



Civic Centre  
HARTLEPOOL

14 February, 2022

Councillors Ashton, Boddy, Brash, Brown, Cassidy, Clayton, Cook, Cowie, Cranney, Creevy, Elliot, Falconer, Feeney, Fleming, Groves, Hall, Hargreaves, Harrison, Howson, Jackson, Lindridge, Little, D Loynes, Moore, D Nicholson, V Nicholson, Picton, Price, Prince, Richardson, Riddle, Smith, Stokell, Tiplady and Young.

Madam or Sir,

You are hereby summoned to attend the COUNCIL meeting to be held on THURSDAY, 24 FEBRUARY 2022 at 6.00 p.m. in the Mill House Leisure Centre, Raby Road, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

D McGuckin  
Managing Director

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# COUNCIL AGENDA



**Thursday 24 February 2022**

**at 6.00 pm**

**in the Mill House Leisure Centre,  
Raby Road, 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 16 December 2021 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;
  - (1) Periodic Review of the Council's Constitution – Report of the Constitution Committee.
- (9) To consider reports from the Council's Committees and to receive questions and answers on any of those reports;
- (10) To consider any other business specified in the summons to the meeting, and to receive questions and answers on any of those items;

## 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.

(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) 2022/23 - Statutory Budget and Council Tax Determination – Report of Finance and Policy Committee

(2) Housing Revenue Account (HRA) Business Plan Update – Report of Finance and Policy 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.

"Politics is about choice and choice is about priorities. The Labour Group believes there is no higher priority than our children's safety and we believe the decision taken by the ruling coalition to cut school crossing patrol puts the lives of our young people in danger.

Furthermore, given the cost of living crisis we believe that we must **maximise** the funding that goes to supporting families in financial need, via local welfare support. Council therefore resolves to supplement the local welfare support fund with the £32k earmarked for school crossings by Finance and Policy and pay for the crossings by cutting special allowances. We can provide more support for families and keep school crossings by cutting special allowances.

We therefore move that the council resolves to reduce special responsibility allowances, with the exception of the council leader, by 50% immediately and that this money, equating to £33k, should be used to reverse the cuts to our school crossing patrols.

Therefore, we further resolve to refer this saving to a special meeting of Finance and Policy Committee (and Full Council should the Committee recommend use of the saving), to be held no later than March 10th 2022 and outside school hours to facilitate the attendance of school representatives and parents, where consideration can be given to using the saving to reverse the cut to our school crossing patrols."

Signed: Councillors Harrison, Brash, Hargreaves, Clayton, Feeney, Boddy, Creevy, Elliott, Prince, Richardson and Howson.



2.

“That Full Council agree to write to Jill Mortimer MP to request her support in lobbying Parliament for Local Authorities to be given more powers to take control of derelict buildings and sites that ruin our communities and stifle economic growth.”

Signed: Councillors Moore, Brown, Stokell, Groves, Jackson, Cranney and Cowie

- (13) To receive the Managing Director’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 held on 15 October 2021 and the Police and Crime Panel held on 3 November 2021 and 9 November 2021.



# **COUNCIL**

## **MINUTES OF PROCEEDINGS**

### **16 December 2021**

The meeting commenced at 6 pm in the Mill House Leisure Centre.

The Deputy Ceremonial Mayor (Councillor Cook) presiding:

COUNCILLORS:

Ashton	Boddy	Brash
Brown	Cassidy	Clayton
Cowie	Cranney	Creevy
Falconer	Feeney	Groves
Harrison	Howson	Jackson
Lindridge	Little	Moore
D Nicholson	V Nicholson	Picton
Price	Prince	Richardson
Stokell	Young	

Officers: Denise McGuckin, Managing Director  
Hayley Martin, Chief Solicitor  
Chris Little, Director of Resources and Development  
Ed Turner and Julian Heward, Communications and Marketing Team  
Amanda Whitaker and Denise Wimpenny, Democratic Services Team

Prior to the commencement of the meeting, the Deputy Ceremonial Mayor referred to the recent death of former Councillor Jane Shaw and co-opted member of the Audit and Governance Committee, Gillian Holbrook. Elected Members stood in silence as a mark of respect.

#### 60. APOLOGIES FOR ABSENT MEMBERS

Councillors Elliott, Fleming, Hargreaves, B Loynes, D Loynes, Riddle, Smith and Tiplady.

#### 61. DECLARATIONS OF INTEREST FROM MEMBERS

None

62. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None

63. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 4 November 2021, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

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

Referring to minute 57 – Levelling up Fund – a question was raised as to when feedback would be received by elected members on the unsuccessful outcome of the application to the first round of the Levelling up Fund. The Managing Director responded that a Members' Seminar would be scheduled.

65. BUSINESS REQUIRED BY STATUTE

None

66. ANNOUNCEMENTS

None

67. 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.

- (1) Review of Neighbourhood and Regulatory Services – Report of Neighbourhood Services Committee

A Motion, set out in the report, had been submitted to Full Council on 30<sup>th</sup> September 2021 when it had been agreed that the Neighbourhood Services Committee consider the work delivered by the Neighbourhoods and Regulatory Services Department. At its meeting on the 9<sup>th</sup> December 2021, the Neighbourhood Services Committee had considered a report, a copy of which was appended to the Council report. The report set out the scale, complexity and variety of functions delivered by the Neighbourhood and Regulatory Services Department, while also detailing the scale of the savings already achieved and the subsequent impact of those, how services had adapted and innovated with new ways of working and details of achievements.

The Chair of the Neighbourhood Services Committee advised that following the Committee meeting, an email had been circulated on his behalf detailing a summary of discussions and the following recommendations agreed by the Committee.

- Work be undertaken by Officers to look at the potential of the online reporting system giving Members and the public an estimated time frame for the work to be done.
- Publicity to include the telephone number for bookings for the Household waste recycling centre
- Out of hours message for the emergency contact number needs revising to highlight the number first before saying the Council offices are closed.
- Greater public education needed around litter and fly tipping
- Periodic checking of jobs submitted through Firmstep to assure they were completed on the date shown.

Elected members who had signed the Motion expressed concerns and disappointment that the Motion had been 'watered down'.

A vote on the recommendations of the Committee, taken by show of hands, was carried.

(2) Out of Hours Noise Service and Noise App – Report of Neighbourhood Services Committee

The Chair of the Neighbourhood Services Committee presented the report which reminded elected members that at the meeting of Full Council on 28<sup>th</sup> January 2021, a Motion had been presented regarding the use of new technology to support noise and anti-social behaviour monitoring. It had been agreed that a report be submitted to the Neighbourhood Services Committee to consider the return of the 24 hour noise monitoring service and to look at new options to assist in this process of noise monitoring by trialling the use of one for a period of at least one year. At its meeting on the 19<sup>th</sup> October 2021, the Neighbourhood Services Committee had considered a report, a copy of which was appended to the report, which set out to consider the introduction of the return of the 24 hour noise monitoring service and look to trial and evaluate a noise app for at least one year.

The Committee had recommended as follows:-

1. That this Committee inform Council that it had considered the introduction of a 24/7 out of hour's noise service and that Members did not support the introduction of this service due to the excessive cost and limited benefit at a time when the Authority is having to identify significant budget savings.
2. That this Committee inform Council that it had considered the trial of a Noise App for use by residents as part of the noise complaint process but did not consider it to be value for money.

Following a vote, by show of hands, the vote on the recommendations of the Committee was carried.

## 68. TO RECEIVE REPORTS FROM THE COUNCIL'S COMMITTEES

### (1) Local Audit and Accountability Act Update – Report of Audit and Governance Committee

The report updated Full Council on issues in relation to appointing an external auditor in respect of the application of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. In January 2014, the Local Audit and Accountability Act had received Royal Assent. The report provided an update to Full Council in relation to the arrangements for appointing external auditors. At a meeting held on 9<sup>th</sup> September 2021, the Committee had recommended as follows:-

“That the Council becomes an “opted in” Authority to benefit from collective buying power and the removal of the requirement for the Council to undertake its own tendering process to secure future external audit services.

Following a vote, by show of hands, the vote on the recommendation was carried unanimously.

### (2) Child Poverty Investigation – Adoption of Socio-Economic Duty – Report of Audit and Governance Committee

To seek Council's approval for the voluntary adoption of the Social Economic Duty, as contained within Section 1 of the Equality Act 2010. The Committee had selected the issue of child poverty as the first of two investigations for the year. In conducting its investigation the Committee had received evidence from a variety of sources and, at its meeting on the 11<sup>th</sup> November 2021, discussed in detail the statutory obligations laid down by the Equality Act. Of particular interest to Members was the potential for Hartlepool Borough Council to extend implementation of the Act to include the yet to be implemented socio economic duty contained within Section 1 of the Act. It was noted that voluntary implementation of the duty would complement the anti-poverty, inclusive economy, and equalities approaches already being undertaken by the Council, including to some degree the Poverty Impact Assessments required as part of the process for submission of reports to Committee. However, it was recognised that additional activities would be required and establishment of a working group to look further into what is required to formally adopt the duty, its benefits, how this might reduce poverty and what this means in practical terms for officers of the council prior to adoption of the duty was considered.

Elected members were advised that the Committee's final report, and recommendations, were timetabled for presentation to the Finance and Policy Committee in January 2022. Members had, however, expressed concern that poverty remained a significant issue in Hartlepool, despite the provision of extensive interventions to prevent and mitigate its impact over many years. In light of this, and with indications that many of the actions required to comply with the additional duty were already in place, it was felt that consideration of the Committee's recommendation that the duty be adopted should not be delayed until publication of the final report in January 2022.

The Committee had recommended:-

“That Full Council approve the voluntary adoption of the Social Economic Duty”.

Concerns were expressed regarding the implications of the adoption of the recommendation prior to consideration of the final report and recommendations by the Finance and Policy Committee,

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

“That in accordance with Council Procedure Rule 11.4, the report be referred to the Finance and Policy Committee and as had been recommended to the Audit and Governance Committee, a working group be established to look further into what is required to formally adopt the duty, its benefits, how this might reduce poverty and what this means in practical terms for officers of the council prior to adoption of the duty”

Following a vote, by show of hands, the amendment was carried.

(3) Periodic Review of the Council’s Constitution – Report of Constitution Committee

The Monitoring Officer presented the report which sought approval to proposed changes to the Constitution following consideration of the proposals by the Committee on 22 November 2021. The report included details of the proposal, current position and background information relating to each of the proposals.

Following debate on how the proposals would be voted on, a show of hands was taken on a vote being taken on each proposal. The vote was lost.

Further debate took place on issues arising from the report, during which whilst support was expressed for some of the proposals, it was highlighted by some elected members that they could not support all of the proposals.

It was moved by Councillor Brash and seconded by Councillor Harrison:-

“That public questions be allowed at Full Council and Committee meetings on issues included on the agenda for the meeting”.

A vote taken on the amendment, by show of hands, was lost.

A vote taken on the recommendations of the Committee, by show of hands, was carried unanimously.

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

None

## 70. REPORT FROM THE POLICY COMMITTEES

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

#### (1) Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – Report of Finance and Policy Committee

The Chair of the Finance and Policy Committee presented a report which enabled Full Council to consider the recommendations from the Committee in relation to the MTFS and savings proposals. A detailed report on the issues had been considered by the Committee on 13<sup>th</sup> December 2021 and was appended to the report to enable Elected Members to familiarise themselves with the financial issues facing the Council. The report set out in detail saving plans for 2022/23 and highlighted the reduction in the level of reserves which would be used to set next years' budget, compared to 2021/22. The report also recommended if the additional Government funding allocated to the Council for 2022/23 exceeded the minimum requirement of £2.385m that any additional resources be allocated to reduce the use of reserves in 2022/23. This would then reduce the deficit deferred to 2023/24 – which would put the budget on a more sustainable basis. However, further significant budget cuts would still be required in 2023/24 and 2024/25, as additional Government funding would not eliminate the annual deficits forecast for these years.

Elected Members were advised that the Local Government Act 2003 introduced a statutory requirement on an Authority's Section 151 Chief Finance Officer to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. The robustness advice was detailed in the Committee report and Full Council was requested to consider this advice when making decisions on the recommendations referred by the Committee.

The Committee Chair shared concerns that had been expressed by Elected Members regarding the savings. It was highlighted that only one alternative proposal had been identified during this process. The alternative saving proposal had been submitted from the Trade Unions and would provide a recurring saving of £48,000. The proposal was considered to be a very sensible outcome that helped balance the budget, whilst retaining a sound basis for working with the Trade Unions.

The recommendations included in the report had been approved by the Committee subject to the following:-

- Recommendation (iv) - the saving proposal were approved with the following amendments:
  - Recurring Trade Union Facility Time saving of £48,000 from 2023/24, with £36,000 being achieved in 2022/23 to provide phased implementation;
  - Reduction in Neighbourhood Investment Plan capital budget from £1m to £0.6m, to focus on the priorities detailed in paragraph 6.1, which provides revenue saving of £16,000

- Recommendation (v) – not to implement additional 1% Adult Social Care precept in 2022/23 – which would have been be additional to increase previously approved by Council. –and noted this meant recurring income of £420,000 would not be secured.

Issues arising from the report were debated during which concerns were reiterated regarding some of the proposed savings and also the implications of the format of the report which had resulted in some of the savings being included in exempt appendices. In response, the Managing Director explained the rationale for the report format.

In accordance with Council Procedure Rule 15.6 of the Constitution, a recorded vote was taken on the amended recommendations of the Committee:-

Those for:-

Councillors Ashton, Brown, Cassidy, Cook, Cowie, Cranney, Falconer, Groves, Jackson, Lindridge, Moore, D Nicholson, V Nicholson, Picton, Price, Stokell and Young.

Those against:-

Councillors Boddy, Brash, Clayton, Creevy, Feeney, Harrison, Howson, Prince and Richardson.

Those abstaining:-

Councillor Little

It was announced that the vote was carried.

## (2) Community Safety Plan 2021-2024 – Report of Finance and Policy Committee

A copy of the Community Safety Plan 2021-2024 was appended to the report and provided an overview of some of the recent activities undertaken to improve community safety in Hartlepool, and key findings from the Safer Hartlepool Partnership's Annual Strategic Assessment and public consultation. The plan detailed also the Partnership's strategic objective for 2020/21 and the key priorities that the Partnership will focus on. The Committee had considered the Plan, on 13 December 2021, and had referred the Plan to Full Council for adoption.

In accordance with Council Procedure Rule 15.6 of the Constitution, a recorded vote was taken on the amended recommendations of the Committee:-

Those for:-

Councillors Ashton, Boddy, Brash, Brown, Cassidy, Clayton, Cook, Cowie, Cranney, Creevy, Falconer, Feeney, Groves, Harrison, Howson, Jackson,

Lindridge, Little, Moore, D Nicholson, V Nicholson, Picton, Price, Prince, Richardson, Stokell and Young.

Those against:-

None

Those abstaining:-

None

It was announced that the vote had been carried unanimously.

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

None

## 71. MOTIONS ON NOTICE

Two Motions on Notice had been received as follows:-

- (1) "Hartlepool Triple Lock on Jobs" Council notes that:  
The jobs crisis in Hartlepool is stark. The percentage of our population that is economically active is lower than both the national and regional average and unemployment is higher than both the national and regional average. Our town is routinely reported as having one of the highest or indeed the highest unemployment rate in the UK. We believe that urgent action is needed and in the absence of meaningful support from elsewhere, the council can and must do more.

Council, therefore, resolves that:

- Every proposal for capital expenditure will now come with an economic impact assessment that will give a detailed estimate of how many Hartlepool based jobs the proposal will create.
- Procurement procedures for the authority are reviewed and reformed to improve the social value of all tenders/quick quotes, including trebling the value weighting for social value to 30%, which is fixed.
- The use of „fire and rehire“ within the authority is banned and that the council will actively promote those local employers who similarly refuse to use this disgusting practice.

As the largest employer and one of the biggest economic drivers in Hartlepool we must put our town first in everything that we do to ensure that every resident has the opportunity for good, well paid employment to support them and their families.

The money this council spends is Hartlepool's money. The jobs this money creates must benefit our town and its people."

Councillors Harrison, Brash, Hargreaves, Clayton, Boddy, Feeney, Creevy, Elliott, Prince, Howson and Richardson.

The Motion was moved by Councillor Brash and seconded by Councillor Clayton. The background and rationale for submission of the Motion was detailed by the mover and seconder of the Motion.

Whilst expressing support for principle of community wealth, an amendment was moved by Councillor Brown and seconded by Councillor Stokell:-

“That in accordance with Council Procedure Rule 11.4, the Motion be referred to the Economic Growth and Regeneration Committee for consideration”.

The Managing Director highlighted that the function relating to procurement was the responsibility of the Finance and Policy Committee and that there would also be an impact on the Constitution Committee.

The amendment was agreed, with no dissent.

(2) “Council notes that:

The Equality and Human Rights Commission has reported that around 2% of households in Britain includes a disabled person who does not live in appropriate housing and that disabled people are far less likely to own their own home. (EHRC, May 2018).

The impact of living within unsuitable and un-adapted accommodation is multifaceted. The impact on the mental and physical health of the disabled person and their carers can be significant, and that’s without the additional financial cost on the health service from accidents caused by inadequate housing.

In Hartlepool, we have a significant number of families who are in need of social rented and adapted accommodation to meet the needs of a disabled person in that family. Anecdotally, we have around 20 families waiting for suitable family size accommodation to meet their needs, with no clear timeline for when this will happen.

We have an obligation, both legal and moral, to provide accommodation for someone with an assessed need, or a need for adapted accommodation.

Our own Housing Strategy, strapline states “Developing and maintaining successful communities, where people choose to live, by meeting the housing needs of our residents now and in the future”, but we are failing to meet this for some of our most vulnerable families.

Therefore, Council resolves to;

- Undertake an audit of those people with an assessed need for adapted, family size accommodation to identify the scale of need;
- Bring an action plan to the appropriate committees for how we intend to meet those needs, using any tools at our disposal.
- Consider how we further improve our housing offer to families with a disabled member in future and bed this into our Local Plan and Housing Strategies moving forward.
- Consider compiling an “Accessible Housing Register” to provide a potential solution to future supply problems.”

Councillors Harrison, Brash, Hargreaves, Clayton, Boddy, Feeney, Creevy, Elliott, Prince, Howson and Richardson.

The Motion was moved by Councillor Creevy and seconded by Councillor Prince. The background and rationale for submission of the Motion was detailed by the mover and seconder of the Motion.

Whilst expressing support for the principle of the Motion, it was moved by Councillor Brown and seconded by Councillor Stokell:-

“That in accordance with Council Procedure Rule 11.4, the Motion be referred to the Adult and Community Based Services Committee for consideration”

A vote on the amendment, by show of hands, was carried unanimously.

Whilst supporting the referral to the appropriate Committees, a concern was expressed regarding the reason for the referrals. In response, it was clarified that the intention of the referrals was to understand the implications of the Motion and that a report would be submitted to Full Council following consideration by the Committees.

## MANAGING DIRECTOR'S REPORT

### 72. SPECIAL URGENCY

In accordance with the requirements of the Access to Information Procedure Rules included in the Council's Constitution, Full Council was informed that no special urgency decisions had been taken in the period August – October 2021.

RESOLVED – The update was noted.

### 73. COVID UPDATE

An update was provided by the Managing Director on the ongoing coronavirus position in Hartlepool. It was noted that the town had the highest rates in the 11-15 and 5-10 year old age groups. Support continued to be provided to schools and additional mitigation measures had been put in place. Vaccination roll out continued for first, second and booster jabs as well as for those that

required a third dose. There had been a strong uptake in the population aged 45+ but a lower uptake in the under 45s.

Elected Members were updated at the meeting on the percentage vaccinated population and Covid 19 case rates per 100,000 population (253).

RESOLVED – That the report be noted.

74. DIRECTOR APPOINTMENT - SUEZ RECYCLING AND RECOVERY UK LIMITED, TEESSIDE

Members were reminded that at the Annual Council meeting and at the meeting of Full Council held on 8 July, a nomination had been sought for a Director appointment to the above Outside Body. No nominations had been received previously. However, the Chair of the Neighbourhood Services Committee had recently expressed an interest in the vacancy.

RESOLVED – That Councillor Stokell, Chair of Neighbourhood Services Committee, be appointed to the organisation.

75. SUCCESSFUL FUNDING BIDS OVER THE LAST 12 MONTHS

Elected Members were requested to note successful funding bids over the last year, over and above funding received through the Tees Valley Combined Authority and Government Departments.

Following a request from an elected member for clarification regarding delivery of the Contextual Safeguarding Hub in Hartlepool, the Chair of Children's Services Committee undertook to request the Director of Children's and Joint Commissioning Services to provide the elected member with an explanation.

RESOLVED – That the report be noted.

76. PUBLIC QUESTION

None

77. 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 meetings held by the Police and Crime Panel held on 14 September 2021 and 12 October 2021 were noted.

The meeting concluded at 8 p.m.

CEREMONIAL MAYOR

# COUNCIL

24 February 2022



**Report of:** Constitution Committee

**Subject:** FURTHER PERIODIC REVIEW OF THE COUNCIL'S CONSTITUTION

## 1. PURPOSE OF REPORT

To enable Council to consider the recommendations of the Committee following a periodic review of the Constitution including proposed amendments to the Council Procedure Rules which have stood adjourned since the meeting of Full Council on the 16 December 2021.

## 2. BACKGROUND

This report follows Full Council's consideration of the recommendations of the Committee in response to the periodic review of the constitution. In accordance with Rule 22.2 the recommended changes to the Council Procedure Rules must stand adjourned to the next ordinary meeting of Full Council.

## 3. PROPOSALS

The Committee has made a number of recommendations in relation to the Council Procedure Rules which are set out below:-

Proposal/Issue	Current Position	Constitution Reference	Referred by
3. Public Questions at Committees	There is currently no provision in the Constitution covering public questions at Committee meetings.	N/A	Managing Director
Members of the public attending committee meetings are often invited by the Chair to ask questions/seek clarification on matters being discussed. Currently there is no formal process and public questions are not an item on the agenda.			

**Committee Recommendation:**

**That provision be included in the Council Procedure Rules to set out that the public may ask questions at Policy committee meetings in relation to the items on the agenda with a time limit of 4 minutes to include asking and responding to the question.**

Proposal/Issue	Current Position	Constitution Reference	Referred by
4. Supplementary questions are reinstated to the original number of two. Their removal has damaged the democratic process and has allowed Councillors to simply give pre-scripted answers to questions, with no opportunity for the public to follow up and genuinely probe their elected representatives.	Under Rule 9.7 a questioner may ask one supplementary question for clarification purposes only without notice being given. The supplementary question must arise directly from the original question or reply.	Part 4 – Council Procedure Rules	Constitution Committee 6 <sup>th</sup> July & email  Councillor Brash

Members are asked to consider increasing the number of supplementary questions and scope.

**Committee Recommendation:**

**That Rule 9.7 be amended to a questioner may ask ‘up to two supplementary questions without notice for clarification purposes. The supplementary question must arise directly from the original question or reply.**

Proposal/Issue	Current Position	Constitution Reference	Referred by
5. Members of the public should be allowed to ask their own questions, instead of having it read for them.	Under Rule 9.7 the Managing Director is required to read out the question.	Part 4 – Council Procedure Rules	Constitution Committee 6 <sup>th</sup> July & email  Councillor Brash

Members are asked to consider changing rule 9.7 to ‘The member of the public read out their question (if present).’

**Committee Recommendation:**

**That the member of the public be given the choice to read out their own question or allow the Managing Director to read out the question.**

**4. RECOMMENDATIONS**

That Full Council considers the recommendations of the Committee in relation to changes to the Council Procedure Rules.

**5. BACKGROUND PAPERS**

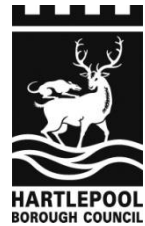
Full Council – 16 December 2021  
Constitution Committee Report – 22 November 2021  
Hartlepool Borough Council – Constitution (Part 4)

**6. CONTACT OFFICER**

Hayley Martin  
Chief Solicitor  
[Hayley.martin@hartlepool.gov.uk](mailto:Hayley.martin@hartlepool.gov.uk)  
01429 523002

# COUNCIL

24 February 2022



**Report of:** Finance and Policy Committee

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2022/23 - STATUTORY BUDGET AND COUNCIL  
TAX DETERMINATION

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## 1. PURPOSE OF REPORT

- 1.1 The purposes of this report are:
- (i) to provide details of the final 2022/23 Local Government Finance settlement announcement;
  - (ii) to enable Members to finalise the 2022/23 technical Council Tax calculations, which incorporate Council Tax levels independently set by precepting bodies.

## 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. The following detailed proposals have previously been considered and approved:

- Council 30<sup>th</sup> September 2021 - approved a 1.9% core Council Tax increase (below the 2% national Referendum Limit), plus the 3% deferred Adult Social Care precept (the precept could either have been implemented in 2021/22 or deferred to 2022/23);

This decision secured recurring income of £2.113m - which if not achieved would have had to be addressed by making additional service cuts to this value.

- Council 16<sup>th</sup> December 2021 - approved savings proposals for 2022/23.

- 2.2 The next section of this report provides an update on the issues considered by Finance and Policy Committee on 14<sup>th</sup> February 2022.

- 2.3 This report also 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 'precepting bodies' have set their own budgets and Council Tax requirements. The role of the Council as the 'billing authority' is

to incorporate these figures into the overall Council Tax calculation and then collect these amounts.

### **3. FINAL 2021/22 LOCAL GOVERNMENT FINANCE SETTLEMENT AND IMPACT ON THE COUNCIL**

- 3.1 An update report was considered by Finance and Policy Committee on 14<sup>th</sup> February (**ANNEX 1**) and advised Members that the provisional Local Finance Settlement provided an increase in Government grant funding. This funding was higher than the minimum required increase to address additional budget pressures not included in the base budget by £1.481m. The final settlement issued on 7<sup>th</sup> February confirmed an increase of £1.484m – a slight increase of £3,000.
- 3.2 In line with the strategy approved by Council on 16<sup>th</sup> December 2021 this additional grant enables the use of reserves in 2022/23 to be reduced. As detailed in section 8 of the Finance and Policy Committee report this strategy, alongside the actions previously approved, increases the robustness of the 2022/23 budget by reducing dependency on the use of reserves. This means the deficit deferred from 2022/23 to 2023/24 has reduced to £1.086m (including the final grant increase and removal of School Crossing Patrol saving) – compared to the deficit deferred from 2021/22 to 2022/23 of £5.182m.
- 3.3 The Council still faces a challenging financial position in 2023/24 and 2024/25, although the deficit for these years reduces from £4.4m to £2.9m. It is recommended that to make these years more manageable the Budget Support Fund is used to phase this deficit at approximately £1.5m per year.
- 3.4 Finance and Policy Committee were advised that the Trade Union ballot rejected the proposed Terms and Conditions changes, therefore further negotiation will be needed with the Trade Unions and this will mean this saving cannot be implemented from 1<sup>st</sup> April 2022. The shortfall in the savings for 2022/23 will need to be funded from the resources set aside within the Budget Support Fund.
- 3.5 The report to Finance and Policy Committee also covered capital issues.
- 3.6 The Finance and Policy Committee approved the recommendations to be referred to Council as detailed later in the report.

### **4. LEGAL CONSIDERATIONS**

- 4.1 The following issues are relevant to the 2022/23 budget and were addressed in previous reports to Finance and Policy Committee (13<sup>th</sup> December 2021) and Council (16<sup>th</sup> December 2021):-
- 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 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. The minutes to the meetings referred to in paragraph 4.1 record the robustness advice given to Members.
- 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 2022/23 and the Council Tax increases approved by individual precepting bodies:

Type of Authority	Government Council Tax Referendum Limits 2022/23	Actual Band D Council Tax increase approved by individual precepting authority
Police and Crime Commissioners	Increases of up to £10 in Band D Council Tax in 2022/23	£10.00 (3.76%)
Fire and Rescue Authorities	Increases of up to 2% in Band D Council Tax in 2022/23	£1.57 (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 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 30<sup>th</sup> September 2021, 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 debit payments.
- 4.7 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.
- 4.8 **Total Council Tax**
- 4.9 In relation to total Council Tax levels for 2022/23, for areas without a parish council which is 91.5% of Hartlepool households, the overall Council Tax increase for 2022/23 is 4.64% (2021/22- 0.32% - which reflected the freeze approved by the Council and the increases approved by the Police and Crime Commissioner and Cleveland Fire Authority).
- 4.10 The overall 2022/23 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 Council Tax:

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

	Council Tax increase	2021/22	2022/23	Annual Increase	Weekly Increase	Notes
Hartlepool Council	4.90% (includes 3% ASC precept)	£1,167.34	£1,224.54	£57.20	£1.10	
Police & Crime Commissioner	3.76%	£177.15	£183.82	£6.67	£0.13	(a)
Cleveland Fire Authority (CFA)	1.90%	£53.55	£54.57	£1.02	£0.02	
<b>Overall increase</b>	<b>4.64%</b>	<b>£1,398.04</b>	<b>£1,462.93</b>	<b>£64.89</b>	<b>£1.25</b>	(c)

(a) Police and Crime Commissioner increase is based on a £10 increase for a Band D property, which equates to a 3.76% increase for all property bands.

(b) Total percentage increase of 4.64% is based on total increase of £64.89 divided by 2021/22 total Council Tax of £1,398.04.

4.11 Based on the approved increases detailed above the following table summarises the Council Tax for 2022/23, for areas without a parish. The Adult Social Care precept is the cumulative amount.

	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hartlepool Borough Council Basic Amount without parishes or special items	1,087.22	1,268.42	1,449.63	1,630.83	1,993.24	2,355.64	2,718.05	3,261.66
Hartlepool Borough Council Adult Social Care Precept	137.32	160.21	183.09	205.98	251.75	297.53	343.30	411.96
Office of Police and Crime Commissioner	183.82	214.46	245.09	275.73	337.00	398.28	459.55	551.46
Fire Authority	54.57	63.67	72.76	81.86	100.05	118.24	136.43	163.72
Areas without a Parish Council	1,462.93	1,706.76	1,950.57	2,194.40	2,682.04	3,169.69	3,657.33	4,388.80

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

## 5. RECOMMENDATIONS

### 5.1 Recommendation referred by Finance and Policy Committee for Council approval:

- i) Note that in accordance with the recommendation approved by Finance and Policy Committee (13.12.21) and Council (16.12.21) the additional funding of £1.484m confirmed in the final Local Government Finance settlement (07.02.22) will reduce the use of the Budget Support Fund in 2022/23, which reduces the deficit deferred from 2022/23 to 2023/24; and reduces the total 2022/23 and 2024/25 forecast deficit from £4.4m to £2.9m – thereby providing a more robust and sustainable MTFs;
- ii) Approve the following amendments to the approved 2022/23 savings, which will need to be funded by increasing use of the Budget Support Fund:
  - Defer the Local Welfare Support saving - £86,000
  - Remove the School Crossing Patrols saving - £32,000 and note that officers be requested to determine if on an “invest to save

basis” either pelican or zebra crossings, with 20 mph zones, can be installed and report details of the business case to a future meeting of Finance and Policy Committee.

- iii) Approve the capital schemes and Prudential borrowing requirements in **Annex 1 - Appendix B**, which includes the proposals in relation to investment in the Cremators and the START Service;
- iv) Approve that in line with the policy adopted in previous years to delegate authority to the relevant Policy Committee to determine, in compliance with the relevant grant conditions, the allocation of the actual capital grants once these are known.

## 5.2 Statutory Council Tax calculations

- i) Approve the statutory budget calculation for the Council budget as detailed in **Appendix A** and approve the detailed supporting departmental budgets detailed the separate booklet circulated with the agenda;
- ii) Approve the statutory Council Tax calculations detailed in **Appendix A**, which includes the Council Tax increases approved by the individual precepting bodies.

## 6. REASON FOR RECOMMENDATIONS

6.1 To discharged the Council’s statutory billing authority responsibilities.

## 7. BACKGROUND PAPERS

- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – 14<sup>th</sup> February 2022;

## 8. CONTACT OFFICER

Chris Little  
 Director of Resources and Development  
 Email: [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)  
 Tel: 01429 523003

Sign Off:-

Managing Director	<input checked="" type="checkbox"/>
Director of Resources and Development	<input checked="" type="checkbox"/>
Chief Solicitor	<input checked="" type="checkbox"/>

**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 2022/23 in accordance with the Local Government Finance Act 1992 and relevant regulations:

i) To note that on 13<sup>th</sup> December 2021 the Finance and Policy Committee approved the 2022/23 Council Tax Base for:

- The whole Council area as 24,928.0 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	117.0	Greatham	587.4
Elwick	255.9	Hart	349.3
Headland	736.2	Newton Bewley	33.0
Wynyard	675.7		

- 2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £45,788,000.

- 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) £74,872,607 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) £29,027,932 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £8,193,180, Business Rates Baseline Funding of £14,444,097, Top up Funding of £10,525,375 and the estimate to be paid into the Collection Fund of £4,134,720 as at 31st March 2022, 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) £45,844,675 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) £1,839.08 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) £56,675 Parish Precepts Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.
- £15,628 Concurrent Services Concurrent Services Concurrent Services - as detailed in Table 1.
- (f) £1,836.81 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 2022/23 (excluding Parish precepts).
- 4** The Basic Council Tax for 2022/23 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 2022/23 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 2022/23 of £1,836.81, 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 2022/23**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]	Precept met from Council Tax Support Scheme	Concurrent Services	Total Payment to Parish
Parishes	£		£	£	£		£	£
Dalton Piercy	11,316	117.0	96.72	1,836.81	1,933.53	584	2,624	14,524
Elwick	7,636	255.9	29.84	1,836.81	1,866.65	360	7,813	15,809
Greatham	2,760	587.4	4.70	1,836.81	1,841.51	440	1,385	4,585
Hart	7,237	349.3	20.72	1,836.81	1,857.53	263	3,806	11,306
Headland	14,724	736.2	20.00	1,836.81	1,856.81	2,400	-	17,124
Newton Bewley	100	33.0	3.03	1,836.81	1,839.84	6	-	106
Wynyard	12,902	675.7	19.09	1,836.81	1,855.90	98	-	13,000
	56,675					4,151	15,628	76,454

**TABLE 2 - Council Taxes For Each Property Band 2022/23****(Including Parish Precepts but excluding Office of Police and Crime Commissioner & Fire Authority)**

Parishes	Council Tax Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Dalton Piercy	1,289.02	1,503.86	1,718.69	1,933.53	2,363.20	2,792.88	3,222.55	3,867.06
Elwick	1,244.43	1,451.84	1,659.24	1,866.65	2,281.46	2,696.27	3,111.08	3,733.30
Greatham	1,227.67	1,432.29	1,636.90	1,841.51	2,250.73	2,659.96	3,069.18	3,683.02
Hart	1,238.35	1,444.75	1,651.14	1,857.53	2,270.31	2,683.10	3,095.88	3,715.06
Headland	1,237.87	1,444.19	1,650.50	1,856.81	2,269.43	2,682.06	3,094.68	3,713.62
Newton Bewley	1,226.56	1,430.99	1,635.41	1,839.84	2,248.69	2,657.55	3,066.40	3,679.68
Wynyard	1,237.27	1,650.50	1,649.69	1,855.90	2,268.32	2,680.74	3,093.17	3,711.80
Areas without a Parish Council	1,224.54	1,428.63	1,632.72	1,836.81	2,244.99	2,653.17	3,061.35	3,673.62

**TABLE 3 - Council Taxes For Each Property Band 2022/2023****(Including Parish Precepts, Office of Police and Crime Commissioner & Fire Authority)**

Parishes	Council Tax Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Dalton Piercy	1,527.41	1,781.99	2,036.54	2,291.12	2,800.25	3,309.40	3,818.53	4,582.24
Elwick	1,482.82	1,729.97	1,977.09	2,224.24	2,718.51	3,212.79	3,707.06	4,448.48
Greatham	1,466.06	1,710.42	1,954.75	2,199.10	2,687.78	3,176.48	3,665.16	4,398.20
Hart	1,476.74	1,722.88	1,968.99	2,215.12	2,707.36	3,199.62	3,691.86	4,430.24
Headland	1,476.26	1,722.32	1,968.35	2,214.40	2,706.48	3,198.58	3,690.66	4,428.80
Newton Bewley	1,464.95	1,709.12	1,953.26	2,197.43	2,685.74	3,174.07	3,662.38	4,394.86
Wynyard	1,475.66	1,721.61	1,967.54	2,213.49	2,705.37	3,197.26	3,689.15	4,426.98
Areas without a Parish Council	1,462.93	1,706.76	1,950.57	2,194.40	2,682.04	3,169.69	3,657.33	4,388.80

# FINANCE AND POLICY COMMITTEE

14 February 2022



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

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2022/23 to 2024/25

## 1. TYPE OF DECISION / APPLICABLE CATEGORY

Budget and Policy Framework.

## 2. PURPOSE OF REPORT

2.1 The purpose of this report is to:

- i) provide details of the provisional 2022/23 Local Government Finance settlement announcement and to advise Members of the arrangements to finalise the 2022/23 technical budget calculations to be referred to Council on 24<sup>th</sup> February 2022; and
- ii) to detail capital budget proposals to be referred to Council.

## 3. BACKGROUND

3.1 In accordance with the Constitution the Finance and Policy Committee is required to develop MTFS proposals for the forthcoming year for consideration by Council. The following detailed proposals have previously been considered and approved:

- Council 30<sup>th</sup> September 2021 - approved a 1.9% core Council Tax increase (below the 2% recently confirmed national Referendum Limit), plus the 3% deferred Adult Social Care precept (the precept could either have been implemented in 2021/22 or deferred to 2022/23);

The decision secured recurring income of £2.113m - which if not achieved would have had to be addressed by making additional service cuts to this value.

- Council 16<sup>th</sup> December 2021 - approved savings proposals for 2022/23.

3.2 The December Council report advised Members that the above measures did not address the 2022/23 budget deficit and Council also approved the use of £2.538m of the Budget Support Fund, recognising this deficit was

being deferred to 2023/24. As detailed later in the report the Provisional Local Government Settlement will provide increased funding which will reduce the deficit deferred to 2023/24. This will make the budget position more manageable – although significant savings will still be required in 2023/24 and 2024/25.

3.3 In line with the procedures adopted in previous years this final technical report deals with process for the statutory Budget and Council Tax calculations arising from the decisions previously made by Council. The proposals in this report will be referred to Council on 24<sup>th</sup> February 2022.

3.4 The report to Council will also include the statutory 2022/23 Council Tax calculations which the Council is required to undertake to incorporate the Council Tax levels approved by ‘precepting bodies’, i.e. the Police and Crime Commissioner, Cleveland Fire Authority and Parish Councils. Individual ‘precepting bodies’ are responsible for setting their own Council Tax levels in accordance with the specific Government Council Tax referendum limits. Further information is provided in section 6.

#### **4. 2022/23 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT AND IMPACT ON THE COUNCIL**

4.1 The provisional Local Government Finance Settlement was issued late on 16<sup>th</sup> December 2022 (the final working day of Parliament before the Christmas recess) and key details are set out in the following paragraphs below:

##### **4.2 2022/23 Services Grant**

4.3 As indicated in the December MTFS report the 2021 Spending Review provided additional national funding for councils. This is a new grant which the Secretary State for Levelling Up, Housing and Communities (S of S) stated:

- “I recognise the range of additional services provided by local government which are at the core of every community that go beyond social care.
- The provisional settlement therefore proposes a one-off 2022/23 Services Grant worth £822m that will be distributed through existing Settlement Funding Assessment formula. Looking at 2023/24 and beyond, we want to take the time to fully consider its future distribution in consultation with councils.
- This funding would be excluded from any proposed baseline for transitional support as a result of proposed system changes.”

##### **4.4 Updating the System**

4.5 The data used to distribute funding dates from 2013/14, or in some cases back to 2000. The S of S has stated the Government will work with the sector to review for 2023/24.

#### 4.6 Adult and Children's Social Care

##### 4.7 The S of S has stated:

- “This Government has a clear ambition to reform social care. To do that, we must recognise how important it is to ensure local government has the resources it needs to deliver on its current responsibilities in both adults and children's social care.
- Local authorities can, therefore, make use of over £1 billion of additional resource specifically for social care in 2022/23. This includes:
  - £636 million more into the Social Care Grant, including funding for equalisation against the 1% Adult Social Care (ASC) precept
  - providing an inflationary uplift to support integrated working with the NHS
  - a 1% ASC precept and deferred flexibilities from last year's settlement.
- For many councils, adults and children's social care are key priorities and the largest areas of spending. Councils are not expected to rely solely on this earmarked funding to meet the inflationary and demographic pressures facing these services; they also have access to funding from unringfenced grant, including the 2022/23 Services Grant, and from council tax”.

#### 4.8 Council Tax 2022/23

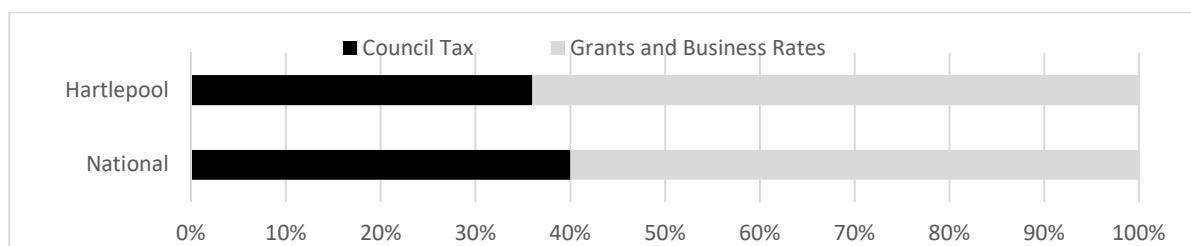
4.9 The core Council Tax referendum principle is 2% and the Adult Social Care (ASC) precept is 1% - plus balance of the 2021/22 ASC precept.

#### 4.10 Summary of Settlement Announcement

4.11 At a national level Government figures show the settlement is the best for many years and provides a national increase in Spending Power. However, **40%** of this increase assumes authorities will increase Council Tax.

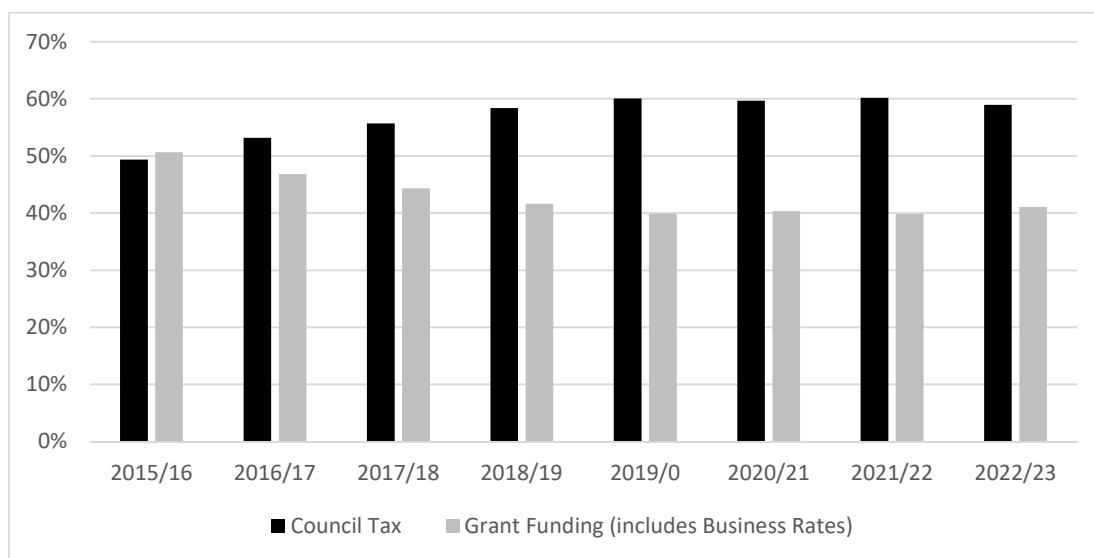
4.12 For Hartlepool Government Spending Power figures assumes **36%** of the increase will be funded from Council Tax, which reflects the favourable impact of ASC precept equalisation grant.

##### Analysis of increase in 2022/23 Spending Power



- 4.13 The 2022/23 settlement means that at a national level the proportion of Spending Power funded from Council Tax is **59%**, compared to **49%** in 2015/16. Over this period this is a cash increase of £9.692 billion in national Council Tax income.

#### National Funding of Core Spending Power 2015/16 to 2022/23



- 4.14 At the time the report was prepared the final 2022/23 Local Government Finance Settlement had not been issued. It is not expected there will be any significant changes and an update will be provided as soon as details are available.

#### **4.15 Impact of settlement on MTFS**

- 4.16 The December MTFS highlighted the challenges forecasting the 2022/23 settlement as the distribution formula for the increased funding announced in the Spending Review were unknown. As a minimum it was reported that the settlement would need to provide at least **£2.385m** to cover budget pressures detailed in **Appendix A** to stand still and avoid an increase in the overall deficit.
- 4.17 It was hoped that the grant distribution would target areas with a low Council Tax base / higher deprivation and provide additional recurring resources greater than the minimum required increase highlighted above. Council approved the recommendation that any increase above the minimum amount would be allocated to reduce the three year deficit and in 2022/23 reduce reliance on the use of reserves, which in turn would reduce the deficit deferred to 2023/24. It was noted that this would not remove the need to make significant cuts, or avoid ongoing Council Tax and ASC precept increases. These are assumed by the Government in national Spending Power forecasts and continue to be part of the Government's funding arrangements for councils.

- 4.18 The formula used to distribute the 2022/23 funding is beneficial and exceeds the minimum requirement by £1.481m as summarised below:

Summary of 2022/23 Hartlepool Settlement

	£'m
<p>New 'Services Grant'</p> <p>As detailed earlier in the report this is a new grant and nationally worth £0.822 billion. The distribution formula for 2022/23 benefits Hartlepool. If this funding had been allocated using the Adult and Children's Social Care Grant the Council's allocation would have been £0.698m lower – which highlights the impact of different distribution formula,</p> <p>Whilst, DLUCH have indicated the formula will be reviewed for 2023/24 it is anticipated this will be the minimum Council allocation for 2023/24.</p>	1.964
<p>Adult and Children's Social Care Grant</p> <p>The allocation of this grant also benefits Hartlepool as 64% of the £1 billion national allocation includes additional resources for equalisation against the 1% Adult Social care precept.</p>	1.435
<p>New Home Bonus (NHB)</p> <p>As reforms of the funding system have been delayed there will be a further payment of the NHB grant</p>	0.174
<p>Improved Better Care Fund</p> <p>This is an inflation increase.</p>	0.157
<p>Revenue Support Grant (RSG), Lower Tier Grant (LTG) and Education Services grant</p> <p>Inflationary increases have been applied to RSG and LTG, whilst the Education Services grant has been reduced owing to schools converting to academies</p>	0.136
<b>Sub Total</b>	<b>3.866</b>
Less Minimum increase required – details Appendix A	(2.385)
<b>Uncommitted Increase in resources 2022/23</b>	<b>1.481</b>

- 4.19 In line with the strategy approved by Council on 16<sup>th</sup> December 2021 this additional grant enables the use of reserves in 2022/23 to be reduced. More importantly this strategy reduces the budget deficit deferred from 2022/23 to 2023/24.
- 4.20 On the assumption that the 2022/23 funding continues in future years the total deficit for 2023/24 and 2024/25 also reduces by £1.481m from £4.454m to £2.973m. It is still recommended that reserves are used to phase the reduced 2023/24 and 2024/25 deficit over these two years as summarised below:

Revised deficits 2023/24 and 2024/24

	2023/24	2024/25	Total
	£'m	£'m	£'m
Deficit <u>AFTER</u> core Council Tax increase and forecast Tax Base Growth	2.534	1.279	3.813
Less - Deficit deferred from 23/24 to 24/25 by using Reserves	(0.600)	0.600	0.000
Sub Total	1.934	1.879	3.813
Additional 1% ASC	(0.420)	(0.420)	(0.840)
<b>Revised Deficit <u>AFTER</u> Council Tax increase and forecast Tax Base Growth and use of reserves</b>	<b>1.514</b>	<b>1.459</b>	<b>2.973</b>

#### 4.21 Impact on Budget Support Fund

- 4.22 The increase in Government funding means that the total use of the Budget Support Fund over the next three years to directly support the budget can be reduced.
- 4.23 As reported previously this reserve will also need to fund transformation costs of achieving savings, including recurring Terms and Conditions savings and termination costs (redundancy and pension costs) in relation to staffing reductions. These costs could not previously be quantified as negotiations and consultations were progressing for these areas.
- 4.24 There is a separate report on the agenda in relation to the outcome of the Terms and Conditions ballot. On the basis of a positive ballot outcome the position negotiated with the Trade Unions will include a protection payment for one year, plus a buyout amount to the same value. The total one off cost of these transitional payments is £0.770m, which provides a two year pay-back period for this proposal. If there is a negative ballot result Members will need to determine how they respond to this outcome.

- 4.25 The number of redundancies to achieve the 2022/23 savings has also been finalised. There will be two compulsory redundancies and the pay-back period for the one off termination costs is 1.05 years.

Updated Budget Support Fund

	13.12.21 Forecast	Revised Forecast
	£'m	£'m
Budget Support Fund	7.691	7.691
Less support 2022/23 budget	(2.525)	(1.057)
Less achievement of Terms and Conditions savings	##	(0.770)
Less Termination costs – achievement of 2022/23 recurring staffing saving	##	(114 to 177)
Less support 2023/24 budget	(1.275)	(0.600)
Available to fund future Transformation costs (including 22/23 & 24/25 termination costs)	3.891	5.087 to 5.150

## These costs had not previously been quantified.

- 4.26 It is recommended that detailed proposals for use of the remaining Budget Support Fund are developed as part of the 2023/24 budget process. This will enable an updated risk assessment to be completed, including the impact of further Government funding announcements for future years, the impact of Adult Social Care reform – including the care cap and cost of care exercise – and inflation, gas, electricity and national pay trends becoming clearer. This will ensure any further use of this reserve supports the MTFS and the sustainability of services.

4.27 **Additional Proposals**

- 4.28 In view of the increase in Government Funding the Chair of this Committee has proposed that Members support the following changes to the 2022/23 savings:

- **Local Welfare Support - £86,000**

Members approved this saving which involves remodeling the support provided and the retention of a budget of £120,000, which would reflect the recurring funding the Council receives within the Revenue Support Grant.

The proposal is to defer this saving to enable the Council to specifically increase the funding available during 2022/23 for gas / electric top ups whilst inflation remains high.

- **School Crossing Patrols - £32,000**

This saving reflected a review of the 28 sites currently operated, which determined 9 sites could be removed. This was a difficult exercise as every site has merit in providing road safety however difficult decisions needed to be made to balance the overall budget. The proposal was considered by both Children's Services Committee and Neighbourhood Services Committee and supported by Members – albeit reluctantly.

It is proposed that this saving is removed completely.

It is also proposed that officers are asked to determine if on an “invest to save basis” either pelican or zebra crossings, with 20 mph zones, can be installed. This proposal would provide improved road safety at all times – not just when crossing patrol officers were on duty.

- 4.29 As it would not be practical at this late stage to identify alternative replacement saving if Members wish to implement the above measures the savings shortfall will need to be funded from the Budget Support Fund.

5. **GENERGAL FUND CAPITAL INVESTMENT**

- 5.1 The General Capital Investment Strategy consists of two key elements and details are provided in the following paragraphs. As detailed in a separate report on the agenda the Council also has a Housing Revenue Account investment strategy which also provides investment in the town.
- 5.2 **Schemes funded from specific grants and Departmental Business Cases**
- 5.3 The Government provides specific capital grants for investment in schools, Disabled Facilities Grants and the Local Transport Plan. These resources can only be spent in accordance with the specific grant conditions. Detailed grant allocations for 2022/23 have not yet been issued and indicative allocations are detailed in **Appendix B**. In line with the procedures adopted in previous years it is recommended that once the actual 2022/23 allocations are known that authority is delegated to the relevant policy committee to approve the detailed schemes to be funded. This will ensure schemes can be implemented as soon as practical and grant conditions are complied with.
- 5.4 The Council also funds a replacement programme for operational vehicles and equipment (e.g. refuse vehicles, grass cutters etc.) used to deliver front line services. The Council has robust procedures for managing the operational life of vehicles and equipment and this includes an annual review of the proposed replacement programme by the Neighbourhood Services Committee. Details of the proposed programme for 2022/23 to 2024/25 are included in **Appendix B**, Officers will continue to actively manage the proposed programme and this may mean planned replacements may be

delayed if this is financially advantageous for the Council. Any temporary net savings from delaying replacement will be reflected in the quarterly revenue monitoring reports submitted to Finance and Policy Committee.

## **5.5 OTHER CAPITAL INVESTMENT PROPOSALS**

### **5.6 Cremators**

Significant works to the cremator were undertaken in 2014. There is wider programme of investment in Stranton Cemetery and Chapel which will ensure the longer term sustainability of the site and support improved service delivery. £490,000 has previously been allocated for this project and work will commence in summer 2022 following the completion of a detailed survey (commencing 10 February 2022) that will inform the programme of works.

However, as a result of wear and tear and the high operating temperature further investment is needed in the equipment to ensure the facilities remain operational and comply with emissions standards. Failure to meet emission standards would result in a charge to the Council of £65 per cremation for 50% of cremations held within the year, which would be an annual charge of £32,000.

Capital investment of £255,000 is required to reline the cremators, provide a new gas analysis machine, fit new carbon beds, implement a new operating system, install an air condition unit within the cremator room and re-configure space for cremator control room.

The current system was funded through Prudential Borrowing over a 15 year period which will end in 2028/29. This timescale was used as it was anticipated to be the lifecycle of the equipment. Unfortunately the collapse of Sheldon's and the need to transfer to another supplier means that major elements need to be updated sooner than expected.

There is currently £60,000 available in the budget for works to the cremator system. The remaining £195,000 will need to be funded from Prudential Borrowing. The annual repayment and interest cost is £22,000, which it is anticipated can be funded from the annual revenue budget. There is a potential annual risk for five years (2023/24 to 2028/29) until the previous loan is repaid that the budget may not be sufficient to cover both loan repayments if income levels reduce. This risk will be managed within the overall departmental budget.

### **5.7 Supporting Treatment and Recovery Together (START) Service**

The Drug and Alcohol Service has undergone significant transformation over the past two years. Hartlepool Supporting Treatment and Recovery Together (START) is a partnership between Hartlepool Borough Council (HBC) and Foundations, delivering an integrated substance misuse treatment service. The service commissioned by Hartlepool Borough Council Public Health team, delivers community based treatment services to the adults and young

people of Hartlepool. The service is working well and delivers a range of clinical and support services to clients, however, Hartlepool continues to face significant challenges with a continued high incidence of drug related deaths when compared to national and statistical neighbours that needs to be reduced.

The service is currently located in premises on Whitby Street which the service has occupied for several years. With the development and restructure of the service into a single integrated model based in the premises at Whitby Street there is insufficient space and quality of accommodation to the required clinical standard to enable the service to operate effectively. Furthermore, recent Government announcements indicate there will be further investment in drug treatment services over the coming years as part of their 10 year strategy to reduce the supply and demand for drugs and the service will need to be able to respond to this.

Finance and Policy Committee (20<sup>th</sup> February 2020) approved the proposal to take a new lease on part of the One Life Centre to relocate this service. Owing to the impact of Covid the NHS have been unable to progress this proposal as they needed to retain the facility.

Over the past 18 months, significant work has been undertaken to secure alternative premises for the START service and a range of options have been explored. However there is no suitable accommodation that can be adapted to meet the operational needs of the service and the Care Quality Commission registration requirements it must fulfil as a health provider.

Parallel to this, Hartlepool Borough Council has been successful in securing funding from Tees Valley Combined Authority and the Homes and Community Agency to redevelop the 'Newmarket site', including the Whitby Street site referred to above. This scheme will provide 48 housing units and compliment previous housing developments in this area. Work will commence on this site before the end of March 2022 and needs to be completed by summer 2023 to meet current grant funding conditions.

It is therefore proposed to build suitable premises for the service on the site of the Roker Street car park on Park Road. The proposed modular build will be designed around the clinical requirements of the service. The estimated cost is £2.8m, which is subject to value engineering and design clarification of drainage connections.

The annual repayment cost of the Prudential borrowing is £0.106m and over the lifetime of the building the total cost will be less than the leasing option and also provide certainty for the service. The annual costs will be funded from the public health budget currently allocated for accommodation, so there will be no impact on the General Fund budget.

The loss of the short stay car park is likely to reduce car parking income once the current TVCA free parking scheme ends. This may be mitigated by re-aligning the remaining car parking to provide replacement short stay

parking. It is difficult to assess the potential loss at this stage and this position will need to be reviewed as part of the 2023/24 budget process and any shortfall addressed as a corporate budget pressure.

## 6.0 LEGAL CONSIDERATIONS AND STATUTORY BUDGET CALCULATIONS

6.1 The following issues are relevant in relation to this report and were addressed in previous reports to Finance and Policy Committee (13.12.21) and Council (16.12.21):-

- 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 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 are detailed in section 8.

6.2 The Local Government Act 1992 and relevant regulations also require the Council to approve the statutory Council Tax calculation incorporating the Council Tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and parish councils. This issue will be addressed in a report to Council on 24th February 2022.

6.3 Individual ‘precepting bodies’ are responsible for setting their own Council Tax levels in accordance with the specific Government Council Tax referendum principles applying and which meet their own budgetary requirements. The Government has set the following Council Tax referendum limits for 2022/23:

### 2022/23 Council Tax Referendum Limits set by the Government

Type of Authority	Government Council Tax Referendum Limits
Police and Crime Commissioners	Band D increase of up to £10.00.
Fire and Rescue Authorities	Increases of up to 2% in Band D Council Tax.
Town and Parish councils	No referendum limits have been set and the Government intends to keep this matter under active review for future years.

6.4 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

30<sup>th</sup> September 2021) and the individual precepting authorities have set their own Council Tax levels.

## 7. OTHER CONSIDERATION

Staff Considerations	There will be three compulsory redundancies.
Consultation	No relevant issues in relation to decision in this report and relevant assessment considered when decision were made in December 2021. No relevant issues
Child/Family Poverty Considerations	As above
Equality and Diversity Considerations	As above

## 8. CONCLUSION AND ROBUSTNESS ADVICE

- 8.1 The December MTFS report advised Members that there continues to be increased scrutiny on Council Finances nationally, including the issuing of Section 114 notices and the Government providing capitalisation directives (i.e. authority to treat revenue expenditure as capital) where councils have requested this support to deal with specific financial challenges. The Government has imposed strict conditions on councils receiving capitalisation directives.
- 8.2 As a package the previously approved 2022/23 increase in Council Tax, ASC precept and savings help to put the Council on a more sustainable financial basis. The increase in Government funding for 2022/23 helps this position and overall the Council has a robust 2022/23 budget, balanced as summarised below:

### Summary of measures to address 2022/23 deficit of £7.267

	£'m	Percentage of deficit
Core Council Tax increase – 1.9%	0.854	12%
Deferred ASC precept – 3%	1.259	17%
Savings	2.616	36%
Increase in Government Funding	1.481	20%
Use of Reserve (which is the deficit deferred to 2023/24)	1.057	15%
<b>Total</b>	<b>7.267</b>	<b>100%</b>

- 8.3 My robustness advice in December indicated that based on information available at the time it was forecast further cuts of approximately **£2.2m** will need to be made in both 2023/24 and 2024/25 – i.e. a total of **£4.4m**.
- 8.4 The provisional 2022/23 Local Government Settlement provides increased funding which alongside the actions previously approved increases the robustness of the 2022/23 budget by reducing dependency on the use of reserve. This means the deficit deferred from 2022/23 to 2023/24 has reduced to £1.057m (£1.093m if the proposal to remove the School Crossing Patrol saving is approved) – compared to the deficit deferred from 2021/22 to 2022/23 of £5.182m. This shows the actions taken by the Council in addressing the 2022/23 deficit have significantly improved the robustness of the budget and financial resilience of the Council.
- 8.5 The Council still faces a challenging financial position in 2023/24 and 2024/25, although the deficit for these years reduces from **£4.4m** to **£2.9m**. It is recommended that to make these years more manageable the Budget Support Fund is used to phase this deficit at approximately £1.5m per year.
- 8.6 As the 2022/23 budget process has demonstrated, it is increasingly challenging to identify further savings and these invariably mean the Council will continue to have to make difficult decisions. A plan will need to be developed over the summer to address the forecast deficit.
- 8.7 Hopefully, the long delayed national reforms of the funding system will be made in 2023/24 and recognise deprivation and ability to raise income from Council Tax in areas with a low tax base (i.e. higher than average percentage of properties bands A and B). However, as 94% of the funding increase announced in the Spending for the next three years for councils is front loaded in 2022/3, there is very limited national headroom available to fund these changes.
- 8.8 Additionally, DLUH has already indicated there will be transitional arrangements, which will mean any changes will be phased over a number of years. Finally, any settlement increase for 2023/24 may be swallowed up with higher inflation for existing services if current trends continue. Therefore, the deficits forecast for 2023/24 and 2024/25 outlined above provided the appropriate basis for developing a savings plan and details will be reported during the summer to commence the budget process.

## **9. RECOMMENDATIONS**

- 9.1 It recommended that Members:
- i) Note, as hoped when the MTFS report was considered on 13<sup>th</sup> December 2021, the provisional 2022/23 Local Government Finance settlement exceeds the minimum forecast requirement by £1.481m;
  - ii) Note that in accordance with the recommendation approved by this Committee (13.12.21) and Council (16.12.21) the additional funding of

£1.481m will reduce the use of the Budget Support Fund in 2022/23, which reduces the deficit deferred from 2022/23 to 2023/24; and reduced the total 2022/23 and 2024/25 forecast deficit from £4.4m to £2.9m – thereby providing a more robust and sustainable MTFS;

- iii) Recommend to Council the following amendments to the approved 2022/23 savings, which will need to be funded by increasing use of the Budget Support Fund:
  - Defer the Local Welfare Support saving - £86,000
  - Remove the School Crossing Patrols saving - £32,000 and note that officers be requested to determine if on an “invest to save basis” either pelican or zebra crossings, with 20 mph zones, can be installed and report details of the business case to a future meeting of Finance and Policy Committee.
- iv) Note that the detailed 2022/23 statutory Council Tax calculations, incorporating the Council Tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils, will be referred to Council on 24<sup>th</sup> February 2022.
- v) Recommend Council approve the capital schemes and Prudential borrowing requirements in **Appendix B**, which includes the proposals detailed in paragraph 5.6 and 5.7;
- vi) In line with the policy adopted in previous years seek Council approval to delegate authority to the relevant Policy Committee to determine, in compliance with the relevant grant conditions, the allocation of the actual capital grants once these are known.

## 10. REASON FOR RECOMMENDATIONS

To inform the Finance and Policy Committee of provisional 2022/23 Local Government Finance settlement, the impact this has on the MTFS and the arrangements for referring the 2023/24 technical Budget and Council Tax calculations to Council.

## 11. BACKGROUND PAPERS

- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2022/23 to 2024/25 – 13<sup>th</sup> December 2021;

## 12. CONTACT OFFICER

Chris Little  
Director of Resources and Development  
Email: [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)  
Tel: 01429 523003

Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor



## **APPENDIX A**

### **Minimum Grant increase required to standstill and fund costs not previously included in MTFS**

	Changes in costs £'000
<b>Increase in Employers National Insurance contribution of 1.25% (form April 2022)</b>  The National Insurance increase has a direct impact for the Councils own workforce of <b>£625,000</b> .  The Council will also face pressures from service providers to cover this additional cost, predominantly for Adult Social Care services.	625  210
<b>Increase in National Living Wage (NLW) to £9.50</b>  It was difficult to forecast annual increases in the NLW as these have varied over recent years. The MTFS planning assumption was an increase of 4.9% from April 2022. The actual increase is 6.6%. This is an additional budget pressure of £355,000.  The latest increase suggests the Government is committed to increasing the NLW to £10.50 by April 2024, as they previously indicated. This will equate to annual increases of approximately 5% and result in an additional unbudgeted cost in 2023/24 of approximately £0.2m and a further £0.2m in 2023/24 – which will increase the deficits in these years.	355
<b>Adult Social Care - Inflation pressures</b>  It will not be possible to contain inflation for Adult Social Care contracts as the Council determines annual increases using a basket of inflation factors. This approach underpins the Council's approach to providing financial stability for this critical service area. Based on inflation trends an additional cost pressures of £145,000 is forecast. The final pressure will depend on October and November inflation.	145
<b>April 2022 National Pay Award</b>  The MTFS included 2% for the forecast April pay award. The increase in inflation and removal of the public sector pay cap would suggest that pay pressures will increase. Additionally whilst the Council pays above the NLW the increase in this will put pressures on the lowest pay point, which in turn puts pressure on the pay scale. It would be prudent to increase the April 2022 pay provision to 3%.	500

<p><b>Non Pay Inflation</b></p> <p>The MTFS includes 2% for non-pay inflation. The actual level of inflation is running at twice this level and expected to continue at this level during 2022/23. It would therefore be prudent to include provision for inflation pressures. This provision excludes Adult Social Care contracts as these are covered in other section of this table.</p>	400
<p><b>Energy costs</b></p> <p>Market pressures are continuing and now expected to last into 2023/24, before reducing in 2024/25 – although this cannot be guaranteed. On this basis it is not anticipated that the whole of the current increases (41% for electricity) and (86% for gas) will reverse and these costs will be higher than the 2% inflation provision included in the MTFS.</p> <p>Councils in the North East have been temporarily protected from these increases in 2021/22 as NEPO had ‘hedged’ (i.e. purchased in advance of need) a significant element of energy requirements for the current year. However, the impact in 2022/23 will be significantly greater.</p> <p>To avoid having to make additional budget cuts in 2022/23 and 2023/24 the current years’ outturn strategy will set aside £1m to partly fund the additional forecast costs of £1.4m (£190k in 21/22, £560k in 2022/23 and £650k in 2023/24). This will mean £200k needs to be built into the 2022/23 base budget – which will cover a 31% recurring increase in these costs.</p> <p>The Energy Market continue to be volatile and further costs increases may arise. The position will continue to be monitored carefully and commitments against the one off resources will be reported as part of the normal financial management reports.</p>	200
<p><b>Council Tax Base</b></p> <p>The Council Tax base for 2022/23 is 24,928, compared to 24,384 for 2021/22 – which is an increase of 2.2%, compared to a national forecast increase of 1.1%.</p> <p>The 2022/23 tax base is slightly higher than forecast and provides additional recurring resources of £50k.</p>	(50)
<p><b>Minimum Grant increase required to fund increased costs</b></p>	2.385
<p><b>Minimum Grant increase as percentage of 2021/22 Government funding</b></p>	5.5%

## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2022/23 TO 2024/25

TABLE 1 - FORECAST CAPITAL RESOURCES

	Forecast Resources 2022/23 (Provisional)				Forecast Resources 2023/24 (Provisional)				Forecast Resources 2024/25 (Provisional)			
	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Service Specific Capital Grants</b>												
Devolved Formula Capital (Schools) - Note 1	0	0	120	120	0	0	120	120	0	0	120	120
Disabled Facilities Grant (Better Care Fund) - Note 2	0	0	1,222	1,222	0	0	1,222	1,222	0	0	1,222	1,222
Local Transport Plan - Structural Highways Maintenance - Note 3	0	0	822	822	0	0	822	822	0	0	822	822
Local Transport Plan - Integrated Transport Block - Note 3	0	0	725	725	0	0	725	725	0	0	725	725
Schools Capital Programme - Note 4	0	0	1,360	1,360	0	0	1,360	1,360	0	0	1,360	1,360
<b>Departmental Prudential Borrowing - Funded from Specific Business Cases</b>												
Supporting Treatment and Recovery Together (START) Service	2,800	0	0	2,800	0	0	0	0	0	0	0	0
Cremators	195	60	0	255	0	0	0	0	0	0	0	0
Replacement Wheelie Bins	90	0	0	90	90	0	0	90	90	0	0	90
Vehicle Procurement (Tables 2 - 4) - Note 5	3,538	0	0	3,538	110	0	0	110	838	0	0	838
<b>Total Forecast Resources</b>	<b>6,623</b>	<b>60</b>	<b>4,249</b>	<b>10,932</b>	<b>200</b>	<b>0</b>	<b>4,249</b>	<b>4,449</b>	<b>928</b>	<b>0</b>	<b>4,249</b>	<b>5,177</b>

Note 1 - Devolved Formula Capital allocation for Schools is an estimate based on the 2021/22 allocation. Government has stated that the 2021/22 allocations can be used as an indication of future allocations.

Note 2 - Allocations for 2022/23 and future years have not yet been confirmed. For planning purposes it has been assumed that the funding will remain at 2021/22 levels and that Better Care Fund will continue in 2023/24 and 2024/25.

Note 3 - Local Transport Plan allocation for 2022/23 onwards is based on allocations for 2021/22 excluding pot hole funding. There is nothing confirmed from TVCA beyond 2021/22.

Note 4 - Schools Capital Programme includes an estimate of £0.860m Schools Condition Grant and £0.500m High Needs Provision Capital Allocation (HNPCA) for 2022/23. The forecasts from 2022/23 onwards are based on the 2021/22 allocation of Schools Condition Grant which the Government has stated is indicative of future allocations.

Note 5 - The Vehicle Procurement programme was reviewed and approved by Neighbourhood Service Committee on 19th October 2021

## FORECAST CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2022/23 TO 2024/25

**Table 2 - 2022/23 VEHICLE REPLACEMENT PROGRAMME**

Vehicles to be replaced 2022/2023	Budget Area	Estimated cost £000's £000
Skoda Superb 1.9 Tdi Elegance Dsl	Chief Exec	25
Ford Transit 350 LWB Double Cab Chassis/Tipper X 2	Cleansing	60
Ford Transit 350 LWB High Roof Van c/w tail lift, beacons & reverse camera	Fleet Services	30
JCB 8020 360 Excavator - 1	Fleet Services	25
5 door hatchback electric car	Fleet Services	50
Renault Kango ZE Electric Van - Small Van X 2	Fleet Services	50
Ford Transit 17 s minibus 2.4 Tdci 115ps	Horizon School	30
Mercedes Benz Axor 18t Dedicated Gritter - Econ gritter body fitted X 3	Highways	225
Demount gritter body NX65 SKZ Ser No 38542 09/09	Highways	28
Demount gritter body Ser No 38541 09/09 - NX15 MHU	Highways	28
Ammann ARX12 Tandem Vibration Roller with CE Kit	Highways	18
Ford Transit 350 LWB Double Cab Chassis Drop side - ULW 2,340kg	Highways	30
Toro GM4000D Batwing rotary Mower X 2	Horticulture	100
Toro 7210 Groundsmaster Ride on Mower X 4	Horticulture	80
4x4 Quad - Chemical Spraying	Horticulture	12
4x4 Quad - Chemical Spraying	Horticulture	12
JCB 1CX EC 180 back hoe excavator - Grave digger - West View	Horticulture	58
Ford Transit 350 LWB single chassis cab/Tipper	Horticulture	30
Iveco Daily 5,500kg MAM Aborcultural 4x4 Tipper	Horticulture	80
Mercedes Sprinter 17s welfare bus X 7	ITU	560
Mercedes Vito 109 cabin van - Medium Panel van	M & E	18
Ford t Transit connect T230L LWB 1.8 TDCI 90ps panel Van	M&E	16
Iveco 50C15V H2 c/w 16m Van Mount Access platform	St Lighting	90
Iveco 50c chassis cab c/w 14.5m lift platform	St Lighting	90
26,000kg Mercedes Econic 2630L Rear Steer	Waste Management	200
32,000kg - Volvo/Boughton Hookloader	Waste Management	180
16,000kg - Iveco 160E 25/P Heil/Terberg RCV X 2	Waste Management	380
Ford transit tipper (New subject to business case Disabled Adaptions workstream) X 3	M&E	75
Small van (New subject to business case Highways Dropped Curb workstream)	Highways	18
7.5T Tipper c/w lorry loader (New subject to business case Highways Dropped Curb workstream)	Highways	65
Stump grinder Carlton SP7015TRX	Horticulture	64
Top dressing application machine Dakota 310 SP	Horticulture	12
Vehicle workshop safety and workflow - Air and screen wash tower for fuel bay	Fleet Services	5
Vehicle workshop safety and workflow - Expansion of workshop lubricant distribution system for two new additional vehicle oils required by new vehicles.	Fleet Services	10
Vehicle workshop safety and workflow - Vehicle lifts for two additional work bays to increase workflow.	Fleet Services	15
Mercedes Sprinter fitted as Tyre Fitting/ Mobile Workshop (new business case to reduce fleet tyre maintenance costs)	Fleet Services	85
Prevention of vehicle runaways H&S improvement action - Installation in 47 air braked vehicles of automatic brake activation equipment.	Fleet Services	84
Prevention of vehicle runaways H&S improvement action - Installation of audible warning system for vans without air brakes 96 vehicles.	Fleet Services	48
Price contingency		373
<b>Totals for year</b>		<b>3,358</b>

Vehicle to be replaced 2023/2024	Budget Area	Estimated cost £000's £000
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Toro 7210 Groundsmaster Ride on Mower	Horticulture	21
Toro 7210 Groundsmaster Ride on Mower	Horticulture	21
Toro 7210 Groundsmaster Ride on Mower	Horticulture	21
Toro 7210 Groundsmaster Ride on Mower	Horticulture	21
18,000kg Multilift demount body	Highways	4
18,000kg Multilift demount body	Highways	4
18,000kg Multilift demount body	Highways	4
18,000kg Multilift demount body	Highways	4
Price contingency		12
<b>Totals for year</b>		<b>110</b>

<b>Vehicle to be replaced 2024/2025</b>	<b>Budget Area</b>	<b>Estimated cost £000's £000</b>
44,000kg 6x4 semi-trailer tractor unit c/w walking floor hydraulics (New for TV ERF - bulk haulage vehicles)	Waste Management	110
39,000kg Titan waste walking floor semi trailer, aluminium chassis and sides, split flip automated roof closure, hydraulic top hinged rear door, clean sweep system (New for TV ERF - bulk haulage vehicles)	Waste Management	90
44,000kg 6x4 semi-trailer tractor unit c/w walking floor hydraulics (New for TV ERF - bulk haulage vehicles)	Waste Management	110
39,000kg Titan waste walking floor semi trailer, aluminium chassis and sides, split flip automated roof closure, hydraulic top hinged rear door, clean sweep system (New for TV ERF - bulk haulage vehicles)	Waste Management	90
JCB Wheeled Loader Wastemaster 457 HT SHL (New for TV ERF - Waste Transfer station loading bulk haulage vehicles)	Waste Management	225
JCB 5CX Wastemaster (HWRC to replace JCB 560-80WM & Wheeled Excavator - 360 materials Handler in redesigned facility)	Waste Management	120
Price contingency		93
<b>Totals for year</b>		<b>838</b>



**Report of:** Finance and Policy Committee

**Subject:** HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN UPDATE

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**1. TYPE OF DECISION/APPLICABLE CATEGORY**

1.1 Key Decision test (i) and (ii) Forward Plan Reference CE 77 /21

**2. PURPOSE OF REPORT**

2.1 The purposes of the report is to enable Council to consider the recommendations from the Finance and Policy Committee in relation to HRA rent levels for 2022/23 and the HRA Investment Programme.

**3. BACKGROUND**

3.1 The HRA is a separate ring fenced account and all costs have to be met from rental income. A HRA Business Plan report was considered by Finance and Policy Committee on 14<sup>th</sup> February 2022 (set out in **ANNEX A**) and covered two areas:

- **Rent Level 2022/23**

The Government's current rent policy is designed to support financial sustainability of HRA's by allowing rent increases to a maximum of CPI plus 1%. For 2022/23 this provides for a 4.1% increase.

When presenting the report at the Finance and Policy Committee the Director of Resources and Development advised Members that not all North East councils operate HRA. However, of those that do the Director advised Members as follows:

- 4 councils increased rents in 2020/21 and 2021/22 up to allowable limits for these years of 2.7% and 1.5% respectively i.e. a total increase of 4.2% over two years;
- 1 council froze rents for 2020/21 and then increased by 1.5% in 2021/22;

- Hartlepool froze rent for 2020/21 and 2021/22.
- 3 councils have approved a 2022/23 rent increase of 4.1% and 2 have proposed increases of 4.1%, subject to final approval;

The report recommends that a 4.1% increase provides the most robust basis for the HRA in 2022/23 and beyond. Without this increase rental income will not be sufficient to cover expenditure and this will result in HRA reserves reducing. This will not be sustainable.

- **HRA Investment Programme,**

Current approved schemes aim to increase the number of properties from 305 to 406. This investment will be funded from a combination of capital grants / section 106 contribution, which will fund 38% of capital costs, and Prudential Borrowing which will be repaid from rental income.

The report seeks approval of the proposed capital budget and Prudential Borrowing to fund this investment.

#### **4. RECOMMENDATIONS REFERRED BY FINANCE AND POLICY COMMITTEE FOR COUNCIL'S CONSIDERATION AND APPROVAL**

- 4.1 It is recommended that Council approve the following:
- 4.2 Approve the recommend rent increase for 2022/23 of 4.1%.
- 4.3 Approve the proposed capital budget set out in ANNEX A **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).** Note that once each phase is approved details of the agreed budgets will be reported to Finance and Policy Committee as part of the publically available information.

#### **5. CONTACT OFFICER**

Chris Little  
Director of Resources and Development  
Civic Centre  
Victoria Road  
Hartlepool  
TS24 8AY

Email [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)  
Tel: 01429 523003

# FINANCE AND POLICY COMMITTEE

14 February 2022



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

**Subject:** HRA BUSINESS PLAN UPDATE

## 1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Key Decision test (i) and (ii) Forward Plan Reference CE 77 / 21.

## 2. PURPOSE OF REPORT

2.1 The purpose of the report is to provide an updated HRA Business Plan and enable Members to determine the 2022/23 rent level to be recommended to Council.

## 3. BACKGROUND AND OVERVIEW OF INVESTMENT STRATEGY

3.1 The HRA is a separate ring fenced account and all costs have to be met from rental income. There can be no cross subsidy between the HRA and General Fund Revenue Budget, and vice versa. The HRA is subject to specific Government regulations.

3.2 Current Government rent policy covers 5 financial years (2020/21 to 2024/25) and allows for annual rent increase to maximum of 1% plus CPI inflation, as at September each year. This regime is designed to provide a sustainable financial base for HRAs, to support capital investment in further developments and to protect tenants from excessive increases.

3.3 The Council currently owns and manages 305 properties (an increase of 10 properties since the last business plan review). The Council has an ambitious investment strategy and approved schemes will increase the housing stock by 29% to 394 properties.

3.4 The successful delivery of years 2 to 4 of the Brenda Road Housing scheme approved by Finance and Policy Committee on 13<sup>th</sup> December would add a further 66 properties to the HRA. This would increase the total stock by 50% to 460 properties.

3.5 Delivering this level of growth in the HRA will enable more people to live in good quality houses at affordable rents. The scale of managing the delivery of this significant increase in the HRA cannot be underestimated and will need careful management to ensure:

- Planned developments are delivered on time and budget;
- Properties are successfully let and tenants become assimilated into their new community.

3.6 The following tables provide an overview of the current stock and investments detailed above:

**Table 1 - Housing Stock Summary**

	Units
1 Bed Flats	5
2 Bed Flats	2
Bungalow 2 Bed	26
Bungalow 3 Bed	1
House 1 Bed	10
House 2 Bed	164
House 3 Bed	87
House 4 Bed	9
House 6 Bed	1
<b>Total Current Stock</b>	<b>305</b>
<b>Current Commitments</b>	
Hill View	18
Port Homes	3
Empty Homes (Church Street)	2
Newmarket	48
Brenda Road – Phase 1	18
<b>Sub Total</b>	<b>394</b>
Brenda Road – Phases 2 to 4	66
<b>Total Forecast Stock</b>	<b>460</b>

**Table 2: Additional Property Types on approved HRA schemes**

Scheme	Total	Property Type				
		2 bed bungalows	2 bed flats	2 bed house	3 bed house	4 bed house
Hill View	18	0	4	6	8	0
Port Homes	3	0	0	0	3	0
Lynn Street	48	7	0	15	23	3
Brenda Road 1	18	8	0	6	4	0
<b>Sub Total</b>	<b>87</b>	<b>15</b>	<b>4</b>	<b>27</b>	<b>38</b>	<b>3</b>
Brenda Road 2 to 4	66	20	17	10	19	0
<b>Total</b>	<b>153</b>	<b>35</b>	<b>21</b>	<b>37</b>	<b>57</b>	<b>3</b>

#### 4. MEETING THE COUNCIL'S STRATEGIC HOUSING PRIORITIES

- 4.1 Through the HRA business plan the Council can increase the provision of affordable housing of the right type and tenure and help to achieve the overall affordable housing targets for the Borough set out in the Council's Housing Strategy (2019-2024) themes to:
- Maximise Housing Growth and Deliver New Sustainable Homes

## 11 (A) (2)

- Make the Best Use of Existing Homes, Regenerate and Improve Communities and;
  - Support People with Specific Housing Needs to Access and Maintain Appropriate Housing
- 4.2 Delivery of new homes through the HRA Business Plan also contributes towards the Strategic Market Housing Assessment (2016) which states approximately 290 net additional dwellings per annum going forward over the next 15 years is needed to meet the Borough's housing need.
- 4.3 Bidding activity for social housing suggests that there is high demand for good quality affordable accommodation in Hartlepool and bidding demand is strong for all properties brought forward through the recent empty homes programmes and new build properties delivered by HRA.
- 4.4 Demand for types and tenures of properties for new build schemes will be assessed on an individual basis taking into account the location and mix of existing stock in that locality to ensure HRA led developments provide the right type of housing in the right location.
- 4.5 Further policy background is provided in **APPENDIX 1**.

## 5. FINANCIAL CONSIDERATIONS 2022/23

### 5.1 Background

- 5.2 The Council has operated the HRA since 2016/17 and faced some initial operational and financial challenges managing growth in the housing stock and the property mix. This position was stabilised in 2019/20 and 2020/21 and this is being maintained in 2021/22.

### 5.3 HRA Reserve

- 5.4 The HRA ring-fence means that the HRA reserve can only be used for the purposes of the HRA. It is also the only source of funding available to fund deficits and therefore must be kept at a level which ensures the HRA remains viable. The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become 'overdrawn'.
- 5.5 In 2018/19 there was a £0.190m depletion of the HRA reserve, which was a significant reduction in a single financial year and not sustainable. This position was stabilised in 2019/20 and 2020/21, when the HRA reserve was largely reinstated.
- 5.6 Previous benchmarking of HRA Reserves showed that the average level held by 26 councils was 39% of rent income. The HRA reserve at 1<sup>st</sup> April 2021 was £495,000, which is 37% of current rental income. Maintaining the reserve at this broad percentage remains appropriate as it provides financial resilience to withstand future potential shocks. This is particularly the case with the current level of uncertainty in the economy, the significant planned expansion of the HRA stock and potential Right to Buy impacts going forward.

## 5.7 2022/23 Rent level

- 5.8 Rent levels are governed by the Government's funding regime for HRA which currently provides for an increase in line with the annual CPI rate in September plus 1%. This system is designed to provide a sustainable financial base for HRAs by recognising the impact of inflation.
- 5.9 The Council made the decision to freeze rents in 2020/21 and 2021/22. This position is not sustainable as the HRA is subject to the impact of increased inflation / national pay awards and rent income is the only source of funding for the HRA.
- 5.10 The current Government funding regime for the HRA sets a 2022/23 rent increase limit of 4.1%, which is the September 2021 CPI inflation rate of 3.1%, plus 1%.
- 5.11 Based on an assessment of the HRA this is the recommended increase for 2022/23. As highlighted in the table below this recommendation provides a marginal forecast surplus for the year of £14,000. In the current financial climate this provides a small contingency to manage the impact of inflation risks facing the HRA and to provide some context to this figure:
- It is only approximately 1% of forecast rental income, so any delays in letting new properties or increase in voids would eliminate this amount;
  - It is approximately 1.4% of total expenses. This level of additional costs increase could impact on the HRA if inflation trends continue.
- 5.12 The table below also highlights the impact if rents were either frozen or the increase limited to 2%. For both scenarios this would result in an in-year deficit and a reduction in the HRA reserve.

2021/22 BASE		2022/23 Rent Increase		
		0%	2%	4.1%
£'000		£'000	£'000	£'000
1,354	Total Income	1,425	1,454	1,483
(966)	Total Expenses	(989)	(989)	(989)
(388)	Capital Charges	(480)	(480)	(480)
<b>0</b>	<b>Surplus/(Deficit) for year</b>	<b>(44)</b>	<b>(15)</b>	<b>14</b>
495	HRA Reserve - Opening Balance	495	495	495
<b>495</b>	<b>HRA Reserve - Closing Balance :</b>	<b>451</b>	<b>480</b>	<b>509</b>

37%	HRA Reserves - Closing Balance as % of Rent Income :	32%	33%	34%
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## 5.13 Robustness Advice

## 11 (A) (2)

- 5.14 The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become 'overdrawn'.
- 5.15 To ensure this position does not arise a robust approach is taken to assess forecast HRA income and costs. On this basis the recommended 4.1% rent increase provides the most robust and sustainable basis for the HRA and the continued delivery of the Council's housing objectives.
- 5.16 As rent limits are set on an annual basis on a 'use it or lose it basis' the HRA cannot recover income with higher rent increases in future years. For 2022/23 this is a more critical issue than in previous years owing to the current level of inflation and the ambition of the Council to continue to expand the HRA.
- 5.17 Therefore, increasing rents below the Government limit results in a permanent reduction in income and a recurring use of the HRA. A further rent freeze would result in a recurring annual income reduction of £58,000, over 3 years this would be a £174,000 income loss, which would wipe out 35% of the HRA reserve. This would not be sustainable.
- 5.18 If rents continue to be frozen the HRA will become unsustainable and the Council will be unable to achieve the planned expansion in the numbers of homes provided through the HRA.

### 5.19 Impact on tenants

- 5.20 Rents were frozen in the previous two years and this has reduced recurring income by £59,000 (£37,000 in 2020/21 plus £22,000 in 2021/22). For tenants this means the average rent for 2021/22 is £3.71 per week less than if rents had not been frozen in the previous two years. This is a permanent benefit for tenants, although a permanent reduction in HRA income.
- 5.21 It is recognised that the recommended 2022/23 rent increase will impact on households at a time of increasing inflation and other costs. The following table highlights the impact of the recommended 4.1% increase and shows this increase is slightly lower than the benefit of the previous two year freeze.

2021/22 BASE		2022/23 Rent Increase		
		0%	2%	4.1%
		£	£	£
87.63	Average Weekly Rent	87.63	89.38	91.22
	Average Weekly Increase	0.00	1.75	3.59

- 5.22 The Government will provide additional funding for those tenants receiving housing benefit and Universal Credit. Approximately two thirds of HRA tenants are therefore likely to have all or part of their rent increase funded by the Government.

## 6. HRA INVESTMENT PROGRAMME

- 6.1 As detailed in section 3, approved schemes aim to increase the number of properties within the HRA from 305 to 460. This expansion will be funded from a combination of:
- Funding already secured / approved – i.e. Homes England grant, Brown Field housing grant, section 106 contribution and approved Prudential borrowing;
  - Funding to be secured / to be approved – i.e. new Homes England grant, new section 106 contribution and approval of Prudential borrowing.
- 6.2 At the meeting on 13<sup>th</sup> December 2021 Members approved the Brenda Road scheme and noted that phase 1 can be funded from existing approved Prudential Borrowing and securing Homes England grant.
- 6.3 In relation to phases 2 to 4 of the Brenda Road scheme it is recommended that Council approval is requested for Prudential Borrowing to match fund Homes England grant and to also seek delegation to this Committee to approve the annual phases for this project. It is anticipated Homes England grant will fund 32% of the capital costs of phases 2 to 4.
- 6.4 As these details of the proposed capital budget are subject to contract negotiation they are set out in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).** Once each phase is approved details of the agreed budgets will be reported to Finance and Policy Committee as part of the publically available information.

## 7. HRA 2021/22 FORECAST OUTTURN

### 7.1 Forecast Revenue Outturn

- 7.2 The current year has continued to be challenging, including the impact of Covid. The level of void properties is slightly higher than expected and this has resulted in reduced income. Expenditure is being managed careful to offset this income reduction and it anticipated there will not be a call on the HRA reserve in the current year.

### 7.3 Forecast Capital outturn

- 7.4 A summary of the latest Council Housing Capital expenditure is shown in the table below.

2021/22 Budget	2021/22	2021/22 Remaining	Rephased to 2022/23	Total Expenditure
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**11 (A) (2)**

	<b>Actuals</b>			
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
9,927	1,049	5,610	3,268	9,927

7.5 The level of rephased expenditure is not a concern and reflects the scale and complexity of the current investment programme. Major schemes are progressing - the Hill View scheme is now well underway on site with an expected 12 month build program, thus completion is forecast circa April 2022. Lynn Street is progressing with planning permissions being approved in November 2021 and the bid to Homes England for grant assistance has recently been approved.

7.6 At this stage there are no financial concerns to report.

## **8. OTHER CONSIDERATIONS**

Legal Consideration	The Council is required to comply with HRA regulations. There are no other legal considerations relating to this report at this time.
Staff Considerations	No relevant issues
Consultation	No relevant issues
Child/Family Poverty Considerations	Buying and providing affordable homes will go towards addressing family poverty. A copy of the impact assessment form is attached at <b>APPENDIX 3</b> .
Equality and Diversity Considerations	A copy of the equality and diversity impact form relating to this report is attached at <b>APPENDIX 4</b> .
Section 17 of the Crime and Disorder Act 1998	Empty homes can become blight areas and become a target for arson and dumping of rubbish as well as various types of anti-social behavior including graffiti and drug activity. Therefore the ongoing regeneration and refurbishment of empty properties to bring these empty properties back into use is likely to contribute to reductions in crime and anti-social behavior.

## **9. ASSET MANAGEMENT CONSIDERATIONS**

9.1 MHCLG guidance in 'Implementing Self-financing for Council Housing' requires the Council to have a business plan for the HRA.

## 10. CONCLUSION

- 10.1 The HRA is a standalone account and entirely reliant on rental income to fund revenue costs, including interest costs on borrowing used to fund capital investment and to fund property repairs and maintenance. In the initial years the HRA underwent a period of significant financial challenge, which it was able to withstand as a result of the robust business case underpinning each scheme of investment, and the available HRA reserve.
- 10.2 The HRA is becoming more mature and financially sustainable as property numbers increase. Current approved schemes will see a step change in the size of the HRA stock aiming to increase the number of properties from 305 to 460 properties – which is a 50% increase. This highlights the Council's commitment to meeting the housing needs of our residents.
- 10.3 The challenges of managing this scale of growth cannot be underestimated – significant work is required to progress detailed planning, securing grant funding, securing partners to build properties, and to let and manage the new properties. These challenges also need to be considered alongside officers continuing to deliver the 'day job', which include management of the non HRA capital investment programme, delivering the General Fund savings plan and managing the continuing Covid response.
- 10.4 To support the financial sustainability of the HRA the Government's current rent policy is based on CPI plus up to a maximum 1% increase and the annual rent level is applied on a 'use it or lose it' basis. Based on this policy a 4.1% rent increase is recommended for 2022/23 as this provides the most robust basis for the HRA in 2022/23 and beyond.
- 10.5 The development of the HRA investment strategy for 2023/24 may need to reflect the outcome of this Committee's consideration of the motion referred by Council in relation to housing for vulnerable families arising from the assessment of need and improving the housing offer to families with a disabled member.

## 11. RECOMMENDATIONS

- 11.1 Note the report;
- 11.2 Approve the recommended rent increase for 2022/23 of 4.1%, which reflects the robustness advice detailed in section 5.13, and refer this proposal to Council;
- 11.3 Approve the proposed capital budget set out in **CONFIDENTIAL APPENDIX 2 This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (paragraph 3) information relating to the financial or business affairs of any particular person (including the authority**

**holding that information)** and refer this proposal to Council. Note that once each phase is approved details of the agreed budgets will be reported to Finance and Policy Committee as part of the publically available information.

**12. REASONS FOR RECOMMENDATIONS**

- 12.1 To enable 2022/23 rents to be set and capital budgets approved.

**13. BACKGROUND PAPERS**

- 13.1 Housing Revenue Account – Financial Business Plan Update - Finance and Policy Committee, February 2020.

**14. CONTACT OFFICERS**

Chris Little  
Director of Resources and Development  
Civic Centre  
Victoria Road  
Hartlepool  
TS24 8AY  
Email [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)  
Tel: 01429 523003

Beverley Bearne  
Assistant Director of Development and Growth  
Civic Centre  
Victoria Road  
Hartlepool  
TS24 8AY  
Email [beverley.bearne@hartlepool.gov.uk](mailto:beverley.bearne@hartlepool.gov.uk)  
Tel: 01429 523301

Sign Off:-

- Director of Resources & Development ☒
- Chief Solicitor/Monitoring Officer ☒
- Managing Director ☒

## HRA Report - APPENDIX 1

### RELEVANT HOUSING STRATEGY & POLICY

- 1.1 The vision for the 2019-2024 Housing Strategy is ***‘Developing and maintaining successful communities where people choose to live, by meeting the housing needs of our residents now and in the future’***.
- 1.2 The priorities identified for the Housing Strategy have been developed using the evidence base available and reflect issues identified through consultation. Considering legislation and government policy direction, the following themes and priorities have been set for the next 5 years:

<b>GROW</b>	<b>Maximising housing growth and delivering sustainable new homes</b> <ul style="list-style-type: none"> <li>• Increase the delivery of new homes</li> <li>• Deliver housing that meets identified needs</li> </ul>
<b>IMPROVE</b>	<b>Making the best use of existing homes, regenerating and improving communities</b> <ul style="list-style-type: none"> <li>• Improve housing standards, quality and choice</li> <li>• Manage the impact of long-term empty homes</li> <li>• Support regeneration activity in areas identified as in need of intervention</li> </ul>
<b>SUPPORT</b>	<b>Supporting people with specific housing needs to access and maintain appropriate housing</b> <ul style="list-style-type: none"> <li>• Target those most vulnerable to homelessness and provide early intervention where possible</li> <li>• Support residents who continue to be affected by welfare reform</li> <li>• Improve access to appropriate accommodation for vulnerable residents</li> <li>• Improve housing options for people with specific housing needs</li> <li>• Enable independent living</li> </ul>

- 1.3 Good quality, appropriate and affordable housing makes an important contribution towards health and wellbeing, the economy, education and the environment. The delivery of affordable housing will continue to be delivered through the Shared Ownership and Affordable Housing Programme.
- 1.4 The previous Homes England funding programme 2018-2021 awarded funding for a number of schemes in Hartlepool including Hill View, Greatham. The Hartlepool Council's Housing Investment Strategy was approved in 2018 with the ambition to build and acquire new affordable homes following the re-opening of its Housing Revenue Account in 2016 after taking back the management of its housing stock in April 2015. On 30th October 2018 the

borrowing cap was lifted for Local Authorities providing the Council the increased opportunity for direct delivery of new affordable accommodation. Since this cap was lifted the Council has begun an ambitious new build and empty homes investment programme.

## 2.0 Planning Context

In order to help understand and inform the housing requirements for the Borough a Strategic Housing Market Assessment (SHMA) was produced and endorsed in March 2015 with an addendum in 2016. It identifies the size, type and tenure of market housing required in sub-areas by considering current market demand relative to supply. It also addresses affordable housing requirements across the Borough which is particularly relevant for the HRA.

- 2.1 The housing need in Hartlepool is primarily driven by:
  - An increasing population, with Office of National Statistics (ONS) 2012 based population projections indicating an increase of 5.5% from 92,600 in 2014 to 97,400 by 2037;
  - An increase in new household formation amongst the existing population;
  - An ageing population;
  - The need to retain the young and working age people;
  - Economic growth and improvement and diversification of the local economy and;
  - The ongoing replacement of obsolete housing stock.
- 2.2 The SHMA has been used to help establish the need for new housing to be provided in the Borough over the next 15 years. The SHMA Addendum states that an appropriate housing target would be approximately 290 net additional dwellings per annum going forward over the next 15 years. Taking the SHMA housing target as a starting point, it is also important to consider:
- 2.3 **Demolitions** likely to take place over the plan period (this has been assessed by HBC Housing Services Team) and reflects the ongoing aspiration to continue successful housing market renewal initiatives within the central area.
- 2.4 **Affordable Housing Delivery:** There will be an imbalance between the number of affordable homes delivered in the Borough and the need for affordable homes identified in the SHMA. To reduce this imbalance a 20% buffer has been included in the housing requirement. The buffer will deliver both affordable and market housing but its primary purpose is to increase affordable housing delivery.
- 2.5 **Hartlepool Strategic Housing Market Assessment 2015 (SHMA)**  
The previous 2012 Tees Valley SHMA identified an affordable housing need in the Borough of 27.5%. The 2015 SHMA continues to identify areas of affordable housing need in the Borough and advocates an annual affordable housing delivery target of approximately 144 dwellings, the net affordable housing delivery target is therefore approximately 35%.

- 2.6 As well as the allocation of a range of housing sites across the Borough, with a focus on westward expansion at the South West Extension and High Tunstall and Quarry Farm areas, the Local Plan also includes policies on:
- 2.7 Affordable Housing (HSG9) – this policy seeks to secure affordable housing on developments of 15 dwellings or more. The policy sets a requirement of 18% affordable provision which is considered to be viable on most sites across the borough. On site affordable is sought on all sites other than executive developments where an offsite payment is required. The policy links to the SHMA in terms of the required tenure split on a site by site basis to determine the split between social and intermediate tenure products.
- 2.8 Housing Market Renewal (Hsg10) – This policy identifies that the Council will seek to tackle the problem of the imbalance of supply and demand in the existing stock through coordinated programmes including Housing Market Renewal with priority given to housing regeneration areas in central Hartlepool as identified in the Housing Strategy.
- 2.9 As the planning context demonstrates the need for affordable housing in the borough is at 35% but the policy allows for 18% to be delivered through planning permissions due to viability. Through the HRA business plan the Council can increase the provision of affordable housing and help to achieve the overall affordable housing targets for the Borough. In addition to the evidence base above information bidding activity for social housing suggests that there is high demand for good quality affordable accommodation in Hartlepool. Bidding demand is strong for all properties brought forward through the recent empty homes programmes and new build properties. Demand for properties will be assessed on an individual scheme basis taking into account the location and existing stock in that locality and the property type.
- 3.0 **The Charter for Social Housing Residents - Social Housing White Paper**
- 3.1 On 17th November 2020, the Ministry of Housing, Communities and Local Government published 'The Charter for Social Housing Residents - Social Housing White Paper'.
- 3.2 The White Paper collates a range of different initiatives and legislative changes from across the housing sector, aims to deliver the improvement in transparency and accountability detailed in the 2018 Social Housing Green Paper 'A new deal for social housing' and build on the proposals set out in the Review of Social Housing Regulation: Call for Evidence.
- 3.3 At the heart of the White Paper is the new Charter for Social Housing Residents. The Charter sets out seven commitments that social housing residents should expect from their landlord:
- a. **To be safe in your home.** We will work with industry and landlords to ensure every home is safe and secure.

- b. **To know how your landlord is performing**, including on repairs, complaints and safety, and how it spends its money, so you can hold it to account.
- c. **To have your complaints dealt with promptly and fairly**, with access to a strong Ombudsman who will give you swift and fair redress when needed.
- d. **To be treated with respect**, backed by a strong consumer regulator and improved consumer standards for tenants.
- e. **To have your voice heard by your landlord**, for example through regular meetings, scrutiny panels or being on its Board. The Government will provide help, if you want it, to give you the tools to ensure your landlord listens.
- f. **To have a good quality home and neighbourhood to live in**, with your landlord keeping your home in good repair.
- g. **To be supported to take your first step to ownership**, so it is a ladder to other opportunities, should your circumstances allow.

3.4 The overarching themes of the White Paper are building and resident safety, resident voice and influence. It outlines a number of key measures including plans for new regulation and reforms including a strengthened Housing Ombudsman to speed up the investigation of complaints and a set of tenant satisfaction measures that social landlords will have to report against.

### 3.5 Summary of the key measures

- a. A reformed Regulator of Social Housing with new reactive and proactive consumer regulation, including a review of the consumer standards to support the delivery of its revised objectives.
- b. Plans for routine inspections by the Regulator of Social Housing to inspect landlords with over 1,000 homes at least once every four years to review compliance with the consumer standards.
- c. A strengthened Housing Ombudsman, which allows tenants easier access and speeds up complaint resolution, as well as new quarterly webinars for residents on insight reports, complaints data, learning points and case studies.
- d. A series of new tenant satisfaction measures that landlords will be required to report against, with proposed satisfaction measures on repairs, safety, complaints, engagement and neighbourhood management. The aim to provide transparent data on performance and satisfaction to assure, inform and empower residents and establish some consistency across the sector. The Regulator of Social Housing is currently seeking views on the proposals for tenant satisfaction measures. The closing date for the consultation is 3 March 2022. Landlords will also be required to report on executive pay and how they spend their money.
- e. A new nominated, accountable person for safety and consumer standards, within each landlord, who is responsible for ensuring compliance.
- f. An expectation that tenants should be able to access key information from their landlord, though housing associations will not be subject to Freedom of Information requests.

- g. An intention to tackle anti-social behaviour by clarifying the roles of different agencies and signposting who can support residents.
- h. A potential review of the Decent Homes Standard.
- i. The government also launched a further [consultation on mandating smoke and carbon monoxide alarms in rental homes](#), which has now concluded and, has published a response to the Social Housing Green Paper consultation and Call for Evidence on the Review of Regulation.

### 3.6 Next steps

- 3.6.1 There are still areas within the White Paper where details are yet to be announced or confirmed by the Government. The Government has however been clear that it wants to work collaboratively with the sector to shape the detail of the proposals. A White Paper Action Plan will be created, as further details of specific requirements are known to ensure the Council is delivering its services in line with the new Government's proposals, although the service does already meet the standards in many cases. Any major changes to policy may impact on the Business Plan. Work is however underway to assess the current position with a view to implement and embed any new requirements for the service contained within the proposals, which go beyond that which the service currently provides.

### 3.7 Policy statement on rents for social housing (February 2019)

- 3.7.1 This document lists the Rent Standard as one of three economic standards that the Regulator of Social Housing expects Registered Providers to comply with. It lists the requirements around how registered providers set and increase rents for all their social housing stock in line with government policy as identified in their Policy Statement on Rents for Social Housing. This guidance has been used when exploring the HRA rent setting options.

**1. Is this decision a Budget & Policy Framework or Key Decision? YES**

If YES please answer question 2 below

**2. Will there be an impact of the decision requested in respect of Child and Family Poverty? YES**

If YES please complete the matrix below

GROUP	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
<b>Young working people aged 18 - 21</b>		X		The proposed rent increase may impact on some people in this age bracket. It is likely that universal credit would support the rental increase. The Council also provides significant support to tenants to manage this increase by ensuring they're claiming all benefits their entitled to and working closing with Housing Advice colleagues.
<b>Those who are disabled or suffer from illness / mental illness</b>			X	The proposals does not adversely affect this group.
<b>Those with low educational attainment</b>			X	The proposals does not adversely affect this group.
<b>Those who are unemployed</b>			X	The proposals does not adversely affect this group.
<b>Those who are underemployed</b>		X		The proposed rent increase may impact on some people in this category. It is likely that universal credit would support the rental increase. The Council also provides significant support to tenants to manage this increase by ensuring they're claiming all benefits their entitled to and working closing with Housing Advice colleagues.
<b>Children born into families in poverty</b>		X		The proposed rent increase may impact on some people in this category. It is likely that universal credit would support the rental increase. The Council also provides significant support to tenants to manage this increase by ensuring they're claiming all benefits their entitled to and working closing with Housing Advice colleagues.
<b>Those who find difficulty in managing their finances</b>		X		The proposed rent increase may impact on some people in this category. It is likely that universal credit would support the rental increase. The Council also provides significant support to tenants to manage this increase by ensuring they're claiming all benefits their entitled to and working closing with Housing Advice colleagues.
<b>Lone parents</b>			X	The proposals does not adversely affect this group.

**POVERTY IMPACT ASSESSMENT - APPENDIX 3**

**11 (a) (2)**

Those from minority ethnic backgrounds			X	The proposals does not adversely affect this group.

## POVERTY IMPACT ASSESSMENT - APPENDIX 3

**11 (a) (2)**

**Poverty is measured in different ways. Will the policy / decision have an impact on child and family poverty and in what way?**

Poverty Measure (examples of poverty measures appended overleaf)	POSITIVE IMPACT	NEGATIVE IMPACT	NO IMPACT	REASON & EVIDENCE
Number of affordable homes built	x			The proposal impacts positively on the HRA and the delivery of new homes by the Council.
<b>Overall impact of Policy / Decision</b>				
<b>POSITIVE IMPACT</b>			<b>ADJUST / CHANGE POLICY / SERVICE</b>	
<b>NO IMPACT / NO CHANGE</b>			<b>STOP / REMOVE POLICY / SERVICE</b>	
<b>ADVERSE IMPACT BUT CONTINUE</b>		x		

<b>Examples of Indicators that impact of Child and Family Poverty.</b>
<b>Economic</b>
Children in Low Income Families (%)
Children in Working Households (%)
Overall employment rate (%)
Proportion of young people who are NEET
Adults with Learning difficulties in employment
<b>Education</b>
Free School meals attainment gap (key stage 2 and key stage 4)
Gap in progression to higher education FSM / Non FSM
Achievement gap between disadvantaged pupils and all pupils (key stage 2 and key stage 4)
<b>Housing</b>
Average time taken to process Housing Benefit / Council tax benefit claims
Number of affordable homes built
<b>Health</b>
Prevalence of underweight children in reception year
Prevalence of obese children in reception year
Prevalence of underweight children in year 6
Prevalence of obese children in reception year 6
Life expectancy

Department	Division	Section	Owner/Officer	
Resources and Development	Development and Growth	Strategic Asset Management	Amy Waller	
Service, policy, practice being reviewed/changed or planned	HRA Business Plan update.			
Why are you making the change?	To update on the position of the Housing Revenue Account Business Plan and to set rents for 2022/23.			
How might this impact (positively/negatively) on people who share protected characteristics?				
		<i>Please tick</i>	<b>POSITIVELY</b>	<b>NEGATIVELY</b>
<b>Age</b>				
Proposals apply to all tenants.				
<b>Disability</b>				
Proposals apply to all tenants.				
<b>Gender Re-assignment</b>				
Proposals apply to all tenants.				
<b>Race</b>				
Proposals apply to all tenants.				
<b>Religion</b>				
Proposals apply to all tenants.				
<b>Gender</b>				
Proposals apply to all tenants.				
<b>Sexual Orientation</b>				
Proposals apply to all tenants.				
<b>Marriage &amp; Civil Partnership</b>				
Proposals apply to all tenants.				
<b>Pregnancy &amp; Maternity</b>				
Proposals apply to all tenants.				

Has there been consultation /is consultation planned with people who will be affected by this policy? How has this affected your decision making?		Recommendations in line with Government guidance.	
As a result of your decision how can you mitigate negative/maximise positive outcomes and foster good relationships?		Through effective tenant liaison and ongoing engagement.	
Describe how you will address and monitor the impact		<b>1. No Impact - No Major Change</b> <i>No changes to be made to proposals.</i>	
		<b>2. Adjust/Change Policy</b> <i>No changes to be made to proposals.</i>	
		<b>3. Adverse Impact but Continue as is</b> <i>No changes to be made to proposals.</i>	
		<b>4. Stop/Remove Policy/Proposal</b> <i>No changes to be made to proposals.</i>	
Initial Assessment	21/01/2022	Reviewed	21/01/2022
Completed	21/01/2022	Published	21/01/2022



**Report of:** Managing Director

**Subject:** BUSINESS REPORT

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**1. CLEVELAND POLICE AND CRIME PANEL**

I have received notification that Councillor Picton wishes to resign from the Cleveland Police and Crime Panel. A nomination for a replacement elected member is sought.

**2. SPECIAL URGENCY DECISIONS**

In accordance with the requirements of the Access to Information Procedure Rules included in the Council's Constitution, Full Council is informed that **one** special urgency decision was taken in the period November 2021 – January 2022 as detailed below:-

Proposed decision – Specialist external support is required to provide Project Management and Technical Advisory Services to deliver five Green Book compliant business cases and further assessment of project viability for each of the projects in the Council's £25m Towns Fund programme. This must be undertaken urgently to enable the Council to adhere to the Governments deadlines under the Heads of Terms as part of the Towns Fund grant offer, and submission of Business Cases to the Department for Levelling Up Communities and Housing must be undertaken by 27 July 2022.

Proposed Decision Route - Key (Special Urgency) Officer Delegated Authority - MD14

Reason(s) for Urgency - This decision is considered urgent as a failure to take the decision quickly would likely harm the interests of the Council and the public, and lead to the Council being unable to secure and draw down the £25m allocation, resulting in the Council being unable to deliver the schemes proposed. These schemes are a vital part of the Council's regeneration proposals to bring jobs, skills, economic growth and vitality to the town centre, delivering key elements of our adopted Town Centre Masterplan.

Full Council is requested to note the report.

### **3. COVID UPDATE**

Hartlepool continues to see very high case rates which are slowly declining but which remain very high. The government have reduced the infection prevention measures and we are now back to having Plan A measures in place. COVID-19 continues to present a risk and so there are recommendations still in place for people to follow. These include the recommendation that people continue to wear face coverings in public places where they are likely to meet people they don't know, that people who have symptoms or test positive should self-isolate and that people should continue to test regularly. We are seeing high numbers of case in schools at the moment with many schools having outbreaks of COVID-19. The vaccination programme is continuing and we are encouraging all residents to book their first, second or booster doses. The percentage of people who have had a vaccination in Hartlepool are:

1st Dose: 83%

2nd Dose: 77%

Booster: 57% (total population not eligible population)

### **4. NET ZERO AND CLIMATE CHANGE STRATEGY**

Members are asked to note that Finance and Policy Committee, 13<sup>th</sup> December 2021, considered and approved a proposal to develop a Net Zero and Climate change plan by 2022. This was in response to a Motion considered by Full Council on 30 July 2020 which had been referred to Finance and Policy Committee for consideration.

The report set out a proposed timetable between now and September 2022 which would see the development of the Council's first Net Zero Plan and the commitments identified as 'early wins' to be implemented. The Committee discussed the proposed Declaration of a 'Climate Emergency'. Whilst support was expressed for such a Declaration, the majority of Committee members agreed it would be more appropriate for the Communications Team to consider a suitable wording for a local launch initiative early in 2022.

It was highlighted that the reference to considering climate change issues when reviewing policies, should be included in the remit of all Policy Committees. This issue is reflected within the constitution and can be implemented along with relevant guidance.

### **5. LEVELLING UP BID FEEDBACK**

I am pleased to advise HBC officers have met with officers from DHLUC and BEIS and I can advise there was nothing significantly wrong with our bid and if we'd have

had adequate time and schemes had been more advanced we would have filled most of the gaps DLUCH/BEIS have identified.

Feedback was provided across the areas of (1) strategic fit with fund, (2) value for money, (3) deliverability and (4) characteristics of place. Overall, our bid had many strengths including a clear strategic fit, strong consultation demonstrated, why the investment was required, strong local connections made, good management approach and a risk register provided. There were no elements of the bid that were considerably weak, nor areas that were not covered or information not provided. The overall feedback was that given more time further detail could have been provided across all areas of the bid to strengthen its case. Data, intelligence and analysis is key to the business cases for these capital programmes, the sessions was helpful as it provides us a good checklist to work through for our round 2 bid so we make sure we cover all those key areas.

## **6. ELECTION HEARING PETITION**

A High Court hearing was held in the Civic centre on the 27 and 28 January to consider the petition issued by Mr Robert Buchan against Councillor Jennifer Elliott. The trial was heard by His Honour Judge Kramer who having considered the evidence before him, gave his judgment that Councillor Jennifer Elliott was duly elected on the 6 May 2021.

His Honour Judge Kramer thanked HBC for the very efficient way in which this was organised; the most marvellous Council Chamber in which to be able to deal with the hearing; and how we made it comfortable for all. Judge Kramer felt it would be invidious to single anyone out. Barrister Sackman did however support the Judge's comments confirming that this was Jackie Allen.

## **7. PARISH LIAISON MEETINGS**

Parish liaison meetings have been reintroduced inviting all Parish Council Chairs to attend and meet with the Leader of the Council and myself following a prolonged interruption. These meetings provide an equal opportunity for all the Parish Chairs to share their aspirations and/or concerns and for the Council to update on issues of interest to the Parish Councils and on HBC key deliverables.

## **8. QUEENS PLATINUM JUBILEE – A YEAR OF CELEBRATION**

2022 marks 70 years of the Queen's reign as Monarch, national Jubilee celebrations will be held typically in June 2022 however Hartlepool plans to host a year of celebrations interacting with local heritage, education, community and businesses. A book of commemoration will be opened in February and a range of events and campaigns will provide opportunities for Hartlepool to engage with celebrations across the year. The programme of events to celebrate this wonderful achievement was launched at Christchurch Art Gallery Saturday 5<sup>th</sup> February 2022.

## **9. ELECTION CYCLE**

Elected Members will recall that at the meeting of the Committee held on 22 November 2021, it was agreed that a recommendation be made that the election cycle be changed to whole council elections with effect from May 2024, when the term of office of all currently elected members will have expired. Full Council, at its meeting on 16 December 2021, agreed the Committee's recommendation to change to whole council elections.

The Local Government and Public Involvement in Health Act 2007 (as amended by the Localism Act 2011) requires that Full Council pass a resolution to consult such persons as the council think appropriate (s33(2)) to move to whole council elections. The Act does not specify the form of consultation required; only that the Council determine that it is reasonable. Once consultation has been completed a special meeting of Full Council is required to be convened for a motion which must then be approved by a two thirds majority of members voting and must also specify the first year to be a whole council elections.

Arrangements were made, therefore, to undertake consultation which started on 20 December and ends on 27 February. A Special meeting of Council will be held on 24 March, immediately prior to the scheduled ordinary meeting of Full Council, to consider the outcome of the consultation.

## **10. PAY POLICY 2022/2023**

Under Section 38 of the Localism Act (2011), Full Council has to approve a Pay Policy Statement on an annual basis. The updated document for 2022/23 is attached at Appendix A for Council's consideration.

Full Council is requested to approve the Pay Policy Statement 2022/23 which is attached as Appendix A.



# **Hartlepool Borough Council**

## **Pay Policy Statement 2022/23**

HR Service

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## 1. INTRODUCTION

- 1.1 This document sets out the Council's Pay Policy in relation to the remuneration of its employees (excluding those employed by schools with delegated budgets) for the period 1 April 2022 to 31 March 2023 in accordance with Section 38 of the Localism Act 2011<sup>1</sup> and reflects the guidance issued by the Department for Communities and Local Government<sup>2 3</sup> unless stated differently. This pay policy applies equally to all employees (excluding school employees) regardless of status and seniority unless stated differently. The policy is subject to annual review and must be approved by the Borough Council for each financial year. The policy will be published on the Council's website<sup>4</sup> as soon as reasonably practicable after approval or amendment.
- 1.2 Hartlepool Borough Council is committed to transparency and fairness in its payment and remuneration of all of its employees and will comply with all relevant employment legislation.
- 1.3 In 2022/23, the Council has an overall pay budget of £64.5m (excluding school staff) including on-costs for its workforce. It employs 2,010 people excluding those who are employed directly by schools in Hartlepool, in a variety of diverse roles.
- 1.4 The Council's values give us a desire to increase the standard of living for everyone. Given that the Council is the largest employer in Hartlepool and that approximately 77% of employees live in the town, it has a major influence on the economic wellbeing of the town and a direct impact on levels of inequality. The Council wants to do all in its power to make Hartlepool a fairer town and is committed to reducing inequality by leading by example and doing so through the way it operates as an organisation.

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1 Available at: <http://www.legislation.gov.uk/ukpga/2011/20/contents>

2 Available at: [Openness and accountability in local pay: guidance - Publications - GOV.UK](#)

3 Available at: [Openness and accountability in local pay: supplementary guidance - Publications - GOV.UK](#)

4 Available at: [https://www.hartlepool.gov.uk/downloads/download/305/pay\\_policy](https://www.hartlepool.gov.uk/downloads/download/305/pay_policy)

## 2. NATIONAL AND OTHER CONTITIONS OF SERVICE

- 2.1 The appropriate National Conditions of Service (as detailed in Table 1) are automatically incorporated into employee contracts of employment.

**Table 1 – National Conditions of Service in use in the Council**

<b>Condition of Service</b>	<b>Type of Employees</b>
Joint Negotiating Committee (JNC) for Local Authority Chief Executives	Managing Director
Joint Negotiating Committee (JNC) for Chief Officers in Local Authorities	Directors, Assistant Directors and some other senior managers
The Soulbury Committee	Educational Improvement Professionals, Educational Psychologists and Young People's/Community Service Managers
Conditions Of Service for School Teachers in England And Wales <sup>5</sup>	Head Teachers, Deputy/Assistant Head Teachers, all Leadership, Leading Practitioners, Teachers, Qualified and Unqualified Teachers
Joint Negotiating Committee for Youth and Community Workers	Youth and Community Workers
National Joint Council (NJC) for Local Government Services ('Green Book')– Part 2 only	All other employees

For legal and other reasons, some employees are employed on other conditions of service, for example as a result of TUPE transfers into the Council.

- 2.2 The Council's Single Status Agreement is automatically incorporated into the employment contract of NJC for Local Government Services employees.
- 2.3 Sections 1 (paragraphs 1.1.3 and 1.1.4 only), 3 (sub section 3.5 only), 5-9 and 12-16 of Part 2 of the Council's Single Status Agreement apply to all employees where their national conditions of service are silent.

<sup>5</sup> The Conditions of Service for School Teachers In England And Wales August 2000 is supplemented by the statutory School Teachers' Pay and Conditions Document available at <https://www.gov.uk/government/publications/school-teachers-pay-and-conditions>

### 3. PAY STRUCTURE

- 3.1 The Council uses nationally negotiated pay rates included in the above national conditions of service as the basis for its local pay structure, which determines the pay bands of its workforce.
- 3.2 National pay awards are automatically applied to the national and local pay rates where employees are employed under the national conditions of service detailed in Table 1. Employees who continue to be employed under their pre transfer conditions of service following their TUPE (or similar) transfer to the Council are:
- not entitled to receive 'green book' pay awards where the value of the maximum of the employees pre transfer pay band is greater than the pay they would receive at the maximum of the pay band if they were employed under the appropriate Council conditions of service and/or if the employees are entitled to increments within their TUPE pay band as they are not at the maximum of their TUPE (or similar) pay band.
  - entitled to receive 'green book' pay awards in all other circumstances.
- 3.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
- 3.4 In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of nationally set pay grades, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees who are able to deliver high quality services to the community and the need to comply with pay related legislation e.g. in relation to equal pay, national minimum wage and the national living wage.
- 3.5 In line with good employment practice, JNC for Local Authority Chief Executives and JNC for Chief Officers in Local Authorities jobs have been evaluated using the LGA Senior Managers job evaluation scheme and NJC for Local Government Services jobs have been evaluated using the bespoke NJC job evaluation scheme. This is to ensure that jobs are graded fairly and equitably. Both job evaluation schemes used are substantial schemes. For legal and other reasons, a limited number of employees pay is not consistent with the current grading structures, for example, as a result of TUPE transfers.
- 3.6 No job evaluation scheme exists for the remainder of jobs i.e. those on Teachers, Youth and Community workers and Soulbury conditions of service, however, those employees are placed within nationally defined grading structures.
- 3.7 As part of its overall and ongoing monitoring of alignment with external pay markets both within and outside the sector, the Council will use available benchmark information as appropriate.

- 3.8 Periodic equal pay audits will be undertaken and pay structures and allowances will be reviewed as necessary.

#### **4. REMUNERATION ON APPOINTMENT**

- 4.1 New appointments are subject to the Council's Recruitment and Selection Policy and will generally be made to the agreed pay structures at the bottom spinal column point of all pay bands unless there are special circumstances and payment at a higher level can be objectively justified. Appointment of all officer posts, with the exception of those identified in paragraph 5 below, is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by Members.
- 4.2 Where employees are redeployed into a lower graded post because of ill health (where this is supported by the Council's Occupational Health Advisor) or as an alternative to redundancy they will generally be appointed to the highest spinal column point within the lower grade so as to minimise financial loss and where eligible receive salary protection in line with the terms and conditions of employment negotiated in the Council's Single Status Agreement. From time to time, it may be necessary to take account of external pay levels in the labour market in determining starting salary levels and the use of market forces supplements in order to attract and retain employees with particular experience, skills and capacity.
- 4.3 The Council does not make any "golden hello" payment or any other incentive payments at recruitment other than market forces supplements where these are determined in accordance with the provisions in Table 3.
- 4.4 Where appropriate, the Council pays removal and relocation allowances, as detailed in the Council's Recruitment and Selection Policy upon the presentation of approved receipts.
- 4.5 For Soulbury and Youth & Community terms and conditions, National Employers made a final pay offer of 1.75% applicable from 1<sup>st</sup> September 2021. At the time of publishing this policy a national agreement with Trade Union side has not been confirmed.
- 4.6 NJC Local Government Services (Green Book) National Employers made an offer of 1.75% across all spinal column points relevant to Hartlepool Borough Council from 1<sup>st</sup> April 2021. At the time of publishing this policy a national agreement with Trade Union side has not been confirmed for NJC Local Government Services (Green Book). Chief Executives and Chief Officer National Employers made a final pay offer of 1.50% which has been accepted.

## 5. SENIOR MANAGEMENT REMUNERATION

5.1 The definition of 'Senior Management' in this statement mirrors the definition of 'Chief Officer' as detailed in Section 42(2) of the Localism Act 2011 i.e.

- the head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- its monitoring officer designated under section 5(1) of that Act;
- a statutory chief officer mentioned in section 2(6) of that Act;
- a non-statutory chief officer mentioned in section 2(7) of that Act;
- a deputy chief officer mentioned in section 2(8) of that Act.

Within Hartlepool, the above definition includes employees on JNC for Local Authority Chief Executives, JNC for Chief Officers in Local Authorities and NJC for Local Government conditions of service plus employees employed on other terms and conditions of employment as a result of TUPE (or similar) transfers.

5.2 Appointments to the posts of Managing Director, Directors and other Chief Officer posts are subject to the Council's Officer Employment Procedure Rules.<sup>6</sup>

Under the Localism Act 2011 (Openness and Accountability in Local Pay, guidance under Section 40)<sup>7</sup> appointments to posts where the salary package is £100,000 or more per annum will be approved by full Council or a meeting of Elected Members i.e. Appointments Panel. In the case of the appointment of the Managing Director/Head of Paid Service, the appointment is made by Full Council. Directors and other Chief Officers are appointed by the Council's Appointments Panel.

The Council discharges this responsibility by ensuring that full Council approve all salary scales for Chief Officers, Directors or the Managing Director which are over £100,000 per annum and all appointments are made in line with the Council agreed terms and conditions of employment which will be offered to any new appointments.

5.3 The 'Senior Management' salary bands for implementation as at 1 April 2020 are set out in Table 2 below.

5.4 Any increments due are implemented automatically on an annual basis.

5.5 In respect of Chief Officers (those posts below the Managing Director and Directors), the Council operates with a number pay bands to provide operational and strategic flexibilities, whilst providing a robust and competitive pay strategy to retain and attract high calibre staff.

### **Table 2 – Salary bands of 'Senior Management'**

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<sup>6</sup> Available at [https://www.hartlepool.gov.uk/info/20004/council\\_and\\_democracy/370/hartlepool\\_borough\\_councils\\_constitution](https://www.hartlepool.gov.uk/info/20004/council_and_democracy/370/hartlepool_borough_councils_constitution)

<sup>7</sup> Link to *Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act* published in February 2012

Role	Annual Salary Band as at 1 April 2020	No of Points in Pay Band
Managing Director ##	£152, 669	1
Directors	£109,050 - £119,954	6
Director of Public Health	£84,154 - £90,166	3
Chief Officer – Band A	£84,154 - £90,166	3
Chief Officer – Band B	£75,139- £81,150	3
Chief Officer – Band C	£63,116 – £72,134	4
Chief Officer – Band D	£57,509 - £60,020	3

## The Managing Director is a single point salary band and this post replaced the Chief Executive post from September 2020, which was a six point salary band (£152,669 to £163,575 as at 1 April 2020).

- 5.6 Information on ‘Senior Management’ responsibilities and remuneration will be published on the Council’s website<sup>8</sup> in line with Local Government Transparency Code 2015<sup>9</sup> and the Accounts and Audit Regulations 2015<sup>10</sup>.

## 6. ADDITIONAL BENEFITS

- 6.1 Employees receive/have access to additional benefits (in addition to basic salary) as outlined in the Table 3 below.

**Table 3 – Additional Benefits**

Employees	Additional Benefit
All officers involved in delivering local, Parliamentary and/or European elections and/or referenda	Duty payments in connection with elections as determined locally in consultation with the other Tees Valley Councils and/or by statute depending on the duties concerned.
Employees in Development Scheme posts	Progression through pay bands where pre-determined progression criteria are met.
All employees whose pay reduces as a consequence of organisational change, job evaluation or redeployment	The pay protection arrangements detailed in the Council’s Single Status Agreement apply to all employees as a means of assisting employees to adjust to a reduction in pay arising from organisational change, job evaluation or redeployment. At the end of the year protection period the standard pay arrangements apply.

<sup>8</sup> Available at: [https://www.hartlepool.gov.uk/info/20004/council\\_and\\_democracy/430/local\\_government\\_transparency\\_code](https://www.hartlepool.gov.uk/info/20004/council_and_democracy/430/local_government_transparency_code)

<sup>9</sup> Available at: <https://www.gov.uk/government/publications/local-government-transparency-code-2015>

<sup>10</sup> Available at: <http://www.legislation.gov.uk/uksi/2015/234/contents/made>

<p>All employees who are members of public sector pension schemes</p>	<p>The Council operates the Local Government Pension Scheme (LGPS), the Teachers' Pension Scheme (TPS) and the NHS Pension Scheme (PHPS) and makes employer pension contributions, as required, for all employees who elect to participate in one of the above schemes. The employer pension contributions from 1 April 2022 are as follows:</p> <p>Local Government Pension Scheme -12.4% of pensionable pay</p> <p>Teachers' Pension Scheme - 23.6% of pensionable pay</p> <p>NHS Pension Scheme – 14.38% of pensionable pay</p> <p>The contribution rates are regularly reviewed and set by actuaries advising the various Pension Funds.</p>
<p>All employees in posts where there are particular recruitment and/or retention difficulties</p>	<p>As a general rule, the pay bands provide relevant and adequate compensation to attract and retain employees for the vast majority of posts and the necessity to apply a salary supplement should not exist. There may be specific circumstances, however, where an additional market forces supplement may be required to either attract hard to recruit categories of employees or to retain such employees within the employment of the Council. In all circumstances a business case will need to be developed (and reviewed regularly) to support the payment of market supplements which will be approved by members in relation to posts subject to the Council's Officer Employment Procedure Rules<sup>11</sup> and by the Director of Resources and Development in relation to all other posts. The market forces supplement arrangements detailed in the Council's Single Status Agreement apply to all employees.</p>

**Table 3 (cont.) – Additional Benefits**

<sup>11</sup> Available at [https://www.hartlepool.gov.uk/info/20004/council\\_and\\_democracy/370/hartlepool\\_borough\\_councils\\_constitution](https://www.hartlepool.gov.uk/info/20004/council_and_democracy/370/hartlepool_borough_councils_constitution)

<b>Posts/Employees</b>	<b>Additional Payment</b>
All permanent employees	Able to access the Council's Lease Car scheme through a salary sacrifice arrangement in accordance with Her Majesty's Revenues and Customs (HMRC) rules and at no cost to the Council.
Employees registered and in receipt of Childcare Vouchers via the Council run Scheme on 5 April 2018.	Able to continue to access the Council's Childcare Voucher scheme through a salary sacrifice arrangement in accordance with Her Majesty's Revenues and Customs (HMRC) rules and at no cost to the Council.
All employees who are members of the Local Government Pension Scheme and pay Additional Voluntary Pension contributions	Able to access a Shared Cost Salary Sacrifice AVC scheme.
All employees	Able to access the Council's Cycle to Work scheme through a salary sacrifice arrangement in accordance with Her Majesty's Revenues and Customs (HMRC) rules and at no cost to the Council.
All employees	The Council pay a range of allowances/premium payments as detailed in National Conditions of Service (see Table 1).
All employees employed under the National Joint Council (NJC) for Local Government Services conditions of service	The Council pay a range of allowances/premium payments as detailed in the Council's Single Status Agreement subject to employees meeting the criteria for payment.

## 7. CHANGES TO SALARIES

### 7.1 Changes in salary for employees will occur only as a result of

- the application of the provisions in Table 3.
- promotion.
- significant changes to an employee's role which results in a different pay band being appropriate (as confirmed by the outcome of an appropriate job evaluation process, where appropriate).
- an honorarium or ex-gratia payment being appropriate to recognise circumstances or events not covered by conditions of service.
- progression of a maximum of one increment each year within previously agreed pay bands based on service.

- changes in the working arrangements of employees. .

7.2 The Council does not currently award any performance related pay or bonuses to any of its employees or require them to have an element of their basic pay 'at risk' to be 'earned back' through meeting pre agreed objectives.

## **8. PAYMENTS TO ALL EMPLOYEES UPON TERMINATION OF EMPLOYMENT**

8.1 Employees who cease to hold office or be employed by the Council will receive payments based on entitlement within their contract of employment, their general terms and conditions and existing policies in relation to the Local Government Pension Scheme<sup>12</sup>, specifically the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011<sup>13</sup>.

8.2 In accordance with the Council's Constitution, the determination of voluntary redundancy or early retirement applications which do not generate sufficient savings to ensure that the costs of the application (including salary paid in lieu, redundancy compensation, strain on the pension fund, holiday pay and any bonuses, fees or allowances paid) are recovered within a pay-back period of 3.05 years or less are considered by members of the Personnel Sub Committee and only approved in exceptional circumstances. Officers determine all other early retirement applications in accordance with the pay-back period of 3.05 years. This arrangement complies with previous Audit Commission guidance, has worked very well for a number of years and is an effective and efficient way of dealing with early retirement applications.

8.3 The Localism Act 2011 and supplementary guidance, identifies that all severance packages for employees leaving the Council over £100,000 must be voted on by full Council before they can be approved.

## **9. LOWEST PAID EMPLOYEES**

9.1 The Council defines lowest paid employees from 1<sup>st</sup> April 2021 as employees remunerated at NJC for Local Government Services spinal column point 3 (equivalent to £18,562 per annum, £9.62 per hour) subject to any National Agreement on the pay award.

9.2 The Council introduced its Single Status Agreement on 1<sup>st</sup> April 2007. The lowest paid employees within the Council are appointed to jobs which have been evaluated using the NJC Job Evaluation Scheme and are remunerated accordingly.

<sup>12</sup> Available at: <http://www.lgpsregs.org/>

<sup>13</sup> Available at: <http://timeline.lge.gov.uk/regidx.html>

- 9.3 The relationship between the rates of pay for the lowest paid and for senior management is determined by the processes used for determining pay and grading structures as set out earlier in this Policy Statement.
- 9.4 The Council's 'median pay multiple', which complies with the Local Government Transparency Code 2015<sup>14</sup>, is the ratio between the taxable earnings of the highest paid employee and the median taxable earnings of the whole of the Council's workforce. The Managing Director is the highest paid employee.
- 9.5 The 2021 'pay multiple' with comparative data is detailed in Table 5.

**Table 5 – 'Pay Multiple'**

<b>Date</b>	<b>Taxable earnings of the highest paid employee</b>	<b>Median taxable earnings of the whole of the Council's workforce</b>	<b>Pay multiple based upon the taxable earnings of the highest paid employee</b>
31 March 2015	£142,833	£18,211	7.84
31 March 2016	£119,610	£18,074	6.62
31 March 2017	£126,772	£18,383	6.90
31 March 2018	£129,847	£18,352	7.08
31 March 2019	£134,288	£19,325	6.95
31 March 2020	£138,855	£19,988	6.95
31 March 2021	£122,548	£20,487	5.98

N.B. The pay multiple changes each year as a consequence of a combination of the taxable earnings of the highest paid employee increasing due to incremental progression within the pay band, the time they are in post and the median taxable earnings of the whole of the Council's workforce changing.

- 9.6 The Council will aim to ensure that the basic pay 'pay multiple' does not exceed a value of ten.

## **10. EMPLOYMENT OR ENGAGEMENT OF FORMER EMPLOYEES**

- 10.1 The Council will generally not re-employ or engage any individual under a contract of service or a contract for services whom has previously been employed by the Council and left that employment with the benefit of a severance, early retirement or redundancy payment under voluntary arrangements, unless it is in the best interests of the Council to do so or there are exceptional circumstances which would justify doing so.

The Council is mindful of its obligations under equality legislation and as such is limited in its ability to adopt a policy that it will not employ people of an age

<sup>14</sup> Available at <https://www.gov.uk/government/publications/local-government-transparency-code-2015>

that has entitled them to pension access on leaving former employment in the public sector or to propose that such applicants be employed on less favourable terms than other applicants. It expects all applicants for any posts to compete and be appointed on merit.

Any proposed appointment under this provision will only be made following exhaustion of all recruitment policies and procedures and in accordance with the Officer Employment Procedure Rules <sup>15</sup> Members will approve all appointments for Head of Paid Service, Directors and Chief Officers reporting to a Director or Head of Paid Service. In respect of all other posts the Managing Director (in her/his role as Head of Paid Service) will formally approve any appointments.

- 10.2 The approach to the employment of individuals already in receipt of a local government pension is set by the Teesside Pension Fund.

## **11. EMPLOYMENT OF INDIVIDUALS ALREADY UNDER A CONTRACT FOR SERVICES**

- 11.1 The Council does not generally support engaging individuals under a 'contract for services' where the Council is not required to make either pension or national insurance contributions for such individuals as it supports the Government's commitment to tackling all forms of tax avoidance and recognises that public appointments that involve arrangements whereby savings in tax and National Insurance contributions are made may be at the expense of other taxpayers or other parts of the public sector. However there may be exceptional circumstances where engaging an individual under these terms is the most effective and efficient way of meeting the Council's needs. If this situation applies formal approval will be sought from members in relation to posts subject to the Officer Employment Procedure Rules <sup>18</sup> and from the Managing Director (in his/her role as head of the paid service) in respect of other posts and individuals will be sourced through an appropriate procurement process, including IR35 checks, and in accordance with the Council's Contract Procedure Rules which ensure the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

## **12. INCOME TAX AND NATIONAL INSURANCE**

- 12.1 The Council does not enter into arrangements with individual employees to minimise their tax and national insurance contributions other than via salary sacrifice schemes in accordance with Her Majesty's Revenues and Customs (HMRC) rules.

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<sup>15</sup> Available at:

[https://www.hartlepool.gov.uk/downloads/file/5261/hartlepool\\_borough\\_councils\\_constitution\\_2019-20](https://www.hartlepool.gov.uk/downloads/file/5261/hartlepool_borough_councils_constitution_2019-20) Part 4, p109.

### **13. USE OF AGENCY WORKERS**

- 13.1 The Council does not generally support using agency workers. However there may be circumstances where engaging agency workers is the most efficient and effective way of meeting the Council's needs. If this situation applies, formal approval will be sought from the relevant Assistant Director. Agency workers operating in the Council will be remunerated on the pay of comparable employees after 12 weeks of qualifying service.

### **14. APPRENTICES**

- 14.1 Apprentices are paid the appropriate national minimum wage (depending upon individual circumstances).
- 14.2 Employees with substantive jobs who undertake apprenticeships within their current duties and responsibilities will continue to be paid in accordance with their contract of employment.

### **15. USE OF ZERO HOUR CONTRACTS**

- 15.1 The Council does not generally support the use of zero hour contracts and has acted to end such contracts, with the exception of where an individual employee has specifically requested to remain on such a contract. There may be circumstances where an individual employee requests the use of a zero based hour contract. The Director of Resources and Development **must** consult with the Managing Director and Chair of Finance and Policy Committee before the use of any such contracts are approved. Where employees are employed on a zero hour contract they are employed on a permanent or fixed term basis, are entitled to request a review of their contracted hours at any time after six months in post and are not prevented from working for other employers.

### **16. CONTRACTORS**

- 16.1 The Council requires that contractors comply with the national minimum wage and national living wage legislation. All new and extended Council contracts are encouraged to pay NJC for Local Government Services spinal column point 3 (see 9.1 above) and avoid the use of zero hour contracts (see 15.1 above).
- 16.2 The Council will encourage all local employers employing 250 or more employees to publish their pay multiple.

**COUNCIL**  
24 February 2022



**Report of:** Managing Director

**Subject:** BUSINESS REPORT 2

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## **11. TREASURY MANAGEMENT STRATEGY 2022/2023**

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 will be considered by the Audit and Governance Committee on the 10<sup>th</sup> February 2022 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.

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 2022/23 Treasury Management Strategy and related issues;

### **Borrowing Strategy 2022/23**

- 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 Resources and Development may take out additional borrowing if this secures the lowest long term interest cost.
- iii) To authorise the Director of Resources and Development to implement Treasury Management arrangements which minimise the short and long term cost to the Council.

#### **Investment Strategy 2022/23**

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

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

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

#### **Prudential Indicators 2022/23**

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

# AUDIT AND GOVERNANCE COMMITTEE

10<sup>th</sup> February 2022



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

**Subject:** TREASURY MANAGEMENT STRATEGY

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## 1. PURPOSE OF REPORT

1.1 The purposes of the report are to:

- i. Provide a review of Treasury Management activity for 2020/21 including the 2020/21 outturn Prudential Indicators;
- ii. Provide a mid-year update of the 2021/22 Treasury Management activity; and
- iii. Enable the Audit and Governance Committee to scrutinise the recommended 2022/23 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 2020/21
  - Treasury Management Strategy 2021/22 mid-year review
  - Treasury Management Strategy 2022/23
  - Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2022/23

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

- 3.1 **UK** – The UK economy has faced an extended and ongoing period of economic uncertainty due to the Covid-19 pandemic. At the 16<sup>th</sup> December 2021 meeting the Bank of England's Monetary Policy Committee (MPC) voted 8-1 to raise Bank Rate by 0.15% from 0.10% to 0.25%. It also made no changes to its programme of Quantitative Easing due to finish by the end of the year.
- 3.2 The fallout after the furlough scheme ended on 30<sup>th</sup> September 2021 was smaller and shorter than the Bank of England had expected. Data suggested that unemployment was falling by end of October.
- 3.3 Covid has continued to impact over the winter although the vaccine rollout has resulted in the Government's recent announcement to phased out existing restrictions. The greatest challenge now facing the economy and the Bank of England is the current high level of inflation, how long this will be sustained and the impact on interest rates.
- 3.4 The Office for Budget Responsibility's revised growth forecast up to 2024 are set out in the following table:

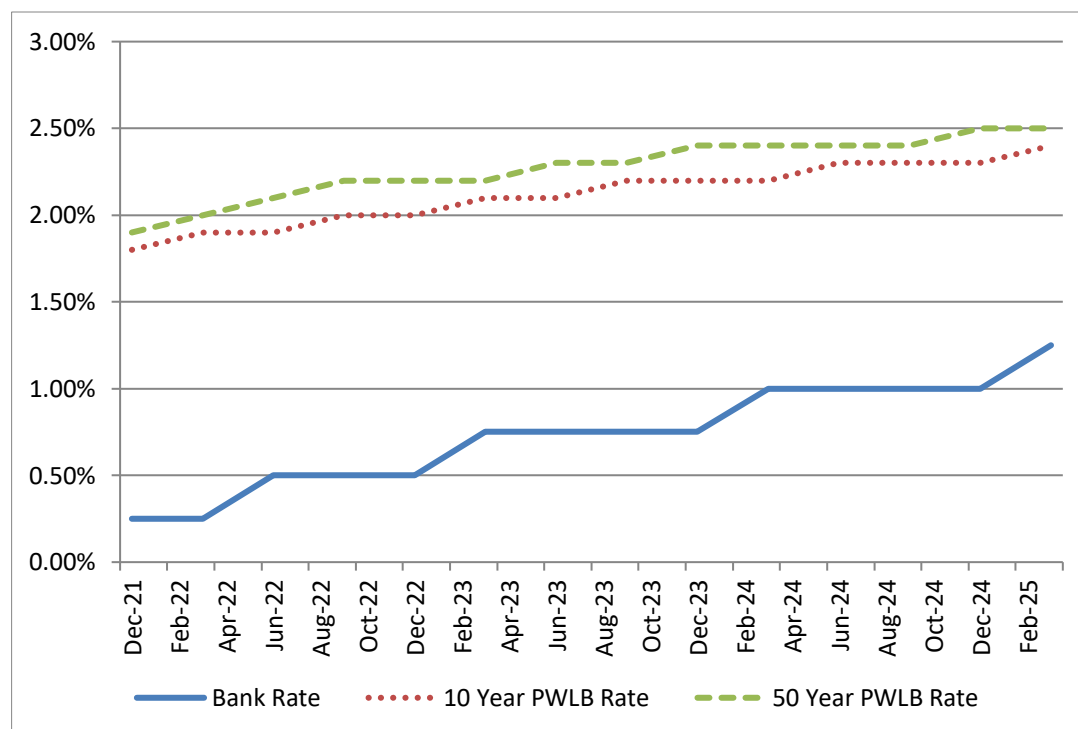
Year	March 2021 Growth Forecast	November 2021 Growth Forecast
2021	4.0%	6.5%
2022	7.3%	6.0%
2023	1.7%	2.1%
2024	1.6%	1.3%

- 3.5 **European Union (EU)** – The economy has faced similar challenges to the UK from the pandemic, the slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. The EU recovery is nearly complete although countries dependent on tourism are lagging.
- 3.6 **USA** – During the first part of 2021, the US Government implemented a \$1.9trn fiscal boost for the US economy as a recovery package from the covid pandemic which unsettled markets. Financial markets were alarmed that this stimulus was happening at a time when a fast vaccination programme had enabled a rapid opening of the economy and continued to grow strongly. These factors could cause an excess of demand in the economy which could cause strong inflationary pressures.
- 3.7 **Other Economies** – In China after a concerted effort to get on top of the virus outbreak in 2020, economic recovery was strong, however, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the DELTA variant through sharp local lockdowns- which will also depress economic growth. Japan is struggling to stimulate consistent GDP growth and to get inflation up to its target of 2%, inflation was actually negative in July. The new prime minister has promised a large fiscal stimulus package.
- 3.8 **Interest Rate Forecasts**
- 3.9 Link Asset Services (the Council's Treasury Management advisors) continue to update their interest rate forecasts to reflect statements made by the Governor of the Bank of England and changes in the economy.
- 3.10 They are not expecting Bank Rate to go up fast after the initial rate rise; the view is that the supply potential of the economy has not taken a major hit during the pandemic; it should therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike current CPI spike in excess of 5%.
- 3.11 Rate rises should be viewed in the context of the Bank Rate being cut to 0.10% as an emergency measure to deal with the Covid crisis hitting the UK in March 2020. In December 2021 the MPC began to take away the emergency cut as a step forward in the return to normalisation. In addition,

any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

- 3.12 Economic and interest rate forecasting remains difficult with so many influences impacting on the economy. UK gilt yields (i.e. Government borrowing) and PWLB rates 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.

### 3.13 Interest Rate Forecast up to March 2025



- 3.14 Since the late 1990s Base Rate averaged 5% until 2009 when the Bank of England reduced it to historically low levels. Over the same period PWLB rates have been significantly higher than they are at present.

## 4. **TREASURY MANAGEMENT OUTTURN POSITION 2020/21**

### 4.1 **Capital Expenditure and Financing 2020/21**

- 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 £11.166m, of which £2.504m 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 £108.023m as shown at Appendix A comprising:
- £75.377m relating to the core CFR,
  - £22.752m relating to business cases and
  - £9.894m relating to the Housing Revenue Account (HRA).

The actual CFR is lower than the approved estimate of £135.129m owing to rephasing of capital expenditure into 2021/22

- 4.8 The Council's total long term external borrowing as at 31<sup>st</sup> March, 2020 was £78.5m and reduced to £75.6m at 31<sup>st</sup> March 2021. This decrease was in line with the approved strategy and reflected the partial repayment of annuity loans taken out in previous financial years.
- 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 2020/21**
- 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

2020/21 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 2020/21 plus the expected changes to the CFR over 2021/22 and 2022/23. The Council has complied with this Prudential Indicator.

4.14 **The treasury position 31<sup>st</sup> March 2021**

- 4.15 The table below shows the treasury position for the Council as at the 31<sup>st</sup> March 2021 compared with the previous year:

Treasury position	31st March 2020		31st March 2021	
	Principal	Average Rate	Principal	Average Rate
<b>Fixed Interest Rate Debt</b>				
- PWLB	£33.5m	3.21%	£30.6m	3.32%
- Market Loans (Maturities)	£25.0m	3.92%	£25.0m	3.92%
- Market Loans (LOBOs)	£20.0m	4.12%	£20.0m	4.12%
<b>Total Long Term Debt</b>	<b>£78.5m</b>	<b>3.67%</b>	<b>£75.6m</b>	<b>3.73%</b>
<b>Total Investments</b>	<b>£12.8m</b>	<b>0.39%</b>	<b>£20.5m</b>	<b>0.05%</b>
<b>Net borrowing Position</b>	<b>£65.7m</b>		<b>£55.1m</b>	

- 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 3.73% for debt held as at 31<sup>st</sup> March 2021. 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 the Department for Levelling Up, Housing and Communities (DLUHC) (formally the Ministry of Housing, Communities and Local Government) 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 2020/21 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 2020/21**

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 DLUH 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 2021/22 MID YEAR REVIEW**

5.1 The Treasury Management Strategy for 2021/22 was approved by Council on 25<sup>th</sup> February 2021. The Council's borrowing and investment position as at 30<sup>th</sup> September 2021 is summarised as follows:

	£m	Average Rate
PWLB Loans	29.2	3.39%
Market Loan (Annuity)	17.0	2.31%
Market Loans (Maturities)	25.0	3.92%
Market Loans (LOBOs)	20.0	4.12%
<b>Gross Debt</b>	<b>91.2</b>	<b>3.49%</b>
Investments	50.6	0.06%
<b>Net Debt as at 30-09-21</b>	<b>40.6</b>	

- 5.2 Net Debt has decreased since 31<sup>st</sup> March 2021. This is predominantly the result of upfront funding provided by government in response to the on-going Covid pandemic. It is anticipated that the net debt will increase towards the end of the year as this funding is expended and the capital programme progresses.
- 5.3 As part of the Treasury Strategy for 2021/22 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.
- 5.4 In accordance with the decision made by Council in February 2020, borrowing of £17m in relation to the Capital Investment Programme has been secured at a fixed rate below prevailing PWLB interest rates at the time of the agreement. This action has removed future interest rate risk in relation to the Capital Investment Programme and this funding was drawn down September 2021.

## 6. TREASURY MANAGEMENT STRATEGY 2022/23

- 6.1 Prudential Indicators and other regulatory information in relation to the 2021/22 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 2022/23

- 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. 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.

- 7.5 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 Resources and Development if it is in the best interests of the Council to do so. It is recommended that the Director of Resources and Development is authorised to implement Treasury Management arrangements which minimise the short and long term cost to the Council.

**7.6 Borrowing Requirement Business Cases (including the Housing Revenue Account)**

- 7.7 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 a General Fund budget pressure and corresponding increase in the overall budget deficit.
- 7.8 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 current interest rate forecasts it is recommended that a strategy of temporarily internally funding business cases may be 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.
- 7.9 Borrowing in Advance of Need**
- 7.10 The Council has some flexibility to borrow funds for use in future years, including in relation to the CIP pot. The Director of Resources and Development 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; 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 2022/23**

- 8.1 The DLUCH 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 Resources and Development 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 2021/22 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 Individual Limits per Authority:  - £8m County, Metropolitan or Unitary Councils  - £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 DLUCH 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 DLUCH 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 DLUCH 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 DLUCH changes is therefore compliant with these 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 Voluntary Revenue Provision (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 the current CIPFA Treasury Management Code of Practice, effective from 2017. CIPFA had consulted on both codes and issued the revised in late December 2021.

9.6 CIPFA have announced that they are soft launching the new codes, which in practice means that full adoption is not required until 1<sup>st</sup> April 2023, however they are encouraging Local Authorities to early adopt elements of the new code if at all possible, depending on local circumstances. We are currently assessing the requirements of the new codes to determine if any changes are needed to our local strategy. As the majority of changes relate to commercial investments, which the council has not adopted owing to the high risk, it is not expected that any significant changes will need to be made to our existing arrangements.

#### 9.7 **Treasury Management Advisors**

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

9.9 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.

9.10 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.

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

9.12 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

- 9.13 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.
- 9.14 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.
- 9.15 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.
- 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 The report sets out the borrowing strategy for the core CFR of netting down the remaining under borrowing against investments but highlights the continued economic uncertainty and the possibility that if circumstances change further borrowing may be required. The report also outlines a strategy of temporarily internally funding business cases 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.

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 2020/21**

- i) Note the 2020/21 Treasury Management Outturn detailed in section 4 and Appendix A.

19.3 **Treasury Management Strategy 2021/22 Mid-Year Review**

- ii) Note the 2021/22 Treasury Management Mid-year Position detailed in section 5.

19.4 **Treasury Management Strategy 2022/23 (Prudential Indicators)**

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

**19.5 Borrowing Strategy 2022/23**

- 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 Resources and Development may take out additional borrowing if this secures the lowest long term interest cost.
- vi) To authorise the Director of Resources and Development to implement Treasury Management arrangements which minimise the short and long term cost to the Council.

**19.6 Investment Strategy 2022/23**

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

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

- viii) 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**

Chris Little  
Director of Resources and Development  
[Chris.Little@hartlepool.gov.uk](mailto:Chris.Little@hartlepool.gov.uk)  
01429 523003

## Appendix A

**Prudential Indicators 2020/21 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.

2020/21 Estimate		2020/21 Outturn
3.93%	Ratio of Financing costs to net revenue stream	3.61%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2020/21 Estimate £'000		2020/21 Outturn £'000
35,092	Capital Expenditure	11,166

The actual is lower 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.

2020/21 Estimate £'000		2020/21 Outturn £'000
13,672	Core Capital Expenditure Financed by Borrowing	1,394
3,009	Business Case Capital Expenditure Financed by Borrowing	1,030
1,052	HRA Capital Expenditure Financed by Borrowing	80
<b>17,733</b>	<b>Total Capital Expenditure Financed by Borrowing</b>	<b>2,504</b>

The actual is lower than estimated owing to the delay in the Corporate Investment Pot Borrowing.

#### 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.

2020/21 Estimate £'000		2020/21 Outturn £'000
87,374	Core Capital Financing Requirement	75,377
36,889	Business Case Capital Financing Requirement	22,752
10,866	HRA Capital Financing Requirement	9,894
<b>135,129</b>	<b>Total Capital Financing Requirement</b>	<b>108,023</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.

2020/21 Limit £'000		2020/21 Peak £'000
155,000	Authorised limit for external debt	78,510

The above Authorised Limit was not exceeded during the year. The level of debt as at 31<sup>st</sup> March 2021, excluding accrued interest was £75.637m. The peak level during the year was £78.510m.

## 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.

2020/21 Limit £'000		2020/21 Peak £'000
145,000	Operational boundary for external debt	78,510

The operational limit was not exceeded in the year. The peak level of debt was £78.510m.

## 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.

2020/21 Limit %	Upper limits on fixed and variable interest rate exposure	2020/21 Peak %
100% 75%	Fixed Rates Variable Rates	75% 25%

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	Lower Limit	Actual by Maturity Date	Actual by soonest call date
	£000	£000	£000	£000
Less than one year	131,000	0	2,945	22,945
Between one and five years	141,000	0	2,989	2,989
Between five and ten years	141,000	0	4,115	4,115
Between ten and fifteen years	141,000	0	3,815	3,815
Between fifteen and twenty years	141,000	0	2,250	2,250
Between twenty and twenty-five years	141,000	0	2,313	2,313
Between twenty-five and thirty years	141,000	0	2,742	2,742
Between thirty and thirty-five years	141,000	0	6,166	6,166
Between thirty-five and forty years	141,000	0	2,723	2,723
Between forty and forty-five years	141,000	0	467	467
More than forty-five years	141,000	0	45,112	25,112

#### 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 £000	2 year £000	3 year £000
Maximum Limit	20,000	0	0
Actual	0	0	0

### **TREASURY MANAGEMENT STRATEGY 2022/23 REGULATORY INFORMATION AND PRUDENTIAL INDICATORS**

#### **1. INTRODUCTION**

- 1.1 The regulatory information and prudential indicators for the 2022/23 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.

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- 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>2021/22 Revised £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
<b>CFR at 1st April</b>	<b>108,023</b>	<b>124,165</b>	<b>143,263</b>	<b>147,475</b>
Capital Expenditure Financed by New Borrowing	21,363	6,942	1,550	1,044
Approved Borrowing Rephased from 2020/21 and Borrowing Profiled for Future Years	16,776	0	0	0
Less Borrowing to be Rephased to Future Years	(19,494)	14,494	5,000	0
Less Repayment of CFR	(2,503)	(2,338)	(2,338)	(2,120)
<b>CFR at 31st March</b>	<b>124,165</b>	<b>143,263</b>	<b>147,475</b>	<b>146,399</b>
Less assets held under Finance Lease	(368)	(353)	(338)	(323)
<b>Borrowing Requirement</b>	<b>123,797</b>	<b>142,910</b>	<b>147,137</b>	<b>146,076</b>

Corporate Borrowing Requirement	85,777	98,409	102,232	101,164
Business Case Borrowing Requirement	26,469	28,375	27,687	27,109
Housing Revenue Account Borrowing Requirement	11,552	16,126	17,218	17,804
<b>Borrowing Requirement</b>	<b>123,797</b>	<b>142,910</b>	<b>147,137</b>	<b>146,076</b>

## APPENDIX 2

- 3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2022/23 capital programme summarised as follows:

<b>Capital Expenditure</b>	<b>2021/22 Revised £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
New Approved Capital Expenditure	26,337	10,849	5,460	4,954
Rephased Capital Expenditure from 2020/21 and Expenditure Profiled for Future Years	28,789	0	0	0
2021/22 Capital Expenditure to be Rephased	(44,241)	39,241	5,000	0
<b>Capital Expenditure for the Year</b>	<b>10,885</b>	<b>50,090</b>	<b>10,460</b>	<b>4,954</b>
<b>Financed by:</b>				
Capital grants and contributions	4,974	3,907	3,910	3,910
Other Capital Funding	0	0	0	0
Capital Expenditure to be funded from New Prudential Borrowing	21,363	6,942	1,550	1,044
Capital Resources Rephased from 2020/21 and Capital Resources Profiled for Future Years	28,789	0	0	0
Rephased Expenditure between years.	(44,241)	39,241	5,000	0
<b>Total Funding</b>	<b>10,885</b>	<b>50,090</b>	<b>10,460</b>	<b>4,954</b>

Non-HRA Capital Expenditure	9,227	45,516	9,368	4,368
HRA Capital Expenditure	1,658	4,574	1,092	586
<b>Total Capital Expenditure</b>	<b>10,885</b>	<b>50,090</b>	<b>10,460</b>	<b>4,954</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.

	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<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.

	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
Non-HRA financing cost to General Fund Net Revenue Stream	5.41%	4.62%	4.51%	4.40%

**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.

	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
HRA financing cost to HRA Net Revenue Stream	27.75%	32.63%	28.88%	24.37%

- 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 2021/22 – 2024/25**

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

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<b>Debt and Investment Projections</b>	<b>2021/22 Revised £'000</b>	<b>2022/23 Estimated £'000</b>	<b>2023/24 Estimated £'000</b>	<b>2024/25 Estimated £'000</b>
Long Term Borrowing 1 April	75,637	92,637	102,637	107,637
Expected change in Long Term Debt	17,000	10,000	5,000	5,000
<b>Debt at 31 March</b>	<b>92,637</b>	<b>102,637</b>	<b>107,637</b>	<b>112,637</b>
<b>Borrowing Requirement</b>	<b>123,797</b>	<b>142,910</b>	<b>147,137</b>	<b>146,076</b>
<b>Under Borrowing</b>	<b>(31,160)</b>	<b>(40,273)</b>	<b>(39,500)</b>	<b>(33,439)</b>

Non-HRA Debt	81,085	86,511	90,419	94,833
HRA Debt	11,552	16,126	17,218	17,804
<b>Total Debt</b>	<b>92,637</b>	<b>102,637</b>	<b>107,637</b>	<b>112,637</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 2021/2022 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.

<b>External Debt</b>	<b>2021/22 Revised £'000</b>	<b>2022/23 Estimated £'000</b>	<b>2023/24 Estimated £'000</b>	<b>2024/25 Estimated £'000</b>
Gross Borrowing	92,637	102,637	107,637	112,637
Other Long Term Liabilities	368	353	338	323
<b>Total Gross Borrowing</b>	<b>93,005</b>	<b>102,990</b>	<b>107,975</b>	<b>112,960</b>
<b>Borrowing Requirement</b>	<b>123,797</b>	<b>142,910</b>	<b>147,137</b>	<b>146,076</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	2021/22	2022/23	2023/24	2024/25
	£'000	Estimated £'000	Estimated £'000	Estimated £'000
Operational Limit	134,000	153,000	158,000	156,000
Authorised limit	144,000	163,000	168,000	166,000

\*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 2021/22 – 2024/25

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

2020/21 Outturn £'000	Year End Resources	2021/22 Revised £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
59,841	Balances and Reserves	48,000	40,000	31,000	28,000
(9,012)	Collection Fund Adjustment Account*	0	0	0	0
3,416	Provisions	3,416	3,416	3,416	3,416
<b>54,245</b>	<b>Total Core Funds</b>	<b>51,416</b>	<b>43,416</b>	<b>34,416</b>	<b>31,416</b>
569	Working Capital**	6,200	6,200	6,200	6,200
<b>54,814</b>	<b>Resources Available for Investment</b>	<b>57,616</b>	<b>49,616</b>	<b>40,616</b>	<b>37,616</b>
(32,386)	(Under)/over borrowing	(31,160)	(40,273)	(39,500)	(33,439)
<b>22,428</b>	<b>Expected Investments</b>	<b>26,456</b>	<b>9,343</b>	<b>1,116</b>	<b>4,177</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.

<b>Impact on Revenue Budgets</b>	<b>2021/22 Estimated 1% £'000</b>	<b>2021/22 Estimated -1% £'000</b>
Interest on Borrowing	403	(403)
Investment income	(93)	93
<b>Net General Fund Borrowing Cost</b>	<b>309</b>	<b>(309)</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.

<b>Limits on Variable Interest Rates</b>	<b>2021/22 Upper £'000</b>	<b>2022/23 Upper £'000</b>	<b>2023/24 Upper £'000</b>
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.

<b>Limits on Fixed Interest Rates</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
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	Upper £'000	Upper £'000	Upper £'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:

Maturity Structure of fixed interest rate borrowing 2022/23				
	2021/22 £000 Lower Limit	2021/22 £000 Upper Limit	2022/23 £000 Lower Limit	2022/23 £000 Upper Limit
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.

Limit for Maximum Principal Sums Invested > 364 days			
	1 year £000	2 years £000	3 years £000
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:

- Debt – Average rate movement year on year



**Report of:** Managing Director

**Subject:** BUSINESS REPORT 3

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**12. THE COUNCIL TAX (DEMAND NOTICES AND REDUCTION SCHEMES) (ENGLAND) (AMENDMENT) REGULATIONS 2022**

The Council Tax (Demand Notices and Reduction Schemes)(England)(Amendment) Regulations 2022 were laid before Parliament on 11 February 2022 and came into force on the 12 February 2022. These regulations cover the £150 Council Tax Energy Bills Rebate for Council tax bands A-D. The Regulations also amend the Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012 to require that from 1 April 2022 all Local Council Tax Support schemes must disregard Energy Bills Rebate payments in determining a person's eligibility for a Council Tax reduction and the amount of any such reduction.

The Council approved its Local Council Tax Support scheme on the 30 September 2021. Approval for the above amendment is now required by Council, in order to meet the statutory deadline of 11 March 2022.

As soon as the detailed guidance for processing the £150 Council Tax Energy Bills Rebate for Council tax bands A-D is received, the Council will be able to commence preparations for payments to all eligible households, including households eligible for Local Council Tax Support.

## Public questions for Council

Meeting Date: 24 FEBRUARY 2022

1.	From: Miss Higham
	To: Councillor Moore, Chair Finance and Policy Committee
	<p>Question</p> <p>“At the time this question has been submitted to the full council, the current National Minimum Wage is £8.91 per hour for workers aged 25 &amp; over In Hartlepool, its claimed that there are around 10,000 adult carers &amp; approx. 2,000 young carers, many of whom claim Carers Allowance, a weekly allowance paid by the government to care givers which pays just £67.60 per week.. One of the conditions of Carers Allowance is that you must spend at least 35 hours a week caring for the person, usually a loved one, which can put an exceptional strain on a relationship. Breaking down the £67.60 per week, over 35 hours, carers in Hartlepool are receiving around £1.93 per week, against the current national minimum wage of £8.91 per hour. Most Carers who stay at home cannot take on additional employment because of the responsibilities they undertake, (after all, were already working 35 hours plus per week), with many care givers on such a severely low income, they have to rely on the support of foodbanks. Carers are three times more likely to be in debt with their accounts such as Utilities or Council Tax than any other group, &amp; twice as likely to become the victim of loansharks... My question to the full council is that will Hartlepool Borough Council finally start to rethink its policy on Local Council Tax Support, in that carers should now be fully excluded from having to pay a shortfall in their Council Tax bills, when the responsibilities already bestowed on some carers having to look after their loved ones is such that it cannot be fair &amp; just of a local authority to apply such a regressive , inflexible &amp; rigorously harsh scheme towards those who are financially at rock bottom, earning just £1.93 per week caring for their loved ones Carers are the most underrepresented portion of our society after the disabled, the council must now acknowledge that as bills are going up, its pilling the pressures on those already finding it hard caring for their loved ones, which sadly for some, is a strain that will become just too much to bear any longer as we move into 2022 The council now needs to look at its policy of Council Tax support to ensure that Council Tax support is actually doing what it says in the tin &amp; not pushing those already struggling further into poverty. The scheme now needs to recognise that some groups in the town have to be taken out of this scheme altogether &amp; made exempt. Carers should be at the top of that list.... Thank You”</p>

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# CLEVELAND FIRE AUTHORITY

## MINUTES OF ORDINARY MEETING

15 OCTOBER 2021

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### PRESENT:

#### CHAIR

Cllr Paul Kirton – Stockton on Tees Borough Council

#### HARTLEPOOL BOROUGH COUNCIL

Cllrs Tom Cassidy, Ben Clayton, Tim Fleming

#### MIDDLESBROUGH COUNCIL

Cllrs Teresa Higgins, Naweed Hussain

#### REDCAR & CLEVELAND BOROUGH COUNCIL

Cllr Cliff Foggo

#### STOCKTON ON TEES BOROUGH COUNCIL

Cllrs Luke Frost, Lynn Hall, Steve Matthews, Jean O'Donnell,

#### AUTHORISED OFFICERS

Chief Fire Officer, ACFO - Strategic Planning & Resources, ACFO - Community Protection, Legal Adviser and Monitoring Officer, Treasurer

### APOLOGIES:

Councillor Jon Rathmell, Ashley Waters - Middlesbrough Council

Councillor Mary Ovens – Redcar & Cleveland Borough Council

The Chair presented former Authority Members Councillor William Woodhead MBE and Marjorie James with a token of appreciation for their long service and commitment to the Brigade.

### 55. DECLARATIONS OF MEMBERS INTEREST

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

### 56. MINUTES

**RESOLVED – that the minutes of the Ordinary meeting of 30 July 2021 be confirmed.**

### 57. MINUTES OF MEETINGS

**RESOLVED - that the Minutes of the Executive (Appeals) Committee on 30 July 2021, Audit & Governance Committee on 27 August 2021, Executive Committee on 17 September 2021 and Special Executive Committee on 8 October 2021 be confirmed.**

### 58. COMMUNICATIONS RECEIVED BY THE CHAIR

LGA

Immediate Detriment

Green Book Pay Negotiations

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

**59. REPORTS OF THE CHIEF FIRE OFFICER**

**59.1 Draft Community Risk Management Plan 2022-26**

The Chief Fire Officer (CFO) provided Members with a detailed presentation on the draft Community Risk Management Plan (CRMP) 2022-26, as required by the Home Office Fire and Rescue Service National Framework for England, May 2018.

He reported that the draft CRMP (Appendix A), the Corporate Plan and the Vision bring together the strategic planning work that has been undertaken by the Brigade. This includes the following insight work approved by the Authority in July 2021: Community Risk Profile; 'Changing Landscapes'- environmental scanning exercise; Performance Report 2020/21; and the Medium Term Financial Strategy 2022-24.

In addition, the HMICFRS inspection report; internal audit and evaluation reports; and community and staff feedback also contribute to providing valuable insight to ensure any evidence-based medium to long term future challenges are mitigated and opportunities are grasped.

The CFO reported that the Plan, which was considered by the Executive Committee at a Special meeting on 8 October 2021, aims to achieve the Authority's corporate objective 'to minimise fire and rescue related risks in the community' and takes account of the Authority's difficult and uncertain financial situation, as detailed within section 5 of the report.

Members considered the 9 risk management proposals up to 2026 in detail, which were:-

- 1) To develop our approach to risk management to reflect good practice and improve the safety, health, wellbeing and economic prosperity of our communities
- 2) To build on our successful approach to helping people stay safe in their homes
- 3) To tackle arson and deliberate fires
- 4) To ensure our prevention activities remain efficient, effective and deliver value for money
- 5) To enhance our risk-based approach to support businesses to keep their buildings safe in line with the Fire Safety Order 2005
- 6) To be better prepared to deal with incidents involving buildings where the height can have serious impact on firefighting and evacuation
- 7) To ensure that our firefighters plan and prepare to respond effectively to operational incidents including those across our borders.
- 8) To develop options for improving the efficient deployment of our emergency response resources to flexibly meet current and future risks and demands
- 9) To be 'Better Together – Working in Partnership'

The CFO reported that the draft Plan would be subject to a period of consultation commencing 29 October 2021 – 21 January 2022, as detailed at Appendix B. Stakeholder feedback would be presented to the Authority in March 2022 for final approval.

Members conveyed thanks to the ACFO-Strategic Planning & Resources for producing an excellent Plan and supporting documents.

## **59.1 Draft Community Risk Management Plan 2022-26 cont.**

**RESOLVED – That, as recommended by the Executive Committee on 8 October 2021, Members:**

- noted the strategic planning activities and sources of insight associated with the development of the draft CRMP 2022 -2026, as set out in Section 4 of this report
- noted the medium term financial position, as set out in paragraphs 5.3, 5.4 and 5.5 of this report
- approved the draft CRMP 2022-26 attached as Appendix A for consultation
- approved the draft CRMP 2022-26 Consultation Plan attached as Appendix B
- received further reports following the consultation period

## **59.2 Modern Slavery Statement 2021/22**

The CFO presented the Modern Slavery Statement for 2021/22 (Appendix 1) which set out the steps taken by the Authority to prevent modern slavery in both its business and supply chains. This forms part of the Brigade's well embedded safeguarding arrangements across service delivery, recruitment and selection and procurement activities.

The CFO referred Members to section 4 of the report which outlined the six reporting areas required by the Home Office statutory guidance. He confirmed that while the Authority currently publishes this information voluntarily in line with good practice, an amendment to Section 54 of the Modern Slavery Act 2015 will make it mandatory that public bodies file their statements with a central registry in the future.

**RESOLVED – That the Modern Slavery Statement 2021/22 be approved.**

## **59.3 Information Pack**

### **59.3.1 Campaigns**

**RESOLVED – That the Information Pack be noted.**

## **60. REPORT OF THE TREASURER**

### **60.1 Treasury Management Strategy 2021/22**

The Treasurer presented an update to the Treasury Management Strategy 2021/22, which had been scrutinised by the Audit & Government Committee on 27 August 2021. He referred Members to the report at Appendix 1 which covered:

- Economic Background and Outlook for Interest Rates
- Interest Rate Forecasts
- Treasury Management Outturn Position 2020/21 and 2021/22 Mid Year Review
- Borrowing Strategy 2021/22
- Investment Strategy 2021/22
- Minimum Revenue Provision and Interest Costs / Regulatory Information 2021/22
- Borrowing and Prudential Indicators

**60.1 Treasury Management Strategy 2021/22 cont.**

The Treasurer reported that the only proposed change to the strategy approved by the Authority on 26 March was in relation to Voluntary Revenue Payments, as detailed in the recommendations.

**RESOLVED – That Members approve the following update to the 2021/22 Treasury Management Strategy, as recommended by the Audit and Governance Committee on 27 August 2021:-**

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

- For capital expenditure incurred before 1<sup>st</sup> April, 2008 the Authority's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Authority makes Voluntary Revenue Payments (VRP) which is in excess of the amount required by these regulations, based on asset life.
- From 1<sup>st</sup> April, 2008 the Authority 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 Treasurer may determine to make Voluntary Revenue Provision payments to reduce the Authority's overall Capital Financing Requirement (CFR) if it is in the best financial interests of the Authority

**61. REPORT OF THE LEGAL ADVISER AND MONITORING OFFICER**

**61.1 Amendment to Delegation Scheme**

The Legal Adviser and Monitoring Officer (LAMO) provided an update on proposed minor amendments to the Authority's Delegation Scheme in respect of Operations and Fire Safety.

He reported that the amendments reflected recent structural changes to the Brigade's fire safety department and the National Fire Engineering Competency Framework for Fire Safety Regulators. This requires the development, maintenance and demonstration of competence of staff who regulate fire safety standards in all premises to which the Regulatory Reform (Fire Safety Order), 2005 applies.

The amendments were highlighted in yellow under the following sections of Operational and Fire Safety within the Delegation Scheme:

- 1.3 Fire Safety Legal Proceedings
- 1.5 Fire Safety Enforcement
- 1.7 Emergency Planning Functions

**RESOLVED – That the amendments to the Authority's Delegation Scheme relating to Powers 1.3, 1.5 and 1.7, as highlighted in yellow, be approved.**

62. **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, 2 & 3 of Part 1 of the 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; and information that is likely to reveal the identity of an individual; and information relating to the financial or business affairs of any particular person (including the authority holding that information.”**
63. **CONFIDENTIAL MINUTES OF MEETINGS**  
**RESOLVED – that the Confidential Minutes of the Executive (Appeals) Committee on 30 July 2021 and Executive Committee on 17 September 2021 be confirmed.**

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

## **Cleveland Police and Crime Panel**

A meeting of Cleveland Police and Crime Panel was held on Wednesday, 3rd November, 2021.

**Present:** Cllr Tony Riordan(Chair), Cllr Barrie Cooper, Cllr Graham Cutler, Cllr Lynn Hall (Substitute for Cllr Stefan Houghton), Cllr Sue Jeffrey, Cllr Chris Jones, Mr Paul McGrath, Cllr Stephen Picton, Mayor Andy Preston, Cllr Amy Prince and Cllr Norma Stephenson O.B.E.

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

**Also in attendance:** None.

**Apologies:** Cllr Tom Mawston, Cllr Stefan Houghton, Cllr Steve Nelson and Luigi Salvati.

### **PCP 35/21      Welcome by the Chair**

The Chair welcomed everyone to the meeting.

### **PCP 36/21      Declarations of Interest**

There were no interests declared.

### **PCP 37/21      Exclusion of the Public**

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act.

### **PCP 38/21      Update Regarding Urgent Decisions**

Consideration was given to a report that sought to ratify a decision taken by the Legal Adviser to the Panel in consultation with the Chair of the Panel to refer a conduct matter to the Independent Office of Police Conduct (IOPC).

RESOLVED that the decision of the Legal Adviser as set out in the report be ratified.

## **Cleveland Police and Crime Panel**

A meeting of Cleveland Police and Crime Panel was held on Tuesday, 9th November, 2021.

**Present:** Cllr Tony Riordan (Chair), Cllr Barrie Cooper, Cllr Graham Cutler, Cllr Stefan Houghton, Cllr Sue Jeffrey, Mr Paul McGrath, Cllr Steve Nelson, Cllr Stephen Picton, Cllr Amy Prince and Cllr Norma Stephenson O.B.E.

**Officers:** Julie Butcher, Peter Bell (Stockton-on-Tees Borough Council), Steve Newton, Alison Pearson (Redcar and Cleveland Borough Council).

**Also in attendance:** Steve Turner (PCC), Lisa Oldroyd, Rachelle Kipling (OPCC)

**Apologies:** Mayor Andy Preston and Luigi Salvati.

### **PCP 39/21 Welcome by the Chair**

The Chair welcomed everyone to the meeting.

### **PCP 40/21 Declarations of Interest**

There were no interests declared.

### **PCP 41/21 Minutes of the meetings held on 14 September 2021 and 12 October 2021 Attendance Matrix**

Consideration was given to the minutes of the meetings held on 14 September and 12 October 2021. The attendance matrix was also noted.

RESOLVED that the minutes of the meetings held on 14 September and 12 October 2021 be agreed as a correct record.

### **PCP 42/21 Members' Questions to the Commissioner**

There were no Members' Questions to the Commissioner.

### **PCP 43/21 Cleveland Police and Crime Plan**

The Panel were consulted on the Cleveland Police and Crime Plan for 2020 - 2024.

The Panel noted that the Police and Crime Commissioner (PCC) for Cleveland's Police and Crime Plan was a statutory document. Requirements for the Plan were set out in the Police Reform and Social Responsibility Act 2011 and the Policing Protocol Order 2011. The Plan must have regard to the Strategic Policing Requirement (SPR) issued by the Home Secretary.

The Panel considered with details of the Cleveland Police and Crime Plan 2021-2024.

The Panel noted that in May 2021, Steve Turner was elected as Cleveland Police and Crime Commissioner. The PCC wanted to ensure that the communities of Cleveland had the first class, efficient and effective police force

they so rightly deserved to keep them safe and one that police officers, police staff and police volunteers could truly be proud of.

Following a long campaign due to the national pandemic, the PCC had gained a thorough understanding from the community and key partners of what matters locally. From this the PCC had drawn up his 10-point Police and Crime Plan that accurately reflected these discussions, supporting the PCC in delivering his vision of putting the pride back into Cleveland Police and ensuring Cleveland was a safe place for those who work and live here.

The PCC was hopeful that his plan as informed by Cleveland's communities would create strong foundations that could be delivered for the benefit of everyone in Cleveland. The plan would remain fluid and the PCC was keen to continue an open, two-way dialogue with all. The work of PCC office could be followed on Twitter, Facebook, LinkedIn and Instagram or on the PCC website, where he would keep everyone updated on the delivery on the plan.

The Plan highlighted that as a result of the challenges faced by Cleveland Police and community safety agencies over recent years, it was important to ensure long term sustainable improvements were made that truly benefit the communities of Cleveland, that were quality assured and hold up to robust scrutiny.

The Plan therefore adopted a new approach to the Plan it replaced. It had a greater emphasis on performance through the creation of clear outcomes, key deliverables and measures of success.

The PCC had produced a vision statement, outlining his strategic vision for policing and crime, along with details on how the PCC planned to achieve this, including the values he would uphold throughout his term of office. Whilst this overarching plan and associated outcomes would remain in place throughout his term of office, the PCC would produce and report on an annual delivery plan through his annual report, regular updates to the Police and Crime Panel and through accountability meetings with the Chief Constable.

The PCC had been elected to represent residents of Cleveland and he wanted to be held accountable by for the work that he was doing. Therefore in the interests of openness, transparency and accountability, the PCC's delivery plans would be published on his website to ensure the public were informed of the progress being made.

The PCC had centred the development of his Plan around four key strategic outcomes that would remain throughout his term of office. Everything that was delivered as part of this Plan should contribute towards or support one of these outcome areas. The PCC was aware that these outcomes were long term ambitions which was why he had committed to focusing on and prioritising these four to achieve lasting benefits.

The four key strategic outcomes were:-

- To build public confidence and put the pride back into Cleveland Police
- To work collectively with partners to reduce crime, specifically serious violence

- To make greater use of technology that creates efficiencies and supports productivity
- To provide high quality services to victims and the most vulnerable that effectively meets their needs

The Panel noted that these outcomes would be measured, monitored and reported on regularly, alongside more specific measures or indicators that were aligned to the key activities the PCC had developed as part of the Plan's delivery. The PCC's 10- point priorities that would support successful delivery of his vision and outcomes were as follows;-

- More police on our streets
- Effective quality support for victims and witnesses
- Bringing offenders to justice
- Getting tough on drugs and gangs
- Tackling anti-social behaviour head-on
- Prevent, reduce and tackle serious violence
- Use technology to combat crime
- Building confidence in our communities
- Tackling violence against women and girls
- Effective policing and criminal justice system

The Panel were given the opportunity to make comment on the Plan and these comments could be summarised as follows:-

- It would be good to have more specific information around the exact numbers of police officers, special constables and neighbourhood police that will be operating in specific areas / wards.
- The Plan is well set out and easy to read.
- The Plan should include how Cleveland Police will be fighting racism including reference to the 'Show Racism the Red Card' campaign.
- There is a link between crime and gambling and the Plan should include what steps are being taken to counter this link.
- It is a good plan and congratulations on the thorough consultation that you carried out.
- Lots of good work has been carried out in Middlesbrough, Stockton and Hartlepool but more work and funding need to be made to Redcar and Cleveland.
- There needs to be more continuity with Neighbourhood Police Officers.
- Every measure and indicator need to be able to be evidenced.
- Excited by the Plan's reference to the work of Youth Outreach.
- The Plan should refer to the link between social landlords and ASB and how Cleveland Police are tackling this issue.
- Reference should be made to how Cleveland Police are using technology to tackle social media issues.
- The Plan lacks a bit of analytical data, metrics and hard robust information.
- Should the Plan also refer to tackling violence against boys and young men?
- The plan to tackle drugs and gangs should look at more support for drug addicts but tougher on dealers and those higher up the chain
- Mental health is not covered in the Plan

The Chair had also raised the following points directly in an email to OPCC:-

Overall the plan was an easy read, the strategic outcomes were easily understood, as well as the 10-point plan. However, when the detail of the 10-point plan was read in detail there were some gaps that need to be filled and explained better.

- P. 11. What does the re-design of VCAS mean/look like?
- P.13. Should the number of available drugs be included in 'what will success look like'?
- P.17. Should a reduction in complaints/ rise in compliments be included in 'what will success look like'?
- P.18. Should a reduction in victim and an improved conviction rate be included in 'what success will look like'?
- P.19. Should disengagement of special measures be included in 'what will success look like'?
- Should the measures and indicators on pages 20/21 be aligned to the ten points of the plan, i.e. to measure each of the individual points to identify/support what success will look like.
- P.22. Would have expected a line to include under Scrutiny/accountability reference to 'Toward 2025 Improvement Plan'
- P.22. Provide a link address to the website referenced at the bottom of the page.
- P.22. The Government has set clear expectations for a reduction in crime to restore public confidence, are these expectations clear under the measures and indicators section previously.
- P.25. Is the PCC stating that it is his intention to increase the precept in the Police and Crime Plan, ahead of any consultation?
- P.26. There are some obvious questions as to why the OPCC will increase costs by +6.5% toward 2025 and the costs toward community safety, victim services will reduce by -8%.
- P.27. There appears to be a wishy-washy statement with reference to refreshing commissioning services on a regular basis, what does this mean?
- P.27. No mention of Proceeds Crime Act monies.
- P.27. Again reference to the website but no link available anywhere in the document.
- P.27. Additional Income, is this relevant. This will continue to change on an almost monthly basis. Would there be a question as to what funding the office hasn't been able to secure?

The Panel hoped that the PCC would take into account the comments that they had made before publishing his Police and Crime Plan 2021 - 2024.

RESOLVED that:-

1. The Cleveland Police and Crime Plan be noted.
2. The Panels comments be encapsulated and sent in a letter to the Commissioner.

#### **44/21      October 2021 to date and Forward Plan**

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.

In addition, a forward plan was included and published on the PCC website which included items requiring a decision in the future. This was attached to the report.

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.

The Panel was given the opportunity to ask questions and make comments on the report and Commissioner was given the opportunity to respond. This session could be summarised as follows:-

- Regarding the Commissioners decision to adopt Model 3 for the complaints process that had been outlined at a previous meeting, when the Chair had agreed the decision document there was a comment that the finance officer had made that referred to the cost which would be approximately £180k per annum that wasn't budgeted for in the long term financial plan and that the cost may have to be found from making savings elsewhere or the precept might have to increase. The Chair asked if the Commissioner knew where the savings may be made. The Commissioner responded that he was confident that Model 3 will be fully funded through the current budget, the note from the finance officer was due diligence and no funding would be taken from anything operationally.

RESOLVED that the report be noted.

#### **PCP      Police and Crime Commissioner's Scrutiny Programme 45/21**

Consideration was given to a report that provided members of the Police and Crime Panel with an update on the Police and Crime Commissioner's (PCC's) scrutiny programme.

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

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

Developments were taking place on how Scrutiny Meetings would be publicised which would include, amongst other things, short videos before and after the meetings to demonstrate what scrutiny had taken place, what the PCC had been told by the Force and what the next steps were. Work was also taking place to ensure that front line officers' views were taken into account in the scrutiny process.

The PCC's scrutiny programme, which challenged Cleveland Police in a firm but fair way, was developing apace. Since the last Police and Crime Panel the PCC had held 2 formal scrutiny meetings which were held on 29 September 2021 - Victims and 14 October 2021 – Crime Statistics. Details of the meetings was contained within the report.

Details of each scrutiny meeting were held in order to record if the PCC was assured or otherwise by the Force's response. Where further assurances were required, additional information would be required by the Force at future meetings.

The next scrutiny meeting would take place on 3 November 2021 and would include questions on Police Legitimacy and the Violence Against Women and Girls agenda.

The Panel was given the opportunity to ask questions and make comments on the report and Commissioner was given the opportunity to respond. This session could be summarised as follows:-

- A question was asked around the scrutiny process and the assurances that were given. The Commissioner agreed that for future meetings a table would be included in the report that detailed the scrutiny topics that had reviewed and the level of assurances that had been given.

RESOLVED that the report be noted.

**PCP  
46/21**

#### **Programme of Engagement for the Commissioner – Video Presentation**

The Panel received a video presentation on the programme of engagement for the Commissioner.

RESOLVED that the video presentation be noted.

**PCP  
47/21**

#### **Panel Rules of Procedure**

Consideration was given to a report that sought to update the Panel's Rules of Procedure as a result of the planned changes to the governance support to Panel.

Members were aware that the Chief Executives of the four Cleveland Police

area authorities had agreed that the governance support to the panel and lead authority function should rotate between the four authorities on a four-yearly basis.

The current Rules of Procedure contain references to Stockton-on-Tees Borough Council as the lead authority.

The proposed amendments to the Rules were shown in tracked changes on the appendix that was attached to the report. The only changes were to make the rules generic by removing references to Stockton-on-Tees Borough Council. They otherwise remained the same.

The Police Reform and Social Responsibility Act 2011 required the Panel to make Rules of Procedure.

RESOLVED that the amended Rules of Procedure as per attached to the report be agreed and adopted by the Panel with immediate effect.

**PCP  
48/21**

### **Public Questions**

The following public question had been submitted by Cllr Louise Baldock for response by the Panel:-

“The Cleveland Police and Crime Panel Annual Report 2020/2021 contains a membership list and photos of existing members on page 6. I note there are 14 members, including 2 independent appointments. Of these 14, only one is a woman.

Women make up more than 50% of the population of Cleveland; they also suffer from some crimes in much greater numbers than men do, so their voices in terms of some of the objectives of the PC is particularly important. There is for instance currently a nationwide focus on violence against women, particularly since the murder of Sarah Everard by a serving police officer; a big rise in domestic violence, accelerated by the corona virus pandemic; and a woeful conviction rate for rape. Women are also disproportionately represented in the numbers convicted for shoplifting where poverty is a key driver.

Whilst the existing panel members are undoubtedly capable of undertaking the work, this lack of diversity will mean that certain experiences and voices are largely missing from the panel during their scrutiny work.

(I note there would be similar arguments for ethnicity representation that accurately reflected Cleveland's population that someone from those communities could make better than me. While disability and sexuality are often hidden so the panel may be much more representative for those than one could see by looking at the photographs in the report. I confine myself to the point about gender).

What steps does the panel intend to undertake to ensure that future panels are more representative of the population they serve? Has the panel considered introducing gender balanced nominations from local authorities? Or using the opportunity to appoint independents to aim for better diversity? Or co-opting

individuals who occupy relevant roles in relevant organisations? In the meantime, how is the panel undertaking training and awareness-raising to ensure that existing members are best able to consider women's experience and concerns in the round?"

The Chair had prepared a response that had been agreed by the panel as follows:-

Thank you Cllr Baldock for your question,

"The Cleveland Police and Crime Panel, as you are aware, is made up of 12 Elected Councillors from the four different Local Authorities, covered by the Force area, and 2 Independent Members. The Elected Members are nominated by their respective Local Authority to take a position on the Panel. The Panel have no influence on who does, or does not, sit on the Panel from the Local Authorities. It is up to the relevant Local Authority to decide on what procedure they undertake in selecting their nominations.

Of the 2 Independent Members, both have kindly put themselves forward to help undertake the important work of the Panel and were interviewed by Panel Members, after a recruitment advert published by the Monitoring Officer at Stockton Borough Council.

At present there are 3 women (Elected Members) on the Panel, making up 25% of the members nominated by the respective local authorities.

The work undertaken by the Panel is driven by Legislation and focuses on supporting and challenging the work of the Police and Crime Commissioner.

The Panel do not scrutinise Cleveland Police or the direction of their work, that is the role of the Commissioner. The Commissioners Office has 80% of staff who identify themselves as female.

The Commissioner publishes a Police and Crime Plan which, amongst other things, drives the direction of the Force. The present plan, which was discussed earlier this evening, has a number of priorities, one of which is to tackle violence against women and girls.

The Panel will support and challenge the Commissioner to ensure the plan meets its objectives."

Cllr Tom Mawston also added that he had asked other members of Middlesbrough Independent Group that included 5 women if they wanted to sit on the Panel but none had wanted the seat so he had volunteered to sit on the Panel.

Cllr Sue Jeffrey added that because of the political proportionality this was something that was difficult to deal with but Cllr Baldock's suggestions were very good ones including asking authorities to think about diversity when they are making their nominations and better use of NPIM. The issue was something that the Panel should address in the near future.

Paul McGrath outlined that training was very important for the Panel.

The Commissioner then offered that he and his office was more than happy to help and support the process in any way possible.

**PCP  
49/21**      **Forward Plan**

Members were presented with the Forward Plan for the Panel 2021/22.

RESOLVED that the Forward Plan 2021/22 be noted.

**PCP  
50/21**      **Exclusion of the Public**

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act.

**PCP  
51/21**      **Complaints Update**

The Panel received an update on the complaints that had been received.

RESOLVED that:-

1.      The complaints referenced in paragraphs 6 and 8 of the report were conduct matters.
2.      They be recorded as conduct matters.
3.      The conduct matters be referred to the IOPC.
4.      The referrals be notified to the Commissioner and the complainants.
5.      The receipt of the other complaints be noted.