty. This assessment will be included within the December MTFS report to enable Members to satisfy themselves that they are able to consider fully the potential impact of the proposed changes when making their decisions.

## **6.9 Legal Considerations**

- 6.10 The following issues are relevant in relation to this report:
- the Local Government Finance Act 1992 requires local authorities to set a balanced budget – this report starts the budget process and further reports

will enable budget proposals to be approved and then referred to Council to meet this requirement;

- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Resources and Development) 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. These requirements will be addressed in future reports and initial advice is detailed later in the report.

#### **6.11 Staff and Asset Management Considerations**

- 6.12 These are covered in the detailed savings proposals and the cumulative staffing impact will be included within the December MTFS report.

### **7. CONCLUSION**

- 7.1 The Council faces an extremely challenging financial position and budget deficits will need to be addressed from a combination of increasing Council Tax and the Adult Social Care precept, reflecting nationally set referendum limits, and budget cuts.
- 7.2 The report seeks the Committees views on the proposed budget savings they wish to refer back to Finance and Policy Committee for consider in December, prior to Finance and Policy Committee determining the savings proposals to be referred to Council.

### **8. RECOMMENDATIONS**

- 8.1 It is recommended that Members consider the savings proposals detailed in Appendix A and determine the feedback they wish to refer back to Finance and Policy Committee, including the proposals which require a decision as part of the 2022/23 budget process to achieve a saving in 2023/24 owing to the lead time for implementation.

### **9. REASON FOR RECOMMENDATIONS**

- 9.1 The Constitution requires individual Policy Committees to be consulted on savings proposals.

### **10. BACKGROUND PAPERS**

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

- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – 11<sup>th</sup> October 2021;



- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – 13<sup>th</sup> September 2021;
- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2021/22 to 2022/23 – 25<sup>th</sup> January 2021;
- Council - Medium Term Financial Strategy (MTFS) 2021/22 to 2022/23 – 28<sup>th</sup> January 2021.

## 11. CONTACT OFFICER

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Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor

