

AUDIT AND GOVERNANCE COMMITTEE

AGENDA



Thursday 11 August 2022

at 10.00 am

**in Committee Room B,
Civic Centre, Hartlepool**

Those wishing to attend the meeting should phone (01429) 523568 or (01429) 523019 by midday on Wednesday 10 August and name and address details will be taken.

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

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors Cook, Cowie, Creevy, Falconer, Feeney, Hall, Loynes, D Nicholson, Smith and Tiplady.

Standards Co-opted Independent Members: - Mr Martin Slimings and Ms Tracy Squires.

Standards Co-opted Parish Council Representatives: Parish Councillor John Littlefair (Hart) and Parish Councillor Alan O'Brien (Greatham).

Local Police Representative.

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 7 July 2022.

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

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

4. **AUDIT ITEMS**

- 4.1 Letter to Those Charged With Governance – Compliance with Laws and Regulations/ Fraud – *Director of Resource and Development*
- 4.2 Internal Audit Outcome Report 2021/22 – *Head of Audit and Governance*
- 4.3 Role of the Chief Finance Officer (CFO) in Public Service Organisations – *Director of Resources and Development*
- 4.4 Role of the Head of Internal Audit in Local Government – *Director of Resources and Development*
- 4.5 Annual Governance Statement 2021/22 – *Director of Resources and Development*
- 4.6 The 2021/2022 Financial Report (Including the 2021/22 Statement of Accounts) – *Director of Resources and Development*

5. **STANDARDS ITEMS**

No Items.

6. **STATUTORY SCRUTINY ITEMS**

Crime and Disorder Scrutiny

- 6.1 Safer Hartlepool Partnership Performance – Quarter 3 – October – December 2021 – *Director of Neighbourhood and Regulatory Services*
- 6.2 Safer Hartlepool Partnership Performance – Quarter 4 – January – March 2022 – *Director of Neighbourhood and Regulatory Services*

Health Scrutiny

No items.

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

- 7.1 To receive the minutes of the meeting held on 21 March 2022.

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

No items.

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

No items.

10. **MINUTES FROM RECENT MEETING OF SAFER HARTLEPOOL PARTNERSHIP**

- 10.1 To receive the minutes of the meeting held on 8 March 2022

11. **REGIONAL HEALTH SCRUTINY UPDATE**

No items.



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

No items.

13. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

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

EXEMPT ITEMS

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

15. STANDARDS ITEMS

- 15.1 Council Referral - Councillor Gordon Cranney Investigation Report - *Chief Solicitor* (para. 1) (*To Follow*)

16. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For information: -

Forthcoming Meetings: -

Thursday 8 September, 2022 at 10.00 am
Thursday 29 September, 2022 at 10.00 am
Thursday 10 November, 2022 at 10.00 am
Thursday 15 December, 2022 at 10.00 am
Thursday 12 January, 2023 at 10.00 am
Thursday 9 February, 2023 at 10.00 am
Thursday 16 March, 2023 at 2.00 pm

All meetings will take place at the Civic Centre, Hartlepool.



AUDIT AND GOVERNANCE COMMITTEE

MINUTES AND DECISION RECORD

7 JULY 2022

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

Present:

Councillor: Cook (In the Chair).

Councillors: Cowie, Creevy, Falconer, Feeney, Hall, Loynes, and D Nicholson.

Standards Co-opted Members:

Mr Martin Slimmings and Ms Tracy Squires – Independent Members

Parish Councillors Alan O'Brien (Greatham) and John Littlefair (Hart).

Also Present: Christopher Akers-Belcher, Chief Executive – Healthwatch Hartlepool

Officers: Danielle Swainston, Assistant Director, Joint Commissioning
Joan Stevens, Statutory Scrutiny Manager
Amanda Whitaker, Democratic Services Team.

8. Apologies for Absence

Apologies for absence were received from Councillors Smith and Tiplady and Parish Councillor Littlefair.

9. Declarations of Interest

Councillors Creevy, Falconer and Feeney declared interests as property landlords - agenda item 6.3 with reference to landlord licensing.

10. Minutes

The minutes of the meeting held on 23rd June 2022 were confirmed.

With reference to minute 6, the Statutory Scrutiny Manager updated Elected Members that feedback from the Committee had been relayed to the Practice. An indication had been received that the outcome of the current engagement process would be submitted to this Committee in October.

11. Introduction to Scrutiny – (Statutory Scrutiny Manager)

The report set out an overview of the role and functions of the Audit and Governance Committee in fulfilling its statutory scrutiny responsibilities as required by the Health and Social Care Act 2012. The statutory scrutiny functions related to the areas of health and crime and disorder as set out in the report.

Decision

The report was noted.

12. Annual Appointments to Committees and Forums (Statutory Scrutiny Manager)

The report set out details of appointments which had been made, at the Annual Council meeting, to the following Committees/Bodies:-

- (a) Tees Valley Joint Health Scrutiny Committee;
- (b) North East Regional Joint Health Scrutiny Committee;
- (c) North East Regional Joint Member / Officer Scrutiny Network;
- (d) Tees Valley Combined Authority Audit and Governance Committee; and
- (e) Tees Valley Combined Authority Independent Remuneration Panel.

Nominations were sought in relation to the following appointments:-

- (a) Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee;
- (b) Health and Wellbeing Board as a non-voting official observer; Safer Hartlepool Partnership as a non-voting observer; and

Decision

The Committee agreed the following appointments:-

Durham Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee – Councillor Cook, Chair of Audit and Governance Committee and Councillors Creevy and Loynes

Health and Wellbeing Board as a non-voting official observer – Councillor Hall

Safer Hartlepool Partnership as a non-voting observer - Councillor Hall

13. Personnel Sub-Committee *(Chief Solicitor and Monitoring Officer)*

In order to comply with the requirements of the Constitution, the Committee was requested to appoint 3 Elected Members to the Personnel Sub Committee and to determine which of those Elected Members would act as Chair.

Decision

Councillors Cook, Cowie and Creevy were appointed to Personnel Sub-Committee

It was agreed that Councillor Cook be appointed Chair of the Sub-Committee.

14. Dedicated Overview and Scrutiny Budget 2021/22 – Outturn *(Statutory Scrutiny Manager)*

In 2013, a budget of £5000 per year had been allocated to the Overview and Scrutiny function to provide support for the delivery of the work programme and development of the function. The Committee was advised that during 2021/22 no expenditure had been incurred from the budget.

Decision

The Audit and Governance Committee noted the dedicated scrutiny budget position for the 2021/22 financial year.

15. Regulation of Investigatory Powers Act 2000 (RIPA) - Quarterly Update *(Chief Solicitor)***Decision**

It was reported that Hartlepool Borough Council had powers under the Regulation of Investigatory Powers Act 2000 (RIPA) to conduct authorised covert surveillance and was required to provide Members with a quarterly update as to the use of those powers. Members were informed that in the quarter to the date of this meeting, there had been no RIPA Authorisations authorised

Decision

The report was noted.

16. Healthwatch Work Programme 2022/23 (*Chief Executive, Healthwatch Hartlepool*)

The Healthwatch Chief Executive, who was in attendance at the meeting, presented the report. The current and ongoing work of Healthwatch Hartlepool for the coming year were detailed together with the objectives and associated challenges. Details of the key principles to be followed when delivering the work programme was appended to the report.

The Healthwatch Chief Executive responded to issues raised by elected members arising from the report, including commissioning arrangements for GP practices and Healthwatch funding. Discussion followed on issues relating to surveys, undertaken by GP practices, which was highlighted by a member of the public who was in attendance at the meeting.

Decision

The contents of the report were noted and the Chair, on behalf of the Committee, requested that updates be presented to the Committee on the work programme.

17. Selection of Potential Topics for Inclusion in the 2022/23 Statutory Scrutiny Work Programme (*Statutory Scrutiny Manager*)

The Statutory Scrutiny Manager outlined the process for the determination of the Overview and Scrutiny Work Programme and sought consideration of potential topics for inclusion into the Statutory Scrutiny Work Programme for the 2022/23 Municipal Year.

The report outlined the topics that had been suggested by Elected Members for both Health and Crime and Disorder scrutiny, together with the rolling health scrutiny programme and the potential for emerging/mandatory health scrutiny matters and Budget and Policy Framework items.

The Statutory Scrutiny Manager requested that the Committee be mindful to allow some capacity to deal with any ad hoc and mandatory issues which could arise for the Committee to also consider during the municipal year. Attention was drawn to an appendix to the report which mapped this year's Committee meetings alongside issues which had already been identified for consideration.

With regard to the suggested health topic, GP's appointments, it was highlighted that Healthwatch Hartlepool had recently investigated this issue and had produced an in depth report. It was suggested that update reports be presented to this Committee. The Chief Executive of Healthwatch Hartlepool suggested that following consideration of the recommendations

by the Integrated Care Board (ICB), arrangements be made for the ICB's Executive Director of Placed Based Partnerships to attend a meeting of this Committee with a representative of Healthwatch Hartlepool,

It was noted that the rolling health scrutiny work programme included a topic relating to Healthy Eating/Obesity. The Statutory Scrutiny Manager highlighted that a significant review was ongoing in relation to the obesity strategy. Whilst it was, therefore, not considered timely to undertake further work on this topic, it was considered appropriate for the Committee to be kept informed on the Strategy.

The remaining topic was an investigation in relation to all aspects of poor quality housing provision in Hartlepool (including this issue of landlord licensing) which had been referred by Full Council on 30 September 2021 for consideration as a potential work programme item for 2022/23.

It was suggested at the meeting that a further topic for consideration could be drug abuse and its links to health and disorder. The Assistant Director, Joint Commissioning, referred the Committee to work which was ongoing in relation to substance misuse. A 10 year Drug Strategy had been produced by Government and a recovery grant had been allocated. There was an expectation that Partnerships would be developed. There had been some discussions regarding a Tees Footprint and a decision was required to be made by 1 August 2022, with a Joint Strategic Needs Assessment required by October and a Delivery Plan by the end of the calendar year. Reports would be submitted to the Health and Wellbeing Board and the Safer Hartlepool Partnership. Although the reasoning for the topic being proposed was understood, it was reiterated that there was still considerable unknown issues and issues to be resolved. The Assistant Director responded to issues raised by the Committee in relation to the substance misuse issue in the Borough and confirmed there were unmet needs and inequalities which needed to be addressed. The Chief Executive of Healthwatch Hartlepool referred to the recommissioning of the service and suggested that the action plan attached to the reconfigured model could be reviewed by the Committee to determine if the new model is working. Responding to the issues which had been raised, the Statutory Scrutiny Manager concluded that it would be more effective to scrutinise the topic the following municipal year although updates on the service could be received this year which would assist the Committee in making a decision for the new municipal year.

With regard to the Motion which had been referred to the Committee for consideration, it was highlighted that the scope was considerable. Speaking in favour of the Motion being included in the work programme, it was highlighted that housing affected everyone fundamentally. Whilst the issues related to all landlords, the Motion had not related only to landlord licensing but how the issues could be addressed. It was added that adding this topic to the work programme this year would also align to work which Officers had commenced. It was also highlighted that the Motion had been referred to this Committee by Full Council. The Statutory Scrutiny Manager suggested that a position statement could be considered by the Committee in October

and at that point the Committee could decide how to deal with the topic. In the meantime, the issue of substance abuse would be held in abeyance until the following municipal year.

A vote was taken on whether either substance abuse or the Housing Motion be added to the Work Programme for this municipal year. The majority of the Committee voted for the addition of substance abuse.

Decision

With due regard to the potential topics identified in the work programme report, and those alongside those suggested from the floor of the meeting, the following was agreed that:

- i) GP Appointments – An update on the implementation of the recommendations of the Healthwatch Hartlepool ‘GP Access’ investigation to be presented to the Audit and Governance Committee at its October meeting. The Executive Director of Place Based Partnerships (Central and Tees Valley ICP) to be invited to give a joint presentation alongside the Chief Executive (Healthwatch Hartlepool);
- ii) The provision of substance misuse services (drug and alcohol) be selected as the topic for investigation in 2022/23.

The meeting concluded at 11.45 a.m.

CHAIR

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Director of Resources and Development

Subject: LETTER TO THOSE CHARGED WITH
GOVERNANCE - COMPLIANCE WITH LAWS
AND REGULATIONS/ FRAUD

1. PURPOSE OF REPORT

- 1.1 To inform Members of the proposal to reply to the report received from the Director and Engagement Lead of our External Auditor, Mazars, to those charged with governance regarding compliance with laws and regulations and fraud.

2. BACKGROUND

- 2.1 In carrying out the annual accounts audit, Mazars have to demonstrate compliance with International Standards for Auditing (UK and Ireland). The Standard requires Mazars to gain each year, an understanding of how the Committee exercises oversight of management's processes for identifying and responding to the risks of fraud and the internal controls established to mitigate them.
- 2.2 Mazars must also gain a general understanding of the legal and regulatory framework applicable to the audited body and how the audited body is complying with that framework. After gaining a general understanding auditors need to undertake audit procedures to help identify instances of non-compliance with those laws and regulations where this impacts on preparing the financial statements. This includes:
- Enquiring of management whether they have complied with all relevant laws and regulations;
 - Written representation from management that they have disclosed to the auditor all known actual or possible areas of non-compliance; and
 - Enquiring with "those charged with governance" whether they are aware of any possible instances of non-compliance.

3. AUDIT AND GOVERNANCE COMMITTEE RESPONSE

- 3.1 Attached as Appendix A is a letter to Mazars from the Chair of the Committee detailing how the committee has complied with the requirements of International Standards for Auditing.

4. RISK IMPLICATIONS

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

5. FINANCIAL CONSIDERATIONS

- 5.1 There are no financial considerations.

6. LEGAL CONSIDERATIONS

- 6.1 There are no legal considerations.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1 There are no asset management considerations.

11. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS

- 11.1 There are no environment, sustainability and climate change considerations.

12. RECOMMENDATION

- 12.1 It is recommended that Members agree the contents of the letter to Mazars outlining how the activities of the Committee comply with the requirements of International Standards for Auditing.

13. REASON FOR RECOMMENDATIONS

- 13.1 To ensure that in order for Mazars to comply with legislative requirements, those charged with governance supply the requested information.

14. BACKGROUND PAPERS

- 14.1 Letter to Those Charged With Governance - Compliance with Laws and Regulations/ Fraud

15. CONTACT OFFICER

- 15.1 Chris Little
Director of Resources and Development
Civic Centre
Victoria Road
Hartlepool
T24 8AY

Tel: 01429 523003
Email: chris.little@hartlepool.gov.uk

Appendix A

Cllr Rob Cook

Audit and Governance Committee Chair
Civic Centre
Hartlepool
TS24 8AY

Tel: 01429 266522
www.hartlepool.gov.uk
Our Ref:
Your Ref:

11.08.22

Gavin Barker,
Director, Public Services,
Mazars,
The Corner,
Bank Chambers,
26 Mosley Street,
Newcastle, NE1 1DF.

Dear Gavin,

Further to your report to those charged with governance – Request for Declarations; in relation to understanding how Mazars gains assurance from management, I have outlined below in the answers to the questions posed, how the Audit and Governance Committee exercise oversight of the processes in place to prevent and detect fraud and gains assurance that all relevant laws and regulations are complied with.

1) Questions about arrangements for preventing and detecting fraud

How does the Authority assess the risk that the financial statements may be materially misstated due to fraud?

As the Audit and Governance Committee we review the Council's Financial Statements and take advice from both officers' internally and externally regarding the accounting statements and processes in place to ensure they are a true and fair view of the Council's financial position. A rigorous targeted quality assurance review of the final accounts and financial statements is undertaken by the Council's accounting staff who prepare the statements, supported by the Director of Resources and Development, to ensure that they are not subject to material misstatement. Financial reports are subject to a quarterly review which is scrutinised by Corporate Management Team. Key systems e.g. Creditors, Debtors, Business Rates, Council Tax are robust and subject to annual internal audit reviews to significantly eliminate any risk of fraud. The Committee gain assurance from Internal Audit reports each quarter.

Is the Authority aware of management's process for identifying and responding to the risks of fraud generally and specific risks of misstatement in the financial statements and if so what are these processes?

We are regularly updated in relation to issues regarding potential fraud and review and approve the Council's Anti-Fraud and Corruption Strategy. The Audit and Governance Committee review and approve the Council's Code of Corporate Governance and also the Council's Risk Management Strategy. As an independent committee of the Council, the Audit and Governance Committee can at any time seek explanation from any officer of the Council regarding issues it considers. A rigorous targeted quality assurance review of the final accounts and financial statements is undertaken by the Council's accounting staff who prepare the statements, supported by the Director of Resources and Development, to ensure that they are not subject to material misstatement. Financial reports are subject to a quarterly review which is scrutinised by the Corporate Management Team. Key systems e.g. Creditors, Debtors, Business Rates, Council Tax are robust and subject to annual internal audit reviews to significantly eliminate any risk of fraud. The Committee gain assurance from Internal Audit reports each quarter.

Is the Authority aware of the arrangements in place for management to report about fraud to the Authority and if so what are these arrangements?

We considered Internal Audit Plan 2021/22 Updates. Reports were reviewed by the Committee during the year which allowed members to be kept up to date with the ongoing progress of the Internal Audit section in completing its annual audit plan. These reports allowed the Committee to review the outcomes of all completed internal audit reports and comment upon any areas of concern.

Is the Authority aware of the arrangements management have in place, if any, for communicating with employees, lay members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour and if so what are these arrangements?

The Council has strong corporate governance arrangements in place in relation to the risk of fraud. Internal audit has reviewed these arrangements in line with CIPFA and National Fraud Authority guidance to identify and respond to fraud risk areas.

Does the Authority have knowledge of actual or suspected fraud, including any entries made in the accounting records that you believe or suspect are false or intentionally misleading and if so is it aware of what actions management is taking to address it?

The Committee is aware of fraud perpetrated against the Council in respect of benefit claims and the Council's participation in the National Fraud Initiative data matching exercise and the role of the Benefit Fraud Investigator. The Committee does not suspect fraud may be occurring in other areas within the Authority and is satisfied that adequate arrangements are in place to tackle suspected fraud. The Committee is not aware of any entries made in the accounting records of the authority that we believe or suspect are false or intentionally misleading. We do not believe any assets, liabilities or

transactions have been improperly included or omitted from the accounts of the Council. The Committee takes assurance from both its internal and external audit coverage of the Council's accounting records and is satisfied that sufficient checks and balances are in place.

What arrangements are in place for the Authority to oversee management arrangements for identifying and responding to the risks of fraud and the establishment of internal control?

The Committee is satisfied that the Council has adequate governance arrangements in place in relation to its internal control environment and gains assurance from the work of its internal and external auditors. The Council has a well-established and publicised Whistleblowing Policy in place as well as an up to date Anti-Fraud and Corruption plan. Employees are expected to report all instance of suspected fraud and corruption and are encouraged to do so.

As a Committee we are not aware of any breaches of internal control during 2021/22, and will consider those significant governance issues highlighted in the Annual Governance Statement in the context of our knowledge and understanding of the Council over the financial year.

2) Questions about arrangements for complying with law and regulations responsibilities

Has management provided a clear statement which confirms its consideration of relevant laws and regulations and its compliance with them?

The Council's Monitoring Officer monitors all current and new legislation, ensuring adequate arrangements are in place to enable compliance. The Council has in place a robust management performance and reporting regime which helps monitor the achievement of objectives including compliance with laws and regulations. There is also a comprehensive internal audit regime which provides independent assurance.

How does the Authority satisfy itself that all relevant laws and regulations are being complied with?

The Committee considered Internal Audit Plan 2021/22 updates. These reports were reviewed by the Committee during the year which allowed members to be kept up to date with the ongoing progress of the Internal Audit section in completing its annual audit plan. These reports allowed the Committee to review the outcomes of all completed internal audit reports and comment upon any areas of concern. The Committee also receives assurance via the work of the Monitoring Officer through regular update reports. These reports, along with other updates from senior officers at the Council, provide satisfactory assurance that all relevant laws and regulations are being complied with.

Is the Authority aware of any instances of non-compliance with laws or regulations?

Members of the Audit and Governance Committee are active in other areas of Council activity and bring that knowledge and experience to the Audit and Governance Committee in relation to the Council's operation. The Audit and Governance Committee reviews performance and risk management arrangements in place through the work of Internal Audit and other reports received and is not aware of any non-compliance with relevant laws or regulations during 2021/22.

Has management provided a list of litigation and claims?

The Committee is not aware of any new significant litigation or claims or changes to any existing litigation / claim that would affect the financial statements.

Has an assessment been made of the outcome of the litigation or claim and its estimate of the financial implications, including costs involved? Has the reasonableness of management's assessments been considered and additional information provided to the auditor where necessary?

The Committee is not aware of any significant litigation or claims that would affect the financial statements.

3) Questions about the appropriateness of the going concern assumption**Has a report been received from management forming a view on going concern?**

Reports and information have been provided to the Committee over the course of the year, including reviewing the Council's Financial Statements and Annual Governance Statement. Members of the Committee are aware of the medium term financial strategy report where the Section 151 Officer gives his opinion on the robustness of reserves giving assurance about the Authority's financial sustainability in the medium term. We are aware that local authorities are presumed to be going concerns as long as there is no reason to suggest that services provided would not continue and there is no reason that we are aware of, or suspect core services would be discontinued in the foreseeable future.

Are the financial assumptions in that report (e.g. future levels of income and expenditure) consistent with the strategic business plan and the financial information provided to the Authority throughout the year? If not, does the report contain a clear explanation, with supporting evidence, for the assumptions used, and are those assumptions appropriate? This should include written evidence of agreed income and expenditure for major funding streams.

Having reviewed the reports and information provided to the Committee over the course of the year, including reviewing the Council's Financial Statements and Annual Governance Statement, the Committee has no significant doubt as to the Council's ability to continue as a going concern. The Committee is aware of the approved budget strategy for 2022/23 with reliance on the use of the Budget Support Fund and one off Government Grant funding.

Are the implications of statutory or policy changes appropriately reflected in the business plan, financial forecasts and report on going concern?

The Council's Monitoring Officer monitors all current and new legislation, ensuring adequate arrangements are in place to enable compliance. The Council has in place a robust management performance and reporting regime which helps monitor the achievement of objectives including compliance with laws and regulations. There is also a comprehensive internal audit regime which provides independent assurance.

Have there been any significant issues raised with the Authority during the year (e.g. adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control, or significant variances to activity levels compared to those planned), which could cast doubts on the assumptions made?

There have been no significant issues raised with the Audit and Governance Committee during the year that cast doubt on financial assumptions made when forming a view on the going concern assumption. There is also a comprehensive internal and external audit regime which provides independent assurance.

Has an analysis been undertaken of the Authority's projected or actual performance against its financial plan? If so, is it robust and does it identify any areas of potential concern? Where there are potential concerns what action is being taken to address those areas of potential weakness?

Members of this Committee are fully apprised of the Council's financial position via the Director of Resources and Developments reporting of the in-year financial position and medium term financial plan to the Finance and Policy Committee and Council, and also the report presented to this Committee by your auditors concerning the positive Value for Money Opinion in the Auditors Annual Report. There have been no significant issues raised with the Audit and Governance Committee during the year that cast doubt on financial assumptions made when forming a view on the going concern assumption.

Does the organisation have sufficient staff in post, with the appropriate skills and experience, particularly at senior management level, to ensure

the delivery of the organisation's objectives? If not, what action is being taken to obtain those skills?

The organisation has sufficiently skilled and experienced staff to deliver the Council's objectives, for staff appointments robust recruitment process is in place to ensure suitably experienced and qualified staff are appointed. Appropriate support and training is provided to all staff in the organisation. The Committee considers those posts dealing with all aspects of procurement and cash handling to be high risk. The Committee takes assurance from the fact that support and training is provided to staff and that the Council has sufficiently skilled and experienced staff to deliver the Council's objectives.

4) Questions about the consideration of related parties**What controls are in place to identify, authorise, approve and account for and disclose related party transactions and relationships?**

The Committee is aware that the Council is required to disclose material transactions with bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Procedures are in place to update details of these interests which are recorded in the Register of Members' Interest. This document is open to public inspection at the Civic Centre during office hours and available on the Council's website. Training is provided to Members in this area to ensure a shared understanding of expectations exist.

Members of the Corporate Management Team are required to provide an annual declaration of interest and to keep this under review during the year. These declarations are reviewed annually. Detailed notes explaining the nature of any related party transactions are recorded in the Council's Statement of accounts.

Can you confirm that you have disclosed to the auditor the identity of the entity's related parties and all the related party relationships of which you are aware:

The Committee can confirm it has disclosed to the auditor the identity of the Council's related parties and all the related party relationships of which it is aware and is not aware of any related party relationships or transactions that could give rise to instances of fraud.

Can you confirm that you have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the framework?

The Committee can confirm that it is assured that adequate arrangements are in place for the recording and declaration of any relationships or interests that may raise cause for concern and any such disclosures are appropriately accounted for and disclosed in accordance with the requirements of the framework.

Yours Faithfully

Cllr Rob Cook

Audit and Governance Committee Chair

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT OUTCOME REPORT
2021/22

1. PURPOSE OF REPORT

- 1.1 This report provides members with the Head of Audit and Governance assurance opinion on the adequacy and effectiveness of the Council's internal control environment.
- 1.2 The report also informs members of the outcomes of audit work covering the period April 2021 to March 2022.

2. BACKGROUND

- 2.1 This report provides accountability for internal audit delivery and performance and allows Members to monitor the application of the delegated authority for ensuring an effective and satisfactory internal audit function.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for internal audit in local government. PSIAS was the Code under which the internal audit Service operated during 2021/22. It sets out the requirement for the Head of Audit and Governance to report to officers and the Audit and Governance Committee to help inform their opinions on the effectiveness of the Internal Control environment in operation within the Council.
- 2.3 All auditors are instructed to declare if they have any links to the subject matter of any audits undertaken or relationships with auditees that could compromise the impartiality or objectivity of the work undertaken. If a declaration is made that auditor would play no role in any further work in that area.
- 2.4 The Governments continued response to Covid-19 in 2021/22 resulted in measures to support the community and business that had an impact on how Hartlepool Borough Council operates. This led to internal audit

continuing to provide support in relation to the payment and subsequent reconciliation of business grants as well as the payment of isolation support grants.

- 2.5 Information for Members on the standards of financial administration and management arrangements operating within the Authority is detailed in this report, together with a progress report on the extent of implementation of audit action plans. The consideration and effective implementation of audit action plans is fundamental in ensuring effective financial stewardship and robust financial systems, controls and procedures.
- 2.6 This report also details the performance of internal audit in 2021/22 on a range of key performance indicators.
- 2.7 Hartlepool Borough Council also provides audit services to Cleveland Fire Authority. In addition to the audits detailed in Appendix A, internal audit completed 15 major systems and probity reviews for the CFA during 2021/22.

3. AUDIT INPUTS 2021/22

- 3.1 There were 1085 audit days allocated at 01.04.21 to planned and responsive activities during 2021/22.
- 3.2 The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2021/22. This is a key consideration to fulfil the requirement of the PSIAS so I can issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.
- 3.3 Staffing resources were as anticipated and although the level of support provided by internal audit to the COVID-19 response was slightly greater than anticipated, the section was still able to review all high-risk functions and a balanced program of work covering all Council departments was achieved for 2021/22.

4. OUTCOMES

- 4.1 The Chartered Institute of Public Finance (CIPFA) has issued guidance to Internal Auditors regarding Local Government Bodies Head of Internal Audit Annual Opinions which addressed the risk of a limitation of scope. I have taken this guidance into account when providing the committee with my opinion detailed below.

- 4.2. Based on the work undertaken during the year 2021/22, my opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is that reliance can be placed on the adequacy and effectiveness of internal controls operating across the Council in 2021/22. As was detailed in last year's opinion those school audits that were not undertaken as part of the 2020/21 internal audit plan have now been completed as part of internal audit work in 2021/22.
- 4.3 Appendix A schedules all the planned audits undertaken in 2021/22. At the time this report was completed end of year work was being finalised on Treasury Management, however, sufficient reliance could be placed on testing completed for the purposes of the 2021/22 audit opinion
- 4.4 All of the risks raised within Internal Audit reports have been accepted. All proposed actions made by Management in response to the risk issues, have been agreed to be implemented. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report.
- 4.5 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance; this statement is intended to provide reasonable assurance. These risks are reflected in the audit plan and are the subject of separate reports issued during the course of 2021/22.

5. FOLLOW UP

- 5.1 Audit reports are issued to auditees following a discussion of any audit findings and risks. Each report includes an Action Plan developed by management and agreed with Internal Audit, recording:
- Action taken to revise systems, procedures and operating arrangements;
 - A timescale for introducing the action plan improvements.
- 5.2 In accordance with PSIAS, a system of follow up of agreed action plans is in operation to monitor what action has been taken by management in response to audit work. During 2021/22, all audits completed, that had reached the date when a follow up was due, have been the subject of follow up activity.

This position is positive and indicates a commitment by management to further improve controls and financial systems throughout the Authority. Further follow up work is planned in 2022/23 for those actions not yet implemented.

6. MONITORING INTERNAL AUDIT PERFORMANCE

- 6.1 Internal Audit is committed to the delivery of a quality service, which accords with the UK PSIAS, and to being responsive to the needs of service departments. In common with other central service providers, a number of core performance indicators for Internal Audit Services have been determined for 2021/22. Performance against these targets is detailed below:

Internal Audit Performance Indicators

Indicator	Target Set for 2021/22	Actual Performance 2021/22
Completion of fundamental systems audits provides assurance that financial procedures are operating effectively.	90%	92%
In addition to the managing auditor reviews, quality reviews of Teammate working paper files and evidence by the Head of Audit and Governance to ensure compliance with the standards laid down in Codes of Practice and adopted in the Internal Audit Manual.	10%	10%
Percentage of Audit Reports issued within 10 working days of audit completion.	87.5%	100%
Percentage of Action Plans followed up within 6 months of completion of the audit.	100%	100%
Annual Report to Members by 30 th July following year-end.	30.07.22	11.08.22

- 6.2 As per PSIAS requirements, an External Assessment of HBC Internal Audit must be completed once every five years. The PSIAS has six core standards with three hundred areas of compliance across these standards. A self-assessment was undertaken and then externally peer reviewed by Stockton and Darlington Internal Audit Service. The external assessment concluded:

“It is my opinion that the service conforms with the standards in all significant aspects and is free to state as much in all of its communications”

7. RISK IMPLICATIONS

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

8. FINANCIAL CONSIDERATIONS

- 8.1 There are no financial considerations.

9. LEGAL CONSIDERATIONS

9.1 There are no legal considerations.

10. CHILD AND FAMILY POVERTY CONSIDERATIONS

10.1 There are no child and family poverty considerations.

11. EQUALITY AND DIVERSITY CONSIDERATIONS

11.1 There are no equality and diversity considerations.

12. STAFF CONSIDERATIONS

12.1 There are no staff considerations.

13. ASSET MANAGEMENT CONSIDERATIONS

13.1 There are no asset management considerations.

14. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS

14.1 There are no environment, sustainability and climate change considerations.

15. RECOMMENDATION

15.1 That Members note the contents of the report.

16. REASONS FOR RECOMMENDATIONS

16.1 The information in the report allows members of the committee to review the opinion of the Head of Audit and Governance and fulfils the statutory requirement of the Head of Audit and Governance.

17. BACKGROUND PAPERS

17.1 Internal Audit Reports;
Internal Audit Quarterly Updates;
CIPFA Code of Practice for Internal Audit in Local Government;
UK Public Sector Internal Audit Standards (PSIAS 2017).

18. CONTACT OFFICER

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Appendix A

Summary of Internal Audit Planned Work Undertaken for 2021/22

Audit	Assurance Level
Youth Employment Initiative Grant	Satisfactory
Covid Emergency Assistance Clinically Extremely Vulnerable Grant	Satisfactory
Covid Emergency Assistance Test and Trace Support Grant	Satisfactory
Covid Local Authority Compliance and Enforcement Grant	Satisfactory
Covid Emergency Assistance Care Home Support Package/Infection Control Grant	Satisfactory
Covid Education Costs Winter Support Fund	Satisfactory
Covid Community Testing Funding	Satisfactory
Borough Hall	Limited
Town Hall Theatre	Limited
Carefirst/CONTROC IT System	Satisfactory
Community Hubs	Satisfactory
Covid Cyber Security	Satisfactory
Troubled Families Grant	Satisfactory
High Tunstall Secondary	Satisfactory
Covid Health and Safety Arrangements	Satisfactory
Covid Food and Essential Supplies Grant	Satisfactory
Computer Audit – Virus Checker Defence Systems	Satisfactory
Computer Audit – Internet/Email Controls	Satisfactory
Officers Expenses	Limited
Pupil Admissions	Satisfactory
Pupil Admissions EYES Computer Application	Satisfactory
Troubled Families Grant	Satisfactory
Covid Expenditure Analysis	Satisfactory
Debtors	Satisfactory
Local Transport Highways Capital Grant	Satisfactory
ESF Routes to Work Grant	Satisfactory
Fens Primary	Satisfactory
Golden Flatts Primary	Satisfactory
Lynnfield Primary	Satisfactory
Clavering Primary	Satisfactory
Salaries and Wages	Satisfactory
Nursing and Residential Care	Satisfactory
Stores/Joiners Shop	Satisfactory
Youth Employment Initiative Grant	Satisfactory
Members Allowances	Satisfactory
Troubled Families Grant	Satisfactory
Grounds Maintenance	Satisfactory
Energy Management	Satisfactory
Creditors	Satisfactory
In House Looked After Allowances	Satisfactory
Kingsley Primary	Satisfactory
Direct Payments	Satisfactory
Main Accounting Systems	Satisfactory
Fleet Stores	Satisfactory

Cultural Recovery Fund 1 and 2	Satisfactory
Budgetary Control	Satisfactory

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Director of Resources and Development

Subject: ROLE OF THE CHIEF FINANCE OFFICER
(CFO) IN PUBLIC SERVICE ORGANISATIONS

1. PURPOSE OF REPORT

- 1.1 To inform Members of the CIPFA statement – ‘The Role of the CFO in Public Service Organisations’, and how the Council complies with this guidance. As Director of Resources and Development, I am the Councils nominated Section 151 Officer.

2. BACKGROUND

- 2.1 The role of the CFO is a fundamental building block of good corporate governance and the Local Government Act 1972 (section 151) requires ‘every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs’. This statutory requirement is reinforced by the Local Government and Housing Act 1989 (section 6) which requires that the Section 151 officer is a qualified accountant and a member of an accountancy body approved by the Secretary of State.
- 2.2 The two critical aspects of the CFO’s role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources. The CFO, as the organisation’s most senior executive role charged with leading and directing financial strategy and operations, occupies a pivotal role, both for external stakeholders and within the Leadership Team. CFOs everywhere have a responsibility to ensure that their organisations control and manage money well, and that strategic planning and decision making are supported by sound analysis.
- 2.3 In the public service context, CFOs must also meet the demands of openness and accountability in decision making, balance competition for limited resources across a range of worthwhile objectives, deliver value for money and safeguard taxpayers’ money. Delivering these requires a range of personal qualities, as well as support from both the finance function and the organisation as a whole. It is these expectations, combined with the personal qualities and leadership skills

needed for them to be met, that have shaped the CIPFA Statement on the Role of the CFO in Public Service Organisations (the statement).

- 2.4 The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:

- The Organisation;
- The Role: and
- The Individual.

- 2.5 For each principle the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. Many of the day-to-day responsibilities may in practice be delegated or in some authorities may even outsource, but the CFO should maintain oversight and control. Summaries of personal skills and professional standards then detail the leadership skills and technical expertise organisations can expect from their CFO. These include the key requirements of CIPFA and the other professional accountancy bodies' codes of ethics and professional standards to which the CFO as a qualified professional is bound. The personal skills described have been aligned with the most appropriate principle, but in many cases can support other principles as well.

3. CIPFA STATEMENT ON THE ROLE OF THE CFO IN PUBLIC SERVICE ORGANISATIONS

3.1 The CFO in a public service organisation:

- 1** is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- 2** must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and
- 3** must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- 4 must lead and direct a finance function that is resourced to be fit for purpose; and
 - 5 must be professionally qualified and suitably experienced.
- 3.2 Appendix A of the report details how the Council ensures that the requirements of the statement are met.

4. RISK IMPLICATIONS

- 4.1 There is a risk that if Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, this could lead to the Committee being unable to fulfil its remit.

5. FINANCIAL CONSIDERATIONS

- 5.1 There are no financial considerations.

6. LEGAL CONSIDERATIONS

- 6.1 There are no legal considerations.

7. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 7.1 There are no child and family poverty considerations.

8. EQUALITY AND DIVERSITY CONSIDERATIONS

- 8.1 There are no equality and diversity considerations.

9. STAFF CONSIDERATIONS

- 9.1 There are no staff considerations.

10. ASSET MANAGEMENT CONSIDERATIONS

- 10.1 There are no asset management considerations.

11. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS

- 11.1 There are no environment, sustainability and climate change considerations.

12. RECOMMENDATION

12.1 It is recommended that Members:

- i) note that I have reviewed the CIPFA statement – ‘The Role of the CFO in Public Service Organisations’ and can advise Members that the Council complies with these requirements as detailed in Appendix A.

13. REASON FOR RECOMMENDATIONS

13.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with best practice in relation to the information it receives from officers.

14. BACKGROUND PAPERS

14.1 CIPFA Statement on the Role of the CFO in Public Sector Organisations.

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Appendix A

How the Five Principles Are Met

Principle 1 – The CFO is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest.

Governance requirements	HBC Arrangements	Core CFO responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Set out a clear statement of the respective roles and responsibilities of the Leadership Team and its members individually.	Constitution, Delegated Powers, Job Descriptions in place and clearly define roles and responsibilities.	Contributing to the effective leadership of the organisation, maintaining focus on its purpose and vision through rigorous analysis and challenge.	Corporate Management Team role, delegated powers. Director of Resources and Development (DRD) leads on all financial matters and ensures Finance and Policy Committee and Corporate Management Team (CMT) buy-in in to Medium Term Financial Strategy and supporting strategies. DRD is also Deputy Managing Director.	Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.	Actively engaged in the Leadership and Management Development Programme (LMDP). Provides training regarding financial issues to members and staff. Mentors senior finance staff and has regular Finance Management Team meetings and 1 to 1 meeting with senior finance staff.
Ensure that the CFO reports directly to the Chief Executive and is a member of the Leadership Team with a status at least equivalent to other members.	DRD reports directly to Managing Director. Has regular 1 to 1 meetings with Managing Director. Is a member of Corporate Management Team. DRD is also Deputy Managing Director.	Contributing to the effective corporate management of the organisation, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and	See Above	Adopt a flexible leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.	See Above.

		performance management.			
If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.	Not applicable - see Above	Supporting the effective governance of the organisation through development of – corporate governance arrangements, risk management and reporting framework; and – corporate decision making arrangements.	Responsible for the provision an adequate and effective Internal Audit service. Key role in formulating the Annual Governance Statement and Code of Corporate Governance.	Build robust relationships both internally and externally.	See Above. Regular meetings with Directors and other senior managers facilitate establishment of robust relationships. Active member of Tees Valley Strategic Finance Officers Group, ANEC Finance Group and CIPFA Municipal Treasurers Group. Regular meetings with external auditors.
Determine a scheme of delegation and reserve powers, including a formal schedule of those matters specifically reserved for collective decisions by the Board, and ensure that it is monitored and updated.	Constitution and Scheme of Delegation in place.	Leading or promoting change programmes within the organisation.	Key role in Business Transformation Programme and Service Delivery Options.	Work effectively with other Leadership Team members with political awareness and sensitivity.	Member of CMT. Regular contact with all members including Leader, Policy Committee Chairs and Audit and Governance Committee.
Ensure that organisation's governance arrangements allow the CFO: – to bring influence to bear on all	Constitution and Scheme of Delegation in place as well as defined reporting arrangements.	Leading development of a medium term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its	Responsibility for Medium Term Financial Strategy (MTFS) and budgetary control processes matters and ensuring Members and Corporate Management Team	Support collective ownership of strategy, risks and delivery.	Member of CMT. Represented on Performance and Risk Management Group. Member of Annual Governance Statement Group.

material business decisions; and – direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit.		delivery.	(CMT) buy-in in to Medium Term Financial Strategy and supporting strategies, such as Business Transformation Programme.		
Review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised.	Review of corporate financial management through Business Transformation Programme has focused CFO role on core financial management to ensure an effective strategy is developed and implemented to address the financial challenges facing the Council over the next few years.	Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	Wide consultation undertaken with all relevant stakeholders.	Address and deal effectively with difficult situations.	Peer review carried out by Managing Director. Ongoing review of skills via LMDP.
Assess the financial skills required by members of the Leadership Team and commit to develop those skills to enable their roles to be carried out effectively.	Overarching Leadership and Management Development Programme (LMDP).			Implement best practice in change management and leadership.	Ongoing development through LMDP/ and peer review/mentoring. Involvement in SDO reviews.
				Balance conflicting pressures and needs, including short and longer term trade-offs.	Responsibility for Medium Term Financial Strategy (MTFS) and budgetary control processes.

4.3

Demonstrate strong commitment to innovation and performance improvement.	Key role in Business Transformation Programme and Service Delivery Options.
Manage a broad portfolio of services to meet the needs of diverse communities.	Responsible for full range of financial services aligned with corporate priorities and needs through MTFS.
Maintain an appropriate balance between the deeper financial aspects of the CFO role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.	See Above.
Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and	Professional standards integral to role. Commitment to Professional CPD and LMDP.

professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.

Principle 2 – The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation’s overall financial strategy.

Governance requirements	HBC Arrangements	Core CFO responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Establish a medium term business and financial planning process to deliver the organisation’s strategic objectives, including: – a medium term financial strategy to ensure sustainable finances; – a robust annual budget process that ensures financial balance; and – a monitoring process that enables this to be delivered.	MTFS in place, monitoring arrangements and role of Council, Policy and Finance Committee and Audit and Governance Committee enshrined in the Constitution.	Responsibility for financial strategy: Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.	Responsibility for the production, implementation and monitoring of the MTFS.	Implement appropriate management, business and strategic planning techniques.	Responsibility for MTFS and budgetary control processes.
Ensure that professional advice on matters that have financial implications is available and recorded well in	The reporting of key decisions is enshrined within the Constitution.	Maintaining a long term financial strategy to underpin the organisation’s financial viability within the agreed performance	See Above.	Link financial strategy and overall strategy.	Responsibility for MTFS and budgetary control processes.

advance of decision making and used appropriately.		framework.			
Ensure that those making decisions are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of financial issues and their implications.	See Above	Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.	Responsibility for the production, implementation and monitoring of Financial Procedure Rules (FPRs) and Standing Orders.	Demonstrate a willingness to take and stick to difficult decisions – even under pressure.	Key role in Business Transformation Programme and Service Delivery Options.
		Appraising and advising on commercial opportunities and financial targets.	Budget monitoring process and Budget Strategy, key decision advice.	Take ownership of relevant financial and business risks.	Represented on Performance and Risk Management Group. Member of Annual Governance Statement Group
		Developing and maintaining an effective resource allocation model to deliver business priorities.	See Above	Network effectively within the organisation to ensure awareness of all material business decisions to which CFO input may be necessary.	Member of CMT. Regular contact with Managing Director, Directors, other senior officers, members, Trade unions,
		Co-ordinating the planning and budgeting processes.	See Above. Annual budget timetable well established and enshrined in constitution.	Role model persuasive and concise communication with a wide range of audiences internally and externally.	See Above. Externally represent Council in meeting with Business sector and various resident groups/ad –hoc budget consultation events.
		Influencing decision making: Ensuring that	Budget Strategy and monitoring process, key decision advice in relation	Provide clear, authoritative and impartial professional advice and	Addressed in MTFS and associated presentation to Finance and Policy

4.3

opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	to financial and governance matters.	objective financial analysis and interpretation of complex situations.	Committee and other groups. Ongoing development through LMDP and management review/mentoring.
Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	Key decision advice in relation to financial and governance matters.	Apply relevant statutory, regulatory and professional standards both personal and organisational.	See Above.
Ensuring that the organisation's capital projects are chosen after appropriate value for money analysis and evaluation using relevant professional guidance.	Member of Capital Programme Board.	Demonstrate a strong desire to innovate and add value.	
Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	Close working relationship with CMT ensure early involvement with innovative approaches to services and financial arrangements to ensure compliance with regulatory requirement and proposals are based on robust business cases.	Challenge effectively, and give and receive constructive feedback.	Ongoing development through LMDP and management review/mentoring. 1 to 1 meetings with Managing Director and key financial staff.
Financial information for decision makers: Monitoring and reporting on financial performance that is linked to related	Budget Strategy and monitoring process, key decision advice in relation to financial and governance matters.	Operate with sensitivity in a political environment.	Ongoing development through LMDP and peer review/mentoring. Regular contact with members, TU's local

performance information and strategic objectives that identifies any necessary corrective decisions.	Corporate Plan aligned with financial PI's.		business and the community.
Preparing timely management accounts.	Final Accounts timetable.		
Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	Effective and wide ranging consultation process in place.		

Principle 3 – The CFO must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

Governance requirements	HBC Arrangements	Core CFO responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control.	Delegated Powers, FPRs and Standing Orders enshrined within Constitution.	Promotion of financial management: Assessing the organisation's financial management style and the improvements needed to ensure it aligns with the organisation's strategic direction.	Strategic direction reflected in MTFS.	Generate 'buy-in' to, and support delivery of, good financial management across the organisation.	Achieved through detailed involvement of Finance and Policy Committee and CMT in development of financial management strategy and procedures for ensuring good financial management arrangements are in place.
Ensure that systems and processes for financial administration, financial control and protection of the organisation's	Delegated Powers, FPRs and Standing Orders enshrined within Constitution. Audit and Governance Committee in line with legislative arrangements.	Actively promoting financial literacy throughout the organisation.	Allocation of named financial leads to support named budget holders promotes close working relationship and ensure financial management arrangements are	Develop and sustain partnerships, and engage effectively in collaboration.	Involvement in regional finance meetings to ensure collaboration where required.

resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.			effective. Influencing force behind LMDP.		
Address the organisation's arrangements for financial and internal control and for managing risk in Annual Governance Reports.	Delegated Powers, FPRs and Standing Orders enshrined within Constitution. Audit and Governance Committee in line with legislative arrangements. Internal Audit Section adequately resourced.	Value for money: Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are signed off by the finance function.	Advisory role in terms of CMT and all key committee decisions in respect of financial matters.	Deploy effective facilitation and meeting skills.	Advisory role in CMT. Attendance and advisory at internal and external meetings including committee meetings.
Publish annual accounts on a timely basis to communicate the organisation's activities and achievements, its financial position and performance.	Delegated Powers and Final Accounts process.	Developing and maintaining appropriate asset management and procurement strategies.	Key member of Capital Programme Board and Corporate Procurement Group.	Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.	Key role in Business Transformation Programme and Service Delivery Options.
Maintain and resource an effective internal audit function.	Audit and Governance Committee remit and effective internal audit assessment carried out annually.	Managing long term commercial contract value.		Place stewardship and probity as the bedrock for management of the organisation's finances.	Budget Strategy and monitoring process, key decision advice in relation to financial and governance matters. Corporate Plan aligned

					with financial PI's.
Develop and maintain an effective Audit Committee.	Audit and Governance Committee role and responsibility enshrined in Constitution. Regular training of Audit and Governance Committee members.	Safeguarding public money: Applying strong internal controls in all areas of financial management, risk management and asset control.	Direct line management responsibility for all audit matters.		
Ensure that the organisation makes best use of resources and that taxpayers and/or service users receive value for money.	Delegated Powers relating to Budget Strategy and Budget Monitoring Process.	Establishing budgets, financial targets and performance indicators to help assess delivery.	Budget Strategy and Budget Management Process aligned to corporate plan.		
Embed financial competencies in person specifications and appraisals.	Corporate competencies framework, job descriptions and person specifications.	Implementing effective systems of internal control that include standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	Direct line management responsibility for all audit matters, FPR's and Standing Orders.		
Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.	See Above	Ensuring that delegated financial authorities are respected.	Performance review mechanisms PI's, Direct line management responsibility for all audit matters.		
		Promoting arrangements to identify	Performance and Risk Management Group, Line		

	and manage key business risks, including safeguarding assets, risk mitigation and insurance.	management responsibility for Insurance matters.
	Overseeing of capital projects and post completion reviews.	Direct line management responsibility for capital accounting and member of Capital Programme Board.
	Applying discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Direct line management responsibility for all audit matters, FPR's and Standing Orders. DRD personally involved in development and implementation of Treasury Management strategy.
	Implementing appropriate measures to prevent and detect fraud and corruption.	Direct line management responsibility for all audit matters, FPR's and Standing Orders. Money Laundering Reporting Officer (MLRO) responsibilities.
	Establishing proportionate business continuity arrangements for financial processes and information.	Corporate lead on Business Continuity.
	Ensuring that any partnership arrangements are underpinned by clear	Direct line management responsibility for all audit matters, FPR's and Standing Orders.

and well documented internal controls.	
Assurance and scrutiny: Reporting performance of both the organisation and its partnerships to the board and other parties as required.	Performance review mechanisms PI's, Direct line management responsibility for all audit matters.
Supporting and advising the Audit Committee and relevant scrutiny groups.	Regular attendance enshrined in job specification.
Preparing published budgets, annual accounts and consolidation data for government-level consolidated accounts.	Responsibility for the production, implementation and monitoring of the MTFS, publishing budget information on Council Tax leaflet and Hartbeat. Responsible for preparing accounts and consolidated government returns.
Liaising with the external auditor.	Direct line management responsibility for all audit matters. Regular meeting with external auditor.

Principle 4 – The CFO must lead and direct a finance function that is resourced to be fit for purpose.					
Governance requirements	HBC Arrangements	Core CFO responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.	Delegated Powers, FPRs and Standing Orders enshrined within Constitution.	Leading and directing the finance function so that it makes a full contribution to and meets the needs of the business.	Direct line management responsibility for all corporate financial matters.	Create, communicate and implement a vision for the finance function.	Responsibility for the production, implementation and monitoring of the MTFS. Regular 1 to 1 with senior finance officers
Ensure there is a line of professional accountability to the CFO for finance staff throughout the organisation.	Structural makeup enshrined in Delegated Powers. FPRs and Standing Orders enshrined within Constitution.	Determining the resources, expertise and systems for the finance function that are sufficient to meet business needs and negotiating these within the overall financial framework.	Delegated powers regarding all financial and governance matters.	Role model a customer focussed culture within the finance function.	Leads by example in approach with Directors and other senior managers that finance function role is to help achieve organisations objectives, whilst ensuring compliance with best practice and legislative requirements.
		Implementing robust processes for recruitment of finance staff and/or outsourcing of functions.	See Above. Recruitment follows corporate proceeds and based on job descriptions and person specification.	Establish an open culture, built on effective coaching and a “no blame” approach.	Regular 1 to 1 meetings with senior finance staff. Open door policy for all staff. DRD accepts responsibility for actions of all team members and encourages staff to use learn from experiences in a ‘no blame’ environment.
		Reviewing the performance of the finance function and	Council Plan reviewed and monitored. 1 to 1 meetings with senior	Promote effective communication within the finance department,	Finance Management Team meetings for internal communication.

4.3

ensuring that the services provided are in line with the expectations and needs of its stakeholders.	finance manager and regular performance appraisals.	across the broader organisation and with external stakeholders.	All finance staff briefing as and when appropriate. Presentations to external groups as appropriate. Article in Hartbeat.
Seeking continuous improvement in the finance function.	Departmental plans constantly monitored. Key role in BTP.	Apply strong project planning and process management skills.	
Identifying and equipping finance staff, managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.	1 to 1 meetings with finance managers. Full engagement of CMT in development of financial strategies. Lead officer in financial aspects of LMDP.	Set and monitor meaningful performance objectives for the finance team.	Corporate appraisal system in place. Regular 1-2-1's
Ensuring that the Head of Profession role for all finance staff in the organisation is properly discharged.	Delegated Section 151 responsibilities enshrined in Constitution. All finance staff report directly to DRD.	Role model effective staff performance management.	Mentor key finance staff across the Division/regular 1-2-1's. Encourage CPD involvement.
Acting as the final arbiter on application of professional standards.	See Above	Coach and support staff in both technical and personal development.	As above.
		Promote high standards of ethical behaviour, probity, integrity and honesty.	Mentor key finance staff across the Division/regular 1-2-1's. Encourage CPD involvement.
		Ensure, when necessary, that outside expertise is	Actively seek professional expertise

called upon for specialist advice not available within the finance function.	where needed i.e. Treasury management, complex taxation issues etc.
Promote discussion on current financial and professional issues and their implications.	Mentor key finance staff across the Division/regular 1-2-1's. Encourage CPD involvement.

Principle 5 – The CFO in a public service organisation must be professionally qualified and suitably experienced.

Governance requirements	HBC Arrangements	Core CFO responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Appoint a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	Constitution and delegated powers in operation. Job description and person specification for DRD.			Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.	DRD is member of CIPFA and meets CPD requirements.
Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.	See Above.			Adhere to international standards set by IFAC on: – ethics – Continuing Professional Development.	As above.

4.3

Demonstrate IT literacy.	DRD has required IT skills for role and is able to manage and challenge the departmental IT experts to ensure they are able to effectively discharge their responsibilities.
Have relevant prior experience of financial management in the public services or private sector.	DRD qualified with CIPFA in 1993 and has held a variety of position with Hartlepool, before appointment as DRD in 2020 was Director of Finance and Policy in 2016, was appointed CFO in 2010. Roles include Chief Accountant and ACFO (Corporate Finance). Since 1996 the current DRD has acted as lead finance officer for financial services provided to Cleveland Fire Authority (CFA) and in April 2014 was appointed Treasurer to the CFA.
Understand public service finance and its regulatory environment.	DRD has 29 years' post qualification experience and sound understanding of public service finance and its regulatory environment.

4.3

Apply the principles of corporate finance, economics, risk management and accounting.	See above
Understand personal and professional strengths.	DRD has a clear understanding of these issues and is committed to continuous improvements. These issues addressed through performance appraisal.
Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.	DRD role has been refocused on core financial responsibilities to ensure financial challenges faces the Council can be managed. DRD has clear understanding of no-financial areas affecting his role.

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Director of Resources and Development

Subject: ROLE OF THE HEAD OF INTERNAL AUDIT IN
LOCAL GOVERNMENT

1. PURPOSE OF REPORT

- 1.1 To inform Members of the CIPFA statement – “The Role of the Head of Internal Audit in Local Government”, and to demonstrate how the Council complies with this guidance.

2. BACKGROUND

- 2.1 The Statement describes the role of the Head of Internal Audit (HIA) in local government. CIPFA believes the HIA occupies a critical position in a local authority, helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. Local authorities need to know that they have strong arrangements for controlling their resources and for delivering their objectives. CIPFA believes that HIA's have a unique role to play here. They are senior managers whose business is objectively assessing these arrangements and the risks that authorities face and giving appropriate assurances. HIA's must also provide leadership, promoting good governance and helping authorities to address future challenges.
- 2.2 HIA's need to review the whole system of control, both financial and non-financial, and focus on the areas where assurance is most needed. The HIA also has to give an annual opinion on the adequacy and effectiveness of the control environment; this is used by Chief Executives as a primary source of evidence for their annual governance statement.
- 2.3 HIA's must also be able to show that they can meet the needs of stakeholders such as Chief Executives and Audit Committees, adding value by helping to improve services whilst retaining their objectivity. They also need to work well with partners and other auditors. Authorities should see the Statement as best practice and use it to assess their HIA arrangements to drive up audit quality and governance arrangements.

3. THE KEY ROLE PLAYED BY THE HIA

- 3.1 Internal audit is one of the cornerstones of effective governance. The HIA is responsible for reviewing and reporting on the adequacy of the authority's control environment, including the arrangements for achieving value for money. Through the annual internal audit opinion and other reports the HIA gives assurance to the Leadership Team and others, and makes recommendations for improvement.
- 3.2 The HIA's role is a unique one, providing objective challenge and support and acting as a catalyst for positive change and continual improvement in governance in all its aspects. The role is particularly important when authorities are facing uncertain or challenging times. Fulfilling the role requires a range of personal qualities. The HIA has to win the support and trust of others, so that he/she is listened to, and the HIA's role as a critical friend means that sometimes difficult messages must be given and acted on. It is these expectations, combined with the professional, personal and leadership skills required, that have shaped the CIPFA Statement on the role of the HIA in Local Government.
- 3.3 **Primary audience**
The primary audience for this Statement is those who rely on the HIA's assurances – the Leadership Team and the Audit and Governance Committee. CIPFA recommends that they should examine their own authority against this Statement to satisfy themselves that they have effective HIA arrangements in place.
- 3.4 **Local government context**
CIPFA has drawn up a separate Statement for local government because of the statutory responsibility of specific post holders regarding internal audit and governance. In local government the 'Section 151' officer (the Chief Financial Officer or CFO) is a statutory post as is the Monitoring Officer (often the Head of Legal Services) and the Head of Paid Service (often the Chief Executive). The HIA needs to work well with these post holders and lines of responsibility need to be clear.
- 3.5 The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA in local government and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:
- the organisation;
 - the role; and
 - the individual.

For each principle the Statement sets out the governance arrangements required within an authority to ensure that HIAs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the HIA. Summaries of personal skills and professional standards then detail the leadership skills and technical expertise authorities can expect from their HIA. These include the requirements of CIPFA and the other professional bodies' codes of ethics and professional standards to which the HIA as a qualified professional is bound. The personal skills described have been aligned with the most appropriate principle, but in many cases support other principles as well.

3.6 **Demonstrating compliance**

The Statement supports CIPFA's work to strengthen governance, risk management and internal audit across public services. It is intended to allow the Leadership Team of a local authority to benchmark its existing arrangements against a defined framework.

- 3.7 CIPFA recommends that authorities use the Statement as the framework to assess their existing arrangements and that they should report publically on compliance to demonstrate their commitment to good practice. CIPFA also proposes that authorities should report publicly where their arrangements do not conform to the compliance framework in this Statement, explaining the reasons for this, and how they achieve the same impact.

4. **CIPFA STATEMENT ON THE ROLE OF THE HIA IN LOCAL GOVERNMENT**

The Head of Internal Audit in a local authority plays a critical role in delivering the authority's strategic objectives by:

1 – objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control; and

2 – championing best practice in governance and commenting on responses to emerging risks and proposed developments.

To perform this role the Head of Internal Audit must:

3 – be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;

4 – lead and direct an internal audit service that is resourced appropriately, sufficiently and effectively; and

5 – be professionally qualified and suitably experienced.

5. PROCESS FOLLOWED

- 5.1 The review is undertaken annually in line with best practice requirements. Appendix A of the report details how the Council ensures that the requirements of the statement are met. Details of the requirements of the statement are outlined along with how the arrangements in place at the council satisfy those requirements.

6. RISK IMPLICATIONS

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

7. FINANCIAL CONSIDERATIONS

- 7.1 There are no financial considerations.

8. LEGAL CONSIDERATIONS

- 8.1 There are no legal considerations.

9. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 9.1 There are no child and family poverty considerations.

10. EQUALITY AND DIVERSITY CONSIDERATIONS

- 10.1 There are no equality and diversity considerations.

11. STAFF CONSIDERATIONS

- 11.1 There are no staff considerations.

12. ASSET MANAGEMENT CONSIDERATIONS

- 12.1 There are no asset management considerations.

13. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS

- 13.1 There are no environment, sustainability and climate change considerations.

14. RECOMMENDATION

14.1 It is recommended that Members

- i) Note that I have reviewed the CIPFA statement – “The Role of the Head of Internal Audit in Local Government” and can advise Members that the Council complies with these requirements as detailed in Appendix A.

15. REASON FOR RECOMMENDATIONS

15.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with current best practice in relation to the information it receives from officers.

16 BACKGROUND PAPERS

16.1 CIPFA statement – “The Role of the Head of Internal Audit in Local Government” (2019 Edition).

17. CONTACT OFFICER

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How the Five Principles Are Met

Principle 1 – The head of internal audit (HIA) plays a critical role in delivering the organisation’s strategic objectives by objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control.

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Set out the responsibilities of the leadership team for internal audit	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual.</i>	Ensure that internal audit’s work is risk-based and aligned to the organisation’s strategic objectives and will support the annual internal audit opinion	<i>Comprehensive audit planning, monitoring and review process in place in compliance with PSIAS.</i>	Give clear, professional and objective advice	<i>Leads by example in approach with Directors and other senior managers that Internal Audit function role is to help achieve organisations objectives, whilst ensuring compliance with best practice and legislative requirements.</i>
Establish an internal accountability and assurance framework including how internal audit works with other providers of assurance	<i>Code of Corporate Governance agreed by the Audit and Governance Committee And adopted by Council. Audit Charter and Strategy agreed by Audit Committee, Audit section compliant with PSIAS.</i>	Identify where internal audit assurance will add the most value or do most to facilitate improvement	<i>As above.</i>	Report on what is found, without fear or favour	<i>Reporting arrangements agreed with management based on a shared understanding of requirements.</i>
Set out how the framework of assurance supports the annual governance statement and	<i>Officer working group set up to compile AGS of which HIA is a member but does not lead.</i>	Produce an evidence-based annual internal audit opinion on the overall adequacy and effectiveness of the organisation’s	<i>As above.</i>	Demonstrate integrity to staff and others in the organisation.	<i>Relationships with key officers detailed in agreed protocols i.e. Relationship between Director of Resources and Development</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
identify internal audit's role within it. The HIA should not be responsible for the statement		framework of governance, risk management and control.			<i>(DRD) and Assistant Director Finance (ADF) and IA. Relationships built up over a number of years.</i>
Set out the responsibilities of the HIA and ensure the independence of the role is preserved. If additional responsibilities are taken on then appropriate safeguards should be put in place	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual.</i>			Exercise sound judgement in identifying weaknesses in the organisation's control environment and a balanced view on how significant these are.	<i>Experience gained over 29 year Internal Audit career. HIA CPD tailored to requirements of the role.</i>
Ensure internal audit is independent of external audit	<i>As above</i>			Work well with others with specific responsibilities for internal control, risk management and governance including (as appropriate to the sector) the chief executive, chief legal officer, chief financial officer, audit committee, non-executive directors and elected representatives	<i>Relationships with key officers detailed in agreed protocols i.e. Relationship between DRD and ADF and IA. Relationships built up over a number of years.</i>
Establish clear lines of reporting of the HIA to the leadership team and to the audit committee	<i>Relationships with key officers detailed in agreed protocols i.e. Relationship between DRD and ADF.</i>			Work positively and constructively, influencing the leadership team, audit committee and others to ensure the HIA's recommendations are	<i>As above</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
				implemented.	
Ensure the HIA reports in their own right and that the annual internal audit opinion and report are issued in the name of the HIA	<i>Role and independence of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual.</i>			Be a role model – dynamic, determined, positive and robust. They should demonstrate resilient leadership and the ability to inspire confidence and exemplify high standards of conduct.	<i>Experience gained over 29 year Internal Audit career. HIA CPD tailored to requirements of the role.</i>
Ensure the internal audit charter and plan are approved by the audit committee in accordance with the PSIAS	<i>Audit Charter and Audit Strategy agreed by members, PSIAS compliance independently reviewed.</i>				

Principle 2 – The HIA in a local authority plays a critical role in delivering the authority’s strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Establish top level commitment to the principles of good governance, recognising its importance for achieving strategic objectives	<i>Role and independence of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual.</i>	Work with others in the organisation to promote and support good governance	<i>Relationships with key officers detailed in agreed protocols i.e. Relationship between DRD and ADF and IA. Relationships built up over a number of years.</i>	Provide leadership by giving practical examples of good governance that will inspire others	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>
Set out the HIA’s role in good governance and how this fits with the role	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by</i>	Help the organisation understand the risks to good governance	<i>All aspects of governance arrangements covered in the annual Internal Audit Plan as agreed by</i>	Deploy effective facilitating and negotiating skills	<i>Experience gained over 29 year Internal Audit career. Professional guidance followed in</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
of others	<i>members and reflected in the Audit Manual. Code of Corporate Governance outlines responsibilities with regard to governance arrangements.</i>		<i>management and the Audit and Governance Committee.</i>		<i>relation to promoting good governance.</i>
Recognise and support the role internal audit can play in providing advice and consultancy internally	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual. Code of Corporate Governance outlines responsibilities with regard to governance arrangements.</i>	Give advice to the leadership team and others on the control arrangements and risks relating to proposed policies, programmes and projects	<i>Arrangements ensure internal audit has knowledge of all major projects, programmes and policy initiatives.</i>	Build and demonstrate commitment to supporting continuous improvement of the organisation.	As above
Ensure that the HIA has the opportunity to advise on or provide assurance on all major projects, programmes and policy initiatives	<i>Internal Audit plan encompasses partnership arrangements and processes ensure internal audit has knowledge of all major projects, programmes and policy initiatives.</i>	Promote the highest standards of ethics and standards across the organisation based on the principles of integrity, objectivity, competence and confidentiality	<i>Leads by example in approach with Directors and other senior managers that Internal Audit function role is to help achieve organisations objectives, whilst ensuring compliance with best practice and legislative requirements.</i>		
Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns.	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual. Rights of access to key members and officers detailed.</i>	Demonstrate the benefits of good governance for effective public service delivery and how the HIA can help	As above		
Take account of the HIA's advice in new and developing systems	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by</i>	Offer advisory or consulting services where appropriate	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by</i>		

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
	<i>members and reflected in the Audit Manual.</i>		<i>members and reflected in the Audit Manual. Any consultancy/advisory role would be in line with these protocols.</i>		
		Give advice on risk and internal control arrangements for new and developing systems, including major projects, programmes and policy initiatives whilst maintaining safeguards over independence.	<i>Internal Audit plan encompasses partnership arrangements and processes ensure internal audit has knowledge of all major projects, programmes and policy initiatives.</i>		

Principle 3 – The HIA in a local authority must be a senior manager with regular and open engagement across the authority, particularly with the Leadership Team and with the Audit Committee.

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or	<i>HIA designated individual employed within the Authority.</i>	Ensure the internal audit charter clearly establishes appropriate reporting lines that facilitate engagement with the leadership team and audit committee	<i>Protocols in place and enshrined in Internal Audit Charter and Strategy that facilitate engagement with the leadership team and audit committee.</i>	Network effectively to raise the profile and status of internal audit.	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
agreement.					
Ensure that where the HIA is an employee that they are sufficiently senior and independent within the authority's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	<i>HIA senior manager within the Finance function reporting directly to the ADF with access to key officers as detailed in the Internal Audit Strategy Charter and Councils Constitution.</i>	Escalate any concerns about maintaining independence through the line manager, chief executive, audit committee and leadership team or external auditor as appropriate	<i>Role and independence of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual.</i>	Adopt a flexible style, being able to collaborate and advise but also able to challenge as appropriate.	<i>Experience gained over 29 year Internal Audit career. HIA undergoes CPD tailored to requirements of the role. Regular 1-2-1s with ADF in order to support development in all areas.</i>
Engage constructively with the HIA and facilitate their role throughout the organisation	<i>HIA senior manager within the Finance function reporting directly to the ADF. Regular liaison with senior management.</i>	Contribute to the review of audit committee effectiveness, advising the chair and relevant managers of any suggested improvement	<i>HIA regular attendee of Audit and Governance Committee providing advice and guidance when necessary.</i>	Build productive professional relationships both internally and externally	<i>As above</i>
Ensure the audit committee terms of reference includes oversight of internal audit including the monitoring of adherence to professional standards	<i>Audit and Governance Committee established in line with CIPFA guidelines.</i>	Consult stakeholders, including senior managers and non-executive directors/elected representatives on internal audit plans	<i>Approval and consultation process for the Internal Audit plan ensures that it adds value to the organisation. HIA responsible for facilitating this process via AD's, CMT and the Audit and Governance Committee.</i>	Work effectively with the leadership team and audit committee, showing political awareness and sensitivity	<i>As above</i>
Ensure the HIA's reporting relationship with the audit committee and its chair as set	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual.</i>			Be seen to be objective and independent but also pragmatic where appropriate	<i>Leads by example in approach with Directors and other senior managers that Internal Audit function role is to help achieve</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
out in the internal audit charter is applied					<i>organisations objectives, whilst ensuring compliance with best practice and legislative requirements.</i>
Ensure the organisation's governance arrangements give the HIA: – direct access to the chief executive, other leadership team members, the audit committee and external audit; and – attendance at meetings of the leadership team and management team when the HIA considers this to be appropriate	<i>Role of HIA enshrined in the Constitution, Audit Charter and Audit Strategy as agreed by members and reflected in the Audit Manual. Rights of access to key members and officers detailed.</i>			Build productive relationships both internally and externally.	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers.</i>
Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in arms-length bodies	<i>Councils Constitution details access arrangements for Internal Audit, reflected in the Audit Manual.</i>			Work effectively with the Leadership Team and Audit Committee with political awareness and sensitivity.	<i>Experience gained over 29 year Internal Audit career. HIA undergoes CPD tailored to requirements of the role. Regular 1-2-1s with ADF in order to support development in all areas.</i>
Set out the HIA's responsibilities relating to partners including collaborations and	<i>Major ventures undertaken detail rights of access to Internal Audit for governance opinion purposes.</i>			Be seen to be objective and independent but also pragmatic where appropriate.	<i>As above</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
outsourced and shared services					

Principle 4 – The HIA in a local authority must lead and direct an internal audit service that is resourced to be fit for purpose.

Governance requirements	HBC Arrangements	Core HIA Responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Provide the HIA with the status, resources, expertise and systems necessary to perform their role effectively	<i>Role of HIA enshrined in the Constitution, Internal Audit Strategy and Charter details the resource implications and responsibilities for ensuring they are met.</i>	Lead and direct the internal audit service so that it meets the needs of the organisation and external stakeholders and fulfils professional standards	<i>Experience gained over 29 year Internal Audit career. HIA undergoes CPD tailored to requirements of the role. Regular 1-2-1s with ADF in order to support development in all areas.</i>	Demonstrate leadership and be an ambassador for internal audit.	<i>Relationships built up over a number of years backed up by regular meetings, 1-2-1s with key officers. HIA undergoes CPD tailored to requirements of the role i.e. CIPFA Certificate in Investigatory Practices.</i>
Ensure the audit committee contributes to a performance framework for the HIA and the internal audit service and takes action as appropriate	<i>As above</i>	Demonstrate how internal audit adds value to the organisation	<i>Annual and quarterly reports to the Audit and Governance Committee.</i>	Create, communicate and implement a vision for the internal audit service.	<i>HIA has a clear understanding of these issues and is committed to continuous improvements. These issues addressed through performance appraisal.</i>
Ensure an external review of internal audit quality is carried out at least once every five years in accordance with PSIAS	<i>PSIAS compliance monitored vis senior management. Constant review by ADF via performance monitoring and appraisal system.</i>	Determine the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit's objectives	<i>HIA has a clear understanding of these issues and is committed to continuous improvements.</i>	Create a customer focused internal audit service	<i>HIA has a clear understanding of these issues and is committed to continuous improvements.</i>
Ensure the audit	<i>As above</i>	Inform the leadership	<i>Internal Audit Strategy</i>	Establish an open culture,	<i>HIA mentors audit staff</i>

4.4

Governance requirements	HBC Arrangements	Core HIA Responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
committee provides support for and participates in the quality assurance and improvement programme as set out in PSIAS.		team and audit committee as soon as they become aware of insufficient resources to carry out a satisfactory level of internal audit, and the consequence for the level of assurance that may be given	<i>and Charter details the processes to be followed as agreed by Audit and Governance Committee.</i>	built on effective coaching and a constructive approach.	<i>undertaking regular team meetings to facilitate discussion. Role on various working groups ensures topics are discussed and disseminated.</i>
		Ensuring that the professional and personal training needs for staff are assessed and seeing that these needs are met.	<i>Professional guidance implemented in respect of training needs and development issues are addressed.</i>	Promote effective communication within internal audit, across the broader organisation and with external stakeholders.	<i>HIA has a clear understanding of these issues and is committed to continuous improvements.</i>
		Developing succession plans and helping staff with their career progression.	<i>As above</i>	Manage and coach staff effectively	<i>CIPFA “Excellent Auditor Framework” implemented within section for all training and development needs.</i>
		Establishing a quality assurance and improvement programme that includes: ensuring that professional internal audit standards are complied with; reviewing the performance of internal audit and ensuring that the service provided is in line with the expectations and needs of its stakeholders; providing	<i>CIPFA guidance in relation to continuous improvement followed.</i>	Comply with professional standards and ethics	<i>Professional standards and ethics outlined within Audit Manual and also bound Public Sector Internal Audit Standards.</i>

Governance requirements	HBC Arrangements	Core HIA Responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
		an efficient and effective internal audit service – demonstrating this by agreeing key performance indicators and targets with the line manager and Audit Committee; annually reporting achievements against targets; putting in place adequate ongoing monitoring and periodic review of internal audit work and supervision and review of files, to ensure that audit plans, work and reports are evidence based and of good quality; ensuring that any internal auditors declare any interests that they have; seeking continuous improvement in the internal audit service.			
		Keeping up to date with developments in governance, risk management, control and internal auditing, including networking with other HIA's and learning from them, implementing improvements where appropriate.	<i>Member of Technical Information Service, CIPFA NE IA Group, North East Fraud Forum and National Anti Fraud Network in order to ensure up to date with current best practice and ideas.</i>		

Governance requirements	HBC Arrangements	Core HIA Responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
				Require the highest standards of ethics and standards within internal audit based on the principles of integrity, objectivity, competence and confidentiality.	As above as well as procedures for the identification and recording of conflicts of interest are detailed in the Audit Manual.

Principle 5 – The HIA in a local authority must be professionally qualified and suitably experienced

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
Appoint a professionally qualified HIA whose core responsibilities include those set out in the PSIAS as well as under the other principles in this statement and ensure that these are properly understood throughout the organisation	<i>Job description and recruitment process ensure only appropriately qualified and experienced individuals considered.</i>	Be a full member of an appropriate professional body and have an active programme for personal professional development	<i>HIA has 25 years' post qualification experience and sound understanding of public service governance arrangements and its regulatory environment.</i>	Demonstrate a range of skills including communicating, managing and influencing, as well as an understanding of IT and consultancy.	<i>HIA undergoes CPD tailored to requirements of the role as well as mentoring by ADF. HIA qualified with CIPFA in 1997.</i>
Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in the role	<i>As above, monitoring and mentoring role undertaken by ADF in his role as Deputy Section 151 officer ensures compliance.</i>	Adhere to professional internal audit and ethical standards (and where appropriate accounting and auditing standards)	<i>As above</i>	Understand and have experience of strategic objective setting and management.	<i>HIA undergoes CPD tailored to requirements of the role as well as mentoring by ADF.</i>
Support continuing professional development of the HIA.	<i>HIA undergoes CPD tailored to requirements of the role as well as mentoring by ADF.</i>			Understand the internal audit and regulatory environment applicable to public service	<i>HIA has 25 years' post qualification experience and sound understanding of public</i>

Governance requirements	HBC Arrangements	Core HIA responsibilities	HBC Arrangements	Personal skills and professional standards	HBC Arrangements
				organisations.	<i>service governance arrangements and its regulatory environment.</i>
				Demonstrate a comprehensive understanding of governance, risk management and internal control.	<i>HIA has held a variety of position within Local Government, before appointment as HIA in 2008, including Group Auditor at HBC and Head of Audit at a district council.</i>
				Undertake appropriate development or obtain relevant experience as appropriate in order to demonstrate an understanding of the full range of the authority's activities and processes.	<i>HIA member of CIPFA for 25 years and is bound by all relevant professional and personal requirements as well as all internal training requirements.</i>

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Director of Resources and Development

Subject: ANNUAL GOVERNANCE STATEMENT
2021/22

1. PURPOSE OF REPORT

- 1.1 To inform Members of the implications to the Council of the Accounts and Audit Regulations (England) 2015 requirement; that the Council publish an Annual Governance Statement (AGS) with the Financial Statements and the action undertaken by the Council to meet its obligations within the scope of the Regulations. The 2021/22 AGS is attached as Appendix A.
- 1.2 The report considers the following areas:
- Why the Council needs an AGS,
 - Who is responsible,
 - How the AGS was produced.

2. WHY

- 2.1 To clearly demonstrate to stakeholders, that the Council has adequate arrangements in place to ensure that it effectively manages and controls its financial and operational responsibilities in accordance with acknowledged best practice. Paragraphs 2.2 to 2.3 detail positive benefits to the Council of achieving this end.

2.2 Statutory Requirement

The Accounts and Audit Regulations require that: “the Council ensures that its financial management is adequate and effective and that there is a sound system of internal control which effectively facilitates its functions and which includes arrangements for the management of risk. The Council shall conduct a review at least once a year of the effectiveness of its internal controls and shall include a statement on internal control with any statement of accounts it is obliged to publish”.

2.3 Good Governance

Production and publication of an AGS are the final stages of an ongoing review of internal control and are not activities which can be planned and viewed in isolation. Compilation of an AGS involved the Council in:

- Reviewing the adequacy of its governance arrangements,
- Knowing where it needs to improve those arrangements, and
- Communicating to users and stakeholders how better governance leads to better quality public services.

3. WHO

3.1 Corporate Responsibility

The Council's system of internal control must reflect its overall control environment, not just financial, which encompasses its organisational structure. Internal control is a corporate responsibility and the scope of internal control accordingly spans the whole range of the Council's activities and includes controls designed to ensure:

- The Council's policies are put into practice and its values are met,
- Laws and regulations are complied with,
- Required processes are adhered to,
- Financial statements and other information are accurate and reliable,
- Human, financial and other resources are managed efficiently and effectively, and
- High quality services are delivered efficiently and effectively.

3.2 Contributors to the AGS

- Audit and Governance Committee
- CMT
- Director of Resources and Development
- Assistant Director Finance
- Monitoring Officer
- External Auditors and other Review Bodies
- Internal Audit and
- Management.

4. HOW

4.1 Having established a system of internal control, it is then necessary to consider which of these controls are key in mitigating against significant risk. By obtaining assurance on the effective operation of these key controls the Council is able to conclude on the effectiveness of the systems and identify where improvement is needed.

The review of internal control and AGS assurance gathering included:

- Establishing obligations and objectives,
- Identifying principal risks,
- Identifying and evaluating key controls to manage risks,
- Obtaining assurances on the effectiveness of controls,

- Evaluating assurances,
- Action planning to correct issues and continuously improve.

- 4.2 In practice the Council already had most of the necessary internal controls in place, what was required was to incorporate them into a framework for producing an AGS that met the requirements of the Regulations. In order to do this the Council has:
- Identified roles and responsibilities,
 - Provided training,
 - Gone through a process of establishing objectives, identifying risks and recording controls,
 - Gathered and retained evidence for inspection,
 - Drafted the AGS.
- 4.3 The AGS will form part of the Councils Statement of Accounts and will be publicised and available on the Councils Website or by request to the Councils Contact Centre.
- 4.4 In order to support members in the process of approving the Annual Governance Statement the Better Governance Forum has provided briefing papers for Audit and Governance Committee members in public sector bodies. The briefing paper is attached after the statement for members consideration in relation to issues they may want assurance on regarding the content and process followed in producing the statement. This committee report has been drafted in such a way as to answer the questions posed within the Better Governance Forum Briefing.

5. RISK IMPLICATIONS

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

6. FINANCIAL CONSIDERATIONS

- 6.1 There are no financial considerations.

7. LEGAL CONSIDERATIONS

- 7.1 There are no legal considerations.

8. CHILD AND FAMILY POVERTY CONSIDERATIONS

- 8.1 There are no child and family poverty considerations.

9. EQUALITY AND DIVERSITY CONSIDERATIONS

- 9.1 There are no equality and diversity considerations.

10. STAFF CONSIDERATIONS

- 10.1 There are no staff considerations.

11. ASSET MANAGEMENT CONSIDERATIONS

- 11.1 There are no asset management considerations.

12. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS

- 12.1 There are no environment, sustainability and climate change considerations.

13. RECOMMENDATIONS

- 13.1 That Members review and approve the attached 2019/20 Annual Governance Statement.

14. REASONS FOR RECOMMENDATIONS

- 14.1 In order for members to fulfil the remit of the committee it is important they review and approve the Annual Governance Statement in the context of all reports and information received over the course of the municipal year.

15. BACKGROUND PAPERS

- 15.1 Accounts and Audit Regulations 2015;
CIPFA/Solace Good Governance Framework;
Internal Audit Opinion/Reports;
External Audit Reports.

16. CONTACT OFFICER

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HARTLEPOOL BOROUGH COUNCIL **ANNUAL GOVERNANCE STATEMENT**

1 Scope of Responsibility

- 1.1 Hartlepool Borough Council is responsible for ensuring that:
- Its business is conducted in accordance with the law and proper standards,
 - Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In discharging these overall responsibilities, Hartlepool Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*. A copy of the code is on our website at www.Hartlepool.gov.uk or can be obtained from the Councils Contact Centre. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, Part 2 6(1) (a), which requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with the statement of accounts. Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015, require that for a local authority that statement is an Annual Governance Statement (AGS).

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31st March 2022 and up to the date of approval of the statement of accounts.
- 2.3 In order to facilitate the completion of the Statement, an officer working group has been formed and a programme of work developed. To ensure that the Statement has been given sufficient corporate priority and profile, the working group included both the Director of Resources and Development, the Assistant Director (Finance) and the Assistant Director (Corporate Services). As part of the process regular updates have been given to the Performance and Risk Management Officer Group and the Corporate Management Team (CMT).

3 Significant Governance Issues Update from 2020/21 Statement

- 3.1 Progress has been made over the course of 2021/22 to actively manage and address issues identified as part of the 2020/21 process. This approach ensures the Council actively manages these issues. The table below identifies action that has been taken to mitigate the areas identified.

Issue Raised	Action Undertaken
Delivery of Council Plan, revised Performance Management Framework and Medium Term Financial Strategy. The sustainability of services, level of performance and the continuing need to achieve housing growth.	<p>The MTFs was updated during 2021/22 and the budget for 2022/23 was set finalised at Council on 24th February 2022. The approved budget reflected an increase in Council Tax, increase in the Adult Social Care precept, increase in Government funding, savings plan and use of reserves. The use of reserves to set the 2022/23 budget was £1.093m, significantly less than the £5.182m used in 2021/22.</p> <p>The Council Plan 2021/22 – 2023/24 was agreed by Finance and Policy Committee on 15th February 2021 and adopted by Council on 25th February 2021. Progress against the Council Plan is reviewed through dedicated CMT Performance and Challenge Clinics 3 times a year and this is followed by reports to Finance and Policy Committee. The first Annual Report will be produced in summer 2022 and shared with all elected members and</p>

	the public.
Delivery of Regeneration/ Capital Programme on time and budget in line with key Council objectives.	Responsibility for delivery of schemes allocated to senior officers. Project Management Boards were embedded and are providing strategic oversight of progress and budget position. Regular updates provided to members.
All out elections leading to a potential lack of experience or knowledge if a significant number of new members are elected for the first time.	Elections undertaken with no significant risk materialising. Well established arrangements in terms of managing process and training new/existing members carried out.
Covid 19 Virus effecting the health and wellbeing of the Borough, service delivery and the financial stability of the Council.	Continuation of dedicated Corporate Management Team response team to co-ordinate and manage the Council's strategic response, including implementation of changes to national guidance at a local level. Safe working arrangements implemented at the Council in line with Government advice and then moved to assess over a six month period implications of hybrid working model. Financial implications and risks are being managed and monitored as integral part of overall Council arrangements and specific resources allocated for continuing income impacts.

4 **The Governance Framework**

4.1 The key elements of the Council's Governance Framework are as follows:

Hartlepool Borough Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, the procedures that are followed to ensure that these decisions are efficient and transparent, and sets out the terms of reference for the Committee structure. The Constitution was developed in accordance with the Local Government Act 2000 and it sets out the delegated responsibilities to key officers such as the Monitoring Officer and Section 151 Officer.

In accordance with the Council's Constitution at Article 13, the Monitoring Officer continues to monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. A report to the Constitution Committee on 6 July 2021 addressed issues relating to reviews relating to the Protocol on Elected Member/Officer Relations, Member Champions and the Contract Procedure Rules. The subsequent report of the Constitution Committee was submitted to Full Council on 30 September 2021.

A further report was submitted to the Constitution Committee on 22 November 2021 which addressed issues which had arisen since the previous review of the Constitution and the comments and suggestions received from Elected Members. The subsequent report of the Constitution Committee was submitted to Full Council on 16th December 2021.

Officer Decision Records continue to be published on the internet and Officer Guidance has been circulated in relation to Key Decision Forward Plan Consultation to give clarity to officers on when and how consultation should be undertaken on Key Decision matters to be considered by Policy Committees.

A programme of Members' Seminars has been developed by the Corporate Management Team (CMT) to ensure Members are updated/briefed on key strategic issues.

- 4.2 Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used. Legal Division procedures exist for monitoring new legislation, advising relevant departments, and members where appropriate. Workforce Services policies identify suitable recruitment methods and ensure appropriate job descriptions exist for legal staff. A corporate induction session is now in place and is held approximately every 4 weeks. This is aimed at new employees within the Authority but is also open to any existing member of staff who would benefit from a refresher. The Assistant Director for Corporate Services opens every session which ensures Chief Officer presence and support. This forms one part of a new corporate induction programme which is being developed to include a wider range of information for new employees. Departments have responsibility to provide induction training specific to their departmental needs.
- 4.3 Committee terms of reference are included in the constitution. A procedure is in place to ensure that all Committee agendas, minutes and supporting material are available to all staff on the Council's intranet, and to the public on the Council's Internet site.
- 4.4 The constitution contains financial and contract procedure rules, and code of conduct for Members, which have been formally approved. Financial procedure rules have been updated and agreed by Council and contract procedure rules have also been updated to take into account new procurement procedures and legislative requirements. The constitution is available to all employees on the intranet and to the public on the Internet. A register of gifts and hospitality is maintained for Members and Officers. The Authority has a Treasury Management Strategy that was approved by Audit and Governance Committee on 10th February 2022 and referred to Council for approval on for the financial year 2022/23. The approved Treasury Management Strategy

includes the Investment and Borrowing strategies in compliance with revised CIPFA Prudential Code, CIPFA Treasury Management Code of Practice and Ministry of Housing, Communities and Local government (HCLG) guidance. The Audit and Governance Committee is responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies before making any necessary recommendations to Council. The Director of Resources and Development reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

- 4.5 The full range of Member committees regularly meet to review specific policy areas, to consider plans, reports and progress of the Council.
- 4.6 Human Resources has drawn up policies to ensure suitably qualified employees are employed in key areas. Supporting terms and conditions of employment for all employees cover all aspects of good employment. Induction courses for key new officers and all new Members incorporate suitable training on corporate governance issues according to responsibilities and there is a general staff awareness programme in place.
- 4.7 An updated Code of Conduct for Employees has been approved, published and communicated to all employees. An updated Health and Safety Policy was approved by Finance and Policy Committee on 14th January 2019 and a Communication Strategy implemented to ensure general awareness. The Council has also implemented a programme of Health and Safety Leadership Training for senior managers.
- 4.8 The Council has an ongoing programme of monitoring and reviewing arrangements in place in respect of the operation of its key partnerships. A framework of reporting by exception to Corporate Management Team operates and Internal Audit provides audit coverage of partnership arrangements.
- 4.9 The Council has a three-year Council Plan (2021/22 – 2023/24) that sets out the Council's ambitions for the Borough. The Plan was agreed by Finance and Policy Committee on 15th February 2021 and adopted by Council on 25th February 2021. Progress against the Council Plan is reviewed through dedicated CMT Performance and Challenge Clinics 3 times a year and this is followed by reports to Finance and Policy Committee. The first Annual Report will be produced in summer 2022 and shared with all elected members and the public.
- 4.10 The Council's Performance Management Framework includes information relating to departmental and officer responsibility for the collation of data, target setting and addressing performance issues. The Framework also includes action plans, risks and performance

indicators enabling clearer links between corporate, departmental and service planning outcomes, actions, risks and PIs.

- 4.11 Key policies such as the Corporate Complaints, Comments and Compliments Procedure, Proceeds of Crime (Money Laundering), Whistle Blowing Policy and Counter Fraud and Corruption Policy have been developed and approved for use across the whole Authority. The policies are available to employees via the intranet. The Council is a member of the National Anti Fraud Network and takes part in regular National Fraud Initiative reviews and the North East Fraud Forum. The Council has updated its Fraud and Corruption Strategy in line with CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- 4.12 The Council agreed its Risk Management Framework on 24th June 2019. The Framework simplified the Council's approach, provided further clarity to officers about how risk should be considered within the Council and demonstrates the added value of appropriate risk management. A Strategic Risk Register has been identified within the performance management framework and changes are reported to Elected Members regularly through the monitoring of the Council Plan.
- 4.13 The Risk Management Framework and an Officer Toolkit are available to all staff via the intranet. Key staff have undergone appropriate training and departmental risk champions lead on communicating the process to all relevant staff in their departments.
- 4.14 There is corporate support at senior management level for development of Risk Management with risk assessment procedures published and training given to officers. Risk introduction/refresher sessions are offered as and when individual departments/teams require them. Each department also has a risk co-ordinator.
- 4.15 The Finance and Policy Committee is responsible for ensuring the consideration of risk across and for reviewing the progress made in the management of strategic risks. The Audit and Governance Committee is responsible for reviewing the effectiveness of risk management arrangements and providing comment and challenge on risk management activity and progress. Risks and control measures relating to the Council Plan are analysed within performance reports to help ensure that risk and performance reporting are linked. The Council Plan and performance framework is considered as part of the preparation of the AGS.
- 4.16 The Council's Corporate Strategy and Performance Team hold information on the Council's Strategic Risks. Risk registers are also maintained for significant projects. Officers that manage risks are notified that risks need to be reviewed and progress is monitored on a quarterly basis through the service planning process. Departments

have access to a central funding pot for risk management to assist in the financing of risk mitigation.

- 4.17 The General Data Protection Regulation (GDPR) is European legislation and replaces the Data Protection Act in the UK. This was designed to harmonise data privacy laws across Europe, to protect and empower all EU citizens' data privacy and to reshape the way organisations across the region approach data privacy and security. In order to ensure compliance the Council has completed information audits identifying all personal data held, including a lawful basis for processing the data. Privacy notices have been developed and are available on the Council's website. All policies and procedures have been updated to ensure GDPR compliance and staff have received specific GDPR training. The Information Governance Group meets regularly to discuss GDPR compliance.
- 4.18 The Council has long-standing, nationally and regionally recognised emergency planning arrangements through the Cleveland Emergency Planning Unit (CEPU). The Council's Emergency Management Response Team (EMRT) meets bi-monthly and contributes to the makeup of the Council's Major Incident Plan which is tested annually.
- 4.19 Responsibility for updating and implementing Corporate Business Continuity has transferred to the Assistant Director (Regulatory Services). A significant amount of work has been progressed to address the concerns highlighted by internal audit with arrangements having been reviewed to reflect current best practice. These revised arrangements have been rolled out across each Council department to ensure that accurate up to date information is held to assist in the recovery of services, should it be necessary. Tests are planned to ensure that these plans are fit for purpose and any lessons learnt from these exercises will be incorporated into future plans.
- 4.20 The Equality Act 2010 came into force on 1st October, 2010 and brought together over 116 separate pieces of legislation into one single Act. The Act provides a legal framework to protect the rights of individuals and advance equality of opportunity for all. The Act covers the 9 protected characteristics – age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, gender and sexual orientation.
- 4.21 The Public Sector Equality Duty (PSED) is supported by "specific duties" to assist public bodies to achieve the aims of the general duty. Under the specific duties, the Council must:
- Publish equalities information to demonstrate its compliance with the Equality Duty by the 31st January each year; and
 - Develop and publish equality objectives by 6th April, 2012 and then every four years.

- 4.22 In order to demonstrate our compliance with the above requirements, we have produced a Workforce Equality Information Report 2020/21 to demonstrate the progress that the Council has made to date. We are aware that there are gaps in our data and are working to provide more information in an accessible format. On that basis the report is regularly updated. . Since the first equality objectives were published in April 2012 the Council has based them on the strategic objectives set out in our Council Plan. By doing this the Council demonstrates that equality and diversity is a core part of what we do as an organisation and not an add on activity. The Council's vision as set out in the Council Plan 2021/22 – 2023/24 sets out our equality objectives.
- 4.23 Equality issues must influence the decisions reached by public bodies - in how they act as employers; how they develop, evaluate and review policy; how they design, deliver and evaluate services, and how they commission and procure from others. We do this by considering impacts on equality as an integral part of our decision-making process and this is reflected in reports to Committees in the Equality & Diversity Considerations section and through our use of Equality Impact Assessments.
- 4.24 Internal Audit reports on a regular basis to the Audit and Governance Committee on the effectiveness of the organisation's system of internal control. Recommendations for improvement are also made and reported on. Internal Audits performance is measured against standards agreed by management and Members. Internal Audit reporting arrangements have been formalised and strengthened as part of the review of financial procedure rules. Internal Audit have undergone an external inspection carried out By Stockton Borough Council and are now fully compliant with Public Sector Internal Audit Standards (PSIAS) and can report as such on all correspondence.
- 4.25 Ofsted has rated the overall effectiveness of the Council's Children's Services as 'Good'. The most recent ILACS inspection which took place in July 2018 rated Hartlepool CS as 'good' overall and 'outstanding' in the experiences and progress of children in care and care leavers. Children's Services have also been visited by Ofsted on two occasions for a Focused Visit since the ILACS, firstly in March 2020 to look at services for children in need including those in need of protection and most recently in January 2022 to look at Care Leavers. During both visits Ofsted confirmed that Children's Services in Hartlepool continued to provide high quality services and progress was sustained. Of the three children's homes in Hartlepool, two are judged by Ofsted to be good and one outstanding. Most childcare providers and schools are rated "good" or "outstanding".
As part of the national Adult Social Care Outcomes Framework there is an annual survey of people who use adult social care services locally and a survey every two years of people who are carers. Feedback from these surveys continues to be positive and the satisfaction rates of people in Hartlepool compare favourably regionally and nationally.

Over 95% of services that are commissioned by the Council for adults with care and support needs are rated 'good' by the Care Quality Commission (CQC) with no services rated inadequate. The Council is actively engaged with Sector Led Improvement initiatives via NE ADASS (the North East branch of the Association of Directors of Adult Social Services). This includes early preparations for the reintroduction of CQC assessment of Council's Adult Social Care Services which is expected in 2023.

In their 2020/21 Annual Audit Letter, Mazars, the Council's External Auditor, issued an unqualified opinion on the financial statements and value for money conclusion at the Council.

5 Review of Effectiveness

- 5.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Governance's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2 The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:
 - Corporate Management Team agreed process for the review of the internal control environment. The risk inherent in meeting departmental objectives and the controls to mitigate those risks are recorded as part of the corporate service planning process at a departmental level. This has brought together risk management, control identification and the process for compiling the evidence needed to produce the AGS. This enables managers to provide documented evidence regarding the controls within their service units as part of the service planning process. The controls in place are designed to negate the identified and recorded risks of not achieving service, departmental or corporate objectives. In order to ensure adequate controls are in place the procedures, processes and management arrangements in place to mitigate identified risks and the officers responsible for them are also documented. Gaps in controls can be addressed as part of the regular reviews of departmental risks and control measures.
 - Director of Resources and Development – reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

- Internal Audit – the Council has the responsibility for maintaining and reviewing the system of internal control and reviewing annually Internal Audit. In practice, the Council, and its External Auditors, takes assurance from the work of Internal Audit. In fulfilling this responsibility:
 - Internal Audit has reviewed its procedures in line with PSIAS and following an independent external assessment is fully compliant.
 - Internal Audit reports to the Section 151 Officer and Audit and Governance Committee.
 - The Head of Audit and Governance reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).
 - The Head of Audit and Governance provides an independent opinion on the adequacy and effectiveness of the system of internal control, quarterly update reports and an annual internal audit performance report to the Audit and Governance Committee.
 - Internal audit plans are formulated from an approved risk assessment package and Internal Audit continues to provide assurance across a broad range of Council activities and functions through the audits it completes.
- External Audit – in their annual audit letter, comment on their overall assessment of the Council. It draws on the findings and conclusions from the audit of the Council.
- Other review and assurance mechanisms: for example, Department of Education, Care Quality Commission, Ofsted, HMI Probation and Service Excellence.

5.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

6 **Significant Governance Issues**

6.1 The following significant governance issues have been identified:

No	Issue	Action	Timescale	Responsible Officer
1	Delivery of Council Plan, revised Performance Management Framework and Medium Term Financial Strategy. The sustainability of services, level of performance and the continuing need to achieve housing growth.	<p>The MTFS approved in February 2022 forecast annual deficits of £1.5m in both 2023/24 and 2024/25. These forecast will be updated to reflect the much higher and prolonged impact of inflation as this will increase the 2023/24 deficit. As savings plan will then be developed during 2022/23.</p> <p>The three year Council Plan adopted in February 2021, takes into account the impact of the financial challenges facing the Council. Performance will be continue to be reported regularly to CMT and Finance and Policy Committee.</p>	2022/23 – 2023/24	CMT
2	Delivery of Regeneration/ Capital Programme on time and budget in line with key Council objectives.	Arrangements adopted in 2021/22 will continue to be followed and monitor as projects move from design to construction phase.	2022/23	Capital Programme Board

3	Potential for Cyber Security attack/breach of IT defences leading to service disruption and potentially serious financial implications	<p>The council, in partnership with NEC, has implemented a range of technical protection measures over the last 12 months. These reduce the risks associated with phishing and ransomware. HBC use the National Cyber Security Centre's Event Logging solution, which tracks a range of network events including staff who have clicked on links in suspicious emails. HBC have recently implemented a new firewall that provides additional protection including blocking access to our network from outside UK and 24/7 analysis of Internet access with auto blocking where activity falls outside of normal working patterns.</p> <p>Annual training is mandatory for all staff in respect of cyber security and regular all staff emails give instruction on what to do with suspicious emails. This ensures that staff are aware of the correct procedure to follow if links are clicked or attachments are opened in error. There is also information on the intranet and wall posters highlighting how to recognise phishing emails.</p>	2022 Onwards	CMT
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- 6.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Hartlepool Borough Council:

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Managing Director

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Chair of Audit and Governance Committee

Reviewing the Annual Governance Statement or Statement on Internal Control

What is an Annual Governance Statement (AGS)?

The AGS is a public statement, normally included with your statement of accounts, which explains how your organisation manages its governance and control arrangements. They are produced by both public and private sector organisations.

What does my organisation need to have?

Confusingly not all public bodies have the same requirement! While CIPFA recommends that all local government bodies in the UK have an Annual Governance Statement, this is only a statutory requirement in England and Northern Ireland. Welsh authorities have a Statement on Internal Control although an AGS is likely to be required from 2010/11 as the Welsh Assembly Government have consulted on this. In Scotland authorities are required to have a Statement on Internal Financial Control. Central government bodies and health authorities are all required to have a Statement on Internal Control.

What's included in these statements?

Although the names are different, there are many similarities between these statements as they all evolved out of the Statement on Internal Financial Control. And there are common features in all good statements. A good statement is open and honest, stating what works well and where improvements are needed. It includes a plan, showing who is responsible for taking action and when they will take action by. It also outlines progress against previous action plans. Whilst the focus of an SIFC is on financial controls, the other statements cover the full range of internal controls and the AGS covers wider governance matters such as ethics and leadership too. The statement summarises the key processes for delivering good systems of control and governance and indicates who is responsible for what. Processes are likely to include internal audit activity, risk management, performance management and other types of review and challenge. Responsibility lies with management, especially senior management, and the audit committee has an important role to play in providing challenge and oversight.

What does the Audit Committee do?

The audit committee has an on-going role in delivering good governance. Every time it reviews an audit report (internal or external) or holds an officer to account for his or her action (or inaction), it is helping to deliver good governance. In relation to the statement itself, the audit committee should take a robust and challenging approach, ensuring that:

- The statement reflects the organisation and is an honest self-assessment. Members should review evidence and challenge it where they believe it to be inaccurate or incomplete.
- They have sufficient assurance from enough separate parts of the organisation (this is known as 'triangulation' in audit circles) to be confident that, where controls and governance are deemed to be good, they are good and, where weaknesses are identified, the statement contains an accurate assessment of those weaknesses.
- The statement itself is well written and would be understood by someone with no knowledge of your organisation. In other words, it should be in plain English, with no jargon and it should include sufficient explanations.
- The action plan addresses all identified problem areas, including those identified in previous years where actions remain incomplete. Actions should be SMART (specific, meaningful, allocated, realistic and timely).

What makes for good governance?

Good practice approaches include:

- Creating and regularly reviewing a vision and direction for your organisation so that everyone understands what they are there to deliver.
- Indicating the level of service to be delivered – you can't be excellent at everything so what will you concentrate on and what can be good enough?
- Board / Member and officer roles are clearly defined, with schemes of delegation and codes of practice/conduct, so that everyone understands what they should and should not be doing.
- Having standing orders, financial regulations and guidance notes so that everyone knows what procedures are to be followed.
- A robust, challenging and supporting audit committee to provide oversight and review.
- Arrangements to ensure that you comply with laws and regulations and identify and act on changes promptly.
- Appropriate and flexible whistle-blowing arrangements.
- Methods to identify and act on officer and member development needs.
- Excellent and open communication with your community.
- Ways to ensure good governance in all your partnerships.
- Promotion of the values of good governance and ethical standards.

How do you draw up a good statement?

- Review and map your assurance framework to make sure that it covers all areas, including the hard to reach ones such as partnerships, and that you do not have any duplication in assurance.
- Obtain wide engagement – not just the head of audit or governance doing everything, but getting mini-governance or assurance statements from directors and heads of service that contribute to the overarching statement and/or setting up a working group to develop the statement.
- Be open and honest – it's about improvement and adding value, not about looking good.
- Be prepared to challenge yourself and look for areas for improvement, perhaps by benchmarking or comparing yourself with other organisations.
- Compare the assurances received to the strategic risk register. Are there any high risk areas that have not been adequately covered?
- Look for any inconsistencies or discrepancies. For example, has assurance been provided that there are no significant problems in an area but you have conflicting evidence from elsewhere (audit, risk, performance, complaints, fraud, etc)?
- Check progress against action plans during the year so problems can be dealt with quickly and governance becomes part of the way we do things round here, not just a once-a-year activity.
- Ensure that the action plan is widely known and understood in the organisation and beyond so that those charged with action are held to account and delivery is more likely.
-

Key questions to ask:

- 1. What process has the organisation gone through to gather evidence to support the AGS? Has it involved staff from across the organisation?**
- 2. Have assurance statements already gone through a process of challenge and review prior to presentation to the audit committee? What did this show?**
- 3. Does the action plan flow out of the statement and identify the major issues we need to address as an organisation?**
- 4. Does the action plan include actions outstanding from previous years, prioritised as necessary?**
- 5. How will the action plan be communicated to staff, stakeholders and the public?**

AUDIT & GOVERNANCE COMMITTEE

11 August 2022



Report of: Director of Resources and Development

Subject: THE 2021/2022 FINANCIAL REPORT
(INCLUDING THE 2021/22 STATEMENT OF
ACCOUNTS)

1. PURPOSE OF THE REPORT

- 1.1 To inform Members of the arrangements for approving the Council's Financial Report for 2021/22 (which includes the Statement of Accounts) and to provide a copy of the 2021/22 pre audit Financial Report.
- 1.2 This will be achieved by considering the following: -
- i) Background;
 - ii) Basis for preparing the Statement of Accounts;
 - iii) The 2021/22 Pre-Audit Financial Report; and,
 - iv) Recommendations.

2. BACKGROUND

- 2.1 In accordance with the Accounts and Audit Regulations 2015, (Amendment) regulations 2022 all Local Authorities are required to produce the draft annual Statement of Accounts by 31st July 2022. The deadline for completion of the final audited accounts has been extended 2 months from 30th September to 30th November for this year only.
- 2.2 The Financial Report presents the Council's financial position for 2021/22 in a specified format.
- 2.3 In previous years Members were required to approve the draft Statement of Accounts prior to audit by the External Auditors. This requirement was removed in 2011/12. However, Members are still required to approve the audited Financial Report. It is not possible to say when the audited accounts will be submitted to this committee for approval as there is a national issue outstanding in relation to infrastructure assets. It is anticipated that this issue will not be

resolved until late autumn at the earliest. This issue does not have an impact on the authority's reserves, although until it is addressed external auditors cannot complete the audit. We will keep the Chair and members of the Committee updated on this issue.

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

3. BASIS FOR PREPARING THE STATEMENT OF ACCOUNTS

- 3.1 The economic impact arising from the COVID-19 pandemic continued to have a significant negative financial impact on the Council's budget during 2021/22. As well as increased expenditure, service income levels continued to be reduced as a result of service areas being closed, or operating with reduced capacity, for example leisure facilities and car parking income. The emergence of the Omicron variance later in the financial year, placed a further hindrance on recovery.

- 3.2 Throughout the pandemic, the Government has provided a financial support package that reflected the scale and impact of the pandemic, supporting Councils to mitigate the unprecedented financial impact. Whilst no further general financial support has been provided beyond quarter 1 of the financial year, support and / or new Burdens funding has been provided for specific initiatives. This has included Clinical Commissioning Group (CCG) support for the 'Discharge to Assess Programme' within Adult Social Care. Taken together this one off funding has temporarily reduced the pressure on the budget during the year. Where these initiatives have continued beyond March 2022, any unspent grant has been carried forward to use during 2022/23 in line with the respective grant conditions.

- 3.3 In the final quarter of the year increased inflation levels materialised as a result of rising commodity demand following the ending of the pandemic and latterly the war in Ukraine. These inflationary pressures are impacting on all service areas, with particular pressures arising from energy and fuel cost rises. Work has commenced to quantify the level and impact of inflationary pressures on the current year budget and this will be reported as part of the first quarterly review.

3.4 General Fund - Summary Outturn position

- 3.5 The final revenue outturn position is a net underspend of £0.286m after earmarking of reserves for specific purposes. This underspend has been allocated to the Budget Support Fund. A detailed outturn report was presented to Finance & Policy Committee on 26 July 2022 and is summarised below.

Description of Expenditure	2021/2022 Approved Budget £000	2021/2022 Actual Expenditure / Income £000	2021/2022 Variance Adverse / (Favourable) £000
Adult & Community Based Services	34,217	33,760	(457)
Children's & Joint Commissioning Services	26,245	26,140	(105)
Neighbourhoods and Regulatory Services	18,243	18,755	512
Resources and Development	4,925	4,591	(334)
Dedicated Schools Grant Related Expenditure	43,157	43,157	0
Total Departmental Position	126,788	126,403	(385)
Non Departmental Expenditure	(12,615)	(12,517)	98
Housing Revenue Account (HRA)	0	0	0
Final Contribution to Budget Support Fund	114,172	113,886	(286)

4. THE 2021/22 PRE-AUDIT FINANCIAL REPORT

4.1 The pre-audit Financial Report is attached at Appendix A. If there are any audit amendments these will be reported to a future meeting of the committee. In summary this document provides the following information: -

- i) Narrative Report
- ii) Statement of Responsibilities for the Statement of Accounts
- iii) Statement of Accounts
- iv) Annual Governance Statement
- v) Draft Independent Auditor's Report
- vi) Glossary

4.2 The narrative report provides an explanation of the Council's overall financial performance for 2021/22, details the year-end financial position for 2021/22 and outlines the impact of the current economic climate on the Authority's ongoing financial position. The report also provides a guide to the most significant matters reported in the

Statement of Accounts including an explanation of the purpose of each of the core statements.

- 4.3 One of the key statements is the Balance Sheet which comprises two main balancing parts, Net Assets and Total Reserves, which represents the Council's financial position as at the 31st March 2022.
- 4.4 The Net Assets section of the Balance Sheet shows the Council's assets including Property, Plant and Equipment, Investments and Debtors and liabilities including Short and Long-term Borrowing and Creditors.
- 4.5 The Total Reserves section of the Balance Sheet is made up of Usable and Unusable Reserves:
- **Usable reserves** are those which the authority can utilise to support future service provision. Some of these reserves do not belong to the Council i.e. schools reserves, or relate to ring fenced funds received by the Council for a specific purpose defined by the funding organisation.
 - **Unusable Reserves** cannot be used to support services and include notional accounting gains and losses. These accounting gains and losses are referred to as unrealised.
- 4.6 **Un-earmarked General Fund Reserve £4.417m**– there has been no change in this reserve and this amount continues to be the recommended amount to meet unforeseen commitments not provided for within other reserves. Any use of this reserve will need to be repaid to ensure the Council can continue to manage unforeseen commitments.
- 4.7 **Budget Support & Investment Reserves £11.522m** – these reserves have been established to support the budget over the period of the MTFS, including increased costs of Looked after Children. This amount, helps protect services in the short-term, whilst providing a longer lead time to manage the impact of continuing Government grant reductions.
- 4.8 **Earmarked Revenue Reserves £19.089m** – these reserves cover a range of specific initiatives and are earmarked to fund specific one off initiatives / commitments.
- 4.9 **Housing revenue Account - £0.495m** - this is a ring-fenced reserve and is held to fund pressures in the Housing Revenue Account such as Government rent cuts, Right to Buy sales and increasing repairs costs.

- 4.10 **Revenue Grants Unapplied £5.592m** - this reserve holds grants received for specific commitments in 2022/230 and future years. These resources must be used in accordance with grant conditions.
- 4.11 **School Balances £4.541m** - These reserves are held in trust on behalf of schools under a scheme of delegation. Schools have utilised their reserves to assist with decreases in Dedicated Schools Grant and to manage specific commitments and one-off risks
- 4.12 **Earmarked Capital Reserves £9.961m** – these are capital resources allocated to fund approved capital expenditure commitments where the scheme has commenced and work is phased over more than one financial year.
- 4.13 **Covid Council Tax and Business Rates Collection Fund Deficit Reserve £7.390m** - This amount reflects Government funding provided to compensate councils for the financial impact of 100% Business Rates Relief to a wide range of businesses during the COVID pandemic.
- 4.14 In line with previous years a future MTFS report will review the reserves detailed in the previous paragraphs as it is good practise to complete an annual review.

5. CONSIDERATIONS / IMPLICATIONS

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

6. CONCLUSIONS

- 6.1 The 2021/22 Financial Report has been prepared in accordance with the relevant accounting standards and this report enables Members to review the draft Financial Report prior to the final document being referred to Audit and Governance Committee later in the year.
- 6.2 The Chartered Institute of Public Finance and Accountancy has issued a checklist of questions Members may wish to ask to assist in the

understanding of an Authority's financial statements. This has been included at Appendix B and Members are advised that the Council's Financial Report complies with these requirements.

7. RECOMMENDATIONS

7.1 It is recommended that Members:-

- i) Note the report;
- ii) Note that the Draft Financial Report detailed in Appendix A will be subject to independent audit by Mazars and details of any material amendments will be reported to Audit and Governance Committee later in the year.
- iii) Note that there is the opportunity to raise questions and/or seek clarification of information included in the pre-audit Financial Report.

8. BACKGROUND PAPERS

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

Finance and Policy Committee – 26th July 2022 – Final Outturn 2021/22

9. CONTACT OFFICER

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Sign Off:-
 Managing Director
 Director of Resources and Development
 Chief Solicitor



DRAFT

**Financial Report 2021/22
Hartlepool Borough Council**



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SECTION 1 : Narrative Report

INTRODUCTION

The narrative report provides an overall explanation of the Council's financial position, including major influences affecting the accounts. This will enable readers to understand and interpret the financial statements.

The narrative report sets out:

- Our Strategy and Objectives
- Our Performance 2021/22
- Risk Management Arrangements
- Financial Performance 2021/22
- Financial Outlook – General Fund 2022/23 to 2025/26
- Borrowing Facilities and Investment Strategy
- Statement of Accounts

OUR STRATEGY AND OBJECTIVES

The current Council Plan 2021/22 – 2023/24 was approved by Council in February 2021. The Plan, as set out below, establishes a clear vision for Hartlepool and identifies what the delivery of that vision will mean. This reflects what was identified through consultation with residents, elected members and our public, voluntary, community and private sector partners whilst also recognising the emerging and continually evolving challenges the Council faces from the pandemic. The Council Plan has and will continue to shape our services and our financial strategies. The Council Plan, Medium Term Financial Strategy and the 5 year Capital Plan have been developed as three parts of a single plan to ensure the links between the three are strengthened.

SECTION 1 : Narrative Report

Our vision

Hartlepool will be a place...

... where people are enabled to live healthy, independent and prosperous lives.

... where those who are vulnerable will be safe and protected from harm.

... of resilient and resourceful communities with opportunities for all.

... that is sustainable, clean, safe and green.

... that has an inclusive and growing economy.

... with a Council that is ambitious, fit for purpose and reflects the diversity of its community.

Where people are enabled to live healthy, independent and prosperous lives

What that will mean...

- The appropriate conditions are in place to enable people to make healthier lifestyle choices including reducing obesity levels;
- Individuals are able to better manage long-term conditions and prevent ill health;
- There is increased participation in physical activity through access to fit for purpose leisure, sport and recreational facilities including parks and open spaces;
- There is improved mental, emotional and social wellbeing;
- There are reduced levels of smoking, substance and alcohol misuse in the community;
- Everyone is able to access connectivity, technology and develop skills to enhance their life and provide access to service and opportunities;
- Families and individuals have food security;
- Children in our care and leaving care are cared for, cared about and their life chances are improved;
- Those dying and their families can access high quality, good services ensuring that they can experience 'a good death';
- Everyone will be able to access mental health support where and when they need it, and will be able to navigate through the system easily;
- Individuals will be equipped to manage their condition or move towards individualised recovery on their own terms, surrounded by their families, carers and social networks, and supported in their local community;
- Everyone will contribute to and be participants in the communities that sustain them;
- Adults with care needs are supported to live independently in their own homes for as long as possible;
- There will be access to innovative and community led models of social care focusing on a strength based approach and enabling quality of life;
- The long term impact of COVID-19 on population health is being addressed.

Where those who are vulnerable will be safe and protected from harm

What that will mean...

- Fewer children experience harm through abuse, neglect and other adverse childhood experiences;
- Children and young people with Special Educational Needs and Disabilities have improved outcomes;
- Barriers to learning are removed for the most vulnerable children and young people;
- The educational landscape is inclusive to all;
- Individuals will be safeguarded in a way that supports them in making choices and having control in how they choose to live their lives;
- An outcomes approach in safeguarding is promoted that works for everyone;
- Public awareness will be raised so that professionals, other staff and communities as a whole can play their part in preventing, identifying and responding to abuse and neglect;
- There will be integrated support for vulnerable households and those at risk of homelessness;
- There are more housing options available for vulnerable adults;
- Commissioned services are rated good or better by Ofsted or the Care Quality Commission.

SECTION 1 : Narrative Report

Of resilient and resourceful communities with opportunities for all

What that will mean...

- All children benefit from good development and learning in their early years and achievement at key stages 1 to 5 is at or above national average;
- All schools and education providers are judged good or outstanding;
- More young people enter Higher Education and advanced apprenticeship pathways;
- There is reduced poverty, deprivation and inequality across the Borough;
- We have empowered and cohesive communities taking ownership of their own future;
- Education and other opportunities are available to address unemployment;
- People are involved in their local community rather than being socially isolated;
- Communities are well served with appropriate facilities;
- Children, young people and adults aspire to be whatever they want in life;
- There is a cross sector and coordinated programme of volunteering;
- We have a strong and diverse voluntary and community sector;
- Everyone can access creative and cultural opportunities to enhance their lives.

That is sustainable, clean, safe and green

What that will mean...

- Resources are managed sustainably by reducing our consumption of energy and water;
- Initiatives are in place to tackle climate change;
- We are working with partners and residents to reduce the Borough's carbon emissions and move towards a low carbon economy;
- Sustainable development and transport principles are embedded in our Local Plan policies;
- We have high quality and affordable homes that meet the diverse needs of our residents;
- There is access to good quality, well maintained parks, streets and public spaces;
- We have cleaner neighbourhoods;
- There is reduced environmental crime;
- The potential of vacant buildings and land is maximised to meet the needs of the community and improve their appearance;
- Levels of Anti-Social Behaviour are reduced;
- There are reduced levels of violence including domestic abuse;
- We have a sustainable approach to waste management;
- Land and air quality is improved.

That has an inclusive and growing economy

What that will mean...

- There are more and better paid jobs;
- We have a skilled, healthy, motivated and agile workforce;
- Strong partnerships continue to be fostered with the business sector;
- We have growing local businesses;
- There is increased public and private sector investment in the local economy;
- Connectivity across the Borough, region and nationally is improved;
- We have high quality visitor attractions and increased visitor numbers;
- High quality events and festivals for local and visiting population are delivered;
- There is increased interest in attracting developers to the Borough.

With a Council that is ambitious, fit for purpose and reflects the diversity of its community

What that will mean...

- We have strong and empowered leadership committed to delivering our vision;
- There is a reduced workspace requirement, with a flexible responsive workforce;
- Potential income sources are maximised;
- Our carbon footprint has reduced;
- Online access to services has increased;
- A customer focused service is delivered;
- We have a healthy, motivated, skilled and diverse workforce;
- The Borough has a positive reputation and improved media coverage.

SECTION 1 : Narrative Report

OUR PERFORMANCE 2021/22

Where people are enabled to live healthy, independent and prosperous lives

COVID-19 Care Homes Support

Support has been given to Care Homes throughout 2021/22. The period since the Christmas and New Year break saw a significant increase in COVID-19 infections in Hartlepool care homes. This coincided with a national increase in the incidence of infection due to the Omicron variant of the virus, which was considered by UKHSA epidemiologists to be significantly more infectious than the previously dominant Delta variant. National and regional tables published by the media also indicated the increase in cases since December in the general population. This was reflected in an increase in cases in care home staff and initially outbreaks in care homes were, for the most part, related to infected staff members. However, subsequent outbreaks were associated with infection in both staff and residents. In December prior to Christmas there were three care homes for the elderly out of the 16 within the LA area reporting minor outbreaks whereas at one point in January, there were only three not reporting outbreak situations.

In recognition of the pressures placed on providers by COVID-19, additional financial support to care homes and providers of home care, including staff retention payments, continued during 2021/22.

COVID-19 School Support

Support was provided to schools from across the Council (Public Health, Health and Safety, Human Resources and Communications) as they managed outbreaks of COVID-19 in their settings. This support involved providing advice on the management of cases within the school, including advice on testing, isolation periods and outbreaks. As there was a significant increase in the number of cases following the Christmas break, a school drop in was set up so that it was possible to maximise the time to deal with general queries.

COVID-19 Vaccination Roll out

The Council have continued to support the delivery and promotion of the COVID-19 vaccination programme and in particular the booster programme. Regular pop up clinics have been held in the town enabling people easy access to the vaccine and we have also supported communications to encourage uptake. Prior to Christmas the numbers of people attending clinics were regularly at around 1,000 per session. However since Christmas the number of people accessing vaccinations this way declined. In response the Council looked at alternative ways to provide the vaccinations, working with our NHS and primary care partners.

Obesity prevention

As part of the Government's COVID-19 Recovery Plan the Council was allocated £0.101m in 2021 to tackle adult obesity by providing Adult Weight Management services. Services needed to be commissioned in line with guidance from the National Institute for Health and Social Care Excellence (NICE), with the allocated funding spent by the end of June 2022. Three new evidence based adult weight management services have been commissioned for adults who live or work in Hartlepool to support them with weight loss.

Slimming World and WW (formerly known as Weightwatchers) commenced in September 2021 and offer a free 12 week weight management programme. The Fit Fans programme has been commissioned in partnership with Hartlepool Community Sports Foundation and the English Football League (EFL) Trust. Known locally as 'Fit Poolies', this 12 week programme is delivered by Hartlepool Community Sports Foundation at Hartlepool Football Club and targets men aged 28 – 65, providing a programme of healthy diet and exercise.

As part of the Family Time project the Council launched the Seaton Interactive Trail to encourage walking and physical activity for families, with plans to develop further trails if the approach is successful.

Leisure Facility Development

The development of the new leisure facility, the Highlight, is progressing well. In recent months detailed proposals have moved on significantly with Members provided with a briefing in December 2021. An informal planning application was submitted in 2021 which has formed the outline requirements of the full planning application which was submitted in Spring 2022. An expression of interest has been submitted to Sport England with the aim of securing funding for the project.

British Cycling Project - Summerhill

Planning permission has been granted for the British Cycling funded development at Summerhill which will see a new 750m track for riders of all ages and abilities. Work has started on site and it is anticipated that the fenced and floodlit track will be completed by May 2022.

Shared Lives

The Shared Lives model of social care has been promoted through social media. Six potential shared lives carers who can provide long term care or short breaks for adults with learning disabilities have been identified.

SECTION 1 : Narrative Report

Mental Health

Investment of Tees Valley Mental Health Resilience funding and Public Health England funding totalling £0.490m has supported 20 small local projects aimed at improving mental health and wellbeing.

Autism Accreditation

Council services that support adults with disabilities based at the Centre for Independent Living (CIL) and Waverley Terrace Allotment have been reassessed and have retained their National Autism Society (NAS) Accreditation. Achieving accreditation proves that they are committed to understanding autism and setting the standard for autism practice.

Support for carers

All new carers identified at first contact or via social workers are now directed to Hartlepool Carers for a good conversation, a light touch assessment and access to community led support. Where the impact of caring is more substantial and community led support has not provided solutions, a full carers assessment is completed and when appropriate, a direct payment or support service is offered.

Digital Inclusion Team

A Digital Inclusion Team has been established to support people with access to equipment, training and support to enable access to key services and opportunities for some of the most vulnerable and isolated people in our communities.

Where those who are vulnerable will be safe and protected from harm

Victoria Ward Community Support Team

The Community Support Team continues to build positive and strong community engagement and the appointment of a development worker from the voluntary and community sector is adding value to the work. This team is piloting a new way of delivering care and support services to vulnerable children and will be evaluated in 2022.

Multi Agency Child Exploitation Hub

The Hub went live on 5th October 2021 to prevent and reduce risk to those children and young people at risk of exploitation and harm outside of their families. The team is made up of professionals from the police, children's social care, youth service and youth offending team and is reviewing all intelligence where children may be at risk on a daily basis. This is leading to a real time response to the presenting harm and activity is focused around disruption of perpetrators and diversion of young people from harm. The Council has received funding (to March 2022) from the Department of Education to pilot new approaches to protecting children at risk of extra familial harm focused on strengthening education as a protective factor and engaging with families. Delivery of this work plan is well underway and yielding positive results.

Special Educational Needs and Disabilities (SEND)

The Council is working with the National Development Team for Inclusion (NDTi) to improve the experiences and outcomes for children and young people with special educational needs and disabilities in Hartlepool. During quarter three workshops were facilitated by NDTi to complete a review of local arrangements and identify recommendations for the local area to develop the climate that enables all schools to be inclusive and a place where all children can flourish.

Adult Safeguarding

The Council promoted National Safeguarding Adult Week in November 2021 & Self Neglect Week in February 2022 using radio adverts, bus stop and social media campaigns. This resulted in a 572% increase in people viewing safeguarding material. Nationally, through a coordinated approach with the Ann Craft Trust the campaign reached 79 million people.

Quality Care and Support

Ensuring that commissioned services are rated good or better by Ofsted or the Care Quality Commission (CQC) is an important priority for the Council and the latest data shows a positive picture. The proportion of children's homes operated by the Council that are rated good or outstanding by Ofsted for overall experiences and progress of children and young people remains at 100%. The percentage of adult social care providers in the Borough rated as 'Good' or 'Outstanding' by CQC is 97.8%.

SECTION 1 : Narrative Report

Of resilient and resourceful communities with opportunities for all

The Holiday Activities and Food (HAF) Programme

The holiday activities and food (HAF) programme delivered during the Easter, Summer and Christmas holiday periods offered a wide range of activities and nutritional meals to children and young people across Hartlepool. Provision included an ice rink, festive crafts, Christmas parties, swimming, a forest school, sports, music, cooking, a roller disco, creative technology sessions using 3D printers and laser cutting, yoga and Pokemon-themed maths sessions. The HAF provides children and young people with a range of new and enriching experiences and helps them discover new hobbies and skills, make new friends and build their confidence, plus they get a tasty and nutritious meal. Over the Christmas holidays the programme was delivered across 28 providers and over 3,000 children participated in the sessions offered. Feedback about the offer received through social media was extremely positive. The programme has now had the next three years of funding confirmed for delivery across the three main school holidays. The offer will now be further refined and developed with the confirmation of sustained funding.

Early Years Strategy

A new Early Years Strategy has been developed with input from a wide range of stakeholders including Council Officers, Head Teachers, early years settings, early years leads and parents. The Strategy was approved for implementation by the Children's Services Committee in January 2022 and delivery will be overseen by the Early Years Partnership.

Poverty

The Council's Audit and Governance Committee have undertaken a scrutiny investigation into child poverty and their findings and recommendations are to be presented to Finance and Policy Committee in the new municipal year.

The Bread and Butter Thing is providing a sustainable solution to food poverty, supporting 250-300 people each week to access affordable food across five sites.

Community Pot

The Community Pot was allocated to a range of voluntary and community sector organisations to address some of the impacts of the COVID-19 pandemic. This includes financial advice and support, digital inclusion, supported housing and counselling as well as the Community Led Inclusion Partnership (CLIP).

Test and Trace

From October 2020 the Council administered the Test and Trace Support Payments on behalf of the Department for Health and Social Care. This was a significant undertaking with a number of significant peaks in applications as COVID-19 waves occurred, making resource planning difficult. The scheme has now ended with over 1,500 payments being made providing £0.756m to residents within Hartlepool.

Education

Following Ofsted inspections of schools this year there are now more schools judged to be good which has improved the number of schools in Hartlepool who are rated as good or better to over 90%.

There has been a significant improvement in the number of care leavers who are in higher education and, with this year's intake, there are now 12 care leavers studying at University compared with 7 last year.

In total 99% of Year 11 students and 95% of Year 12 students received an 'offer of learning' for the following year of their studies otherwise known as the September Guarantee. Both are above the regional and national average.

Community Hubs

The Community Hub offer has developed further since the relaunch event. The first contact point for adult social care is now located within the Central Hub along with the Occupational Therapy demonstration suite and a weekly programme of events is developing to meet local needs.

A new community based approach to support people with mental health needs is being piloted at Central Hub as part of the NHS community transformation programme. This will bring together primary care, secondary care, the voluntary and community sector, adult social care and preventative and community based services to offer people community led support.

Events

As COVID-19 restrictions eased it has been possible to provide sporting and cultural events including the summer and Christmas pantomimes at the Borough Hall, Hartlepool Waterfront Festival, Summer at Seaton and the Big Lime Triathlon. We also hosted Luke Jerram's 'In Memoriam'; an art installation commemorating those who lost their lives to COVID-19.

SECTION 1 : Narrative Report

That is sustainable, clean, safe and green

Domestic Abuse

The Domestic Abuse Local Partnership Board has been strengthened to include representation of those with lived experience of domestic abuse and organisations representing groups with protected characteristics. The Hartlepool Domestic Abuse Needs Assessment has been prepared and a draft strategy developed. Public consultation on both of these was undertaken during quarter three and the Domestic Abuse Strategy 2021-2025 was approved by Finance and Policy Committee in March 2022.

Conservation Areas

Funding has been secured from Heritage England for improvements to the Seaton Carew and Headland Conservation Areas.

Elwick Bypass

During 2021/22 officers have progressed negotiations with both National Highways and Land Owners. The design team have been working towards agreeing outline details with National Highways in relation to the grade separated junction. Although progress has been limited at times due to a number of mitigating factors outside of the Council's control, recently movement has been seen on both fronts and it is hoped that this can continue through 2022. Once the Walking, Cycling and Horse Riding Assessment is agreed the scheme can then progress to Road Safety Audit Stage 1 which will assess the two proposed designs of the scheme, which differ due to the width of the bridge overpass.

Headland Amphitheatre

In late 2021, works to bring the Headland Amphitheatre, Elephant Rock, back into use were completed. The site was opened to the public in November and has received positive feedback from residents. The scheme was submitted for the Small Project: Value Under £1m Category of the Institution of Civil Engineers North East Awards and was announced as the winner at the Awards Ceremony on 8th April 2022.

Planning

The Planning & Development service continued to exceed government targets in terms of the speed and quality of its decision making on planning applications.

A number of major developments have been approved including two applications for a total of 268 houses at Wynyard, an application for 162 houses at High Tunstall, a major urban regeneration scheme incorporating 48 homes in the area of Lynn Street, a concrete batching plant at Hartlepool Dock and the change of use of the Vision Retail Park to accommodate the expansion of National Museum of the Royal Navy.

Community Safety

The Community Safety Plan for 2021-2023 has been approved by Council. The Plan sets out three priorities that the Safer Hartlepool Partnership will focus on over the next three years: drugs and alcohol, anti-social behaviour and domestic violence.

Funding has been received from Thirteen Group to fund two further civil enforcement officer posts within the Integrated Community Safety Team. Both these posts have now been recruited to. In addition the Team has worked to complete a closure notice in connection with a property in Dent Street being used as a drug den.

A five year review of the Integrated Community Safety Team was completed this year and the findings report has been presented to the Safer Hartlepool Partnership. Although generally positive a number of recommendations were identified which are currently being progressed.

Housing – Energy Efficiency

In December 2021 the Council were awarded £1.25 million following a successful bid to the Government's Sustainable Warmth competition which will fund green home upgrades to around 150 lower income households. This will help residents cut energy bills and reduce carbon emissions. The Government's Sustainable Warmth competition is intended to improve the energy efficiency of some of the poorest performing homes in the country – those rated between D and G on their Energy Performance Certificates (EPCs). Upgrades will include external wall insulation, loft insulation, heat pumps and solar panels. These changes could save the average household £200 a year on their energy bills. The scheme will be available to households in receipt of some means tested benefits, or on a total household income of less than £30,000. The Council will be working with Hartlepower to promote the scheme and provide energy efficiency advice and guidance.

Work has continued with installers delivering Energy Company Obligation funding to carry out a range of insulation measures and replacement gas boilers and in recognition of this work the Council were awarded "Council of the Year" at the regional Energy Efficiency Association Awards in October 2021.

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Through the Warm Homes Funding programme (delivered on our behalf by Stockton Borough Council) free first time central heating has been installed to a number of properties including a significant number at Mariners Point which included working with Northern Gas Networks to put gas connections into the building.

Work is underway on the Green Homes Grant Local Authority Delivery Scheme Phase 2 to deliver energy efficiency improvements to 79 homes. These include loft insulation, external wall insulation, air source heat pumps and solar panels. E.ON have been appointed to deliver this work through their local subcontractors.

Through this work the total number of homes improved through energy efficiency measures in 2021/22 was 645.

Hartlepool Train Station – Second Platform Scheme

It is anticipated that work will start on site for the second platform scheme in Summer 2022, and it is hoped that the platform will be open by June 2023 in time for Tall Ships Race, although the overall project will be completed sometime after this date.

Local Transport Plan

Various schemes/ initiatives have been implemented during 2021/22 as part of the ongoing programme. This has included repairs to Council owned bus shelters, contributions toward the Local Cycling and Walking Infrastructure Plan (A689 Queens Meadow to Wolviston); Signage Improvements including vehicle activated signage on A689 & A179; refurbishment works to west side / basement car parks and street lighting column upgrades on West View Road and Catcote Road.

Footpaths

Several footpath resurfacing schemes have been completed, totalling over 2,000m². Locations include St. David's Walk, Thomlinson Road, College Close in Dalton Piercy, Dalton Piercy to the A19, Butts Lane in Hart, South View in Hart and North Lane in Elwick.

That has an inclusive and growing economy

Business Support

The Economic Growth and Regeneration Team at the Council continue to provide tailored and specialist assistance to businesses that are starting, growing or relocating in Hartlepool. In January 2022 the Team supported the first ever Hartlepool Restaurant Week to promote local hospitality businesses with 21 venues taking part.

Business Grants

The Council continued to administer the various Business Support Grants on behalf of the government during 2021/22, including the Omicron Hospitality and Leisure Grant that was introduced in January 2022. In total, across the various streams, the Council paid out £7.182m to Hartlepool businesses during the year. The Council continues to undertake extensive post assurance work, in conjunction with BEIS, in order to minimise any fraud and error within these scheme.

Towns Fund

Hartlepool has been successful in securing a £25m Town Deal from the Government. Business case development on the 5 projects is now well underway. The Council is aiming to submit 2 projects in May and the remaining 3 in July for the Government to consider. Once they have signed off the projects the grant will be released to enable the Council to move forward to deliver the projects.

Town Centre Masterplan

The Town Centre Masterplan was adopted in November 2021 and sets out a long-term framework for Hartlepool, with individual projects and interventions identified across the town centre. Delivery will need to involve a variety of partner organisations and funding mechanisms including the Towns Fund.

Economic Growth Strategy

The renewal of the Economic Growth Strategy was commissioned in November 2021 and consultation with Hartlepool businesses has taken place. The new strategy will set the town's economic priorities for recovery and growth for the coming years.

Tall Ships 2023

The countdown to the Tall Ships event has begun and the Hartlepool leg of the 2023 event has been confirmed for Thursday 6 July to Sunday 9 July. Detailed planning is underway and key posts that will work with the Event Director have been recruited.

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Youth Employment Initiative (YEI)

The Council was recently successful in extending the programme until the end of December 2023 alongside securing additional funding which makes the Overall Contract Value £31.9m. To date, there have already been 10,337 economically inactive young people aged 15-29 supported across Tees Valley including nearly 2,000 in Hartlepool. The youth employment rate for Hartlepool is currently 8.7% and whilst that is significantly higher than the national rate of 5%, it has fallen over the last 12 months from 14.8% in March 2021.

With a Council that is ambitious, fit for purpose and reflects the diversity of its community

Promotion Campaigns

During 2021/22 there have been a variety of activities undertaken to promote key local and national campaigns and days of importance including the COVID-19 vaccination campaign, COVID-19 grants such as test and trace and hospitality support, Green Flags Award, Volunteer Hartlepool opportunities, World Mental Health Day in October and the Community Hubs rebrand. On Armistice Day in November the Victory Square, Redheugh Gardens and Seaton Carew War Memorials were all lit up in red to allow residents the opportunity to pay tribute to the sacrifices made by Hartlepool's service men and women.

Staff Safety

The safety and wellbeing of our workforce is important and with this in mind the Council have agreed a new Staff Safety Policy and an agreed list of sanctions that can be pursued if the safety or wellbeing of our employees is threatened. To mark the launch of the new policy the Leader of the Council and the Managing Director jointly signed a declaration in March 2022 setting out the commitment to staff safety and a promotional campaign was undertaken.

Hybrid Working

When the pandemic hit in March 2020 the Council moved quickly to enable as many employees as possible to work from home. As the pandemic continued it became clear that the changes that had been made to working practices could have longer term benefits for the organisation and for the wellbeing of our employees. In order to hold on to the positive benefits of the new approach the Council has sought to move towards a model of hybrid working. In order to ensure that all employees had an opportunity to influence the new model of working a pilot approach was introduced in September 2021 and a programme of engagement activity with employees was delivered. The findings of the pilot and engagement exercise were used to inform the development of hybrid working across the organisation ready for the launch of the second pilot of hybrid working in April 2022.

Disability Confident

The Council has maintained Disability Confident Committed status and is looking to progress to the next stage of the award.

Information Communication Technology and Cyber Security

Investment in the Council's ICT infrastructure has been agreed which will see the replacement of VDI units with laptops for employees. Combined with a roll out of Microsoft licences this will enable more effective hybrid working across the organisation.

A Value for Money exercise has been undertaken as part of the review of the ICT contract and this will inform the delivery of the contract over the last 18 months and how performance is measured.

In light of cyber-attacks on other Councils and public sector organisations across the country the Council continues to focus on cyber security improvements in partnership with our ICT provider, NEC (formerly known as Northgate). Regular communications with employees are used as reminders about the potential for cyber-attacks and the action that employees can take to reduce the risk to the organisation.

Consultation and Engagement

The Council's Your Say consultation and engagement platform continues to develop and recent activity has included community hubs, traffic calming schemes, allotments, domestic abuse, Town Deal, Pharmaceutical Needs Assessment, Early Years Strategy, Community Safety Plan and the Face the Public events for the Health and Wellbeing Board and Safer Hartlepool Partnership.

In addition to the public facing element of the platform a Staff Hub has been developed which enables employees to get involved in consultation and engagement activities. Recent activity has included the quarterly workforce survey and engagement on the Hybrid Working Pilot.

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Digital Progression

Over the last few years the Council has been developing its digital offer and has been providing increasing opportunities for residents to contact the Council through digital channels. Examples of recent digital projects include applications and bookings for the Household Support Fund, various COVID-19 related grants, flu vaccinations, Christmas tree collections and Hartlepool Holiday Fun programme. In addition a Councillor Portal was launched at the end of May 2021 to ensure that reports are being dealt with on a timely basis. At the end of quarter 3 there had been 22,980 self-online accounts created and by the end of quarter 4 there had been 296,842 transactions delivered digitally.

COUNCIL PLAN PERFORMANCE 2021/22

Over 90% of schools judged as 'good' or better by Ofsted	Council Plan Performance 2021/22	Youth unemployment rate reduced to 8.7%, down from 14.8% in March 2021
100% of Children's Homes operated by the Council rated as 'good' or 'outstanding' by Ofsted for overall experiences and progress of children and young people	97.8% of adult social care providers rated as 'good' or 'outstanding' by the Care Quality Commission (CQC)	Nearly 2,000 economically inactive young people (15-29 years old) supported by the Youth Employment Initiative (YEI) to date
+11.3% Council Tax Base Growth since 2014/15	33.5% Council spend to local suppliers	99% of Year 11 and 95% of Year 12 pupils received a September Guarantee
21 venues took part in the first ever Hartlepool Restaurant Week	22,980 self-online accounts created and 296,842 digital transactions made	91.6% Council Tax collection rate (long term rate 99%) 96.5% Business Rates collections (long term rate 99%)
645 homes improved through energy efficiency	Planning approved for over 450 new homes	Over 2,000m ² of footpaths resurfaced

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RISK MANAGEMENT ARRANGEMENTS

Our corporate approach to risk management aims to ensure that we have robust processes in place to support the delivery of our strategic priorities, as established within our Council Plan, and our service aims. The Council agreed our current Risk Management Framework on 24th June 2019. The Framework has simplified the Council's approach, provided further clarity to officers about how risk should be considered within the Council and demonstrates the added value of appropriate risk management. A Strategic Risk Register has been identified at a corporate level within the performance management framework and changes are reported to Elected Members regularly through the monitoring of the Council Plan.

Using a proactive approach we identify the risks to the delivery of our strategic priorities and service aims. Our Strategic Risk Register articulates each individual risk, quantifies its likelihood and potential impact and names the senior officer who owns the risk. We regularly review our risks to provide assurance that our management of risk is effective.

Our Risk Register is reviewed quarterly and currently include risks relating, for example, to finance, ICT, safeguarding and health and safety. Risks are scored in the context of their existing controls and the purpose of the risk management approach is to ensure early intervention and regular scrutiny in order to ensure that risks are controlled, allowing the Council to manage impacts and deliver opportunities and effective services and service change by making informed decisions.

Our risk management activity can broadly be described at three levels;

- CMT is responsible for ensuring the effective management of risks in the Strategic Risk Register.
- Departments maintain their own risk registers covering the delivery of their services and major projects.
- Services within Departments maintain their own operational risk registers.

It is our aim to ensure consistent and effective risk management is embedded throughout the organisation with officers from across the Council receiving appropriate training in risk management and support from Departmental Risk Management Lead Officers. Collectively, risk management at all levels of our organisation allows us to manage the operational and strategic risks which affect our ability to deliver services and our strategic priorities over the short, medium and long term.

Our risk profile is constantly evolving. Over recent years there has been a climate of increased and sustained pressure in terms of austerity, demographic changes and increased expectations on public services resulting in an imperative to deliver more with less.

Consequently, our strategic focus has been on driving growth and transformation and reforming public services. We have had to innovate in order to seize opportunities to develop new ways of working, new delivery models and efficiencies; all of these have been essential in transforming the Council and enabling us to respond positively in a climate of austerity. Systematic risk assessment and risk management is core to both the identification and delivery of opportunities.

The Council's Risk Management Framework is reviewed annually, and considered as required by Audit and Governance Committee and Finance and Policy Committee and endorsed and owned by CMT.

FINANCIAL PERFORMANCE 2021/22

The Council spends money on a wide range of services to help support the people of Hartlepool to achieve and enjoy a better quality of life. This spending can be General Fund revenue or Housing Revenue Account spending which relates to day to day running costs such as staffing, purchasing goods / services from third parties and utilities; or Capital spending on assets which are of benefit to residents over a longer period, such as buildings and operational vehicles.

The following sections provide more detail in relation to these issues:

General Fund 2021/22 – Approved Budget

The Council prepared a two year medium term financial strategy covering 2021/22 to 2022/23. The reduced period, in comparison to previous years, reflected the immediacy of dealing with the COVID-19 pandemic and the uncertainty this created for Council finances in the short term. The Government, as in the previous year, only provided a one year grant settlement for 2021/22 and delayed major national reforms to the system for funding councils. Against this background the Council therefore prepared a detailed balanced budget for 2021/22 with indicative forecasts for the following year. The Council has subsequently reverted to a three year MTFS period, recognising the need to plan into the medium term despite the current uncertainty within local government funding.

The Council continued to face a challenging financial position for 2021/22, not least as a result of the additional pressures that had arisen during the Covid-19 pandemic. Budget pressures continued to arise within the Children's Social Care service area, being a combination of increased caseload, both in terms of the complexity and number of

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vulnerable children needing support, but also the subsequent increased staffing capacity. Ultimately the Council faced a budget deficit of £5.2m.

Continuing the shift in Council funding from central grants to a greater reliance on local resources, the Government announced a 2% core Council Tax plus a 3% Adult Social Care precept referendum limit. Recognising the pressure on household finances the Council made the difficult decision to forgo a rise in Council Tax and to fully defer the potential increase in the Adult Social Care precept. As such Council Tax did not increase for 2021/22 and ultimately the Council has permanently lost recurring funding.

The Local Council Tax Support Scheme (LCTS) was again maintained at 12% mitigating the cost of Council Tax on low income households. In recognition of the forecast economic conditions and the planned ending of the Universal Credit £20 uplift, a cautious approach was taken to the Council Tax Base with a reduction forecast reflecting anticipated increases in LCTS costs.

Council agreed a budget strategy to meet this deficit via the use of Reserves and one-off government grant funding. This enabled the Council to continue its focus on supporting residents and the community in recovering from the COVID-19 pandemic. These measures in effect deferred the budget deficit from 2021/22 to 2022/23 and work progressed early in 2021/22 to address the deficit position.

General Fund 2021/22 – Actual Outturn

The economic impact arising from the COVID-19 pandemic continued to have a significant negative financial impact on all councils, including Hartlepool. As well as increased expenditure, service income levels continued to be reduced as a result of service areas being closed, or operating with reduced capacity, for example leisure facilities and car parking income. The emergence of the Omicron variant, placing a further hindrance on recovery. Throughout, the Government has provided a financial support package that reflected the scale and impact of the pandemic, supporting Councils to mitigate the unprecedented financial impact. For the immediate period of the COVID-19 pandemic the Council has managed the detrimental financial position with support from these government grants. However, it is still too early to assess the medium to longer term economic scarring on councils and their communities – this will therefore continue to be an issue into 2022/23 and the development of our Medium Term Financial Plan over the coming years.

In relation to Business Rates and Council Tax, the Collection Fund shortfall arising at 31 March 2021 was addressed over a three year period (2021/22 to 2023/24) following the Government's implementation of temporary regulations to enable councils to do so. However, collection rates continue to be under significant strain, in part as a result of the additional burden of administering various business grant schemes. They are likely to remain so for some time yet given the emerging economic conditions. Nevertheless, good progress was made on eliminating the deficit position thanks to positive arrears collection and prudent base projections.

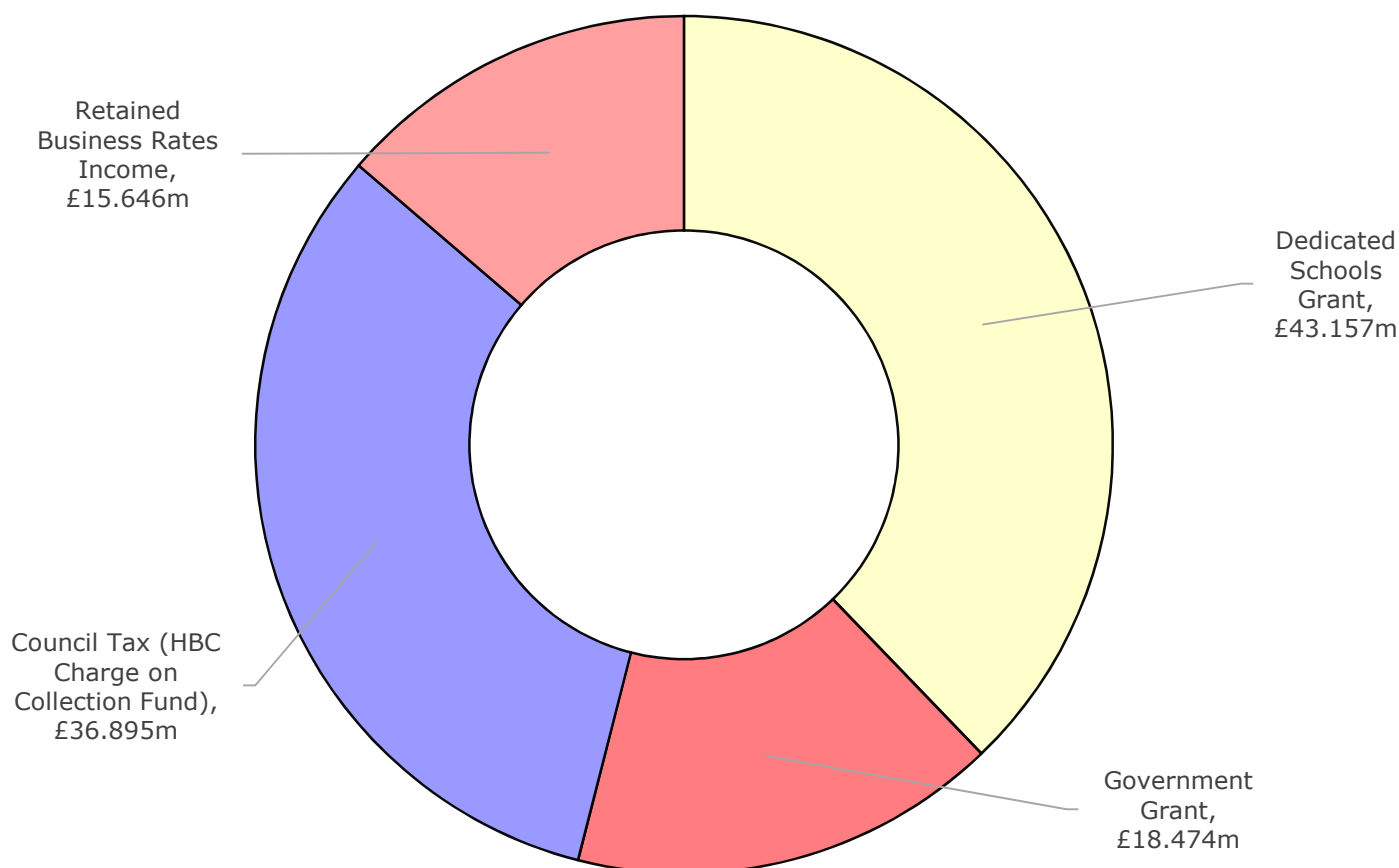
The Council has sought to mitigate non COVID-19 budget pressures as far as possible during the year, maximising use of grants and additional funding as appropriate. This strategy has enabled the Council to earmark funding at year end for emerging utility and general inflation pressures that are anticipated to have a significant impact over the short to medium term. Given the level of uncertainty on both costs and local government funding, we will continue to follow this approach into 2022/23.

The outturn position is summarised in the table overleaf.

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Description of Expenditure	2021/2022 Approved Budget £000	2021/2022 Actual Expenditure / Income £000	2021/2022 Variance Adverse / (Favourable) £000
Departmental Expenditure			
Adult & Community Based	34,217	33,760	(457)
Children's & Joint Commissioning	26,245	26,140	(105)
Neighbourhoods and Regulatory	18,243	18,755	512
Resources and Development	4,925	4,591	(334)
Dedicated Schools Grant Related Expenditure	43,157	43,157	0
Total Departmental Position	126,787	126,403	(384)
Non Departmental Expenditure	(12,615)	(12,517)	98
Housing Revenue Account (HRA)	0	0	0
Final Contribution to Budget Support Fund	114,172	113,886	(286)

The Council's budget of £114.172m, including the Dedicated Schools Grant of £43.157m, was funded from the following sources:



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Housing Revenue Account (HRA)

This is a separate account and contains the costs of owning and maintaining properties which are let to tenants. These costs are funded from rent paid by tenants.

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

The final outturn for the 2021/22 HRA is NIL which agrees to the budgeted position. Within this net NIL position there is a small amount of £0.036m unrecovered income due to less income being generated from solar panels of £0.016m and less rental income of £0.020m due to void properties. The overall expenditure thus decreased by £0.036m owing to various incremental savings and debt management and depreciation charges due to the stock numbers increasing slower than forecast with the impact of COVID-19. The HRA reserve remains at £0.495m. As at 31 March 2022 the HRA has 309 properties of which 3 were acquired during 2021/22 and 1 property was disposed of through a 'Right to Buy' sale.

Pooled Budgets - Better Care Fund

The Better Care Fund (BCF) has been established by the Government to support the introduction of a fully integrated health and social care system. Section 75 of the National Health Service Act 2006 gives powers to Local Authorities and Clinical Commissioning Groups (CCG's) to establish and maintain pooled budgets to support the outcomes of the BCF. The Council has entered into a pooled budget arrangement with NHS Tees Valley Clinical Commissioning Group. Further details are provided in Note 56.

Capital Expenditure

Capital expenditure relates to spend on the purchase of, or improvement of assets that have a long-term value to the Council and our residents, such as highways and buildings.

In 2021/22 the Council had a total Capital Programme of £75.943m and incurred expenditure totalling £18.624m. An analysis of the 2021/22 capital expenditure is shown below, together with an analysis of how it was financed.

	£000	%
Expenditure		
Other Schemes	6,490	35%
School Improvements	5,291	28%
Highways Maintenance & Construction	2,754	15%
Housing Investment Programme	2,352	13%
Disabled Facility Grant	1,282	7%
DSO Vehicle Purchase	455	2%
Total Expenditure	18,624	100%
Capital Financing		
Capital Grant	11,029	59%
Borrowing	7,525	41%
Capital Receipts	55	0%
Capital Funding Reserves	15	0%
Total Capital Financing	18,624	100%

As at 31 March 2022, the Council had rephased capital expenditure totalling £57.319m into 2022/23. This will be funded from the following rephased resources.

	£000
Borrowing	36,970
Government Grants	14,388
Capital Funding Reserves	5,751
Capital Receipts	210
	57,319

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Capital Receipts

The Council received gross receipts of £0.189m in 2021/22 from the sale of assets.

FINANCIAL OUTLOOK – GENERAL FUND 2022/23 TO 2025/26

As detailed earlier the Council's progressed with its budget strategy early in 2021/22 so as to reduce the reliance on use of reserves to balance the Council's budget.

At a national level the Government's 2022/23 funding arrangements for councils provided additional funding for Social Care in addition to a new one-off services grant distributed through the existing Settlement Funding Assessment criteria. Government figures show the settlement is the best for many years, however the settlement continued to be based on the assumption of maximising Council Tax with the core Council Tax referendum principle set at 2% and the Adult Social Care (ASC) precept set at 1%, plus the balance of the 2021/22 ASC precept. For Hartlepool, 36% of the governments assumed funding increase was to be funded by Council Tax increases. As a one-year settlement this continued the trend of recent years, providing a lack of certainty for future budgets.

The Council determined to increase core Council Tax by 1.9% and only apply the balance of the 2021/22 ASC precept, thus increasing Council Tax overall by 4.9%. Taken over the two year period, this was significantly below the maximum increased allowable of 8%. Furthermore difficult decisions were made allowing savings to be identified in order to substantially close the budget gap. Ultimately reserves were used, but in a planned and measured way in order to smooth the deficit position over the period of the Medium Term Financial Strategy. The £7.3m deficit was funded by:

Savings	£2.6m
Council Tax and ASC Precept	£2.1m
Increase in Government Funding	£1.5m
Reserves	£1.1m

The Council's budgets are continuing to face increased pressures on the budget position for 2022/23 owing to the continuing impact of the pandemic, especially in relation to continued income shortfalls. Additionally, the emergence from the pandemic combined with the war in Ukraine has created significant inflationary pressures that require careful management in year and are likely to result in on-going pressures over the period.

The financial position for 2023/24 onwards will continue to be impacted by the inflationary pressures, particularly Government funding proposals in response to the pressure. Additionally, uncertainty remains regarding funding reforms in general and the national funding arrangements for Adult Social Care. At a local level the Business Rates position continues to be under strain given appeals and the scheduled closure of the Nuclear Power station in 2024/25.

The Council will develop a strategy for 2023/24 to 2025/26 during the current year.

BORROWING FACILITIES AND INVESTMENT STRATEGY

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

In accordance with this strategy the Council has taken a proactive approach to managing cash investments and debt. For a number of years the Council has internalised borrowing by netting down borrowing against investments. 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.

The interest earned on Council investments remained low during 2021/22; this has been mitigated by low interest costs on the Council's borrowings.

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PENSIONS

The Council has accounted for retirement benefits according to International Financial Reporting Standard (IFRS) IAS 19. In the accounts as at 31 March 2022 there was a deficit on the Pensions Reserve of £160.009m (£210.094m in 2020/21). This was offset by a Pensions Liability of the same value. The net Pensions Liability has reduced mainly owing to a net increase in the fair value of plan assets.

The Council is a member of the Teesside Pension Fund and the statutory arrangements for this scheme mean that the IFRS IAS19 deficit does not need to be made good by increased pension's contributions from the Council or employees. A separate Pension Fund valuation is carried out every three years to determine the Council's contribution rate.

Further information is included in Notes 52 and 53 to the Statement of Accounts.

STATEMENT OF ACCOUNTS

Comprehensive Income and Expenditure Statement

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

Balance Sheet

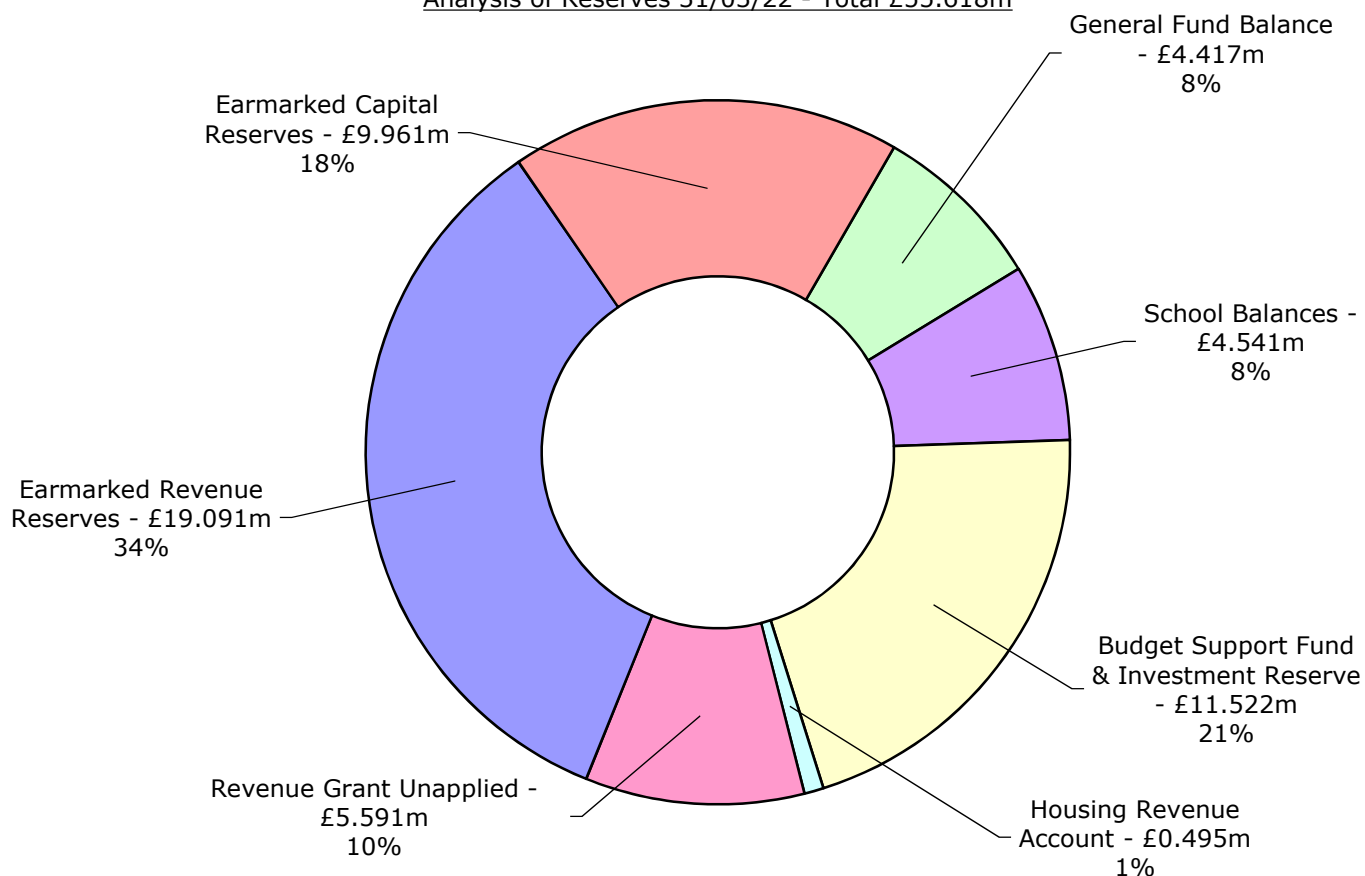
The Balance Sheet shows the value of the assets and liabilities at 31 March 2022. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are classified in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserve includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

The major movements on the Balance Sheet are as follows:

- Property, Plant and Equipment, Investment Properties, Assets Held for Sale and Heritage Assets – the Council's total fixed assets have decreased by £5.859m which comprises expenditure on fixed assets, downward revaluations of existing assets, less depreciation and disposals.
- Short Term Debtors - totalled £36.586m as at 31 March 2022 (£38.505m at 31 March 2021). The decrease primarily relates to year end entries required in relation to the Collection Fund.
- Short Term Creditors – as at 31 March 2022 was £29.536m (£28.605m at 31 March 2021). The increase primarily relates to year end entries required in relation to the Collection Fund.
- Capital Grant Receipts in advance – as at 31 March 2022 was £14.379m (£9.933m at 31 March 2021). The increase relates to a variety of capital grants received in advance, including from the Tees Valley Combined Authority.
- Revenue Grant Receipts in advance – as at 31 March 2022 was £2.322m (£3.983m at 31 March 2021). The decrease primarily relates to the COVID-19 Grants Local Authority Support Grants which have now been used throughout the current year.
- Other long term liabilities – as at 31 March 2022 was £160.324m (£210.400m at 31 March 2021). The majority of this decrease related to the Council's defined benefit pension scheme.
- At the 31 March 2022 the Authority had usable reserves of £55.618m (£49.253m at 31 March 2021). Full details of the Council's reserves are provided in Notes 30 to 37 and include the following key reserves:

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Analysis of Reserves 31/03/22 - Total £55.618m



This excludes £7.390m of grant funding the Government has provided to meet Collection Fund deficits arising from the impact of COVID-19. This funding will be used over the period 2022/23 to 2023/24 to reflect the statutory arrangements from managing Collection Fund deficits as described in Note 35 of the accounts.

Cash Flow Statement

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

Collection Fund

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

The total Council Tax for the year was £2,097.07 (£2,090.38 in 2020/21) for Band D properties, excluding parish precepts where these applied. This comprised £1,751.01 for the Council's own services, £265.73 for the Police and Crime Commissioner and £80.33 for Cleveland Fire Authority. Each Authority determined its own tax and made a precept on the Collection Fund.

The Council Tax for the Council's services was determined on the basis of an equated number of 34,380 Band D properties. When setting the charge a 1.5% allowance for non-collection was made.

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

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	£000	%
Expenditure		
Hartlepool Council Precept	42,737	51%
Police and Crime Commissioner Precept	6,480	8%
Cleveland Fire Authority Precept	1,959	2%
Central Government's Share Non Domestic Rates	15,965	19%
Hartlepool Council Non Domestic Rates Precept	15,646	19%
Cleveland Fire Authority Non Domestic Rates Precept	319	0%
Other	453	1%
	83,559	100%
Income		
Council Tax	52,343	65%
NNDR from Rate Payers	28,483	35%
	80,826	100%
Net Deficit / (Surplus) in Year	2,733	


ACCOUNTING POLICIES

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

The Council's policies are explained fully in the Statement of Accounting Policies.

INSPECTION OF ACCOUNTS

Members of the public have a statutory right to inspect the accounts before the audit is completed, question the auditor and make objections at audit. The availability of the accounts for inspection was advertised on the Council's website and in relation to the 2021/22 financial year the inspection period was 27 June 2022 to 5 August 2022.



Chris Little CPFA
Director of Finance and Policy
Date: 24 June, 2022

SECTION 2 : Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

I confirm that the accounts set out in this document were approved by the Audit and Governance Committee at the meeting held on xx xxx 2022.

Chair of Audit and Governance Committee

Date: xx/xx/2022

The Director of Resources and Development's Responsibilities

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

In preparing this Statement of Accounts, the Director of Resources and Development has:

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

The Director of Resources and Development has also:

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

Certification of the Accounts by the Director of Resources and Development

In accordance with the requirements of the Accounts and Audit Regulations 2015, I certify that Section 1 to 3 of the Financial Report 2021/22, which includes the Statement of Accounts, gives a true and fair view of the financial position of Hartlepool Borough Council at the accounting date and its income and expenditure for the year ended 31 March 2022.



Chris Little CPFA

Director of Resources and Development

Date: 24 June 2022

SECTION 3 : Statement of Accounts

Movement in Reserves Statement for the year ended 31 March 2022

	Unearmarked General Fund Balance	School, Budget Support and Investment Reserves	Earmarked Revenue & Capital Reserves	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2020 carried forward	4,417	5,407	24,600	391	837	-	20	35,672	38,368	74,040
<u>Movement in reserves during 2020/21</u>										
Surplus or (deficit) on provision of services	(8,428)	-	-	(196)	-	-		(8,624)	-	(8,624)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(21,260)	(21,260)
Total Comprehensive Income and Expenditure	(8,428)	-	-	(196)	-	-	-	(8,624)	(21,260)	(29,884)
Adjustments between accounting basis & funding basis under regulations (note 5)	32,172	-	-	468	167	-	(12)	32,795	(32,795)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	23,744	-	0	272	167	0	(12)	24,171	(54,055)	(29,884)
Transfers to/(from) Earmarked Reserves	(23,744)	13,330	10,413	(168)	168	-	-	(1)	1	-
Increase/(Decrease) in Year	-	13,330	10,413	104	335	-	(12)	24,170	(54,054)	(29,884)
Balance at 31 March 2021 carried forward	4,417	18,737	35,013	495	1,172	-	8	59,842	(15,686)	44,156
<u>Movement in reserves during 2021/22</u>										
Surplus or (deficit) on provision of services	(25,206)	-	-	155	-	-	-	(25,051)	-	(25,051)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	71,441	71,441
Total Comprehensive Income and Expenditure	(25,206)	-	-	155	-	-	-	(25,051)	71,441	46,390
Adjustments between accounting basis & funding basis under regulations (note 5)	27,979	-	-	(11)	187	63	-	28,218	(28,218)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	2,773	-	-	144	187	63	-	3,167	43,223	46,390
Transfers to/(from) Earmarked Reserves	(2,773)	(2,674)	5,447	(144)	144	-	-	-	-	-
Increase/(Decrease) in Year	-	(2,674)	5,447	-	331	63	-	3,167	43,223	46,390
Balance at 31 March 2022 carried forward	4,417	16,063	40,460	495	1,503	63	8	63,009	27,537	90,546

For detail on Usable and Unusable Reserves see Notes 30 to 38.

SECTION 3 : Statement of Accounts

Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

2020/21			2021/22			
£000s Expenditure	£000s Income	£000s Net	£000s Expenditure	£000s Income	£000s Net	Note
78,733	(40,527)	38,206	Continuing operations:			
101,497	(75,492)	26,005	Adult and Community Based Services	80,110	(42,212)	37,898 7
18,029	(34,227)	(16,198)	Children's and Joint Commissioning	101,394	(69,183)	32,211 7
41,265	(10,231)	31,034	Corporate	15,519	(20,671)	(5,152) 7
36,567	(29,403)	7,164	Neighbourhoods and Regulatory Services	41,024	(17,500)	23,524 7
1,246	(1,382)	(136)	Resources & Development	37,784	(29,508)	8,276 7
277,337	(191,262)	86,075	HRA	832	(1,318)	(486) 7
1,036	(280)	756	Cost of Services	276,663	(180,392)	96,271
17,916	(10,588)	7,328	Other Operating Expenditure	10,514	(378)	10,136 8
-	(85,535)	(85,535)	Financing and Investment Income and Expenditure	17,826	(11,901)	5,925 9
296,289	(287,665)	8,624	Taxation and Non-Specific Grant Income	-	(87,281)	(87,281) 10
			(Surplus) / Deficit on Provision of Services	305,003	(279,952)	25,051
	(372)		(Surplus) / Deficit on Revaluation of Property, Plant and Equipment		(1,343)	38 Table 1
	21,632		Remeasurement of net defined benefit liability / (asset)		(70,098)	38 Table 3
	21,260		Other Comprehensive Income and Expenditure		(71,441)	
	29,884		Total Comprehensive Income and Expenditure		(46,390)	

SECTION 3 : Statement of Accounts

Balance Sheet as at 31 March 2022

31 March 2021 £000s		31 March 2022 £000s	Note
286,684	Property, Plant and Equipment	279,782	14
17,735	Heritage Assets	17,751	17
8,859	Investment Property	9,804	16
429	Intangible Assets	277	18
197	Long Term Investments	197	19
3,363	Long Term Debtors	3,771	20
317,267	Long Term Assets	311,582	
5,002	Short Term Investments	40,015	45
390	Inventories	549	21
38,505	Short Term Debtors	36,586	22
16,961	Cash and Cash Equivalents	6,229	24
283	Assets Held for Sale	365	25
61,141	Current Assets	83,744	
(1,721)	Bank Overdraft	(3,336)	24
(2,222)	Provisions	(2,485)	27
(3,502)	Short Term Borrowing	(1,378)	45
(28,605)	Short Term Creditors	(29,536)	26
(9,933)	Capital Grants Receipts in Advance	(14,379)	29
(3,983)	Revenue Grant Receipts in Advance	(2,322)	29
(49,966)	Current Liabilities	(53,436)	
(1,194)	Provisions	(1,154)	27
(72,692)	Long Term Borrowing	(89,866)	45
(210,400)	Other Long Term Liabilities	(160,324)	28
(284,286)	Long Term Liabilities	(251,344)	
44,156	Net Assets:	90,546	
4,417	Unearmarked General Fund Balances	4,417	30
15,050	Budget Support Fund & Investment Reserves	11,522	31
5,236	Revenue Grants Unapplied	5,591	32
13,371	Earmarked Revenue Reserves	19,091	33
6,997	Earmarked Capital Reserves	9,961	34
3,687	Schools Balances	4,541	36
495	Housing Revenue Account	495	37
10,588	COVID-19 Council Tax and Business Rates Collection Fund Deficit Reserve	7,390	35
(15,685)	Unusable Reserves	27,538	38
44,156	Total Reserves:	90,546	

SECTION 3 : Statement of Accounts

Statement Of Cash Flows For The Year Ended 31 March 2022

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

2020/21 £000s		2021/22 £000s	Note
(8,624)	Net Surplus / (Deficit) on the Provision of Services	(25,051)	
19,040	Adjustments to Net Surplus / (Deficit) on the Provision of Services for Non-cash Movements	43,631	48
(8,042)	Adjustments for items included in the Net Surplus / (Deficit) on the Provision of Services that are Investing and Financing Activities	(11,218)	49
2,374	Net Cash (Outflow) / Inflow from Operating Activities	7,362	
(1,065)	Investing Activities	(32,160)	50
(2,850)	Financing Activities	12,451	51
(1,541)	Net Increase / (Decrease) in Cash and Cash Equivalents	(12,347)	
16,781	Cash and Cash Equivalents at the beginning of the reporting period	15,240	
15,240	Cash and Cash Equivalents at the end of the reporting period	2,893	24

SECTION 3 : Statement of Accounts

Summary of Significant Accounting Policies

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 and to comply with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3 : Statement of Accounts

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

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

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

4. Exceptional Items

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

SECTION 3 : Statement of Accounts

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

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

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

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

6. Charges to Revenue for Non-current Assets

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

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

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

7. Employee Benefits

Benefits Payable During Employment

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

Termination Costs

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

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

SECTION 3 : Statement of Accounts

Post Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

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

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

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

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

Service cost, comprising:-

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

Remeasurements, comprising:

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

SECTION 3 : Statement of Accounts

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

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

Discretionary Benefits

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

8. Events After the Balance Sheet Date

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

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

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

9. Government Grants and Contributions

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

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

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

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

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

SECTION 3 : Statement of Accounts

10. Interests in Companies and Other Entities

Under Local Government Reorganisation the Council was allocated 2.47% of the shares in Teesside International Airport, which has reduced to 1% upon the sale of the airport to Goosepool 2019 Ltd (jointly owned by the Tees Valley Combined Authority (75%) and Stobart Holding Limited (25%)), and 3.3% of the former County Council's shareholding in Suez Recycling and Recovery Tees Valley Limited.

The Council holds minority shares in Teesside International Airport Ltd and in Suez Recycling and Recovery Tees Valley Limited. These share holdings originated through policy initiatives with other Local Authorities and are not held for trading or income generation. Therefore the Council have elected to designate the equity as Fair Value through other Comprehensive Income.

11. Inventories and Long Term Contracts

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

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

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

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

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

12. Investment Property

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

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

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

13. Leases

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

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

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

SECTION 3 : Statement of Accounts

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

SECTION 3 : Statement of Accounts

Operating Leases

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

14. Council Tax and Non-Domestic Rates

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

15. Accounting for Council Tax and NDR

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

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

16. Property, Plant and Equipment

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

The asset valuations have been prepared using the following assumptions:

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

SECTION 3 : Statement of Accounts

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

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

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

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

SECTION 3 : Statement of Accounts

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

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

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

Impairment

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

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

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

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

Depreciation

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

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

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

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

Disposals and Assets Held for Sale

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

SECTION 3 : Statement of Accounts

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

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

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

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

17. Heritage Assets

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

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

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

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

18. Intangible Assets

Expenditure on assets that do not have physical substance and are identifiable and controlled by the Council (e.g. Software Licences) is capitalised when it will bring benefits to the Council for more than one financial year. The cost is charged to the relevant expenditure category over the economic life to reflect the pattern of consumption of benefits.

19. Provisions and Contingent Liabilities

Provisions

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

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

SECTION 3 : Statement of Accounts

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

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

Contingent Liabilities

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

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

20. Financial Guarantees

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

21. Reserves

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

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

22. Revenue Expenditure Funded from Capital under Statute

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

23. VAT

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

SECTION 3 : Statement of Accounts

24. Financial Instruments

Financial liabilities

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

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

Financial Assets

Financial assets are classified based on classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost,
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows i.e. Payments of interest and principal. Most of the Council's financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for the interest receivable are based on the carrying amount of the asset multiplied by the effective rate of the interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in the fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

The Council currently holds no assets at FVPL.

SECTION 3 : Statement of Accounts

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). This was previously classified as an Available For Sale asset at 31 March 2018.

The Council has made an irrevocable election to designate two of its equity instruments as FVOCI on the basis that they are held for non-contractual benefits, they are not held for strategic purposes. The assets were transferred to the new asset category on 1 April 2018. The asset is initially measured and carried at fair value.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in the financial instruments revaluation reserve is credited / debited to the surplus or deficit on the provision of services.

The same accounting treatment was adopted in the prior year when the assets were classified as Available for Sale, except that accumulated gains and losses on the available for sale asset were previously held in the Available-for-Sale Financial Instruments Reserve at 31 March 2018. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserves as at 1 April 2018.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on a basis of 12-month expected losses.

25. Fair Value Measurements

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

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

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

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

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

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

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

SECTION 3 : Statement of Accounts

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year)
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's financial statements.

Note 2: Critical Judgements in applying Accounting Policies

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government beyond 2021/22. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has an external contract for the provision of its ICT service. This contract has been classed as an embedded lease and under IAS 37 was brought onto the Balance Sheet in 2009/10 as a finance lease.
- The Council has undertaken a review of all schools in Hartlepool and their accounting treatment. There are 38 schools in Hartlepool;
 - One Voluntary Aided (VA) School which is owned and accounted for by the Roman Catholic Diocese of Hexham and Newcastle or the Church of England Diocese of Durham.
 - One Voluntary Controlled (VC) School which is owned and accounted for by the Church of England Diocese of Durham.
 - One Foundation School which is owned by the School Governing Body.
 - Ten Community Schools owned by the Council.
 - Twenty-five Academy Schools which the Council have transferred to the Academies under 125 year leases.

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

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

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

SECTION 3 : Statement of Accounts

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

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

The items in the Council's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.084m for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect on the net pensions liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in liability of £12.950m, however, the assumptions interact in complex ways. During 2021/22, the Council's actuaries advised that the net pension liability for funded LGPS benefits had increased by £13.603m as a result of updating financial assumptions, increased by £4.326m as a result of changes in demographic assumptions and decreased by £2.266m attributable to liability experience. Actual pension rates are determined on an actuarial basis every 3 years. The latest valuation has determined the employer's contribution for 3 years from 31st March 2019. A 0.1% increase in this rate would increase the Council's revenue budget requirement for pension costs by £61,000.
Income Shortfalls	Owing to the current economic downturn and the Covid-19 pandemic the Council continues to face income shortfalls in relation to car park income, leisure and cultural venues, shopping centre income and land charges.	The Council has determined that the income shortfalls will continue in future years and has therefore created an Income Risk Reserve of £0.989m.
Arrears	At 31 March 2022, the Council had a balance of £25.880m on general, Council Tax Payers, NNDR Payers and Trade debtors. A review of these balances suggested that an impairment of doubtful debts of £8.645m was appropriate. However in the current climate it is not certain that such an allowance would be sufficient.	If bad debt provision was made for an additional 1% of outstanding debt this would result in an additional charge of £0.259m.

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

Note 4: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Resources and Development on 24 June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

SECTION 3 : Statement of Accounts

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

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

2021/22	Usable Reserves							
	Unearmarked General Fund Balance £000s	School, Budget Support and Investment Reserves £000s	Earmarked Revenue & Capital Reserves £000s	Housing Revenue Account £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Capital Adjustment Account:								
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</u>								
Charges for Depreciation and Impairment of Non-current Assets	8,946	-	-	212	-	-	-	(9,158)
Charges for Revaluation losses on Property Plant and Equipment	2,330	-	-	(78)	-	-	-	(2,252)
Movements in the Market Value of Investment Properties	(1,005)	-	-	-	-	-	-	1,005
Capital Grants and Contributions	(11,029)	-	-	-	-	-	-	11,029
Direct Revenue Funding	(1)	-	-	-	-	-	-	1
Revenue Expenditure Funded from Capital Under Statute	5,219	-	-	-	-	-	-	(5,219)
Amounts of Non-current Assets written off on Disposal or Sale as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	10,353	-	-	-	-	-	-	(10,353)
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement</u>								
Provision for the Financing of Capital Investment (MRP)	(2,647)							2,647
Adjustments primarily involving the Capital Grants Unapplied Account:								
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of Cash Sale Proceeds Credited as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	(189)	-	-	-	-	189	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	(126)	-	126
Use of Capital Receipts to repay prudential borrowing								
Adjustments primarily involving the major Repairs Reserve:								
Transfer to Major Repairs Reserve	-	-	-	(201)	201	-	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	-	(14)	-	-	14

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

2021/22	Unearmarked General Fund Balance £000s	School, Budget Support and Investment Reserves £000s	Earmarked Revenue & Capital Reserves £000s	Housing Revenue Account £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	27,521	-	-	75	-	-	-	(27,596)
Employer's Pension Contributions and Direct Payments to Pensioners payable in year	(7,564)	-	-	(19)	-	-	-	7,583
Adjustments Primarily involving the Collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax and income calculated for the year in accordance with statutory requirements	(3,802)	-	-	-	-	-	-	3,802
Adjustments primarily involving the Accumulated Absences Adjustment Account:								
Amount by which Officer Remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from Remuneration chargeable in the year in accordance with statutory requirements	(153)	-	-	-	-	-	-	153
Total Adjustments	27,979	-	-	(11)	187	63	-	(28,218)

Usable Reserves

2020/21	Unearmarked General Fund Balance £000s	School, Budget Support and Investment Reserves £000s	Earmarked Revenue & Capital Reserves £000s	Housing Revenue Account £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Capital Adjustment Account:								
<u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement</u>								
Charges for Depreciation and Impairment of Non-current Assets	11,417	-	-	197	-	-	-	(11,614)
Charges for Revaluation losses on Property Plant and Equipment	243	-	-	424	-	-	-	(667)
Movements in the Market Value of Investment Properties	1,160	-	-	-	-	-	-	(1,160)
Capital Grants and Contributions	(7,895)	-	-	-	-	-	-	7,895
Direct Revenue Funding	(360)	-	-	-	-	-	-	360
Revenue Expenditure Funded from Capital Under Statute	2,441	-	-	-	-	-	-	(2,441)
Amounts of Non-current Assets written off on Disposal or Sale as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	879	-	-	-	-	-	-	(879)
<u>Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement</u>								
Provision for the Financing of Capital Investment (MRP)	(2,729)	-	-	-	-	-	-	2,729

SECTION 3 : Statement of Accounts

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

2020/21	Unearmarked General Fund Balance £000s	School, Budget Support and Investment Reserves £000s	Earmarked Revenue & Capital Reserves £000s	Housing Revenue Account £000s	Major Repairs Reserve £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Movement in Unusable Reserves £000s
Adjustments primarily involving the Capital Grants Unapplied Account:								
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-	(12)	12
Adjustments primarily involving the Capital Receipts Reserve:								
Transfer of Cash Sale Proceeds Credited as part of the Gain/(Loss) on Disposal to the Comprehensive Income & Expenditure Statement	(155)	-	-	-	-	155	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	(155)	-	155
Use of Capital Receipts to repay prudential borrowing	-	-	-	-	-	-	-	-
Adjustments primarily involving the major Repairs Reserve:								
Transfer to Major Repairs Reserve	-	-	-	(185)	185	-	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-		(18)	-	-	18
Adjustments primarily involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	21,800	-	-	48	-	-	-	(21,848)
Employer's Pension Contributions and Direct Payments to Pensioners payable in year	(7,425)	-	-	(16)	-	-	-	7,441
Adjustments Primarily involving the Collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax and income calculated for the year in accordance with statutory requirements	9,334	-	-	-	-	-	-	(9,334)
Adjustments primarily involving the Accumulated Absences Adjustment Account:								
Amount by which Officer Remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from Remuneration chargeable in the year in accordance with statutory requirements	3,460	-	-	-	-	-	-	(3,460)
Total Adjustments	32,172	-	-	468	167	-	(12)	(32,795)

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Note 6: Transfers to/(from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22. Further details are provided in Notes 30 to 37.

	Balance at 31 March 2020	Transfer Between Reserves	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021	Transfer Between Reserves	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Unearmarked General Fund Balance</u>									
General Fund Balance	4,417	-	-	-	4,417	-	-	-	4,417
	4,417	-	-	-	4,417	-	-	-	4,417
<u>Budget Support & Investment Reserves</u>									
Budget Support Fund 22/23 to 24/25	4,513	(1,685)	-	4,863	7,691	-	-	286	7,977
Budget Support Fund 21/22	-	4,312	-	-	4,312	-	(4,312)	-	-
COVID-19 Recovery Reserve	-	500	-	1,153	1,653	-	-	714	2,367
Looked After Children Reserve	528	-	-	533	1,061	-	-	-	1,061
Budget Support Fund - Invest to Save	-	333	-	-	333	-	(216)	-	117
	5,041	3,460	-	6,549	15,050	-	(4,528)	1,000	11,522
<u>Revenue Grants Unapplied</u>									
Revenue Grants Unapplied	3,823	-	(225)	1,298	4,896	-	(295)	711	5,312
COVID-19 Grants Reserve	-	-	-	340	340	-	(170)	109	279
	3,823	-	(225)	1,638	5,236	-	(465)	820	5,591
<u>Earmarked Revenue Reserves</u>									
Business Rates Risk Reserve	-	2,478	-	522	3,000	-	-	-	3,000
Insurance Fund	2,212	-	-	74	2,286	-	(2)	83	2,367
Treasury Management Risk Reserve	1,489	-	-	246	1,735	-	-	400	2,135
Strategic Change Reserve	1,161	-	(49)	304	1,416	-	(240)	738	1,914
Energy Pressures	-	-	-	-	-	-	-	1,820	1,820
Adult Social Care Reserve	1,211	-	(171)	-	1,040	-	(245)	464	1,259
Inflation Reserve	-	-	-	-	-	-	-	1,000	1,000
Better Care Fund (Pooled Budget)	-	-	-	444	444	-	-	550	994
Income Risk Reserve	309	-	-	-	309	-	-	680	989
Public Health Grant Reserve	333	-	(16)	197	514	-	-	440	954
Community Pot Reserve	-	73	-	239	312	-	-	54	366
Waste Equalisation Reserve	-	-	-	-	-	-	-	330	330
Education Improvement Strategy Reserve	419	-	(103)	-	316	-	-	-	316
Support for Local Council Tax Support Scheme	300	-	-	-	300	-	-	-	300
Better Care Fund Reserve	220	-	-	-	220	-	-	-	220
Concessionary Fares	20	-	-	282	302	-	(94)	-	208
ICT Contract Reserve	-	-	-	-	-	-	-	200	200
Events Reserve	303	(25)	(26)	13	265	-	(76)	2	191
School Attainment Reserve	125	-	-	50	175	-	-	-	175
Trading Account Reserve	78	-	-	140	218	-	(90)	-	128
Supporting Family Poverty	139	(47)	(31)	16	77	-	-	16	93
National Museum of the Royal Navy Reserve	38	-	-	-	38	-	-	-	38
Museums Acquisition	28	-	-	1	29	-	-	-	29
Environmental Apprenticeships Scheme	17	-	-	-	17	-	-	-	17
Tees Education & Skills Reserve - Held in Trust	7	-	-	4	11	-	-	4	15
Works in Default Empty Homes	15	-	-	-	15	-	-	-	15
Funding for Modern Apprentices	13	-	-	-	13	-	-	-	13
CECA Trading Equalisation Reserves	5	-	-	-	5	-	-	-	5
Strategic One Off Costs	2,692	(2,692)	-	-	-	-	-	-	-
Brexit Funding	315	-	-	-	315	(315)	-	-	-
	11,449	(213)	(396)	2,532	13,372	(315)	(747)	6,781	19,091
<u>Earmarked Capital Reserves</u>									
Capital Funding Reserve	9,328	(3,151)	(2,383)	2,023	5,817	315	(312)	2,567	8,387
HRA Major Repairs Reserve	837	-	(18)	353	1,172	-	(14)	345	1,503
Capital Grants Unapplied	20	-	(12)	-	8	-	-	-	8
Capital Receipts Unapplied	-	-	(155)	155	-	-	(126)	189	63
	10,185	(3,151)	(2,568)	2,531	6,997	315	(452)	3,101	9,961
<u>COVID-19 Council Tax and Business Rates Collection Fund Deficit Reserve</u>									
COVID-19 Council Tax and Business Rates	-	-	-	10,588	10,588	-	(5,989)	2,791	7,390
Collection Fund Deficit Reserve	-	-	-	10,588	10,588	-	(5,989)	2,791	7,390
<u>School Balances</u>									
Balances held by delegation schools under a scheme of delegation	(246)	-	(2,049)	4,349	2,054	-	(2,275)	3,151	2,930
Dedicated Schools Grant Reserves	269	-	(53)	1,040	1,256	-	(418)	391	1,229
Ring Fenced Grants Reserves - Held in Trust for Schools	247	-	(248)	378	377	-	(379)	384	382
	270	-	(2,350)	5,767	3,687	-	(3,072)	3,926	4,541
<u>Housing Revenue Account Balance</u>									
HRA Balance	391	-	-	104	495	-	-	-	495
	391	-	-	104	495	-	-	-	495

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Note 7: Expenditure and Funding Analysis

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

Net Expenditure Chargeable to the General Fund and HRA	2020/21		Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA	2021/22		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments Between the General Fund and the Comprehensive Income and Expenditure Statement					Adjustments Between the General Fund and the Comprehensive Income and Expenditure Statement		
£000s	£000s	£000s			£000s	£000s		£000s
34,867	3,339	38,206	Adult & Community Based Services		33,760	4,138		37,898
24,012	1,993	26,005	Children's & Joint Commissioning Services		26,140	6,071		32,211
(6,735)	(9,463)	(16,198)	Corporate		(12,517)	7,365		(5,152)
20,677	10,357	31,034	Neighbourhood and Regulatory Services		18,755	4,769		23,524
4,911	2,253	7,164	Resources and Development		4,591	3,684		8,275
(104)	(32)	(136)	HRA		-	(486)		(486)
48,647	(48,647)	-	Schools		43,157	(43,157)		-
126,275	(40,200)	86,075	Net Cost of Services		113,886	(17,616)		96,270
(126,379)	48,928	(77,451)	Other Income and Expenditure		(114,172)	42,952		(71,220)
(104)	8,728	8,624	(Surplus) or Deficit		(286)	25,336		25,050
4,808			Opening General Fund & HRA Balance		4,912			
-			Less/Plus Surplus or (Deficit) on General Fund Balance in Year		(286)			
-			Transfer Between Earmarked & General Fund Reserves		286			
104			Less/Plus Surplus or (Deficit) on HRA Balance in Year		-			
-			Transfer Between Earmarked & HRA Reserves		-			
4,912			Closing General Fund & HRA Balance at 31 March		4,912			

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Note 7A: Note to the Expenditure and Funding Analysis

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

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2021/22				
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Statutory Differences (Note 3)	Other Non-Statutory Difference (Note 4)	Total Adjustments
	£000s	£000s	£000s	£000s	£000s
Adult and Community Based Services	859	3,239	(25)	65	4,138
Children and Joint Commissioning	3,991	6,694	27	(4,641)	6,071
Corporate	1,453	-	-	5,912	7,365
Resources and Development	-	2,019	203	1,462	3,684
Neighbourhood and Regulatory Services	4,233	3,504	(358)	(2,610)	4,769
HRA	(67)	43	(144)	(318)	(486)
Schools	-	-	-	(43,157)	(43,157)
Net Cost of Services	10,469	15,499	(297)	(43,287)	(17,616)
Other Income and Expenditure from the Expenditure and Funding Analysis	1,442	4,514	(3,802)	40,798	42,952
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	11,911	20,013	(4,099)	(2,489)	25,336

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2020/21				
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Statutory Differences (Note 3)	Other Non-Statutory Difference (Note 4)	Total Adjustments
	£000s	£000s	£000s	£000s	£000s
Adult and Community Based Services	305	2,178	761	95	3,339
Children and Joint Commissioning	2,494	4,585	638	(5,724)	1,993
Corporate	939	-	-	(10,402)	(9,463)
Neighbourhood and Regulatory Services	5,695	2,356	1,743	563	10,357
Resources and Development	11	1,343	319	580	2,253
HRA	436	25	-	(493)	(32)
Schools	-	-	-	(48,647)	(48,647)
Net Cost of Services	9,880	10,487	3,461	(64,028)	(40,200)
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,083)	3,920	9,334	39,757	48,928
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	5,797	14,407	12,795	(24,271)	8,728

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

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

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

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

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Note 7B: Expenditure and Income Analysed by Nature

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

2020/21 £000	Expenditure/Income	2021/22 £000
	Expenditure	
105,495	Employee Benefits Expenses	119,915
155,652	Other Services Expenses	149,686
17,803	Support Service Recharges	11,420
13,441	Depreciation, Impairment, Revaluation Losses	10,405
2,863	Interest Payments	3,063
156	Precepts and Levies	161
879	Gain/Loss on the disposal of assets	10,353
<u>296,289</u>	Total Expenditure	<u>305,003</u>
	Income	
(45,093)	Fees Charges and Other Service Income	(48,988)
(10,568)	Interest and Investment Income	(11,901)
(49,968)	Income from Council Tax and Non Domestic Rates	(56,344)
<u>(182,036)</u>	Government Grants and Contributions	<u>(162,719)</u>
<u>(287,665)</u>	Total Income	<u>(279,952)</u>
<u>8,624</u>	Surplus or deficit on the provision of services	<u>25,051</u>

Note 7C: Segmental Income

Income received on a segmental basis is analysed below.

2020/21			2021/22	
Fees & Charges	Interest & Investment Income		Fees & Charges	Interest & Investment Income
£000	£000		£000	£000
(24,804)	-	Adult & Community Based Services	(27,273)	-
(4,181)	(302)	Resources and Development	(5,702)	(320)
(55,322)	-	Children's & Joint Commissioning Services	(46,619)	-
(6,966)	(196)	Corporate	(16,595)	(206)
(1,382)	(29)	HRA	(1,318)	(40)
(26,498)	-	Neighbourhoods and Regulatory Services	(32,313)	-
<u>(119,153)</u>	<u>(527)</u>		<u>(129,820)</u>	<u>(566)</u>

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Note 8: Other Operating Expenditure and Transfer of School Assets

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

2020/21 £000s		2021/22 £000s
156	Parish council precepts and levies	161
(124)	Receipts from Sale of Former Council Houses	(189)
214	Loss resulting from Transfer of School Assets	10,065
510	(Gain) or loss on the disposal of non-current assets	99
<u>756</u>		<u>10,136</u>

Note 9: Financing and Investment Income and Expenditure

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

2020/21 £000s		2021/22 £000s	Note
2,853	Interest payable and similar charges on borrowing	3,044	45
10	Finance lease Interest payable	19	45
3,920	Pensions Interest Cost & Expected Return on Pensions Assets	4,514	53
(146)	Interest Receivable and Similar Income	(111)	45
(469)	Net (Gain) / Loss on Investment Properties	(536)	16
1,160	Changes in fair values of investment properties	(1,005)	16
<u>7,328</u>		<u>5,925</u>	

Note 10: Taxation and Non-Specific Grant Income

This note provides a breakdown of the various components included within the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement.

2020/21 £000s		2021/22 £000s	Note
41,622	Council Tax Income	43,442	
8,346	NNDR Distribution	12,902	
29,591	Non-ring Fenced Government Grants	23,201	
5,976	Capital Grants and Contributions	7,736	
<u>85,535</u>		<u>87,281</u>	29

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Note 11 - Councillor's Allowances & Expenses

The Council has decided to provide this additional note to provide a detailed breakdown of the Basic Allowance and Special Responsibility Allowances (SRAs) paid to individual Councillors for 2021/22.

Most Councils do not report this level of detail in their Statement of Accounts and simply show the total amount paid to all Councillors as a single figure.

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

Basic and Special Responsibility Allowances

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

On 22nd June 2017 Council considered a report from the Independent Remuneration Panel (IRP) detailing recommendations in relation to the Basic Allowance and Special Responsibility Allowances payable from 1st April 2017. The IRP had reviewed the allowances paid by the twelve North East Councils, including Hartlepool, and recommended increasing Hartlepool's Basic Allowance to £7,792. The IRP also recommended annual indexing of the allowances in line with the national Local Government pay award up to April 2020. For 2020/21 this resulted in a Basic Allowance of £8,330 and this continued for 2021/22. As summarised below Hartlepool has the third lowest Basic Allowance in the Tees Valley and the fourth lowest in the North East:

Summary of Basic Allowances paid by North East Councils 2021/22

Authority	Basic Allowance £
Northumberland	13,329
Durham	13,300
Gateshead	11,477
North Tyneside	10,643
Redcar and Cleveland	9,813
Stockton	9,300
Newcastle	9,200
Sunderland	8,369
Hartlepool	8,330
Darlington	8,188
South Tyneside	7,667
Middlesbrough	7,608

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

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Note 11: Councillor's Allowances & Expenses

Table 1 - Councillor's Allowances & Expenses

Councillor	Basic Allowance	Special Responsibility Allowance	General Travel	General Subsistence	Total 2021/22
	£	£	£	£	£
Akers-Belcher C (01.04.21-10.05.21)	918	918	-	-	1,836
Akers-Belcher S J (01.04.21-10.05.21)	918	-	-	-	918
Ashton H (10.05.21-31.03.22)	7,434	-	-	-	7,434
Boddy M (10.05.21-31.03.22)	7,434	-	-	-	7,434
Brash J (10.05.21-31.03.22)	7,434	-	-	-	7,434
Brewer J (01.04.21-10.05.21)	918	-	-	-	918
Brown P	8,330	7,076	-	-	15,406
Buchan B (01.04.21-10.05.21)	918	551	-	-	1,469
Cartwright L (01.04.21-10.05.21)	918	-	-	-	918
Cassidy T	8,330	4,246	-	-	12,576
Clayton B (10.05.21-31.03.22)	7,434	-	-	-	7,434
Cook R (10.05.21-31.03.22)	7,434	7,076	-	-	14,510
Cowie B (10.05.21-31.03.22)	7,434	-	-	-	7,434
Cranney G (10.05.21-31.03.22)	7,434	-	-	-	7,434
Creevy R (10.05.21-31.03.22)	7,434	-	-	-	7,434
Elliott J (10.05.21-31.03.22)	7,434	-	-	-	7,434
Falconer A (10.05.21-31.03.22)	7,434	-	-	-	7,434
Feeney T (10.05.21-31.03.22)	7,434	-	-	-	7,434
Fleming T	8,330	7,076	-	-	15,406
Groves C (10.05.21-31.03.22)	7,434	-	-	-	7,434
Hall G G	8,330	1,388	-	-	9,718
Hamilton L (01.04.21-10.05.21)	918	-	-	-	918
Hargreaves P (10.05.21-31.03.22)	7,434	-	-	-	7,434
Harrison B	8,330	3,240	-	-	11,570
Howson H	7,948	-	-	-	7,948
Hunter D (01.04.21-10.05.21)	656	-	-	-	656
Jackson P (10.05.21-31.03.22)	7,434	-	-	-	7,434
James M A (01.04.21-10.05.21)	918	-	-	-	918
King K (01.04.21-10.05.21)	918	-	-	-	918
Lauderdale J (01.04.21-10.05.21)	918	-	-	-	918
Lindridge J	8,330	7,076	-	-	15,406
Little S	8,330	1,254	-	-	9,584
Loynes B (01.04.21-08.02.22)	7,140	7,140	-	-	14,280
Loynes D (10.05.21-31.03.22)	7,434	-	-	-	7,434
Marshall A (01.04.21-10.05.21)	918	-	-	-	918
Moore S (see Note 1)	8,330	24,990	-	-	33,320
Nicholson D (10.05.21-31.03.22)	7,434	-	-	-	7,434
Nicholson V (10.05.21-31.03.22)	7,434	-	-	-	7,434
Picton S (10.05.21-31.03.22)	7,434	-	-	-	7,434
Prince D (10.05.21-31.03.22)	7,434	-	-	-	7,434
Prince A	8,330	-	-	-	8,330
Richardson A (01.04.21-10.05.21)	656	-	-	-	656
Richardson C	6,428	-	-	-	6,428
Riddle J (10.05.21-31.03.22)	7,434	-	-	-	7,434
Smith L	8,330	1,907	-	-	10,237
Stokell C	8,330	7,076	-	-	15,406
Tennant J (01.04.21-10.05.21)	918	918	-	-	1,836
Thomas S (01.04.21-10.05.21)	918	-	-	-	918
Tiplady K (10.05.21-31.03.22)	7,434	-	-	-	7,434
Ward B (01.04.21-10.05.21)	918	-	-	-	918
Young M	8,330	8,330	-	-	16,660
Totals for 2021/22	290,845	90,262	-	-	381,107
Total 2020/21	245,414	92,093	-	-	337,507

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Note 11: Councillor's Allowances & Expenses

Notes to Table 1

(1) Councillor S Moore Special responsibility Allowance (SRA) is the Leader of Council/Chair of Finance and Policy Committee SRA from 01.04.21 to 31.03.22.

Table 2 - Costs associated with Council Approved Conferences

The Council has an approved list of conferences which specific Councillors are authorised to attend as representatives of the Council.

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

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

The total amount paid by the Council on costs associated with Council Conferences was £2,786 (2020/21: £0). An analysis of the payments is detailed below.

Councillor	Conference Travel £	Conference Fees £	Conference Accommodation £	Total 2021/22 £
Cassidy T	-	350	140	490
Lindridge J	169	-	-	169
Moore S	167	700	280	1,147
Stokell C	-	700	280	980
Totals for 2021/22	336	1,750	700	2,786
Totals for 2020/21	0	0	0	0

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

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

Councillor	Cleveland Fire Authority	
	Basic Allowances £	Period of Office
Cassidy T	1,846	04.06.21-31.03.22
Clayton B	1,846	04.06.21-31.03.22
Fleming T	2,238	01.04.21-31.03.22
James M	241	01.04.21-09.05.21
Thomas S	241	01.04.21-09.05.21
	6,412	

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

Councillor R Cook was elected Chair of River Tees Port Health Authority for 2021/22. A Special Responsibility Allowance of £1,378 is payable for that period.

Councillor	River Tees Port Authority	
	Special Responsibility Allowance £	Period of Office
Cook R W	1,378	10.05.21-31.03.22

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Note 12 - Officers' Remuneration

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

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

The Council employed one senior officer, the Managing Director, with a salary above £150,000 during 2021/22.

The Managing Director is the senior officer who leads and takes responsibility for the work of the 2,260 (2,385 in 2020/21) full-time equivalent employees, including schools, and runs the Local Authority on a day to day basis. The role of Managing Director is a full time appointment.

Permanent post holders are selected on merit, against objective criteria and are appointed by the whole Council.

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

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

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

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

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

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

Senior Officers reporting directly to the Managing Director

During 2021/22, the Council employed 7 Senior Officers, including the Managing Director.

The Managing Director is the Council's Head of Paid Service. Although the Director of Public Health does not report directly to the Managing Director, the post is defined as a statutory chief officer under the Health and Social Care Act 2012 and is therefore included. Remuneration details for the posts are shown overleaf:

Director of Children's and Joint Commissioning Services - responsible for a gross annual revenue budget of £92m (including Dedicated Schools Grant) and managing 475 full-time equivalent employees (excluding schools) who provide a diverse range of services, including public health, education and early years related services, services for vulnerable children and families including looking after children at risk, child protection services, young offenders, children's fostering and adoption services.

Director of Adults and Community Based Services - responsible for a gross annual revenue budget of £72m and managing 394 full-time equivalent employees who provide a diverse range of services, including adult protection services, caring for older people, people with mental health issues, people with physical or learning disabilities, community hubs, sport and recreation and cultural services.

Director of Neighbourhoods & Regulatory Services - responsible for a gross annual revenue budget of £46m and managing 532 full-time equivalent employees who provide a diverse range of services, including planning and building control, community safety, refuse collection, street cleansing, highways maintenance and car parks.

Director of Resources and Development - responsible for a gross annual revenue budget of £39m and managing 197 full-time equivalent employees who provide a diverse range of services including Council tax setting and collection, Business Rates, Benefits, HR, Corporate IT, Corporate Finance, Corporate Strategy and economic development and regeneration.

The Chief Solicitor reports to the Managing Director and is responsible for a gross annual revenue budget of £2m and management of 27 full-time equivalent employees.

SECTION 3 : Statement of Accounts

Note 12 - Officers' Remuneration

2021/22 - TABLE A

Post Holder Information (Post Title and Name)	Salary (including fees and allowances) £	Pension Contributions £	Total Remuneration including Pension Contributions 2021/22 £	Note
Managing Director - Denise McGuckin	154,959	19,215	174,174	1
Director of Children's and Joint Commissioning Services	121,753	15,097	136,850	2
Director of Adults and Community Based Services	118,618	14,709	133,327	2
Director of Neighbourhood and Regulatory Services	111,940	13,881	125,821	2
Director of Resources and Development	120,093	14,892	134,985	2
Director of Public Health	91,518	11,348	102,866	3
Chief Solicitor	91,518	11,348	102,866	4
	810,399	100,490	910,889	

2020/21- TABLE B

Post Holder Information (Post Title and Name)	Salary (including fees and allowances) £	Pension Contributions £	Total Remuneration including Pension Contributions 2019/20 £
Managing Director Denise McGuckin (from 6 September 2020)	86,534	10,727	97,261
Chief Executive (1 April to 6 September 2020)	70,519	8,744	79,263
Director of Children's and Joint Commissioning Services	119,591	14,829	134,420
Director of Adults and Community Based Services	114,684	14,221	128,905
Director of Regeneration and Neighbourhoods (1 April to 6 September 2020)	51,987	6,446	58,433
Director of Neighbourhood and Regulatory Services (from 7 September 2020)	61,795	7,663	69,458
Director of Resources and Development	116,139	14,401	130,540
Director of Public Health (April 2020 to June 2020)	28,677	2,959	31,636
Director of Public Health (from June 2020)	69,879	8,665	78,544
Chief Solicitor	90,166	11,181	101,347
	809,971	99,836	909,807

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Note 12 - Officers' Remuneration

Notes to Table A & B

(1) The single point salary scale for the Managing Director for 2021/22 is £154,959 (£152,669 in 2020/21).

(2) The salary scale for the Director posts for 2021/22 is £110,686 to £121,753 (£109,050 to £119,954 in 2020/21). Post holders are appointed at the bottom of the pay scale and receive annual increments until they reach the top of the pay scale.

(3) The salary scale for the Director of Public Health for 2021/22 is £85,416 to £91,518 (£84,154 to £90,166 in 2020/21).

(4) The salary scale for the Chief Solicitor for 2021/22 is £85,416 to £91,518 (£84,154 to £90,166 in 2020/21).

Employees with a salary of £50,000 or more

In accordance with the Accounts and Audit Regulations 2015, the number of employees including school employees employed by the Council whose remuneration was £50,000 or greater is detailed in the table below in bands of £5,000. This table excludes details of senior officers set out in the previous tables. The bandings have been used since 2002/03 and are not indexed and therefore do not make any adjustment for inflationary increases each year. If the starting banding had been indexed for cost of living increases for Council employees then it would be £73,196. As a result, the number of employees requiring disclosure has increased, although there has been no increase in the number of managerial posts.

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

TABLE C - NON-SCHOOLS EMPLOYEES

2020/21 No. of Non-School Employees			Remuneration Band (£)	2021/22 No. of Non-School Employees		
<i>Non School</i>	<i>Left in Year</i>	<i>Total</i>		<i>Non School</i>	<i>Left in Year</i>	<i>Total</i>
26	-	26	50,000 to 54,999	30	-	30
8	-	8	55,000 to 59,999	6	3	9
4	-	4	60,000 to 64,999	3	-	3
2	-	2	65,000 to 69,999	1	-	1
-	-	-	70,000 to 74,999	1	-	1
2	-	2	75,000 to 79,999	3	-	3
2	-	2	80,000 to 84,999	2	1	3
2	-	2	85,000 to 89,999	2	1	3
2	-	2	90,000 to 94,999	4	1	5
48	-	48		52	6	58

TABLE D - SCHOOL EMPLOYEES

2020/21 No. of School Employees			Remuneration Band (£)	2021/22 No. of School Employees		
<i>School</i>	<i>Left in Year</i>	<i>Total</i>		<i>School</i>	<i>Left in Year</i>	<i>Total</i>
8	-	8	50,000 to 54,999	11	-	11
5	1	6	55,000 to 59,999	4	-	4
3	-	3	60,000 to 64,999	4	-	4
-	-	-	65,000 to 69,999	2	-	2
7	-	7	70,000 to 74,999	2	-	2
3	-	3	75,000 to 79,999	5	-	5
1	-	1	80,000 to 84,999	2	-	2
26	1	28		30	-	30

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Note 13: Termination Costs

In 2021/22 a total of 23 employees (29 in 2020/21) either took voluntary redundancy or were made compulsorily redundant. The 2021/22 costs of this involved payments of £0.211m (£0.164m in 2020/21) to employees in the form of redundancy payments and £0.203m (£0.000m in 2020/21) to the pension fund in respect of retirement benefits. These payments incorporate schools and further details are provided in Note 53.

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

For non-schools employees the Council adopts robust arrangements for approving both compulsory and voluntary redundancies/early retirements and only approves applications where there is a permanent budget saving and the one-off redundancy/early retirement costs have a pay back period of 3.05 years or less. In 2021/22 the average pay back period was 23 months (4 months in 2020/21). In 2021/22 this has enabled the authority to achieve permanent salary savings of £0.151m (£0.084m in 2020/21).

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

TABLE E - NON-SCHOOLS EMPLOYEES

2020/21				Remuneration Band (£)	2021/22			
No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £		No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £
15	-	15	75,880	0 to 20,000	19	1	20	136,628
-	-	-	-	20,001 to 40,000	-	-	-	-
-	-	-	-	40,001 to 60,000	-	-	-	-
-	-	-	-	60,001 to 80,000	-	-	-	-
-	-	-	-	80,001 to 100,000	-	-	-	-
-	-	-	-	100,001 to 120,000	1	-	1	101,682
-	-	-	-	120,001 to 140,000	-	1	1	171,388
15	-	15	75,880		20	2	22	409,698

TABLE F - SCHOOLS EMPLOYEES

2020/21				Remuneration Band (£)	2021/22			
No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £		No of compulsory redundancies	No of voluntary redundancies	Total no of redundancies by band	Total cost of redundancies by band £
10	3	13	64,612	0 to 20,000	1	-	1	3,902
-	1	1	23,039	20,001 to 40,000	-	-	-	-
10	4	14	87,651		1	-	1	3,902

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

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

This note shows the movements in the value of non current assets (Property, Plant and Equipment) during 2021/22.

Movements in 2021/22

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation								
As at 1 April 2021	9,084	165,741	40,452	155,838	5,579	9,083	5,460	391,237
Additions	471	841	1,439	2,585	4	1,471	6,577	13,388
Accumulated Depreciation Written Off to Gross Carrying Amount	(89)	(869)	-	-	-	(143)	-	(1,101)
Accumulated Impairment Written Off to Gross Carrying Amount	(14)	-	-	-	-	-	-	(14)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	143	3,016	-	-	-	(1,815)	-	1,344
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	78	(405)	-	-	-	(1,926)	-	(2,253)
Derecognition-Disposals	(49)	(10,332)	(1,125)	-	-	-	(218)	(11,724)
Reclassified (to)/from Held for Sale	-	-	-	-	-	(82)	-	(82)
Reclassified (to)/from Investment Property	-	7	-	-	(8)	50	-	49
Other movements in Cost or Valuation	410	(1,044)	-	299	513	2,306	(2,484)	(0)
At 31 March 2022	10,034	156,955	40,766	158,722	6,088	8,944	9,335	390,844

Accumulated Depreciation and Impairment

As at 1 April 2021	(314)	(4,398)	(29,647)	(70,168)	-	(26)	-	(104,553)
Depreciation Charge	(170)	(2,092)	(1,841)	(3,663)	-	(16)	-	(7,782)
Depreciation written out to the Revaluation Reserve	(31)	(1,167)	-	-	-	(15)	-	(1,213)
Accumulated Depreciation Written Off to Gross Carrying Amount	89	869	-	-	-	143	-	1,101
Accumulated Impairment Written Out to Gross Carrying Amount	3	-	-	-	-	-	-	3
Derecognition - Disposals	3	428	951	-	-	-	-	1,382
Reclassified (to) / from Investment Property	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	88	-	-	-	(88)	-	-
At 31 March 2022	(420)	(6,272)	(30,537)	(73,831)	-	(2)	-	(111,062)

Net Book Value

At 31 March 2022	9,614	150,683	10,229	84,891	6,088	8,942	9,335	279,782
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Nature of Asset Holding

Owned	9,614	150,683	9,821	84,891	6,088	8,942	9,335	279,374
Finance Lease	-	-	408	-	-	-	-	408
Total	9,614	150,683	10,229	84,891	6,088	8,942	9,335	279,782

SECTION 3 : Statement of Accounts

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

Movements in 2020/21

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation								
As at 1 April 2020	8,222	166,442	38,373	151,541	5,578	9,519	5,730	385,405
Additions	214	847	2,286	3,030	-	82	2,271	8,730
Accumulated Depreciation Written Off to Gross Carrying Amount	(100)	(6)	-	-	-	(11)	-	(117)
Accumulated Impairment Written Off to Gross Carrying Amount	(16)	(1,450)	-	-	-	(90)	-	(1,556)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	85	156	-	-	-	131	-	372
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(424)	6	-	-	-	(249)	-	(667)
Derecognition-Disposals	-	(315)	(228)	-	-	(35)	(1)	(579)
Reclassified (to)/from Held for Sale	-	-	-	-	-	(283)	-	(283)
Reclassified (to)/from Investment Property	-	-	-	-	-	(69)	-	(69)
Other movements in Cost or Valuation	1,103	61	21	1,267	1	88	(2,540)	1
At 31 March 2021	9,084	165,741	40,452	155,838	5,579	9,083	5,460	391,237
Accumulated Depreciation and Impairment								
As at 1 April 2020	(231)	(1,277)	(28,023)	(65,443)	-	(5)	-	(94,979)
Depreciation Charge	(152)	(2,137)	(1,831)	(4,725)	-	(16)	-	(8,861)
Depreciation written out to the Revaluation Reserve	(34)	(1,181)	-	-	-	(14)	-	(1,229)
Accumulated Depreciation Written Off to Gross Carrying Amount	100	6	-	-	-	11	-	117
Accumulated Impairment Written Out to Gross Carrying Amount	3	181	-	-	-	-	-	184
Derecognition - Disposals	-	7	207	-	-	-	-	214
Reclassified (to) / from Investment Property	-	-	-	-	-	1	-	1
Other movements in Depreciation and Impairment	-	3	-	-	-	(3)	-	-
At 31 March 2021	(314)	(4,398)	(29,647)	(70,168)	-	(26)	-	(104,553)
Net Book Value								
At 31 March 2021	8,770	161,343	10,805	85,670	5,579	9,057	5,460	286,684
Nature of Asset Holding								
Owned	8,770	161,343	10,424	85,670	5,579	9,057	5,460	286,303
Finance Lease	-	-	381	-	-	-	-	381
Total	8,770	161,343	10,805	85,670	5,579	9,057	5,460	286,684

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

Depreciation

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

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

Revenue Expenditure Funded from Capital Under Statute

The cost of Revenue Expenditure Funded from Capital Under Statute is charged to the Comprehensive Income and Expenditure Account. An amount of £5.219m (£2.441m in 2020/21) has been charged to Services and is shown as a reconciling item within Note 5 (Adjustments between Accounting Basis and Funding Basis under Regulations). This was financed by capital grants of £3.293m (£1.918m in 2020/21), capital receipts of £0.003m (£0.007m in 2020/21) and prudential borrowing of £1.923m (£0.516m in 2020/21).

Capital Commitments

As at 31 March, 2022, the Council had rephased capital expenditure totalling £57.319m into 2022/23, of which £14.388m will be funded from grant, £36.970m will be funded by prudential borrowing, £0.210m will be funded from capital receipts and the remaining £5.751m will be funded from the Council's own resources. The comparable rephased capital expenditure at 31 March, 2021 was £32.669m. The Council has entered into a number of contracts for which capital monies are committed. The major commitments are:

Scheme	Total Project Budget £000s	Expenditure over Years to 31 March 22 £000s	Commitment £000s
Lynn Street Housing Scheme	6,610	313	6,297 *
Hill View, Greatham Housing Scheme	2,168	1,604	564 *
Brenda Road Housing Scheme	2,094	32	2,062 *
Sustainable Warmth LAD3	1,254	1	1,253

* The three housing schemes include grants to be received in 2022/23 which are not included in the rephased amount above.

Surplus Assets - Fair Value Disclosures

Details of the authority's surplus assets and information about the fair value hierarchy at 31 March 2022 are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2022
	£000s	£000s	£000s	£000s
Recurring fair value measurements using:				
Surplus Assets	-	6,127	2,816	8,943
Total	-	6,127	2,816	8,943

Twenty Four properties transferred between Level 2 and Level 3 during the year. This occurred because a greater degree of valuer judgement was employed in this valuation. Previous valuations had a significant allowance for Covid uncertainty which has not been used this year. There were no other transfers between levels during the year.

Significant Observable inputs – Level 2

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

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Significant Unobservable Inputs – Level 3

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

Change in Valuation Method

There has been no change in the valuation method from 2020/21. In 2021/22 the estimation of the fair value of the Council's Surplus Assets is based on Fair Value Market Value.

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

The Council carries out a rolling programme that ensures that all property, plant and equipment is revalued at least every five years. All valuations were carried out internally and valuations are based on certificates issued by the Council's Strategic Asset Manager, Mr T Wynn, a member of the Royal Institute of Chartered Surveyors. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

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

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

The following statement shows the progress of the Council's rolling programme for the revaluation of non current assets and property, plant and equipment, excluding Community Assets (£6.088m), Heritage Assets (£17.751m), Infrastructure Assets (£84.891m), Intangible Assets (£0.277m), Assets held for sale (£0.365m) and Property, Plant and Equipment under construction (£9.335m). The basis for the valuation is set out in the Statement of Accounting Policies.

	Operational Assets				
	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant & Equipment £000s	Surplus Assets £000s	Total £000s
Valued at Historical Cost	-	-	10,229	-	10,229
Valued at current value as at:					
<u>Current Year</u>					
2021/2022	9,614	22,821		8,848	41,283
2020/2021	-	257		94	351
2019/2020	-	94,312		-	94,312
2018/2019	-	15,585		-	15,585
2017/2018	-	17,708		-	17,708
Total	9,614	150,683	10,229	8,942	179,468

Alternative Valuation Model

Council Dwellings are measured at current value - social housing, Other Land and Buildings are measured at current value and Surplus Assets are measured at fair value. If the Council had chosen to measure the value of these assets under the cost model, their carrying amount as at 31 March, 2022 would have been:

	£000s
Council Dwellings	7,138
Other Land & Buildings	15,064
Surplus Assets	5,023

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

Revaluation Reserve Balance

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

2020/21 £000s		2021/22 £000s
1,471	Council Dwellings	1,574
60,262	Other Land & Buildings	56,710
7	Community Assets	7
4,348	Surplus Assets	3,878
1,018	Investment Properties	1,011
7,451	Heritage Assets	7,451
197	Assets Held for Sale	225
74,754		70,856

Note 16: Non Current Assets - Investment Property

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

2020/21 £000s		2021/22 £000s
(593)	Rental income from investment property	(722)
124	Direct operating expenses arising from investment property	186
(469)	Net (gain)/loss	(536)

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

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

2020/21 £000s		2021/22 £000s
9,951	Balance at the start of the year	8,859
-	Additions: Acquisitions	-
-	Additions: Subsequent expenditure	-
-	Disposals	(11)
(1,160)	Net Gains/(Losses) from fair value adjustments	1,005
68	Transfers: (To)/from Property, Plant & Equipment	(49)
8,859	Balance at the end of the year	9,804

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Note 16: Non Current Assets - Investment Property

Investment Property - Fair Value Disclosures

Details of the Council's investment properties and information about the fair value hierarchy at 31 March 2022 are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2022
<i>Recurring fair value measurements using:</i>	£000s	£000s	£000s	£000s
Office Units	-	248	1,250	1,498
Commercial Units	-	7,365	941	8,306
Total	-	7,613	2,191	9,804

Three properties transferred from Level 3 to Level 2 during the year. This occurred because a lesser degree of valuer judgement was employed in this valuation. Previous valuations had a significant allowance for COVID-19 uncertainty not used this year. There were no other transfers between levels during the year.

Valuation Techniques used to determine level 2 and 3 Fair Values for Investment Properties.

Significant Observable Inputs - Level 2

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

Significant Unobservable Inputs - Level 3

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

Highest and Best Use of Investment Properties

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

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Note 17: Non Current Assets - Heritage Assets

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

2021/22	Museum Exhibits & Art Collection	Civic Collection	Sculptures, Monuments & War Memorials	Total
Cost or Valuation	£000s	£000s	£000s	£000s
At 1 April 2021	15,986	354	1,395	17,735
Additions	-	-	16	16
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2022	15,986	354	1,411	17,751

2020/21	Museum Exhibits & Art Collection	Civic Collection	Sculptures, Monuments & War Memorials	Total
Cost or Valuation	£000s	£000s	£000s	£000s
At 1 April 2020	15,981	354	1,339	17,674
Additions	5	-	56	61
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2021	15,986	354	1,395	17,735

Museum Exhibits & The Art Collection

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

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

Hartlepool has an impressive and important collection of over 1,000 pieces of fine art. The collection is mainly Victorian and Edwardian in period, largely as a result of the founding collection by Sir William Gray. With few exceptions, most subsequent collecting has been the work of artists living or working at least part of their lives in the Hartlepool area.

The Council also holds collections relating to Hartlepool's maritime heritage and social history. These include ship models, photographs, company records, ephemera and equipment. This also contains around 35,000 plans for the building of approximately 300 ships including the Wingfield Castle. Almost all of the plans relate to ships built by Gray's shipyard from 1927 to the yards closure in 1961. When the shipyard closed, the plans were still of importance and often bought by other ship builders. In the mid 1980s many of the plans were returned to Hartlepool and now feature in the collection.

Civic Collection

The Civic Collection includes the Civic Regalia, ceremonial silverware, and a number of decorative artefacts. The Books of Remembrance have been included within the Civic Collection and are held at Historic Cost. The collection was revalued in 2018/19.

Valuation of the Collections

Although there is no requirement to have Heritage assets externally valued, during 2018/19 external valuers Anderson & Garland Ltd carried out an insurance based valuation of the assets. Museum exhibits and Works of Art were valued at £15.981m and £0.354m for the Civic Collection, compared to previous valuations of £13.128m and £0.354m respectively.

Sculptures, Monuments & War Memorials

The Council has recorded eleven Public Works of Art, nine Sculptures and six War Memorials which are considered to principally contribute towards this category of asset.

Policy and Management

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

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Note 18: Non Current Assets - Intangible Assets

The Authority accounts for its software as intangible assets and includes the purchase of software licences. All software is given a finite useful life of 5 years. This is based on the assessment of the period that the software is expected to be of use to the Authority and is in line with the Authority's accounting policy.

The carrying amount of intangible assets is amortised on a straight line basis. No amortisation is recognised in the year of purchase. Amortisation of £0.152m (£0.152m in 2020/21) was charged to Corporate in the Comprehensive Income and Expenditure Statement.

The movement on intangible asset balances during the year is as follows:

2020/21 £000s		2021/22 £000s
	Balance at the start of the year	
706	Gross carrying amounts	706
(125)	Accumulated amortisation	(277)
581	Net carrying amount at end of year	429
-	Additions:	-
-	Purchases:	-
(152)	Amortisation for the period	(152)
429	Net carrying amount at end of year	277
	Comprising	
706	Gross carrying amounts	706
(277)	Accumulated amortisation	(429)
429	Net carrying amount at end of year	277

Note 19: Long Term Investments

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

2020/21 £000s		2021/22 £000s
-	Teesside International Airport	-
197	Suez Recycling and Recovery Tees Valley Limited	197
197		197

The Council owns 1% of the shares in Teesside International Airport. The shares have been valued at £nil for 2021/22 (£nil 2020/21).

The Council has 196,845 £1 preference shares in Suez Recycling and Recovery Tees Valley Limited.

These assets are held on the balance sheet at Fair Value through Comprehensive Income. Further details in relation to the valuation of these assets is disclosed in Note 45 and 46 Financial Instruments.

Further details of the Council's long term investments are included in Note 39 Related Party Transactions.

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Note 20: Long Term Debtors

This note sets out the value of Long Term Debtors held by the Council at 31 March 2022.

2020/21 £000s		2021/22 £000s
6	Housing Advances	6
77	Trincomalee Trust Loan and Advances	77
132	Car Loans to Employees	77
579	NDC Trust Loan	573
1,224	Northern School of Art	1,162
802	Suez Recycling and Recovery Tees Valley Limited	535
543	Other	1,341
3,363		3,771

The Suez Recycling and Recovery Tees Valley Limited waste debtor reflects a payment in advance that was made in order to secure static gate fees for Energy for Waste plant. The term is for seven years inclusive of 2018/19 to 2024/25 and is amortised over this period.

Note 21: Inventories

This note sets out the value of inventories held by the Council at 31 March 2022.

2020/21 £000s		2021/22 £000s
423	Balance at 1 April	390
1,434	Purchases	1,005
(1,388)	Recognised as an expense in year	(876)
(91)	Written off balances	(17)
12	Written back balances	47
390	Balance at 31 March	549

Note 22: Short Term Debtors

This note sets out amounts owed to the Council as at 31 March 2022.

2020/21 £000s		2021/22 £000s
14,136	Central Government Bodies	9,294
4,329	Other Local Authorities	3,926
809	NHS Bodies	1,646
	Bodies external to general government:	
3,581	General and Other Debtors	5,649
6,306	Payments in Advance	4,485
6,879	Council Tax Payers	8,505
841	NNDR Payers	909
1,624	Trade Debtors	2,172
38,505		36,586

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Note 23: Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

2020/21 £000s		2021/22 £000s
3,611	Less than 1 year	4,114
9,377	More than 1 year	10,800
<u>12,988</u>		<u>14,914</u>

The above analysis does not include bad debt provision of £5.500m (£5.268m in 2020/21).

Note 24: Cash and Cash Equivalents

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

2020/21 £000s		2021/22 £000s
1,507	Assets	466
15,454	Bank and Imprests	5,763
<u>16,961</u>	Liquidity Investment Accounts	<u>6,229</u>
	Liabilities	
(1,721)	Bank Overdraft	(3,336)
<u>15,240</u>		<u>2,893</u>

Note 25: Assets Held for Sale (Less than one year)

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

2020/21 £000s		2021/22 £000s
515	Balance at 1 April	283
	Assets newly classified as Held for Sale:	
283	Property, Plant and Equipment	82
(515)	Asset sold	-
<u>283</u>	Balance at 31 March	<u>365</u>

Note 26: Short Term Creditors

This note sets out amounts owed by the Council as at 31 March 2022.

2020/21 £000s		2021/22 £000s
10,456	Central Government Bodies	9,751
2,578	Other Local Authorities	2,151
285	NHS Bodies	886
	Bodies external to General Government:	
5,289	General and Other Creditors	6,995
1,551	Trade Creditors	2,165
4,959	Employee Absences	4,806
2,094	Income in Advance	1,035
876	Council Tax Payers	906
517	NNDR Payers	841
<u>28,605</u>		<u>29,536</u>

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Note 27: Provisions

Total provisions at 31 March 2022, were £3.639m, (£3.416m in 2020/21), as detailed below.

Current Liabilities

		2021/22			Total
		Other (Note 1)	Rating Appeals (Note 2)	MMI Insurance (Note 3)	
2020/21					
£000s		£000s	£000s	£000s	£000s
2,799	Balance at 1 April	690	1,533	-	2,223
1,488	Additional provisions made in year	106	156	-	262
(1,150)	Amounts used in year	-	-	-	-
-	Transfer in Year	-	-	-	-
(915)	Unused amounts reversed in year	-	-	-	-
2,222	Balance at 31 March	796	1,689	-	2,485

Long Term Liabilities

		2021/22		Total
		Contaminated Land (Note 4)	MMI Insurance (Note 3)	
2020/21				
£000s		£000s	£000s	£000s
1,194	Balance at 1 April	634	560	1,194
-	Transfers in Year	-	-	-
-	Amounts used in year	-	(40)	(40)
-	Unused amounts reversed in year	-	-	-
1,194	Balance at 31 March	634	520	1,154

Note 1 - Other - this provision has been created to cover planning appeals, other potential legal cost liabilities and school deficits on conversion to academy status. The provision is based on a prudent estimate of the likely costs. However, the timing of these payments is uncertain.

Note 2 - Rating Appeals - following the implementation of the Business Rates Retention Scheme, this provision is earmarked to fund backdated appeals as a result of Rateable Value changes. These costs were previously met by Central Government.

Note 3 - In September 1992 Municipal Mutual Insurance (MMI), the Council's former insurers, ceased accepting new business. MMI and its policyholders, including local authorities, have established a Scheme of Arrangement for the orderly run down of the company. MMI do not have enough assets to meet the claims and liabilities currently outstanding. The Scheme of Arrangement provides that, if there is a likelihood of a shortfall, MMI can reclaim from the major policyholders part of the claims paid from 1st October 1992. The Scheme of Arrangement under section 899 of the Companies Act 2006 was triggered in November 2012. From April 2016, the Creditors Committee set a levy rate of 25% (previously 15%) based on a percentage share of the liabilities outstanding. Therefore the Council has recognised a £0.560m provision in the accounts for these liabilities.

Note 4 - Contaminated Land - in accordance with the Environmental Protection Act 1990, a provision for the Council's obligations arising from decontamination costs of areas of contaminated land where there is a significant possibility of causing significant harm to human health.

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Note 28: Other Long Term Liabilities

The Finance lease liability relates to the outstanding principal on the Council's finance leases. Further details are included in Note 43 Finance Leases. The finance lease liability has decreased as a result of repayments of the lease principal, exceeding additions in year. The net pensions liability has increased. See Note 53 for further information.

2020/21 £000s		2021/22 £000s	Note
306	Finance lease liability	315	43
210,094	Net Pensions liability	160,009	38
210,400		160,324	

Note 29: Grant Income & Taxation

Credited to Taxation and Non Specific Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

2020/21 £000s		2021/22 £000s
41,622	Council Tax Income	43,442
8,346	NNDR Redistribution	12,902
10,525	NNDR - Top-Up	10,525
7,905	Revenue Support Grant	7,948
1,099	Capital - Tees Valley Combined Authority	2,945
1,974	Capital - Other Capital Grants & Contributions	2,419
5,615	Section 31 Relief	2,303
2,366	Business Rates Relief	2,014
671	Capital - Devolved Formula Capital Grant	884
262	Capital - Homes England	583
1,800	Capital - Tees Valley Combined Authority / Local Transport Plan	570
1,067	New Homes Bonus Grant	349
57	Capital - Other DfE Grants	326
2,113	75% Tax Income Guarantee Compensation	61
20	Capital - Environment Agency	10
53	Capital - Department for Transport	-
40	Capital - Building Schools for the Future	-
85,535	Total	87,281

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Note 29: Grant Income & Taxation

Credited to Services

2020/21 £000s		2021/22 £000s
48,647	Dedicated Schools Grant	43,157
26,284	Housing Benefit Subsidy	24,714
9,025	Public Health Grant	9,104
8,030	Better Care Fund	8,456
5,201	Improved Better Care Fund (iBCF)	5,201
2,170	Other Grants	4,491
3,099	Social Care Support Grant	3,972
9,264	Covid 19 Local Authority Support Grant	3,179
3,948	Pupil Premium	3,103
5,242	Other Department for Education Grants	2,995
1,970	Other COVID-Related Grants	2,914
2,991	Youth Employment Initiative	2,518
2,206	Adult Social Care Infection Control Grant	2,026
2,199	Contain Outbreak Management Fund	1,965
1,864	COVID - Local Council Tax Support Grant	1,870
2,882	Business Rates Refunds	1,596
1,263	Education Funding Agency/ Skills Funding Agency	1,580
952	Department for Levelling Up, Housing and Communities	1,346
823	Disabled Facility Grant	1,282
-	Household Support Fund	993
836	Department for Work & Pensions	916
1,811	Home Office	852
-	COVID Additional Relief Fund (CARF)	777
446	Housing Benefit and Local Council Tax Support Administration	673
582	Independent Living Fund	582
157	Department of Health and Social Care	572
534	Supporting Families (formerly known as Troubled Families)	506
4,043	COVID - Income Compensation Scheme for lost sales, fees and cha	442
146,469	Total	131,782

Current Liabilities

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

Grant Receipts in Advance (Capital Grants)

2020/21 £000s		2021/22 £000s
3,607	Other Capital Grants & Contributions	6,396
617	Tees Valley Combined Authority	3,929
2,701	Other Department for Education Grants	1,900
1,848	Tees Valley Combined Authority / Local Transport Plan	1,526
485	Disabled Facilities Grant	441
148	Environment Agency	187
527	Homes England	-
9,933	Total	14,379

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Grant Receipts in Advance (Revenue Grants)

2020/21 £000s		2021/22 £000s
798	Other Department for Education	673
-	Home Office	435
-	Department of Health & Social Care	392
1,822	Other Grants	344
-	Council Tax Rebate Grant	269
1,263	COVID 19 - Contain Outbreak Management Fund	118
85	Tees Valley Combined Authority	64
16	Education Funding Agency/ Skills Funding Agency	27
3,983	Total	2,322

Note 30: Unearmarked General Fund Reserve

The General Fund Balance of £4.417m held at 31 March 2022 is held to meet unforeseen commitments not funded from Earmarked Reserves. Any use of this reserve will need to be repaid to ensure the Council can continue to manage unforeseen commitments.

2020/21 £000s		2021/22 £000s
4,417	General Fund Balance	4,417
4,417		4,417

Note 31: Budget Support & Investment Reserves

This note sets out the Budget Support & Investment Reserves balances at 31 March 2022.

2020/21 £000s		2021/22 £000s	Note
7,691	Budget Support Fund 2022/23 to 2024/25	7,977	1
4,312	Budget Support Fund 2021/22	-	1
1,653	COVID-19 Recovery Reserve	2,367	2
1,061	Looked After Children Reserves	1,061	3
333	Invest to Save	117	4
15,050		11,522	

- 1 This reserve will be used to support the budget including funding of one off costs of achieving recurring budget savings.
- 2 This reserve is earmarked to meet the costs of any further COVID outbreaks including testing, contact tracing and compliance measures.
- 3 This reserve will be used to contribute towards financial pressures arising from increases in the number and costs of looked after children over and above the budgeted allocation.
- 4 This reserve supports the delivery of Invest to Save initiatives.

Note 32: Revenue Grant Unapplied

Revenue Grants unapplied are grants received for specific commitments in 2022/23 or future years in accordance with grant conditions.

2020/21 £000s		2021/22 £000s
4,896	Revenue Grants Unapplied	5,312
340	COVID-19 Grants Reserve	279
5,236		5,591

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Note 33: Earmarked Revenue Reserves

This note sets out the balances held in Earmarked Revenue Reserves as at 31 March 2022.

2020/21 £000s		2021/22 £000s	Note
3,000	Business Rates Risk Reserve	3,000	1
2,286	Insurance Fund	2,367	2
1,735	Treasury Management Risk Reserve	2,135	3
1,416	Strategic Change Reserves	1,913	4
-	Energy Pressures	1,820	5
1,040	Adult Social Care Reserve	1,259	6
-	Inflation Pressures	1,000	7
444	Better Care Fund (Pooled Budget)	994	8
309	Income Risk Reserve	989	9
514	Public Health Grant Reserve	954	10
312	Community Pot Reserve	366	11
-	Waste Equalisation Reserve	330	12
316	Education Improvement Strategy Reserve	316	13
300	Support for Local Council Tax Support Scheme	300	14
220	Better Care Fund Reserve	220	15
302	Concessionary Fares	208	16
-	ICT Contract	200	17
265	Events Reserve	191	18
175	School Attainment Reserve	175	19
218	Trading Account Reserves	128	20
77	Supporting Family Poverty	93	21
38	National Museum of the Royal Navy Reserve	38	22
29	Museums Acquisition	30	23
17	Environmental Apprenticeships Scheme	17	24
11	Tees Education & Skills Reserve	15	25
15	Works in Default Empty Homes	15	26
13	Funding for Modern Apprentices	13	27
5	Centre of Excellence in Creative Arts Trading Reserves	5	28
315	Brexit Funding	-	29
13,372		19,091	

- 1 This reserve is earmarked to manage the impact of the closure of the Power Station currently scheduled for 2024/25 and other Business Rates risks arising from the economic impact of COVID-19.
- 2 This reserve provides for all payments that fall within policy excesses or relate to self-insured risks. The reserve currently covers the estimated value of unpaid outstanding claims.
- 3 This reserve was created as part of the 2013/14 MTFS to manage the risk of interest rates increasing and to ensure permanent saving built into the MTFS can be achieved if interest rates increase. This was approved by Council 14th February, 2013.
- 4 Strategic Change Reserves have been established to enable departments to meet one-off costs that will arise from strategic changes to improve services, or reduce costs, without affecting the level of services in the year.
- 5 This reserve is earmarked to smooth the impact of increased energy prices during 2022/23 and future years.
- 6 This reserve will be used to fund a range of one-off initiatives and to support the budget to fund increasing demographic and cost pressures within Adult Social Care.
- 7 This reserve is earmarked to help fund inflationary pressures during 2022/23.
- 8 This is a ring-fenced Better Care Fund Reserve arising from additional CCG contributions to the Pooled Budget. See Note 56.
- 9 This reserve is earmarked to offset in year income shortfalls to support services recovery from the impact of Covid restrictions.
- 10 This reserve was created from in-year underspends against the ring-fenced Public Health Grant. In accordance with the grant conditions a ring-fenced reserve has been created to support public health services in future years.
- 11 This reserve has been committed to provide grants to various Voluntary and Community Sector organisations to deliver interventions that will address hardship arising from COVID-19 that is impacting on communities in Hartlepool.
- 12 This reserve was created to mitigate fluctuating costs in relation to waste disposal and income generated from recycling.
- 13 This reserve is earmarked for the Education Improvement Strategy.
- 14 This reserve was created to partly mitigate the impact of the change to the Council Tax Benefit regime and the resulting cut in Government Grant.
- 15 This reserve was created as a contingency to support the Adult Social Care budgets in future years arising from the impact of the Better Care Fund.

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- 16 This reserve is to cover the tri-annual cost of replacing Concessionary Fare passes.
- 17 This reserve was created to fund one off costs of the new ICT Contract.
- 18 The Events Reserves is an earmarked reserve to fund the delivery of the 5 year events programme.
- 19 This reserve was created towards improving School Attainment.
- 20 This reserve is earmarked to manage future financial risks on Trading Operations.
- 21 This reserve was created to Support Family Poverty over the period of the MTFS.
- 22 This reserve was created to fund the contributions required to support the developments with the National Museum of the Royal Navy (NMRN).
- 23 The Museums Acquisition reserve was set up from external donations for the acquisition of items for the Museum.
- 24 This reserve was created to fund costs over more than one financial year in relation to Apprentices.
- 25 This reserve was created from pooled resources from the local authorities of Hartlepool, Middlesbrough, Stockton and Redcar & Cleveland, to enable a collaborated approach to tackle the root cause of underperformance and deliver a first class education and skills system.
- 26 This reserve has been created to provide a cash backed fund for the completion of housing works in default.
- 27 This reserve is earmarked to fund Modern Apprenticeships over the period of the MTFS.
- 28 This reserve has been established to mitigate risk of any Centre for Creative Arts income shortfalls in future years.
- 29 This reserve which was earmarked for potential future costs relating to Brexit has now been transferred and the balance is nil.

Note 34: Earmarked Capital Reserves

This note sets out the balances held in Earmarked Capital Reserves as at 31 March 2022.

2020/21 £000s		2021/22 £000s	Note
5,817	Capital Funding Reserve	8,387	1
-	Capital Receipts Unapplied	63	2
1,172	HRA Major Repairs Reserve	1,503	3
8	Capital Grants Unapplied	8	4
<u>6,997</u>		<u>9,961</u>	

- 1 The Capital Funding Reserve is earmarked to finance capital expenditure rephased to 2022/23.
- 2 Capital Receipts Unapplied are earmarked to finance capital expenditure rephased to 2022/23.
- 3 This reserve is ring-fenced to the HRA and can only be used to fund major repairs or repayments of borrowing.
- 4 These are capital grants that will be used to finance capital expenditure in future years.

Note 35: COVID-19 Council Tax and Business Rates Collection Fund Deficit Reserve

This Government has provided grant funding in 2021/22 to meet Collection Fund deficits arising from the impact of COVID-19. This reserve will be used over the period 2021/22 to 2023/24 to reflect the statutory arrangements from managing Collection Fund deficits.

2020/21 £000s		2021/22 £000s
10,588	COVID-19 Council Tax and Business Rates Collection Fund Deficit Reserve	7,390
<u>10,588</u>		<u>7,390</u>

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Note 36: School Balances

This note sets out the Schools Reserves at 31 March 2022.

2020/21 £000s		2021/22 £000s	Note
2,054	Balances held by schools under a scheme of delegation	2,930	1
1,256	Dedicated Schools Grant Reserves	1,229	2
377	School Ring Fenced Grants Reserves	382	3
<u>3,687</u>		<u>4,541</u>	

- 1 Schools have utilised their reserves to assist with decreases in Dedicated Schools Grant and to fund planned capital works. Further details are available from the Children's & Joint Commissioning Department.
- 2 Dedicated Schools Grant reserves position.
- 3 These reserves relate to ring-fenced grants to Schools.

Note 37: Housing Revenue Account Balance

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

2020/21 £000s		2021/22 £000s
495	HRA Balance	495
<u>495</u>		<u>495</u>

SECTION 3 : Statement of Accounts

Note 38: Unusable Reserves

The Unusable Reserves are shown below.

2020/21 £000s		2021/22 £000s	Table
74,754	Revaluation Reserve	70,856	1
133,062	Capital Adjustment Account	126,143	2
(210,094)	Pensions Reserve	(160,009)	3
366	Deferred Capital Receipts Reserve	366	4
(9,012)	Collection Fund Adjustment Account	(5,210)	5
(4,958)	Accumulated Absences Account	(4,805)	6
197	Financial Instruments Revaluation Reserve	197	7
(15,685)		27,538	

Table 1 - Revaluation Reserve

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

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

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

2020/21 £000s		2021/22 £000s
76,168	Balance at 1 April	74,754
376	Upward revaluation of assets	5,480
(4)	Downward revaluation of assets not charged to the Surplus/Deficit on the Provision of Services	(4,137)
372	Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	1,343
(1,237)	Difference between fair value depreciation and historical cost depreciation	(1,216)
-	Write off of Revaluation Reserve following Category Transfer	(5)
(549)	Accumulated gains/(losses) on assets sold, scrapped or decommissioned	(4,020)
(1,786)	Amount written off to the Capital Adjustment Account	(5,241)
74,754	Balance at 31 March	70,856

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Table 2 -Capital Adjustment Account

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

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

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

2020/21 £000s		2021/22 £000s
136,868	Balance at 1 April	133,062
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(11,614)	- Charges for depreciation and impairment of non-current assets	(9,158)
(667)	- Revaluation gains/(losses) on Property, Plant and Equipment	(2,252)
(2,441)	- Revenue expenditure funded from capital under statute	(5,219)
(879)	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,353)
(15,601)		(26,982)
1,786	Adjusting amounts written out of the Revaluation Reserve	5,241
(13,815)	Net written out amount of the cost of non-current assets consumed in the year	(21,741)
	Capital financing applied in the year:	
155	- Use of the Capital Receipts Reserve to finance new capital expenditure	55
18	- Use of the Major Repairs Reserve to finance new capital expenditure	14
-	- Use of the Capital Receipts Reserve to repay prudential borrowing	71
7,895	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	11,029
12	- Application of grants to capital financing from the Capital Grants Unapplied Account	-
2,729	- Statutory provision for the financing of capital investment charged against the General Fund	2,647
360	- Direct revenue funding credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1
11,169		13,817
(1,160)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,005
133,062	Balance at 31 March	126,143

SECTION 3 : Statement of Accounts

Table 3 - Pensions Reserve

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

2020/21 £000s		2021/22 £000s
(174,055)	Balance at 1 April	(210,094)
(21,632)	Remeasurement of defined liability on pensions assets and liabilities	70,098
(21,848)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(27,596)
7,441	Employer's pensions contributions and direct payments to pensioners payable in the year	7,583
<u>(210,094)</u>	Balance at 31 March	<u>(160,009)</u>

Table 4 - Deferred Capital Receipts Reserve

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

2020/21 £000s		2021/22 £000s
366	Balance at 1 April	366
-	Transfers in Year	-
<u>366</u>	Balance at 31 March	<u>366</u>

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Table 5 - Collection Fund Adjustment Account

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

2020/21 £000s		2021/22 £000s
322	Balance at 1 April	(9,012)
(9,334)	Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non-Domestic Rates income calculated for the year in accordance with statutory requirements	3,802
(9,012)	Balance at 31 March	(5,210)

Table 6 - Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2022. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21 £000s		2021/22 £000s
(1,498)	Balance at 1 April	(4,958)
1,498	Settlement or cancellation of accrual made at the end of the preceding year	4,958
(4,959)	Amounts accrued at the end of the current year	(4,805)
(3,460)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	153
(4,958)	Balance at 31 March	(4,805)

Table 7 - Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

2020/21 £000s		2021/22 £000s
197	Balance at 1 April	197
-	Transfer from the Available for Sale Financial Instrument Account	-
197	Balance at 31 March	197

Note 39: Related Party Transactions

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

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments including grant receipts outstanding at 31 March 2022, are shown in Note 29.

Members

Members of the Council have direct control over the Council's Financial and Operating Policies. The total of Members' allowances paid in 2021/22 is shown in Note 11.

The Council pays grants and/or makes contractual payments to voluntary organisations/charities where an individual Councillor(s) may sit on the management board. In addition, as required by the Health and Social Care Act 2012, the Council has entered into a contract with Healthwatch Hartlepool for a value of £86,596 (£116,150 in 2020/21).

These payments are either funded from the Council's own resources, or specific grants secured by the Council. In many cases funding is allocated by officers under delegated budget management responsibility. Where the final funding decision is made by Councillors, which would either be individual policy committees or Council, this decision would be made on the basis of an officer report at a formal Committee / Council meeting. These reports, meetings and minutes are open to the public.

Officers

Members of the Corporate Management Team are required to provide an annual declaration of interest and to keep this under review during the year. All declarations have been reviewed.

SECTION 3 : Statement of Accounts

Note 39: Related Party Transactions

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

In 2021/22 the Council provided services to Cleveland Fire Authority amounting to £0.231m. This included various support services, predominantly in relation to financial services, for which the Council received net income of £0.194m (£0.190m in 2020/2021). The Director of Resources and Development holds the position of Treasurer for the Fire Authority.

The Council continues to provide a range of support services to Thirteen Group such as Legionella Management. The income from these services amounted to £0.051m (£0.193m in 2020/21) which represented the cost of the service provided.

The Council receives income from 'Right to Buy' receipts in relation to the sale of former Council dwellings under the terms of the Large Scale Voluntary Transfer (LSVT) of its council housing stock to Thirteen Group in 2004. Sales in 2021/22 amounted to £0.189m (£0.124m in 2020/21).

The Council provides a range of Support Services to Hartlepool Academies, including Property Services, Payroll Services, Building Cleaning and School Catering. The income from these services amounted to £3.390m (£1.902m in 2020/21).

The Council delivers 'The Childrens Hub' on behalf of Stockton-On-Tees Borough Council. The Children's Hub is an integrated single point of access across North Tees providing multi-agency triage and assessment of enquiries about children. Other integrated partners within The Children's Hub include Cleveland Police, Harbour, Harrogate and District NHS Trust and Children and Adolescence Mental Health Services (CAMHS). Stockton Council contributed £0.645m, (£0.645m in 2020/2021) towards the cost of this service.

The Hartlepool and Stockton Local Safeguarding Children Partnership (HSSCP) is a multi-agency partnership involving both Local Authority's, the Clinical Commissioning Group and Cleveland Police to co-ordinate their safeguarding services and act as a strategic leadership group. In 2020/21 Stockton Council contributed £0.091m (£0.091m in 2020/21), the CCG £0.065m (£0.065m 2020/21) and the Police and Crime Commissioner (PCC) £0.065m (£0.065m in 2020/21).

Other

The Council holds minority shares in Teesside International Airport Ltd and Suez (formerly Recycling & Recovery Tees Valley Limited).

The Council's shareholding in Teesside International Airport Ltd is 1%. The Council has assessed a number of factors in detail and determined the valuation of the shares at £nil for 2021/22 (£nil in 2020/21).

Issues of note include a deficit on the Profit and Loss Account of £12.904m (previous year deficit of £1.239m) and a net asset position of £1.843m (previous year net asset position of £14.748m). Further information and copies of their accounts are available from their Registered Office – Teesside International Airport Limited, Darlington, Durham, DL2 1LU.

In addition, the Council holds shares in Suez Recycling and Recovery Tees Valley Limited with a value of £0.197m, equating to 3.3% of a £5.964m 0% redeemable preference shareholding in the company. Suez Recycling and Recovery Tees Valley Limited have produced accounts for the financial year to 31 December 2019, that includes a profit on the Profit and Loss Account of £3.647m (£6.495m in 2018) and a net asset position of £63.233m (£59.587m in 2018). Further information on their accounts is available from the Registered Office, Suez House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

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

SECTION 3 : Statement of Accounts

Note 40: External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

2020/21 £000s		2021/22 £000s
96	Fees payable in respect of external audit services carried out by the appointed auditor for the year	111
-	Fees payable in respect of other services	14
17	Fees payable for the certification of grant claims and returns for the year	17
113		142

This reflects the actual costs incurred. A refund from Public Sector Audit Appointments (PSAA) of £0.060m was received in March 2022 and is not reflected above.

Note 41: Dedicated Schools Grant

The Council's expenditure on schools is primarily funded by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The ESFA recouped the funding for all existing and new academies in the Borough. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2021. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2021/22 are as follows: -

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2021/22 before academy and high needs recoupment			92,138
Academy and high needs figure recouped for 2021/22			49,010
Total DSG after academy and high needs recoupment for 2021/22			43,128
Plus: Brought Forward from 2020/21			1,256
Less: Carry forward to 2022/23 agreed in advance			(50)
Agreed Initial Budget Distribution in 2021/22	20,293	24,041	44,334
In Year Adjustments	(170)	211	41
Final Budget Distribution for 2021/22	20,123	24,252	44,375
Less: Actual Central Expenditure	(19,186)		(19,186)
Less Actual Individual Schools Budget Deployed to Schools		(24,252)	(24,252)
Plus Local authority contribution for 2021/22	-	-	-
Carried forward to 2022/23	937	-	987

The £0.987m carried forward to 2022/23 includes £0.050m growth funding agreed in advance, along with £0.937m central expenditure.

The total DSG for 2021/22 of £92.138m excludes the final adjusted allocation for the Early Years Block that is expected in June 2022. As per regulations, this amount is shown as an in-year adjustment for 2021/22.

Individual School Budgets were increased by £0.012m in 2021/22 to reflect permanently excluded pupils and the clawback of pupil funding permitted in the regulations. The reduction is included within the value of in-year

Schools' Forum approved a transfer of £0.199m from the Central School Services Block to the Schools Block in 2021/22. The funding transfer is shown as in-year adjustment.

SECTION 3 : Statement of Accounts

Note 42: Operating Leases

The Council has acquired a number of administrative buildings and its fleet of vehicles by entering into operating leases, with typical lives of five years for vehicles and eight years for property. The future minimum lease payments due under non-cancellable leases in future years are:

Council as lessee

2020/21 £000s	Future minimum lease payments due	2021/22 £000s
117	Not later than one year	221
181	Later than one year & not later than five years	58
35	Later than five years	27
333		306

Council as lessor

2020/21 £000s	Future minimum lease payments receivable	2021/22 £000s
562	Not later than one year	570
1,311	Later than one year & not later than five years	1,019
1,351	Later than five years	1,242
3,224		2,831

The Council leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres.
- for economic development purposes to provide suitable affordable accommodation for local businesses.
- for the provision of housing accommodation as a result of leasing 22 of its renovated former empty properties to Mears.

The Council has sub-let some of the office accommodation held under these operating leases. At 31 March 2022 the minimum payments expected to be received under non-cancellable sub-leases was £0.020m (£0.020m as at 31 March 2021).

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2020/21 £000s	Payments recognised as an expense	2021/22 £000s
1,435	Minimum lease payments	1,313
(104)	Sub-lease payments	(91)
1,331	Total	1,222

SECTION 3 : Statement of Accounts

Note 43: Finance Leases

The Council has acquired its IT and telecommunications equipment under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

Council as lessee

2020/21 £000s		2021/22 £000s
	Value of Assets held under Finance Leases	
381	Vehicles, Plant & Equipment	408
381	Total	408

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property and finance costs that will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:-

2020/21 £000s		2021/22 £000s
	Future minimum lease payments due	
104	Current	104
97	Non-current	315
21	Finance costs payable in the future	54
222	Total minimum lease payments	473

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

2020/21			2021/22	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s		Minimum Lease Payments £000s	Finance Lease Liabilities £000s
98	79	Payable:		
341	306	Not later than one year	124	104
		Later than one year & not later than five years	347	314
439	385	Total	471	418

SECTION 3 : Statement of Accounts

Note 44: Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £000s		2021/22 £000s
108,026	Brought Forward Opening Capital Financing Requirement	108,023
	Capital investment	
8,730	Property, Plant and Equipment	13,388
61	Heritage Assets	16
2,441	Revenue Expenditure Funded from Capital under Statute	5,219
(66)	Long Term Debtors	(68)
	Sources of Finance	
(155)	Capital receipts	(55)
-	Application of Capital Receipts to Repay Borrowing	(71)
-	Application of Capital Grant to fund HRA Appropriation	-
(12)	Application of Capital Grant from the Capital Grants Unapplied Account	-
(18)	Major Repairs Reserve	(14)
-	Grants to repay Borrowing	-
(7,895)	Government Grants and Other Contributions	(11,029)
	<u>Sums set aside from revenue:</u>	
(360)	Direct Revenue Contributions	(1)
(2,729)	Minimum Revenue Position (MRP)	(2,647)
108,023	Closing Capital Financing Requirement	112,761
	Explanation of movements in year	
-	Application of Capital Receipts to Repay Borrowing	(71)
(66)	Repayments by Long Term Debtors	(68)
288	Increase in Finance Lease Obligations	113
2,504	Increase in borrowing unsupported by government financial assistance	7,411
(2,729)	Minimum Revenue Provision (MRP)	(2,647)
(3)	Increase/(decrease) in Capital Financing Requirement	4,738

SECTION 3 : Statement of Accounts

Note 45: Financial Instruments

Categories of Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

31 March 2021			31 March 2022	
Long Term	Current		Long Term	Current
£000s	£000s		£000s	£000s
		Investments at Amortised Cost		
-	5,002	Loans and receivables at Amortised Cost	-	40,015
-	15,454	Liquidity Accounts included in Cash Equivalents	-	5,763
-	20,456	Total Investments at Amortised Cost	-	45,778
197	-	Assets at Fair Value through Other Comprehensive Income (Note 1)	197	-
197	20,456	Total Investments	197	45,778
		Debtors		
3,363	8,124	Financial Assets (including Trade Debtors and General and Other Debtors and Long Term Debtors)	3,771	10,966
3,363	8,124	Total debtors	3,771	10,966
		Borrowings at Amortised Cost		
72,692	3,502	Financial liabilities at amortised cost (Note 2)	89,866	1,378
72,692	3,502	Total Borrowings at Amortised Costs	89,866	1,378
		Other Long Term Liabilities		
306	79	Finance lease liabilities	314	104
306	79	Total Other Long Term Liabilities	314	104
		Creditors		
-	6,840	Financial liabilities carried at contract amount (Trade Creditors and General and Other Creditors)	-	9,160
-	6,840	Total Creditors	-	9,160

Note 1 - The Council holds minority shares in Teesside International Airport and in Suez Recycling and Recovery Tees Valley Ltd. These share holdings originated through policy initiatives with other Local Authorities and are not held for trading or income generation. Therefore the Council have elected to designate the equity as Fair Value through Other Comprehensive Income.

Note 2 - As required accrued interest relating to long term borrowing is disclosed within the short term borrowing figure on the balance sheet.

SECTION 3 : Statement of Accounts

Note 45: Financial Instruments

Income, Expense, Gains and Losses

This note comprises details of income, expenses and revaluation losses that relate specifically to financial instruments. Interest expense, interest income and gains or losses on revaluations are included along with other non financial instrument related income and expenditure within the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

2021/22			
Financial Liabilities measured at amortised cost	Finance Lease Payments	Financial Assets: Loans and receivables at amortised cost	Total
£000s	£000s	£000s	£000s
Interest expense	3,044	19	-
Interest income	-	-	(111)
Net (gain)/loss for the year	3,044	19	(111)

2020/21			
Financial Liabilities measured at amortised cost	Finance Lease Payments	Financial Assets: Loans and receivables at amortised cost	Total
£000s	£000s	£000s	£000s
Interest expense	2,853	10	-
Interest income	-	-	(146)
Net (gain)/loss for the year	2,853	10	(146)

SECTION 3 : Statement of Accounts

Note 45: Financial Instruments

The Fair Value of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for financial assets carried at fair value, all other financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. However disclosure of their fair value is required and is set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Input to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the "fair value hierarchy," as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities;
- Level 2 - Inputs other than quoted market prices that are either directly or indirectly observable;
- Level 3 - Unobservable inputs.

The fair value of the below assets and liabilities has been assessed by calculating the present value of the cash flows that will take place over the remaining life of the instruments (Level 2 in the fair value hierarchy), using the following assumptions:

- For loans from the PWLB payable, premature repayment rates from the PWLB have been applied to provide the fair value under the PWLB debt redemption procedures;
- For non-PWLB loans payable, premature market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2021			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000s	£000s		£000s	£000s
Financial Liabilities				
45,378	99,580	Market Loans	62,283	100,717
30,816	43,306	Public Works Loan Board	28,667	37,561
-	-	Non-Market Loans	294	179
6,840	6,840	Trade Creditors and General and Other Creditors	9,160	9,160
306	306	Long Term Finance Lease Liability	314	314
83,340	150,032		100,718	147,931
31 March 2021			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000s	£000s		£000s	£000s
Financial Assets				
20,456	20,456	Money market loans < 1 year	45,778	45,778
8,124	8,124	Short term debtors	10,966	10,966
3,363	3,363	Long term debtors	3,771	3,771
31,943	31,943		60,515	60,515

Note 45: Financial Instruments

The fair value of Public Works Loan Board (PWLB) loans of £37.561m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value is calculated by applying the PWLB redemption interest rates, which are lower than the borrowing interest rates. The fair value therefore measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates, taken to be these lower redemption interest rates. However, it should be noted that the borrowing interest rates on the debt drawn equated to the prevailing borrowing, as opposed to redemption rates at the Balance Sheet date.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £28.667m would be valued at £32.857m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans would be the outstanding loan debt and accrued interest of £28.667m plus a penalty charge of £8.894 totalling £37.561m.

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

Short term trade debtors and trade creditors are carried at cost as this is a fair approximation of their value.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Some of the authority's financial assets are measured in the balance sheet at fair value through Other Comprehensive Income. As these share holdings originated through policy initiatives with other Local Authorities and are not held for trading or income generation the Council have elected to designate the equity as Fair Value through Other Comprehensive Income. These assets are described in the following table which includes the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	Fair Value	
			31 March 2021	31 March 2022
			£000s	£000s
Equity shareholdings in Teesside International Airport	Level 3	Based on various factors including reviewing the Business Plan, passenger numbers and historic performance (see below)	-	-
Equity shareholdings in SUEZ Recycling and Recovery Tees Valley Ltd	Level 3	Face value (see below)	197	197
			<u>197</u>	<u>197</u>

Equity shareholdings in Teesside International Airport

The Authority's shareholding in Teesside International Airport - the shares in this company are not traded in an active market and the fair value has been based on valuation techniques that are not based on observable current market transactions or available market data. The Council has assessed a number of factors in detail to determine the valuation of these shares. At present the Council has determined to value these shares at £nil.

Equity shareholdings in Suez Recycling & Recovery Tees Valley Ltd

The Authority's shareholding in SUEZ Recycling and Recovery Tees Valley Ltd - the shares in this company are not traded in an active market and the fair value has been based on valuation techniques that are not based on observable current market transactions or available market data. 196,845 £1 preference shares are owned by Hartlepool Council, as such the Council is not entitled to the retained profits of the company. The face value of the shares is deemed to be the fair value of the shareholding.

Changes in Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

Note 46: Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.
- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice,
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution,
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - the Council's overall borrowing;
 - its maximum and minimum exposures to the maturity structure of its debt;
 - its maximum and minimum exposures to fixed and variable rates;
 - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 25 February 2021 and is available on the Council website. The key issues within the strategy were:

- the Authorised Limit for 2021/22 was set at £142m (£155m in 2020/21). This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £132m (£145m in 2020/21). This is the expected level of debt and other long term liabilities during the year
- the maximum amounts of gross fixed interest rate exposure for borrowing and investments was set at 100% and 100% respectively (100% and 100% respectively in 2020/21).
- the maximum amount of gross variable interest rate exposure for borrowing and investments was set at 75% and 100% respectively (75% and 100% respectively in 2020/21).

These items are reported with the annual Treasury Management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Councillors. The Council has now extended the role of the Audit Committee to include the scrutiny of treasury activities.

Note 46: Nature and Extent of Risks Arising from Financial Instruments**Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The Council now operates a very restricted counterparty list which is actively managed to reflect continued developments in the banking and financial sector.

The Investment Strategy for 2021/22 was approved by Full Council on 25 February 2021 and is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £5.763m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, however there was no evidence at 31 March 2022 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

Amounts Arising from Expected Credit Losses

The following analysis summarises the Council's changes in loss allowances i.e. bad debt provision for Debtors. The Council has made no loss allowance for other financial assets as the Council has assessed that any risk of default in relation to borrowers are not material.

	Asset Class: Debtors (Financial Assets) £000
Opening balance	(2,919)
Amounts written off	45
Changes in Impairment of Financial Assets	(271)
Closing balance	<u>(3,145)</u>

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Note 46: Nature and Extent of Risks Arising from Financial Instruments

The Council does not generally allow credit for customers, such that £4.155m of the £10.966m Debtors (Financial Assets) balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

31 March 2021 £000s		31 March 2022 £000s
1,423	Less than three months	2,561
266	Three to six months	349
329	Six months to one year	226
1,053	More than one year	1,019
3,071		4,155

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the maturity structure of its fixed rate borrowing during specified periods. The limits have been set to enable maximum flexibility as experience has shown it is possible to move from 100% long term borrowing to 100% short term borrowing and then back to 100% long term borrowing over a period of two years. Therefore the lower limit was set to nil and the upper limit to £132m, equal to the operational boundary.

The maturity structure of financial liabilities (borrowing and finance leases) at the year end was as follows:

31 March 2021 £000s		31 March 2022 £000s
3,024	Less than one year	892
3,294	Between one and five years	3,734
4,115	Between five and ten years	4,469
3,815	Between ten and fifteen years	3,509
2,250	Between fifteen and twenty years	2,214
2,313	Between twenty and twenty-five years	2,391
2,742	Between twenty-five and thirty years	3,132
6,166	Between thirty and thirty-five years	6,336
2,723	Between thirty-five and forty years	19,050
467	Between forty and forty-five years	268
45,112	More than forty-five years	45,076
76,021		91,071

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

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

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Note 46: Nature and Extent of Risks Arising from Financial Instruments

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

A large proportion of the Council's long term borrowing (£20m) is held in the form of LOBO (Lender Option Borrower Option) loans from the money markets. These loans are subject to periodic "calls" from the lender. Where the lender decides to "call" a loan, they increase the interest rate of the loan and the Council then has the opportunity to accept the increased rate or to repay the loan. In accordance with the Code of Practice, the Council's LOBOs are included in the maturity analysis according to the end date of the loan rather than when the next call date falls.

The Council's view is that the risk of these loans being called is very low and there is therefore minimum refinancing risk owing to low current market rates. The Council manages this risk through the Treasury Management Strategy.

The view of the Director of Resources and Development is that limits on fixed and variable rates of borrowings are unhelpful and could lead to unnecessary higher cost of borrowing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. The intention is to move to fixed rate borrowing when rates are at an appropriate level and may require the use of variable rate borrowing in the interim. The Council has maximised the use of its balances to defer borrowing and avoid the risk of default on investments.

According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
Increase in interest payable on borrowings	(458)
Increase in interest receivable on variable rate investments	912
Impact on Surplus or Deficit on the Provision of Services	454
	£000s
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Comprehensive Income and Expenditure Statement)	28,067

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

Price Risk

The Council, excluding the pension fund, does not invest in equity shares but does have shareholdings in Teesside International Airport Limited and SUEZ Recycling and Recovery Tees Valley Limited. These shares are all classified as Assets at Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Collateral Risk

During the reporting period the Council held no collateral as security and is therefore not exposed to losses arising from this risk.

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Note 47: Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21 £000s		2021/22 £000s
146	Interest Received	72
(2,883)	Interest Paid	(3,063)

Note 48: Cash Flow Statement - Adjustments for non-cash movements

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21 £000s		2021/22 £000s
10,242	Depreciation	9,147
2,039	Impairment and Downward Valuations	2,263
1,160	Downward / (Upward) Valuation of Investment Property	(1,005)
(577)	Increase / (Decrease) in Provisions	223
3,856	Increase / (Decrease) in Creditors	(1,729)
(12,999)	(Increase) / Decrease in Debtors	4,525
33	(Increase) / Decrease in Inventories	(159)
14,407	Pension Liability	20,013
879	Carrying amount of Non-Current Assets Sold	10,353
19,040		43,631

Note 49: Cash Flow Statement - Adjustments for Investing and Financing Activities

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2020/21 £000s		2021/22 £000s
(7,895)	Capital Grants credited to surplus or deficit on the provision of services	(11,029)
(155)	Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(189)
8	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(8,042)		(11,218)

Note 50: Cash Flow Statement - Investing Activities

2020/21 £000s		2021/22 £000s
(8,817)	Purchase of Property, Plant and Equipment and Investment Property	(12,940)
-	Purchase of Short-term and Long-term Investments	(35,000)
(96)	Other Payments for Investing Activities	(395)
155	Proceeds from the sale of property, plant and equipment, investment property	189
-	Proceeds from the sale of Short-term and Long-term Investments	-
7,693	Other Receipts from Investing Activities	15,986
(1,065)	Net cash flows from investing activities	(32,160)

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Note 51: Cash Flow Statement - Financing Activities

2020/21 £000s		2021/22 £000s
133	Council Tax and NNDR adjustment	(2,521)
-	Cash receipts from short and long term borrowing	17,000
(96)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(78)
(2,887)	Repayments of short and long-term borrowing	(1,950)
(2,850)	Net cash flows from financing activities	12,451

Note 52: Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

This is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating employers' contribution rate paid by local authorities. The last valuation was effective from 1 September 2019.

The scheme has in excess of 11,800 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ending 31 March 2022, the Council's own contributions equate to approximately 0.04%.

The Council's contribution to the Teacher's Pension Scheme in 2021/22 amounted to £3.026m (£3.913m in 2020/21) which represented 23.68% of pensionable pay (including a 0.08% administration levy). There were no contributions remaining payable at the year-end. The contributions due to be paid in the next financial year are estimated to be £3.000m, this is based on 23.68% of pensionable pay (including a 0.08% administration levy).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the Pensions Liability relating to the Local Government Pension Scheme.

The Council is not liable to the scheme for any other entities obligations under the plan.

Public Health staff employed by the Council are members of the NHS Pensions Scheme, administered by the NHS Business Services Authority. The Scheme provides employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

This is a defined benefit scheme. Although the scheme is unfunded, it is subject to a full actuarial valuation. The latest valuation was undertaken as at 31 March 2016 and determined current contribution rates for employers and scheme members. The scheme has in excess of 8,050 employing bodies and it is not possible for the Council to identify a share of underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the NHS Pension Scheme during the year ending 31 March 2022, the Council's own contributions equate to approximately 0.0012%.

The Council's contribution to the NHS Pension Scheme in 2021/22 amounted to £0.202m (£0.183m in 2020/21). This represented 20.68% of pensionable pay (including a 0.08% administration levy). The contributions due to be paid in the next financial year are estimated to be £0.202m. There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the NHS scheme. These benefits are fully accrued in the Pensions Liability relating to the Local Government Pension Scheme.

Note 53: Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by the Teesside Pension Fund. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of the Pensions and Investments Panel. This panel has plenary powers to make decisions without reference to Middlesbrough Council and acts in a similar manner to the Board of Trustees of a private sector pension fund. Policy is determined in accordance with the Pension Fund Regulations.

The Panel consists of representatives from the councils in the former Cleveland County area as well as representatives from the Trades Unions.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

The Council recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s
Comprehensive Income and Expenditure Statement						
Cost of Services:						
· Current Service cost	17,750	24,497	-	-	17,750	24,497
· Past Service Costs (inc. curtailments)	178	89	-	-	178	89
Financing and Investment Income and Expenditure:	-	(1,504)	-	-	-	(1,504)
· Net Interest Expense	3,680	4,300	240	214	3,920	4,514
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	21,608	27,382	240	214	21,848	27,596
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:						
Remeasurement of the net defined benefit liability:						
· Return on plan assets (excluding amount in net interest expense)	(96,252)	(54,435)	-	-	(96,252)	(54,435)
· Actuarial (gains) and losses arising from changes in financial assumptions	124,120	(13,484)	709	(119)	124,829	(13,603)
· Actuarial (gains) and losses arising from changes in demographic assumptions	-	(4,286)	-	(40)	-	(4,326)
· Actuarial (gains) and losses owing to liability experience	(6,580)	2,207	(365)	59	(6,945)	2,266
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	42,896	(42,616)	584	114	43,480	(42,502)

SECTION 3 : Statement of Accounts

Note 53: Defined Benefit Pension Schemes

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s
Movement in Reserves Statement						
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(21,608)	(27,382)	(240)	(214)	(21,848)	(27,596)

Actual amount charged against the General Fund Balance for pensions in the year:

Employers' contribution payable to scheme	6,590	6,728	-	-	6,590	6,728
Retirement Benefits payable to pensioners	-	-	851	855	851	855
Transfer from Pension Reserve	(15,018)	(20,654)	611	641	(14,407)	(20,013)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s
Fair value of plan assets	531,264	586,110	-	-	531,264	586,110
Present value of the defined benefit obligation	(730,751)	(736,253)	(10,607)	(9,866)	(741,358)	(746,119)
Net liability arising from defined benefit obligation	(199,487)	(150,143)	(10,607)	(9,866)	(210,094)	(160,009)

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s
Opening fair value of assets	(431,002)	(531,264)	-	-	(431,002)	(531,264)
Interest Income on assets	(9,849)	(11,067)	-	-	(9,849)	(11,067)
Remeasurement gains/(losses):						
Return on plan assets (excl amount in net interest)	(96,252)	(54,435)	-	-	(96,252)	(54,435)
Effect of Settlement	-	2,105	-	-	-	2,105
Contributions by the employer	(6,590)	(6,728)	(851)	(855)	(7,441)	(7,583)
Contributions by participants	(3,296)	(3,346)	-	-	(3,296)	(3,346)
Net benefits paid out	15,725	18,625	851	855	16,576	19,480
Closing fair value of assets	(531,264)	(586,110)	-	-	(531,264)	(586,110)

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements		Total	
	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s	2020/21 £000s	2021/22 £000s
Opening balance at 1 April	(594,184)	(730,752)	(10,874)	(10,607)	(605,058)	(741,359)
Current Service Cost	(17,750)	(24,497)	-	-	(17,750)	(24,497)
Interest Cost	(13,529)	(15,367)	(240)	(214)	(13,769)	(15,581)
Contributions from scheme participants	(3,296)	(3,346)	-	-	(3,296)	(3,346)
Remeasurement gains/(losses):						
Actuarial gains and (losses) on liabilities - financial assumptions	(124,120)	13,484	(709)	119	(124,829)	13,603
Actuarial gains and (losses) on liabilities - demographic assumptions	-	4,286	-	40	-	4,326
Actuarial gains and (losses) on liabilities - experience	6,580	(2,207)	365	(59)	6,945	(2,266)
Past Service Costs (inc. curtailments)	(178)	(89)	-	-	(178)	(89)
Liabilities extinguished on settlements	-	3,609	-	-	-	3,609
Benefits paid	15,725	18,625	851	855	16,576	19,480
Closing present value of assets	(730,752)	(736,254)	(10,607)	(9,866)	(741,359)	(746,120)

SECTION 3 : Statement of Accounts

Note 53: Defined Benefit Pension Schemes

Local Government Pension Scheme Assets

The Local Government Pension Scheme's assets comprised:

	2020/21 £'000	2021/22 £'000
Equity investments	423,949	395,536
Property	39,844	46,078
Cash	39,844	94,537
Other Investments	27,626	49,960
	531,263	586,111

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by AON Solutions UK Limited, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as at 31st March 2019.

Principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2020/21	2021/22	2020/21	2021/22
Long-term expected rate of return on assets in the scheme:				
Equities	2.1%	2.7%	-	-
Property	2.1%	2.7%	-	-
Government Bonds	2.1%	2.7%	-	-
Corporate Bonds	2.1%	2.7%	-	-
Cash	2.1%	2.7%	-	-
Other	2.1%	2.7%	-	-
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	21.9	21.7	21.9	21.7
Women	23.6	23.5	23.6	23.5
Longevity at 65 for future pensioners:				
Men	23.3	22.9	-	-
Women	25.4	25.3	-	-
Other assumptions:				
Rate of inflation - CPI	2.7%	3.2%	2.7%	3.2%
Rate of general increase in salaries	3.7%	4.2%	-	-
Rate of increase in pensions - deferred and pensions in payment	2.7%	3.2%	2.7%	3.2%
Rate for discounting scheme liabilities	2.1%	2.7%	2.1%	2.7%

SECTION 3 : Statement of Accounts

Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e.. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

LGPS Funded Benefits Only	Impact on Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000s	Decrease in Assumption £000s
Adjustment to Discount rate (+/- 0.1%)	(12,950)	12,950
Adjustment to Salary increase rate (+/- 0.1%)	1,830	(1,830)
Adjustment to Pension increase rate (+/- 0.1%)	11,003	(11,003)
Adjustment to Longevity (decrease/increase 1 year)	29,845	(29,845)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The current funding level of the scheme is 115%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2022/23 based on the position as at 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates to pay £7.309m in expected contributions to the scheme in 2022/2023.

The weighted average duration of the defined benefit obligation for scheme members is 20 years in 2022/23 (20.3 years in 2021/22).

Note 54: Contingent Liabilities

These refer to either; a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or; a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

The Council is responsible for the Claxton Site which is a closed landfill. There is a possible obligation arising relating to de-contamination of the site; it is not possible at this stage to quantify the potential liability or when the works may be required. The site is regularly tested to ensure compliance with the Environment Protection Act 1990.

Note 55: Financial Guarantees

In 1989 the Council gave a loan guarantee of £3m to North Housing Association (now Home Housing Association) for sums borrowed on the money markets that would come into operation should the housing association default on the loan terms. Provision is included in the agreement for any such payments to be secured on North Housing Association property. It is anticipated that this guarantee will exist until the loan is repaid in 2049. The likelihood of this guarantee being called upon is remote and therefore no amounts have been recognised in the balance sheet in respect of this guarantee.

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

SECTION 3 : Statement of Accounts

Note 56: Pooled Budgets

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

On 1 April 2015 the Council entered into a pooled budget arrangement with NHS Tees Valley Clinical Commissioning Group (CCG) for the provision of services in accordance with the requirements of the Better Care Fund.

This is an annual agreement made in accordance with Section 75 of the National Health Service Act 2006. This is a jointly controlled pooled budget which is hosted by the Council on behalf of both partners in line with the agreement.

The Hartlepool BCF Plan will contribute to the delivery of:

- Reduced non-elective admissions;
- Reduced admissions of older people into residential care;
- Increased proportion of older people still at home 91 days after discharge from hospital into reablement/rehabilitation services;
- Reduced delayed transfers of care from hospital;
- Increase in the estimated diagnosis rate for dementia; and,
- Improved patient experience of services.

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

Revenue Pooled Budget

2020/21 £000s		2021/22 £000s
	Revenue Funding provided to the Pooled Budget:	
-	Balance brought forward	(444)
(5,201)	Hartlepool Borough Council - Improved Better Care Fund (iBCF)	(5,201)
(7,612)	NHS Tees Valley Clinical Commissioning Group	(8,038)
(418)	NHS Tees Valley Clinical Commissioning Group - Additional Contribution	(418)
(13,231)		(14,101)
	Expenditure met from the Pooled Budget:	
6,365	Hartlepool Borough Council	6,656
1,221	NHS Tees Valley Clinical Commissioning Group	1,251
5,095	Hartlepool Borough Council - Improved Better Care Fund (iBCF)	5,095
106	NHS Tees Valley Clinical Commissioning Group (iBCF)	106
12,787		13,108
(444)	Balance carried forward	(993)

Capital Pooled Budget

2020/21 £000s		2021/22 £000s
	Capital Funding provided to the Pooled Budget:	
-	Balance brought forward	(399)
(1,222)	Hartlepool Borough Council	(1,222)
(1,222)		(1,621)
	Expenditure met from the Pooled Budget:	
823	Hartlepool Borough Council	1,267
823		1,267
(399)	Balance carried forward	(354)

SECTION 3 : Statement of Accounts

HOUSING REVENUE ACCOUNT (HRA)

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

2020/21 £000s		2021/22 £000s
	Expenditure	
198	Repairs and maintenance	217
357	Supervision and management	411
33	Rents, rates, taxes and other charges	38
1	Discretionary Housing Payments	2
25	Movement in the allowance for bad debts	20
10	Debt Management Expenses	10
621	Depreciation, impairment and revaluation losses of non-current assets	134
1,245	Total Expenditure	832
	Income	
(1,257)	Dwelling Rents	(1,291)
1	Charges for services and facilities (net of voids)	(3)
(126)	Other Income	(24)
(1,382)	Total Income	(1,318)
(137)	Net Expenditure or (Income) of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(486)
355	Interest payable	358
(29)	Interest and investment income	(40)
7	Net interest on the net defined benefit liability	13
196	Deficit/(Surplus) for the year on HRA services	(155)

MOVEMENT ON THE HRA STATEMENT

2020/21 £000s		2021/22 £000s
(391)	Opening balance on the HRA	(495)
196	(Surplus) or Deficit for the year on the HRA Income and Expenditure Statement	(155)
	Adjustments between accounting basis and funding basis under statute :	
(424)	- Revaluations (losses)/gain	78
(12)	- Impairment losses	(11)
(32)	- IAS19 Pensions Adjustment	(56)
(185)	- Depreciation	(201)
185	- Transfer to Major Repairs Reserve	201
(272)	Net (increase) or decrease before transfers to or from reserves	(144)
168	Transfers to or (from) earmarked reserves	144
(104)	(Increase) or decrease in the year on the HRA	-
(495)	Closing balance on the HRA	(495)

SECTION 3 : Statement of Accounts

NOTES TO THE HRA

Note 1: Depreciation and Revaluation

Included within The HRA is a total depreciation charge of £0.201m (2020/21 £0.186m) which transfers funding into the Major Repairs Reserve to meet the cost of future major repairs. The gain on revaluation for the year was £0.078m (2020/21 £0.424m loss). In previous years a "proxy" charge was applied however from 2017/18 a "true" depreciation charge was required to be calculated and transferred to the MRR. This represents an amount equivalent to the total depreciation charges for all the HRA assets. Under statute an adjustment between accounting basis and funding basis on the 'Movement on the HRA MRR' allows any difference between the depreciation credit on the reserve and the amount required for the major repairs for the year to be transferred back to the HRA.

Note 2: Capital Expenditure and Financing

2020/21 £000s	2021/22 £000s
536 Acquisition and renovation of Council Dwellings	1,919
80 Appropriation of land	-
18 Major Repairs	14
634	1,933
Funded by:	
(147) Borrowing	(1,073)
(32) Homes England Grant	(563)
(231) Brownfield Homes Grant	(127)
(206) S.106 Contributions	(156)
(18) Major Repairs Reserve	(14)
(634)	(1,933)

Note 3: Number and Value of Council Dwellings

There were 309 Council Dwellings held as at 31 March 2022 (307 in 2020/21). The number of empty properties included in the above figures is 32, of which some are undergoing repairs, some on hold for refugee housing and others are standard voids.

The table below shows the vacant possession value and the balance sheet value based on social housing use. The difference represents the economic cost of providing council housing.

1st April 2021 £000's	31st March 2022 £000's
8,770 Balance Sheet Value	9,614

The vacant possession value of HRA dwellings as at 1 April 2022 is £21.850m.

Note 4: Rent Arrears

The level of rent arrears as at 31 March 2022 was £0.155m (31 March 2021 £0.162m), these figures include rent, service charge and rechargeable repair arrears. The Bad Debt provision required in respect of these uncollectable debts is £0.103m (2020/21 £0.105m)

SECTION 3 : Statement of Accounts

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2020/21 £000		2021/22 £000	Notes
	INCOME		
	Council Tax :		
(51,089)	Billed to tax payers	(52,343)	
(51,089)		(52,343)	1
	Non Domestic Rates :		
(21,119)	Income Collectable from Business Ratepayers	(28,483)	2
649	Transitional Protection Payment	-	
(20,470)		(28,483)	
(71,559)	TOTAL INCOME	(80,826)	
	EXPENDITURE		
	Council Tax :		
43,604	Precepts Hartlepool Borough Council	42,737	
6,483	Police & Crime Commissioner	6,480	
1,961	Cleveland Fire Authority	1,959	
1,406	Increased Provision for Non-Payment of Council Tax	(324)	
53,454		50,852	
	Non Domestic Rates :		
	Payment of Non Domestic Rates to Preceptors		
15,805	Hartlepool Borough Council	15,646	
323	Cleveland Fire Authority	319	
16,116	Payment of Non Domestic Rates to Central Government	15,965	
112	Cost of Collection Allowance	113	
1,858	Change in Provision for Non-Payment of NNDR	(98)	
1,443	Change in Provision for Non Domestic Rating Appeals	319	
11	Enterprise Zone Relief	(3)	
25	Disregarded Amounts	271	
35,693		32,532	
	Contributions for previous years estimated		
	Collection Fund Surplus/(Deficit) - Council Tax		
(138)	Hartlepool Borough Council	(763)	
(21)	Police & Crime Commissioner	(113)	
(6)	Cleveland Fire Authority	(34)	
(165)		(911)	
	Contributions for previous years estimated		
	Collection Fund Surplus/(Deficit) - Non-Domestic Rates:		
31	Hartlepool Borough Council	(5,078)	
1	Cleveland Fire Authority	439	
32	Central Government	5,724	
64		1,086	
89,046	TOTAL EXPENDITURE	83,559	
17,487	NET TOTAL	2,733	
	Movement on Fund Balances		
	Council Tax:		
2,200	(Surplus)/Deficit for the year	(2,402)	
302	(Surplus)/Deficit brought forward	2,502	
2,502	(Surplus)/Deficit carried forward	100	
	Non Domestic Rates:		
15,286	(Surplus)/Deficit for the year	5,134	
(1,146)	(Surplus)/Deficit brought forward	14,140	
14,140	(Surplus)/Deficit carried forward	19,274	

SECTION 3 : Statement of Accounts

NOTES TO THE COLLECTION FUND

Note 1 - Council Tax

Council Tax income comes from a charge made on residential properties. The income is used to support the Council's General Fund revenue expenditure, as detailed in the Income and Expenditure Account. It is also used to finance Hartlepool's share of the Police and Fire Authorities' expenditure, through precepts made on the Council's Collection Fund. The level of Council Tax in any year is determined by estimating the income required by the Council, the Police and Crime Commissioner and Fire Authorities, dividing this by the Council Tax base, which comprises residential properties banded by value and charged accordingly.

To allow for comparison between years and authorities the tax base is expressed as the number of Band D properties in the district, which is calculated by multiplying the number of properties in a band by an appropriate weighting, ranging from 6/9 to 18/9.

There were 34,380 Band D equivalents in 2021/22 (34,392 for 2020/21) and the basic amount of Council Tax for a Band D property was £2,097.07 (£2,090.38 in 2020/21).

Set out in the table below are the Band D weightings, property numbers and income from each band level.

Band	Weighting to Band D	No. of properties in each band	Equivalent no. of Band D Properties	Hartlepool BC demand per property (Ex Parishes) £	Police & Crime Commissioner demand per property £	Fire Authority demand per property £	Total demand per property £	Total Income per band £000's
A	6/9	23,436	15,624	1,167.34	177.15	53.55	1,398.04	32,764
B	7/9	7,309	5,685	1,361.90	206.68	62.48	1,631.06	11,921
C	8/9	6,231	5,539	1,556.45	236.20	71.40	1,864.05	11,615
D	9/9	3,293	3,293	1,751.01	265.73	80.33	2,097.07	6,906
E	11/9	1,748	2,136	2,140.12	324.78	98.18	2,563.08	4,480
F	13/9	748	1,080	2,529.24	383.83	116.03	3,029.10	2,266
G	15/9	526	877	2,918.35	442.88	133.88	3,495.11	1,838
H	18/9	73	146	3,502.02	531.46	160.66	4,194.14	306
TOTALS		43,364	34,380					72,096

The income of £52.343m for 2021/22 (£51.089m for 2020/21) is receivable from the following sources:

2020/21 £000		2021/22 £000
71,893	Opening Liability	72,096
1,494	Net increase/(decrease) in liability	2,127
(123)	Disabled Relief	(120)
(6,831)	Discounts	(6,975)
(1,650)	Exemptions	(1,554)
(183)	Write Offs	(212)
(13,511)	Council Tax Support Scheme	(13,019)
<u>51,089</u>		<u>52,343</u>

NOTES TO THE COLLECTION FUND**Note 2 - Non Domestic Rates**

National Non Domestic Rates (NNDR) is organised on a national basis. The Government specifies two amounts, the Small Business Non Domestic Rate Multiplier which was 49.9p in 2020/21 (49.9p in 2020/21) and, the Non Domestic Rate Multiplier which was 51.2p in 2020/21 (51.2p in 2020/21). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The total non domestic rateable value at the year end was £80.238m.

The NNDR income collectable from Ratepayers is shown below.

2020/21		2021/22
£000		£000
38,654	Gross Rates payable	38,746
(18,185)	Mandatory Reliefs	(10,114)
649	Transitional Relief	189
1	Write Offs	(338)
<u>21,119</u>		<u>28,483</u>

The decrease to mandatory reliefs during 2021/22 was primarily as a result of the reduction in Retail, Hospitality and Leisure (RHL) relief awarded in 2021/22 as the government scaled back its support in response to the Covid-19 pandemic. The RHL relief effectively reduced the net amount the Council can collect from businesses. As the RHL relief was announced after precept amounts were confirmed, the result is a deficit on the Collection Fund. The reliefs are funded by DLUHC through Section 31 Grants. These grants have been received in 2021/22 and have been transferred to the Council's earmarked Collection Fund Deficit Reserve. This reserve will be used to offset the Collection Fund deficit when it is charged to the Council's General Fund in 2022/23.

SECTION 4 : Annual Governance Statement

Scope of Responsibility

Hartlepool Borough Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards,
- Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, Hartlepool Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. A copy of the code is on our website at www.Hartlepool.gov.uk or can be obtained from the Councils Contact Centre. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, Part 2 6(1) (a), which requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review with the statement of accounts. Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015, require that for a local authority that statement is an Annual Governance Statement (AGS).

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically. The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

In order to facilitate the completion of the Statement, an officer working group has been formed and a programme of work developed. To ensure that the Statement has been given sufficient corporate priority and profile, the working group included both the Director of Resources and Development, the Assistant Director (Finance) and the Assistant Director (Corporate Services). As part of the process regular updates have been given to the Performance and Risk Management Officer Group and the Corporate Management Team (CMT).

Significant Governance Issues Update from 2020/21 Statement

Progress has been made over the course of 2021/22 to actively manage and address issues identified as part of the 2020/21 process. This approach ensures the Council actively manages these issues. The table below identifies action that has been taken to mitigate the areas identified.

Issue Raised	Action Undertaken
Delivery of Council Plan, revised Performance Management Framework and Medium Term Financial Strategy. The sustainability of services, level of performance and the continuing need to achieve housing growth.	<p>The MTFS was updated during 2021/22 and the budget for 2022/23 was set at Council on 24 February 2022. The approved budget reflected an increase in Council Tax, increase in the Adult Social Care precept, increase in Government funding, savings plan and use of reserves. The use of reserves to set the 2022/23 budget was £1.093m, significantly less than the £5.182m used in 2021/22.</p> <p>The Council Plan 2021/22 – 2023/24 was agreed by Finance and Policy Committee on 15 February 2021 and adopted by Council on 25 February 2021. Progress against the Council Plan is reviewed through dedicated CMT Performance and Challenge Clinics 3 times a year and this is followed by reports to Finance and Policy Committee. The first Annual Report will be produced in summer 2022 and shared with all elected members and the public.</p>
Delivery of Regeneration/ Capital Programme on time and budget in line with key Council objectives.	Responsibility for delivery of schemes allocated to senior officers. Project Management Boards were embedded and are providing strategic oversight of progress and budget position. Regular updates are provided to members.

SECTION 4 : Annual Governance Statement

All out elections leading to a potential lack of experience or knowledge if a significant number of new members are elected for the first time.

Elections undertaken with no significant risk materialising. Well established arrangements in terms of managing process and training new/existing members carried out.

COVID-19 Virus affecting the health and wellbeing of the Borough, service delivery and the financial stability of the Council.

Continuation of dedicated Corporate Management Team response team to co-ordinate and manage the Council's strategic response, including implementation of changes to national guidance at a local level. Safe working arrangements implemented at the Council in line with Government advice and then moved to assess over a six month period implications of hybrid working model. Financial implications and risks are being managed and monitored as integral part of overall Council arrangements and specific resources allocated for continuing income impacts.

The Governance Framework

The key elements of the Council's Governance Framework are as follows:

Hartlepool Borough Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, the procedures that are followed to ensure that these decisions are efficient and transparent, and sets out the terms of reference for the Committee structure. The Constitution was developed in accordance with the Local Government Act 2000 and it sets out the delegated responsibilities to key officers such as the Monitoring Officer and Section 151 Officer.

In accordance with the Council's Constitution at Article 13, the Monitoring Officer continues to monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. A report to the Constitution Committee on 6 July 2021 addressed issues relating to reviews relating to the Protocol on Elected Member/Officer Relations, Member Champions and the Contract Procedure Rules. The subsequent report of the Constitution Committee was submitted to Full Council on 30 September 2021.

A further report was submitted to the Constitution Committee on 22 November 2021 which addressed issues which had arisen since the previous review of the Constitution and the comments and suggestions received from Elected Members. The subsequent report of the Constitution Committee was submitted to Full Council on 16th December 2021.

Officer Decision Records continue to be published on the internet and Officer Guidance has been circulated in relation to Key Decision Forward Plan Consultation to give clarity to officers on when and how consultation should be undertaken on Key Decision matters to be considered by Policy Committees.

A programme of Members' seminars has been developed by CMT to ensure Members are updated/briefed on key strategic issues.

Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used. Legal Division procedures exist for monitoring new legislation, advising relevant departments, and members where appropriate. Workforce Services policies identify suitable recruitment methods and ensure appropriate job descriptions exist for legal staff. A corporate induction session is now in place and is held approximately every four weeks. This is aimed at new employees within the Authority but is also open to any existing member of staff who would benefit from a refresher. The Assistant Director for Corporate Services opens every session which ensures Chief Officer presence and support. This forms one part of a new corporate induction programme which is being developed to include a wider range of information for new employees. Departments have responsibility to provide induction training specific to their departmental needs.

Committee terms of reference are included in the constitution. A procedure is in place to ensure that all Committee agendas, minutes and supporting material are available to all staff on the Council's intranet, and to the public on the Council's Internet site.

The constitution contains financial and contract procedure rules, and code of conduct for Members, which have been formally approved. Financial procedure rules have been updated and agreed by Council and contract procedure rules have also been updated to take into account new procurement procedures and legislative requirements. The constitution is available to all employees on the intranet and to the public on the Internet. A register of gifts and hospitality is maintained for Members and Officers. The Authority has a Treasury Management Strategy that was approved by Audit and Governance Committee on 10th February 2022 and referred to Council for approval on for the financial year 2022/23. The approved Treasury Management Strategy includes the Investment and Borrowing strategies in compliance with revised CIPFA Prudential Code, CIPFA Treasury Management Code of Practice and Ministry of Housing, Communities and Local government (HCLG) guidance. The Audit and Governance Committee is responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies before making any necessary recommendations to Council. The Director of Resources and Development reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

SECTION 4 : Annual Governance Statement

The full range of Member committees regularly meet to review specific policy areas, to consider plans, reports and progress of the Council.

Human Resources has drawn up policies to ensure suitably qualified employees are employed in key areas. Supporting terms and conditions of employment for all employees cover all aspects of good employment. Induction courses for key new officers and all new Members incorporate suitable training on corporate governance issues according to responsibilities and there is a general staff awareness programme in place.

An updated Code of Conduct for Employees has been approved, published and communicated to all employees. An updated Health and Safety Policy was approved by Finance and Policy Committee on 14 January 2019 and a Communication Strategy implemented to ensure general awareness. The Council has also implemented a programme of Health and Safety Leadership Training for senior managers.

The Council has an ongoing programme of monitoring and reviewing arrangements in place in respect of the operation of its key partnerships. A framework of reporting by exception to Corporate Management Team operates and Internal Audit provides audit coverage of partnership arrangements.

The Council has a three-year Council Plan (2021/22 – 2023/24) that sets out the Council's ambitions for the Borough. The Plan was agreed by Finance and Policy Committee on 15 February 2021 and adopted by Council on 25 February 2021. Progress against the Council Plan is reviewed through dedicated CMT Performance and Challenge Clinics 3 times a year and this is followed by reports to Finance and Policy Committee. The first Annual Report will be produced in summer 2022 and shared with all elected members and the public.

The Council's Performance Management Framework includes information relating to departmental and officer responsibility for the collation of data, target setting and addressing performance issues. The Framework also includes action plans, risks and performance indicators enabling clearer links between corporate, departmental and service planning outcomes, actions, risks and PIs.

Key policies such as the Corporate Complaints, Comments and Compliments Procedure, Proceeds of Crime (Money Laundering), Whistle Blowing Policy and Counter Fraud and Corruption Policy have been developed and approved for use across the whole Authority. The policies are available to employees via the intranet. The Council is a member of the National Anti Fraud Network and takes part in regular National Fraud Initiative reviews and the North East Fraud Forum. The Council has updated its Fraud and Corruption Strategy in line with CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

The Council agreed its Risk Management Framework on 24th June 2019. The Framework simplified the Council's approach, provided further clarity to officers about how risk should be considered within the Council and demonstrates the added value of appropriate risk management. A Strategic Risk Register has been identified within the performance management framework and changes are reported to Elected Members regularly through the monitoring of the Council Plan.

The Risk Management Framework and an Officer Toolkit are available to all staff via the intranet. Key staff have undergone appropriate training and departmental risk champions lead on communicating the process to all relevant staff in their departments.

There is corporate support at senior management level for development of Risk Management with risk assessment procedures published and training given to officers. Risk introduction/refresher sessions are offered as and when individual departments/teams require them. Each department also has a risk co-ordinator.

The Finance and Policy Committee is responsible for ensuring the consideration of risk across and for reviewing the progress made in the management of strategic risks. The Audit and Governance Committee is responsible for reviewing the effectiveness of risk management arrangements and providing comment and challenge on risk management activity and progress. Risks and control measures relating to the Council Plan are analysed within performance reports to help ensure that risk and performance reporting are linked. The Council Plan and performance framework is considered as part of the preparation of the AGS.

The Council's Corporate Strategy and Performance Team hold information on the Council's Strategic Risks. Risk registers are also maintained for significant projects. Officers that manage risks are notified that risks need to be reviewed and progress is monitored on a quarterly basis through the service planning process. Departments have access to a central funding pot for risk management to assist in the financing of risk mitigation.

The General Data Protection Regulation (GDPR) is European legislation and replaces the Data Protection Act in the UK. This was designed to harmonise data privacy laws across Europe, to protect and empower all EU citizens' data privacy and to reshape the way organisations across the region approach data privacy and security. In order to ensure compliance the Council has completed information audits identifying all personal data held, including a lawful basis for processing the data. Privacy notices have been developed and are available on the Council's website. All policies and procedures have been updated to ensure GDPR compliance and staff have received specific GDPR training. The Information Governance Group meets regularly to discuss GDPR compliance.

SECTION 4 : Annual Governance Statement

The Council has long-standing, nationally and regionally recognised emergency planning arrangements through the Cleveland Emergency Planning Unit (CEPU). The Council's Emergency Management Response Team (EMRT) meets bi-monthly and contributes to the makeup of the Council's Major Incident Plan which is tested annually.

Responsibility for updating and implementing Corporate Business Continuity has transferred to the Assistant Director (Regulatory Services). A significant amount of work has been progressed to address the concerns highlighted by internal audit with arrangements having been reviewed to reflect current best practice. These revised arrangements have been rolled out across each Council department to ensure that accurate up to date information is held to assist in the recovery of services, should it be necessary. Tests are planned to ensure that these plans are fit for purpose and any lessons learnt from these exercises will be incorporated into future plans.

The Equality Act 2010 came into force on 1 October, 2010 and brought together over 116 separate pieces of legislation into one single Act. The Act provides a legal framework to protect the rights of individuals and advance equality of opportunity for all. The Act covers the 9 protected characteristics – age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, gender and sexual orientation.

The Public Sector Equality Duty (PSED) is supported by "specific duties" to assist public bodies to achieve the aims of the general duty. Under the specific duties, the Council must:

- Publish equalities information to demonstrate its compliance with the Equality Duty by the 31st January each year; and
- Develop and publish equality objectives by 6 April 2012 and then every four years.

In order to demonstrate our compliance with the above requirements, we have produced a Workforce Equality Information Report 2020/21 to demonstrate the progress that the Council has made to date. We are aware that there are gaps in our data and are working to provide more information in an accessible format. On that basis the report is regularly updated. Since the first equality objectives were published in April 2012 the Council has based them on the strategic objectives set out in our Council Plan. By doing this the Council demonstrates that equality and diversity is a core part of what we do as an organisation and not an add on activity. The Council's vision as set out in the Council Plan 2021/22 – 2023/24 sets out our equality objectives.

Equality issues must influence the decisions reached by public bodies - in how they act as employers; how they develop, evaluate and review policy; how they design, deliver and evaluate services, and how they commission and procure from others. We do this by considering impacts on equality as an integral part of our decision-making process and this is reflected in reports to Committees in the Equality & Diversity Considerations section and through our use of Equality Impact Assessments.

Internal Audit reports on a regular basis to the Audit and Governance Committee on the effectiveness of the organisation's system of internal control. Recommendations for improvement are also made and reported on. Internal Audits performance is measured against standards agreed by management and Members. Internal Audit reporting arrangements have been formalised and strengthened as part of the review of financial procedure rules. Internal Audit have undergone an external inspection carried out By Stockton Borough Council and are now fully compliant with Public Sector Internal Audit Standards (PSIAS) and can report as such on all correspondence.

Ofsted has rated the overall effectiveness of the Council's Children's Services as 'Good'. The most recent ILACS inspection which took place in July 2018 rated Hartlepool CS as 'good' overall and 'outstanding' in the experiences and progress of children in care and care leavers. Children's Services have also been visited by Ofsted on two occasions for a Focused Visit since the ILACS, firstly in March 2020 to look at services for children in need including those in need of protection and most recently in January 2022 to look at Care Leavers. During both visits Ofsted confirmed that Children's Services in Hartlepool continued to provide high quality services and progress was sustained. Of the three children's homes in Hartlepool, two are judged by Ofsted to be good and one outstanding. Most childcare providers and schools are rated "good" or "outstanding".

As part of the national Adult Social Care Outcomes Framework there is an annual survey of people who use adult social care services locally and a survey every two years of people who are carers. Feedback from these surveys continues to be positive and the satisfaction rates of people in Hartlepool compare favourably regionally and nationally. Over 95% of services that are commissioned by the Council for adults with care and support needs are rated 'good' by the Care Quality Commission (CQC) with no services rated inadequate. The Council is actively engaged with Sector Led Improvement initiatives via NE ADASS (the North East branch of the Association of Directors of Adult Social Services). This includes early preparations for the reintroduction of CQC assessment of Council's Adult Social Care Services which is expected in 2023.

In their 2020/21 Annual Audit Letter, Mazars, the Councils External Auditor, issued an unqualified opinion on the financial statements and value for money conclusion at the Council.

SECTION 4 : Annual Governance Statement

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Governance's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- Corporate Management Team agreed process for the review of the internal control environment. The risk inherent in meeting departmental objectives and the controls to mitigate those risks are recorded as part of the corporate service planning process at a departmental level. This has brought together risk management, control identification and the process for compiling the evidence needed to produce the AGS. This enables managers to provide documented evidence regarding the controls within their service units as part of the service planning process. The controls in place are designed to negate the identified and recorded risks of not achieving service, departmental or corporate objectives. In order to ensure adequate controls are in place the procedures, processes and management arrangements in place to mitigate identified risks and the officers responsible for them are also documented. Gaps in controls can be addressed as part of the regular reviews of departmental risks and control measures.
- Director of Resources and Development – reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- Internal Audit – the Council has the responsibility for maintaining and reviewing the system of internal control and reviewing annually Internal Audit. In practice, the Council, and its External Auditors, takes assurance from the work of Internal Audit. In fulfilling this responsibility:
 - Internal Audit has reviewed its procedures in line with PSIAS and following an independent external assessment is fully compliant.
 - Internal Audit reports to the Section 151 Officer and Audit and Governance Committee.
 - The Head of Audit and Governance reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).
 - The Head of Audit and Governance provides an independent opinion on the adequacy and effectiveness of the system of Internal control, quarterly update reports and an annual Internal Audit performance report to the Audit and Governance Committee.
 - Internal audit plans are formulated from an approved risk assessment package and Internal Audit continues to provide assurance across a broad range of Council activities and functions through the audits it completes.
- External Audit – in their annual audit letter, comment on their overall assessment of the Council. It draws on the findings and conclusions from the audit of the Council.
- Other review and assurance mechanisms: for example, Department of Education, Care Quality Commission, Ofsted, HMI Probation and Service Excellence.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SECTION 4 : Annual Governance Statement

Significant Governance Issues

The following significant governance issues have been identified:

No	Issue	Action	Timescale
1	Delivery of Council Plan, revised Performance Management Framework and Medium Term Financial Strategy. The sustainability of services, level of performance and the continuing need to achieve housing growth.	<p>The MTFS approved in February 2022 forecast annual deficits of £1.5m in both 2023/24 and 2024/25. These forecasts will be updated to reflect the much higher and prolonged impact of inflation as this will increase the 2023/24 deficit. Savings plans will then be developed during 2022/23.</p> <p>The three year Council Plan adopted in February 2021, takes into account the impact of the financial challenges facing the Council. Performance will be continue to be reported regularly to CMT and Finance and Policy Committee.</p>	2022/23 – 2023/24
2	Delivery of Regeneration/ Capital Programme on time and budget in line with key Council objectives.	Arrangements adopted in 2021/22 will continue to be followed and monitor as projects move from design to construction phase.	2022/23
3	Potential for Cyber Security attack/breach of IT defences leading to service disruption and potentially serious financial implications.	<p>The Council, in partnership with NEC, have implemented a range of technical protection measures over the last 12 months. These reduce the risks associated with phishing and ransomware. HBC use the National Cyber Security Centre's Event Logging solution, which tracks a range of network events including staff who have clicked on links in suspicious emails. HBC have recently implemented a new firewall that provides additional protection including blocking access to our network from outside UK and 24/7 analysis of Internet access with auto blocking where activity falls outside of normal working patterns.</p> <p>Annual training is mandatory for all staff in respect of cyber security and regular all staff emails give instruction on what to do with suspicious emails. This ensures that staff are aware of the correct procedure to follow if links are clicked or attachments are opened in error. There is also information on the intranet and wall posters highlighting how to recognise phishing emails.</p>	2022 Onwards

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Hartlepool Borough Council:

Managing Director

Chair of Audit and Governance Committee

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Hartlepool Borough Council ("the Authority") for the year ended 31 March 2021, which comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, the Balance Sheet, the Statement of Cash Flows, the Housing Revenue Account, the Collection Fund and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31st March 2021 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources and Development's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources and Development with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Resources and Development is responsible for the other information. The other information comprises the other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Responsibilities of the Director of Resources and Development for the financial statements

As explained more fully in the Statement of the Director of Resources and Development's Responsibilities, the Director is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and for being satisfied that they give a true and fair view. The Director of Resources and Development is also responsible for such internal control as the Director of Resources and Development determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources and Development is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and prepare the financial statements on a going concern basis on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Director of Resources and Development is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Authority we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Local Government and Housing Act 1989 and the Local Audit and Accountability Act 2014 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Resources and Development's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to :

- discussing with management and the Audit and Governance Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority which were contrary to applicable laws and regulations, including fraud.

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

Our audit procedures in relation to fraud included but were not limited to :

- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Governance Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Resources and Development's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Authority's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Responsibilities of the Authority

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

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

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Hartlepool Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or

Delay in certification of completion of audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



Gavin Barker
For and on behalf of Mazars LLP
The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Date: 11 November 2021

SECTION 6 : Glossary of Terms

ACCOUNTING POLICIES

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising;
- selecting measurement bases for; and
- presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Income and Expenditure Account or Balance Sheet it is to be presented.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses); or
- the actuarial assumptions have changed.

CAPITAL EXPENDITURE

Expenditure on the acquisition of an asset or expenditure that adds to and not merely maintains the value of an existing asset.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING

The Chartered Institute of Public Finance and Accounting (CIPFA) Code sets out the accounting concepts and accounting principles which underpin the statement of accounts.

COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

CONSTRUCTIVE OBLIGATION

An obligation that derives from an Authority's actions where:

- a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Authority has indicated to other parties that it will accept certain responsibilities; and
- b) as a result, the Authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

CONTINGENT LIABILITY

A contingent liability is either:

- a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control or;
- b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

SECTION 6 : Glossary of Terms

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

CURRENT ASSETS

Assets which can be expected to be consumed or realised during the next accounting period, e.g. debtors and stocks.

CURRENT LIABILITIES

Amounts which will become payable or could be called in within the next accounting period e.g. creditors, cash overdrawn.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to rise from employee service in the current period.

CURTAILMENT

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employee's services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify for only reduced benefits.

DEBTORS

Amounts due to the Authority for works done, goods received or services rendered before the end of the accounting period, but for which payments have not been received by the end of that accounting period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of an asset whether arising from use or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

SECTION 6 : Glossary of Terms

DISCRETIONARY BENEFITS

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implemented the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of property, plant and equipment consumed in a period
- b) Difference methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items that derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RATE OF RETURN ON PENSION ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

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

FINANCIAL INSTRUMENT

A legally enforceable agreement between two or more parties, expressing a contractual right or a right to the payment of money. Typical examples include investments, loans, trade creditors and trade debtors.

GOING CONCERN

The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

SECTION 6 : Glossary of Terms

GOVERNMENT GRANTS

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

HERITAGE ASSETS

Assets preserved in trust for future generations because of their cultural, environmental or historical associations. It applies to assets held and maintained by the Authority principally for the contribution of knowledge and culture.

HOUSING REVENUE ACCOUNT

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

IMPAIRMENT

A reduction in the value of Property, Plant and Equipment below its carrying amount on the Balance Sheet.

INFRASTRUCTURE ASSETS

These assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS

Expenditure which may properly be capitalised, but which does not result in an asset with substance. Examples of this type of expenditure are software and other licences, patents and trademarks and artistic originals.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

These standards are developed by the International Accounting Standards Board and regulate the preparation and presentation of financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These standards are developed by the International Accounting Standards Board and regulate the preparation and presentation of financial statements. The Companies Act 1985 requires compliance with these Standards or disclosures in the notes if there are any material departures from these Standards.

INVENTORIES

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Inventories comprises the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long term contract balances; and
- finished goods.

SECTION 6 : Glossary of Terms

INVESTMENT PROPERTIES

Interest in land and/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of Pension Scheme assets associated with their underlying obligations.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

LONG TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION (MRP)

The statutory minimum amount that authorities must set aside each year as provision for debt repayment based on the Capital Financing Requirement.

NET BOOK VALUE

The amount at which assets are included in the Balance Sheet, that is their historical cost of current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, that is the cost of its replacement or of the nearest equivalent asset adjusted to reflect the current condition of the existing asset.

NET DEBT

The Authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON-CURRENT ASSET

Assets that yield benefits to the Authority, and the services it provides, for a period of more than one year.

SECTION 6 : Glossary of Terms

NON-OPERATIONAL ASSETS

Assets held by a local authority but not used or consumed in the delivery of services or for the service or strategic objectives of the Authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the Authority and the rental income is negotiated at arm's length.

OPERATING LEASES

A lease other than a finance lease.

OPERATIONAL ASSETS

Assets held and occupied, used or consumed by the Local Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Authority.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PRIOR PERIOD ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. A material error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- b) the accrued benefits for members in service of the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

PROPERTY, PLANT & EQUIPMENT

This covers all assets with physical substance that are for use in the production or supply of goods and services, for rental to others, or for administrative purpose, and expected to be used during more than one period.

SECTION 6 : Glossary of Terms

PROVISION

Funds set aside to cover potential liabilities or losses which are likely or certain to be incurred at a future date but where the exact amount and timing of the liability or loss is currently not known.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party; or
- the parties are subject to common control from the same source; or
- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- Central Government;
- Local Authorities and other bodies precepting or levying demands on the Council Tax;
- its subsidiary and associated companies;
- its joint ventures and joint venture partners;
- its Councillors;
- its Chief Officers; and
- its Pension Fund.

Examples of related parties of a pension fund include its:

- administering Authority and its related parties;
- scheduled bodies and their related parties; and
- Trustees and Advisors.

These lists are not intended to be comprehensive

For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the Pension Fund;
- the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- the provision of services to a related party, including the provision of pension fund administration services;
- transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, Rents and payment of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the Authority, but also in relation to its related party.

SECTION 6 : Glossary of Terms

REMUNERATION

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the Revaluation Reserve cannot be used to meet current expenditure.

RESIDUAL VALUE

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- an employer's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Revenue expenditure funded by capital under statute. This is expenditure that can be properly capitalised, but which does not result in an asset for the Authority. Expenditure is therefore written off to revenue.

SAFETY-NET GRANT

This grant is received by Local Authorities whose business rates income drops below a set percentage (92.5%) of the minimum level the Local Authority requires as determined by the Government.

SCHEME LIABILITIES

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

SERVICE REPORTING CODE OF PRACTICE

A Chartered Institute of Public Finance and Accountancy (CIPFA) guide to accounting for local government services which provides a consistent and comparable calculation of the total costs of services.

SETTLEMENT

An irrecoverable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrecoverable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

SECTION 6 : Glossary of Terms

USEFUL LIFE

The period over which the Authority will derive benefits from the use of an asset.

FURTHER INFORMATION

Copies of this document can also be provided on audiotape or in large print, Braille and ethnic minority languages on request. We can also be contacted via Typetalk and enquiries in any language can be dealt with in person or on the telephone using Language Line instant translation service.

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

Comprehensive Income and Expenditure Statement (page 21) and Note 7 Expenditure and Funding Analysis (page 45).	
1	Is the purpose of the Comprehensive Income and Expenditure Statement clear (i.e. does it show actual financial performance under accounting standards before fiscal adjustments)?
2	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
3	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
4	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
5	Are there any unexplained significant variances between current and previous year information?
6	Have any significant differences between budget reports and net expenditure chargeable to General Fund balances been explained?
7	Are the major statutory adjustments clearly explained and easily understood?
Movement in Reserves Statement (page 20)	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the purpose for holding reserves?
13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support the Council's financial plans in the immediate future and over the medium term?

Balance Sheet (page 22)

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

Cash Flow Statement (page 23)

22	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
23	Are the Council's balances reflected adequately in the council's treasury management strategies?

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Director of Neighbourhood and Regulatory Services

Subject: SAFER HARTLEPOOL PARTNERSHIP
PERFORMANCE – QUARTER 3 – OCTOBER –
DECEMBER 2021

1. PURPOSE OF REPORT

- 1.1 For information. To provide an overview of Safer Hartlepool Partnership performance for Quarter 3– October - December 2021, against key indicators linked to the priorities outlined in the Community Safety Plan 2021/24.

2. BACKGROUND

- 2.1 In December 2021, the Community Safety Plan for 2021/24 was approved by the Partnership with a strategic objective to “make Hartlepool a safe, prosperous and enjoyable place to live, work and visit” with the priority areas of focus to achieve this objective agreed as Anti-Social Behaviour, Drugs and Alcohol and Domestic Violence.

3. PERFORMANCE REPORT

- 3.1 The report attached at **Appendix A** provides an overview of performance against key indicators linked to the agreed priorities during Quarter 3 of 2021/22, with comparisons made to the same time period in the previous year, where appropriate.

4 OTHER CONSIDERATIONS

Risk Implications	No relevant issues
Financial Considerations	No relevant issues
Legal Considerations	No relevant issues
Consultation	No relevant issues
Child/Family Poverty Considerations	No relevant issues

Equality and Diversity Considerations	No relevant issues
Section 17 of The Crime And Disorder Act 1998 Considerations	No relevant issues
Staff Considerations	No relevant issues
Asset Management Considerations	No relevant issues
Environment, Sustainability & Climate Change Considerations	No relevant issues

5. RECOMMENDATIONS

- 5.1 That the Audit and Governance Committee note and comment on the information provided for Quarter 3.

6. REASON FOR RECOMMENDATION

- 6.1 The Audit and Governance Committee has within its responsibility to act as the Council's Crime and Disorder Committee and in doing so scrutinize the performance management of the Safer Hartlepool Partnership.

7. BACKGROUND PAPERS

- 7.1 The following background papers were used in the preparation of this report:-
Safer Hartlepool Partnership –Community Safety Plan 2021/24

8. CONTACT OFFICERS

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Safer Hartlepool Partnership Performance Indicators**Quarter 3 – October to December 2021****Community Safety Plan Priority – Anti-Social Behaviour (ASB)**

The following indicators have been identified to assist in the monitoring of this priority area.

During this quarter, ASB incidents reported to the Police reduced in all four Local Policing Area across Cleveland. However, Hartlepool continues to have the second highest ASB rates per 1,000 population as detailed in the tables below:

Indicator - ASB Incidents reported to the Police	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Hartlepool	2887	899	1255	839	-416	-33
Redcar & Cleveland	4064	1047	1768	1186	-582	-33
Middlesbrough	5623	1872	2501	1668	-833	-33
Stockton	4932	1728	2455	1490	-965	-39

Police Anti-Social Behaviour Incident rate per 1,000 population	Hartlepool	Redcar & Cleveland	Middlesbrough	Stockton
	9.0	8.6	11.8	7.6

Anti-social behaviour incidents reported to the Police in Hartlepool reduced by one third when compared to Q3 in the previous year and by 15% when compared to Q2. All 3 categories of ASB incidents reduced as outlined in the following table:

ASB Incident Category	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Environmental	17	206	28	-178	-86
Nuisance	707	948	717	-231	-24
Personal	175	101	94	-7	-7

A breakdown of ASB recorded by the Police by ward is detailed in the following table.

Recorded ASB Incidents by Ward	Number of Incidents	% Town Total
Burn Valley	99	12
De Bruce	90	11
Fens & Greatham	23	3
Foggy Furze	69	8
Hart	34	4
Headland & Harbour	108	13
Manor House	89	11
Rossmere	89	11
Rural West	24	3
Seaton	32	4
Throston	53	5
Victoria	129	15
Grand Total	839	100

6.1 APPENDIX A

More than half (51%) of ASB incidents occurred in 4 wards; Victoria, Headland and Harbour, Burn Valley and De Bruce. Incidents in the Victoria ward were predominantly youth related (25%) and alcohol related (25%), and incidents in the Headland and Harbour ward continue to be linked to vehicle (38%) and youth related (24%) nuisance. Anti-social behaviour in the Burn Valley ward was mainly vehicle (22%), youth (20%) and alcohol related (16%) nuisance and in the De Bruce ward, almost half (46%) of incidents were youth related.

Number of ASB complaints received by the ASBU	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
	180	67	73	52	-21	-29

Anti-social behaviour complaints received by the Council's Anti-Social Behaviour Unit also reduced by 29% in this quarter compared to the same period in the previous year and by 50% compared to Q2.

A ward breakdown of ASB complaints are outlined in the following table and identifies that 5 of the 12 wards reported less than 5 complaints in Q3.

ASB Complaints by Ward	Number of Complaints
Burn Valley	6
De Bruce	<5
Fens & Greatham	<5
Foggy Furze	6
Hart	<5
Headland & Harbour	<5
Manor House	6
Rossmere	5
Rural West	<5
Seaton	6
Throston	5
Victoria	8
Grand Total	52

Complaints received in this quarter predominantly related to rowdy behaviour (13 complaints), nuisance behaviour (12 complaints), drug misuse (8 complaints) and intimidation/harassment (6 complaints).

Number of ASB cases opened by Thirteen	Year to Date Apr – Dec 21	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
	217	86	65	-21	-24

6.1 APPENDIX A

Indicator	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Number of noise complaints received by the Council	367	91	87	92	5	6

Noise nuisance complaints received by the Council's Public Protection Team increased by 6% when compared to the previous year, but remained stable in comparison to the same period in 2019 (pre-COVID). When compared to Q2, complaints reduced by more than one third (-37%).

Noise nuisance complaints by ward are outlined in the following table. While 8 of the 12 wards reported less than 10 complaints, analysis identifies that almost two thirds (65%) of complaints were received from the Burn Valley, Headland and Harbour, Rossmere and Victoria wards as detailed below.

Noise Complaints by Ward	Number of Complaints
Burn Valley	15
De Bruce	<10
Fens & Greatham	<10
Foggy Furze	<10
Hart	<10
Headland & Harbour	15
Manor House	<10
Rossmere	13
Rural West	<10
Seaton	<10
Throston	<10
Victoria	16
Grand Total	91

More than one third (34%) of all complaints received in this quarter cited music as the primary issue with a further 24% citing barking dogs.

Indicator	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Number of fly-tipping reports received by the Council	1564	401	609	363	-246	-40

The Council's Contact Centre recorded a 40% reduction in fly-tipping reports during this quarter compared to Q3 in the previous year and a 35% reduction compared to Q2. Despite the reduction, fly-tipping continues to be a significant blight on the local environment, creates potential danger to public health, and is a source of pollution and hazard to wild life.

Analysis identifies that almost half (46% or 166 incidents) of all fly-tipping complaints were reported in the Victoria, Headland and Harbour and Burn Valley wards as outlined in the following table:

Fly-tipping Reports by Ward	Number of Incidents
Burn Valley	42
De Bruce	11
Fens & Greatham	30
Foggy Furze	18
Hart	19
Headland & Harbour	44
Manor House	32
Rossmere	24
Rural West	11
Seaton	7
Throston	37
Victoria	80
No ward recorded	8
Grand Total	363

Indicator	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Number of Deliberate Secondary (F3) fires	574	73	86	178	92	107
Number of Deliberate Vehicle Fires	34	8	7	13	6	86

Deliberate secondary fires (F3) are any non-accidental fires that do not involve property or casualties/rescues or where four or fewer appliances attend. Deliberate F3 fires in Hartlepool are predominantly refuse (rubbish) fires and grassland.

Deliberate F3 fires during Q3 have increased by 107% when compared to the previous year and by 7% when compared to Q2. More than 70% of deliberate fires in Hartlepool involved rubbish, trees and grassland being set alight.

Fire Brigade data identifies that deliberate vehicle fires have increased by 86% when compared to the same period in 2020.

Analysis identifies deliberate F3 fires in the Hart, Rossmere and Manor House wards equated to more than half (56%) of all incidents attended by the Fire Brigade in Q3. A breakdown of incidents by ward is detailed in the following table.

Deliberate F3 Fires by Ward	Number of Incidents
Burn Valley	14
De Bruce	13
Fens & Greatham	6
Foggy Furze	5
Hart	51
Headland & Harbour	12
Manor House	25
Rossmere	23
Rural West	2
Seaton	2
Throston	11
Victoria	15
Grand Total	178

Problematic locations for repeat incidents in these wards are identified as Clavering Play Area, Easington Road (Hart), Glamis Walk (Rossmere) and Summerhill Adventure Park (Manor House).

Community Safety Plan Priority – Drugs and Alcohol

The following indicators have been identified to assist in the monitoring of this priority area.

Indicator	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Drug Offences - Possession	188	57	70	60	-10	-14
Drug Offences – Supply	88	24	85	28	-57	-67

Responding to community intelligence a number of warrants were carried out during this period with positive results.

Indicator	Baseline 2020/21	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
% of opiate drug users that have successfully completed drug treatment	3.6	2.9	3.6	0.7	24.1
% of non-opiate drug users that have successfully completed drug treatment	28.3	25.7	25.3	-0.4	-1.6
% of alcohol users that have successfully completed alcohol treatment	33.9	25	29.9	4.9	19.6
% of young people that have successfully completed treatment	19	13	23	10	77
Number of young people known to substance misuse services	61	54	50	-4	-7.4
% of people dependent on alcohol and not in the treatment system	75	76.3	75.8	-0.5	-0.7
% of people dependent on opiates or crack and not in the treatment system	46.8	46.9	44.8	-2.1	-4.5

Community Safety Plan Priority – Domestic Violence

The following indicators have been identified to assist in the monitoring of this priority area.

Indicator	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Domestic Abuse incidents reported to the Police	2245	681	766	721	-45	-6
Repeat Incidents of Domestic Abuse	959	300	341	300	-41	-12
Repeat Domestic Abuse incident rate	42.7	44.1	44.5	41.6	-	-2.9

In Hartlepool, Domestic Abuse incidents reported to the Police during quarter 3 reduced by 6%, 45 less incidents than in the same period in the previous year and by 11%, 85 less incidents when compared to quarter 2.

In comparison to the other local policing areas, Hartlepool experienced the greatest reduction in incidents as identified in the following table.

6.1 APPENDIX A

Domestic Abuse incidents reported to the Police	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Hartlepool	2245	681	766	721	-45	-6
Redcar & Cleveland	2757	801	850	855	5	1
Middlesbrough	3907	1289	1267	1233	-34	-3
Stockton	3826	1145	1231	1226	-5	0

Repeat domestic abuse incidents reported to the Police during quarter 3 also reduced by 6%, equating to 45 less incidents than in the same period in the previous year and by 14% compared to quarter 2, 47 less incidents.

Despite these reductions, Hartlepool has the highest repeat incident rate across the four Local Policing areas as identified in the following tables.

Repeat Incidents of Domestic Abuse	Year to Date Apr – Dec 21	Oct – Dec 19	Oct – Dec 20	Oct – Dec 21	Difference	% Difference
Hartlepool	959	300	341	300	-41	-12
Redcar & Cleveland	1124	356	331	337	6	2
Middlesbrough	1616	589	493	493	0	0
Stockton	1532	504	511	482	-29	-6

Repeat Domestic Abuse Incident Rate	Hartlepool	Redcar & Cleveland	Middlesbrough	Stockton
	41.6	39.4	40.0	39.3

Number of Domestic Abuse cases opened by Thirteen	Year to Date Apr – Dec 21	Oct - Dec 20	Oct - Dec 21	Difference	% Difference
	35	19	9	-10	-53

AUDIT AND GOVERNANCE COMMITTEE

11th August 2022



Report of: Director of Neighbourhood and Regulatory Services

Subject: SAFER HARTLEPOOL PARTNERSHIP
PERFORMANCE – QUARTER 4 – JANUARY – MARCH
2022

1. PURPOSE OF REPORT

- 1.1 For information. To provide an overview of Safer Hartlepool Partnership performance for Quarter 4 – January - March 2022, against key indicators linked to the priorities outlined in the Community Safety Plan 2021/24.

2. BACKGROUND

- 2.1 In December 2021, the Community Safety Plan for 2021/24 was approved by the Partnership with a strategic objective to “make Hartlepool a safe, prosperous and enjoyable place to live, work and visit” with the priority areas of focus to achieve this objective agreed as Anti-Social Behaviour, Drugs and Alcohol and Domestic Violence.

3. PERFORMANCE REPORT

- 3.1 The report attached at **Appendix A** provides an overview of performance against key indicators linked to the agreed priorities during Quarter 4 of 2021/22, with comparisons made to the same time period in the previous year, where appropriate.

4 OTHER CONSIDERATIONS

Risk Implications	No relevant issues
Financial Considerations	No relevant issues
Legal Considerations	No relevant issues
Consultation	No relevant issues
Child/Family Poverty Considerations	No relevant issues

Equality and Diversity Considerations	No relevant issues
Section 17 of The Crime And Disorder Act 1998 Considerations	No relevant issues
Staff Considerations	No relevant issues
Asset Management Considerations	No relevant issues
Environment, Sustainability & Climate Change Considerations	No relevant issues

5. RECOMMENDATIONS

- 5.1 That the Audit and Governance Committee note and comment on the information provided for Quarter 4.

6. REASON FOR RECOMMENDATION

- 6.1 The Audit and Governance Committee has within its responsibility to act as the Council's Crime and Disorder Committee and in doing so scrutinize the performance management of the Safer Hartlepool Partnership.

7. BACKGROUND PAPERS

- 7.1 The following background papers were used in the preparation of this report:-
Safer Hartlepool Partnership –Community Safety Plan 2021/24

8. CONTACT OFFICERS

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Safer Hartlepool Partnership Performance Indicators**Quarter 4 – January – March 2022****Community Safety Plan Priority – Anti-Social Behaviour (ASB)**

The following indicators have been identified to assist in the monitoring of this priority area.

During this quarter, ASB incidents reported to the Police reduced in all four Local Policing Area across Cleveland. Hartlepool continues to have the second highest ASB rates per 1,000 population as detailed in the tables below:

Indicator - ASB Incidents reported to the Police	Apr 21 – Mar 22	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Hartlepool	3715	949	1064	828	-236	-22
Redcar & Cleveland	5198	1197	1314	1134	-180	-14
Middlesbrough	7120	1671	1835	1497	-338	-18
Stockton	6055	1544	1638	1123	-515	-31

Police Anti-Social Behaviour Incident rate per 1,000 population	Hartlepool	Redcar & Cleveland	Middlesbrough	Stockton
	8.9	8.3	10.6	5.7

Anti-social behaviour incidents reported to the Police in Hartlepool reduced by 22% when compared to the previous year and by 1% (-11 incidents) when compared to Q3. All 3 categories of ASB incidents reduced as outlined in the following table:

ASB Incident Category	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Environmental	34	90	18	-72	-80
Nuisance	749	874	760	-114	-13
Personal	166	100	50	-50	-50

A breakdown of ASB recorded by the Police by ward is detailed in the following table.

Recorded ASB Incidents by Ward	Number of Incidents	% Town Total
Burn Valley	88	11
De Bruce	54	7
Fens & Greatham	25	3
Foggy Furze	76	9
Hart	33	4
Headland & Harbour	153	18
Manor House	84	10
Rossmere	78	9
Rural West	17	2
Seaton	23	3
Throston	64	8
Victoria	133	16
Grand Total	828	100

6.2 APPENDIX A

More than half (55%) of ASB incidents occurred in 4 wards; Headland and Harbour, Victoria, Burn Valley and Manor House. Similar to the previous quarter, incidents in Headland and Harbour predominantly related to vehicle nuisance (59%) and youth related ASB (26%). Incidents in Victoria were predominantly youth related (20%) and alcohol related (22%). More than one third of the alcohol related incidents in Victoria (11) were linked to the night time economy within the Town Centre.

Number of ASB complaints received by the ASBU	Apr 21 – Mar 22	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
	246	76	60	65	5	8

Anti-social behaviour complaints received by the Council's Anti-Social Behaviour Unit increased by 8% in this quarter compared to the same period in the previous year and by 25% compared to quarter 3.

A ward breakdown of ASB complaints are outlined in the following table and identifies that 6 of the 12 wards reported less than 5 complaints in Q4.

ASB Complaints by Ward	Number of Complaints
Burn Valley	6
De Bruce	<5
Fens & Greatham	<5
Foggy Furze	6
Hart	<5
Headland & Harbour	<5
Manor House	9
Rossmere	5
Rural West	<5
Seaton	9
Throston	<5
Victoria	12
Grand Total	65

Complaints received in this quarter predominantly related to nuisance behaviour (16 complaints), rowdy behaviour (12 complaints), vehicle nuisance (7 complaints) and intimidation/harassment (7 complaints).

Number of ASB cases opened by Thirteen	Apr 21 – Mar 22	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
	335	85	118	33	39

ASB cases opened by Thirteen increased by 39% when compared to the same period in the previous year, and by 82% compared to quarter 3.

6.2 APPENDIX A

Indicator	Apr 21 – Mar 22	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Number of noise complaints received by the Council	479	88	82	112	30	37

Noise nuisance complaints received by the Council's Public Protection Team increased by more than one third (37%) when compared to the previous year, and by 22% compared to quarter 3.

Noise nuisance complaints by ward are outlined in the following table. While 7 of the 12 wards reported less than 10 complaints, analysis identifies that half of all (50%) complaints were received from the Victoria, Burn Valley, Rossmere and Foggy Furze wards as detailed below.

Noise Complaints by Ward	Number of Complaints
Burn Valley	16
De Bruce	<10
Fens & Greatham	<10
Foggy Furze	11
Hart	<10
Headland & Harbour	<10
Manor House	<10
Rossmere	12
Rural West	10
Seaton	<10
Throston	<10
Victoria	17
Grand Total	112

Almost one third (30%) of all complaints received in this quarter cited barking dogs as the primary issue with a further 28% citing music.

Indicator	Apr 21 – Mar 22	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Number of fly-tipping reports received by the Council	2019	620	758	476	-282	-37

The Council's Contact Centre recorded a 37% reduction in fly-tipping reports during this quarter compared to last year, but a 31% (+113) increase when compared to quarter 3. Fly-tipping continues to be a significant blight on the local environment, creates potential danger to public health, and is a source of pollution and hazard to wild life.

6.2

APPENDIX A

Analysis identifies that more than half (54% or 259 incidents) of all fly-tipping complaints were reported in the Victoria, Headland and Harbour, Manor House and Burn Valley wards as outlined in the following table:

Fly-tipping Reports by Ward	Number of Incidents
Burn Valley	51
De Bruce	34
Fens & Greatham	23
Foggy Furze	34
Hart	13
Headland & Harbour	57
Manor House	52
Rossmere	24
Rural West	20
Seaton	22
Throston	38
Victoria	99
No ward recorded	9
Grand Total	476

Indicator	Apr 21 – Mar 22	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Number of Deliberate Secondary (F3) fires	819	105	116	245	129	111
Number of Deliberate Vehicle Fires	43	13	6	9	3	50

Deliberate secondary fires (F3) are any non-accidental fires that do not involve property or casualties/rescues or where four or fewer appliances attend. Deliberate F3 fires in Hartlepool are predominantly refuse (rubbish) fires and grassland.

Deliberate F3 fires during Q4 have increased by 111% when compared to the previous year and by 38% (+67 incidents) when compared to Q3. Almost three quarters (74%, 182 incidents) of deliberate fires in Hartlepool involved rubbish and grassland being set alight.

Fire Brigade data identifies that deliberate vehicle fires have also increased by 50% when compared to the same period in 2021.

Analysis identifies deliberate F3 fires in the Manor House, Rossmere, Headland and Harbour and Hart wards equated to almost two thirds (65%) of all incidents attended by the Fire Brigade in Q4. A breakdown of incidents by ward is detailed in the following table.

Deliberate Fires by Ward	Number of Incidents
Burn Valley	6
De Bruce	16
Fens & Greatham	18
Foggy Furze	11
Hart	34
Headland & Harbour	38
Manor House	49
Rossmere	38
Rural West	8
Seaton	6
Throston	12
Victoria	9
Grand Total	245

Problematic locations for repeat incidents in these wards are identified as Summerhill Adventure Park and Visitor Centre (Manor House), Tees Bay Retail Park (Rossmere), Old Cemetery Road (Headland and Harbour) and Calvering Play Area, Easington Road (Hart).

Community Safety Plan Priority – Drugs and Alcohol

The following indicators have been identified to assist in the monitoring of this priority area.

Indicator	Apr 21 – Mar 22	Jan - Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Drug Offences - Possession	257	62	71	67	-4	-6
Drug Offences – Supply	111	24	21	23	2	0

Responding to community intelligence a number of warrants were carried out during this period with positive results.

Indicator	Baseline 2020/21	Jan - Mar 21	Jan – Mar 22	Difference	% Difference
% of opiate drug users that have successfully completed drug treatment	3.6	3.6	3.4	-0.2	-5.6
% of non-opiate drug users that have successfully completed drug treatment	28.3	28.3	26.2	-2.1	-7.5
% of alcohol users that have successfully completed alcohol treatment	33.9	33.9	27.8	-6.1	-18
% of young people that have successfully completed treatment	19	19	34	15	78.9
Number of young people known to substance misuse services	61	61	63	2	3.3
% of people dependent on alcohol and not in the treatment system	75	75	74.8	-0.2	-0.3
% of people dependent on opiates or crack and not in the treatment system	46.8	46.8	46	-0.8	-1.7

Community Safety Plan Priority – Domestic Violence

The following indicators have been identified to assist in the monitoring of this priority area.

Indicator	Apr 21 – Mar 22	Jan – Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Domestic Abuse incidents reported to the Police	2907	677	694	662	-32	-5
Repeat Incidents of Domestic Abuse	1216	279	284	257	-27	-10
Repeat Domestic Abuse incident rate	41.8	41.2	40.9	38.8	-	-2.1

In Hartlepool, Domestic Abuse incidents reported to the Police during quarter 4 reduced by 5%, 32 less incidents than in the same period in the previous year and by 8%, 59 less incidents when compared to quarter 3.

In comparison to the other local policing areas, Hartlepool experienced the greatest reduction in incidents as identified in the following table.

Domestic Abuse incidents reported to the Police	Apr 21 – Mar 22	Jan – Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Hartlepool	2907	677	694	662	-32	-5
Redcar & Cleveland	3675	809	761	918	157	21
Middlesbrough	5129	1198	1222	1222	0	0
Stockton	4934	1131	1124	1108	-16	-1

6.2 APPENDIX A

Repeat domestic abuse incidents reported to the Police during quarter 4 also reduced by 10%, equating to 27 less incidents than in the same period in the previous year and by 14% compared to quarter3, 43 less incidents.

Despite the reduction, Hartlepool has the second highest repeat incident rate across the four Local Policing areas as identified in the following tables.

Repeat Incidents of Domestic Abuse	Apr 21 – Mar 22	Jan – Mar 20	Jan – Mar 21	Jan – Mar 22	Difference	% Difference
Hartlepool	1216	279	284	257	-27	-10
Redcar & Cleveland	1474	347	303	350	47	16
Middlesbrough	2116	540	535	500	-35	-7
Stockton	1936	458	471	404	-67	-14

Repeat Domestic Abuse Incident Rate	Hartlepool	Redcar & Cleveland	Middlesbrough	Stockton
	38.8	38.1	40.9	36.5

Number of Domestic Abuse cases opened by Thirteen	Year to Date Apr 21- Mar 22	Jan- Mar 21	Jan – Mar 22	Difference	% Difference
	68	21	26	5	24

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

21 MARCH 2022

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

Present:

Councillor Moore, Leader of Council (In the Chair)

Prescribed Members:

Elected Members, Hartlepool Borough Council – Councillors Cook and Tiplady
Representatives of NHS Tees Valley Clinical Commissioning Group

– Dr Nick Timlin and David Gallagher

Director of Public Health, Hartlepool Borough Council – Craig Blundred

Director of Children's and Joint Commissioning Services, Hartlepool Borough
Council – Sally Robinson

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

Representatives of Healthwatch – Stephen Thomas (as substitute for
Christopher Akers-Belcher) and Margaret Wrenn

Other Members:

Managing Director, Hartlepool Borough Council – Denise McGuckin

Assistant Director of Joint Commissioning, Hartlepool Borough Council – Danielle
Swainston

Representative of Tees, Esk and Wear Valley NHS Trust – Sarah Gill (as substitute
for Brent Kilmurray)

Representative of North Tees and Hartlepool NHS Trust –Deepak
Dwarakanath

Representative of GP Federation – Fiona Adamson

Representative of Headteachers – Sonya Black

Also in attendance:-

Maxine Crutwell, Programme Manager, Community Transformation Tees
Valley

Tom Robson, LDN Clinical/Professional Chair for DDT

Stuart Youngman, Senior Primary Care Manager (Dental), NHS England and
NHS Improvement (North East & Yorkshire)

Carl Jorgeson, Hartlepool Voluntary and Community Sector

Officers: Joan Stevens, Statutory Scrutiny Manager
Amanda Whitaker, Democratic Services Team

31. Apologies for Absence

Elected Member, Hartlepool Borough Council – Councillor Howson
Representatives of Healthwatch – Christopher Akers-Belcher
Representative of Tees, Esk and Wear Valley NHS Trust – Brent Kilmurray
Representative of Hartlepool Voluntary and Community Sector – Sylvia Ochuba and Christine Fewster

32. Declarations of interest by Members

None

33. Minutes

The minutes of the meeting held on 29 November 2021 were confirmed.

34. Dentistry

1. Update on NHS General Dental Access – Presentation – NHS England and NHS Improvement

The Board received a joint presentation by Tom Robson, Clinical/Professional Chair and Stuart Youngman, Senior Primary Care Manager (Dental), NHS England and NHS Improvement which advised the Board on the background and context of NHS General Dental Access. The Presentation highlighted the NHS Dentistry pressures and challenges, including National dental covid constraints. Issues associated with safely restoring access were discussed including local measures/actions to date.

Board Members debated issues arising from the presentation. Mr Robson and Mr Youngman responded to clarification sought from Board members regarding workforce issues, national reforms and restoring access to dentists

2. Accessing Dentistry Consultation Report – Healthwatch Hartlepool

Stephen Thomas presented the Healthwatch report and highlighted the salient issues included in the document. It was noted that the context of the report had been addressed in the previous presentation. Whilst accessing dental services was recognised as a national issue, the high levels of health and financial inequalities in Hartlepool were highlighted. Accessing dental services continued to be an issue particularly if not previously registered with the dental practice.

Attention was drawn to the need to rebuild good habits around visiting dentists as a matter of routine and the need for this to be included in recovery strategies going forward. Emphasis was also placed on the need for an examination of dental contracts going forward.

The report concluded that 'whilst services currently provided can be effective there is an overwhelming desire for dentistry services to return to some kind of normality as was prior to the covid19 pandemic and that equal access for all communities is paramount.'

With due regard to the issues raised during consideration of the NHS General Dental access presentation and Healthwatch consultation report, representatives from NHS England and NHS Improvement welcomed the opportunity to return in 12 months' time to provide a further dental update.

Decision

The presentations were noted.

35. Community Mental Health Transformation Project – Presentation

The Board received a presentation by Maxine Crutwell, Programme Manager, Community Transformation Tees Valley outlining the background and the core aims of the community transformation programme. Board members were advised of the move from fragmented silo working to integrated, holistic, person-centred care model with services and care pathways co-produced with service users, carers and local communities. The presentation highlighted the findings of a HealthWatch report following a review of the services across the five borough council areas. The new staffing and carer led management structure was presented together with the new delivery model involving primary care networks and the community hubs. The location of one full time mental health practitioner in most Primary Care network settings was noted with practitioners providing 20 minute appointments to over 50 people each week.

Members welcomed the update and noted that positive feedback had been received also from the Adults and Community Based Services Committee. The Board debated issues arising from the presentation. Clarification on how learning would be replicated across children's' services and also the financial aspects of the Programme were noted together with the positive work already undertaken in relation to the social prescribing service.

Decision

The presentation was noted.

36. ICB Update - Presentation

A presentation was received by the Board by David Gallagher which updated Board Members on the operating model for NHS North East and North Cumbria Integrated Care Board. The presentation included the guiding principles, the operating model development and details of the Integration White Paper published on 9 February 2022.

In presenting the update, it was highlighted that there was an opportunity for Board Members to respond to some key questions highlighted during the presentation as follows:-

- Given the proposed split of system and place-based functions agreed by JMEG, what key functions need to be managed within the ICB's corporate services?
- Based on the proposed functions and their allocation at place and system do you foresee any major safety, reputational or delivery issues
- Do you feel the mapping covers all of the functions you would expect to see in the area you work in and if not what is missing
- Do you think the proposed ICB committee structure is logical, what areas do you feel we may need to consider using sub committees for e.g. Primary care delegated
- What opportunities are there to further strengthen our place-based working arrangements with our partners? For example, pooling budgets, or joint workforce planning.
- Given the expectation in the Integration White Paper for place-based leadership and governance, what place-based infrastructure would be required to support this and can this only be delivered at place or across places
- How can we build on existing lead commissioning arrangements within our ICS? And could certain commissioning functions be carried out within our ICS sub-regions, and if so what?

The presentation concluded with details of engagement with leadership groups and 'next steps'.

During the debate which followed the presentation, Mr Gallagher responded to clarification sought in relation to the reallocation of funding and advised there was an appetite to gradually move funding to areas of greatest need. Reassurance was also given in relation to concerns expressed regarding governance arrangements of the Shadow Board. Board members noted that scrutiny at a local level would continue and there were opportunities for the role of Health and Wellbeing Boards.

Decision

The presentation was noted.

37. Public Health Review *(Director of Public Health)*

The Director of Public Health reported that it was anticipated that the COVID-19 pandemic will require a decreasing proportion of the focus as we move into a new financial year (2022-23) and it was important that there was a clear direction of travel for the next five years.

The Director advised of the reasons for carrying out a review as set out in the report. The pandemic had also generated some positive opportunities and accelerated new ways of working, which had opened up new opportunities that needed to be taken advantage of. The aim of the programme of work is therefore to review current Public Health services and the structure of the team within Hartlepool Borough Council and make recommendations leading to the development of a strategy for Public Health. The objectives of the initial phase of the review, a stocktake of the existing work programme, was set out in the report.

Decision

The report was noted.

38. Face the Public Update

The Board received a verbal update by the Director of Public Health which advised Board members that the Constitution required a Face the Public event to be held annually. Previously a joint event had been held with the Safer Hartlepool Partnership. This year it had been decided that engagement would be held remotely. The Director shared statistics which showed there had been very limited engagement with the event and a disappointing result had, therefore, been received. It was, therefore, proposed that moving forward the format of the event would be reviewed.

Decision

The update was noted.

39. Children with SEND (Special Educational Needs and/or Disabilities) Annual Report April 2021-March 2022

The Assistant Director, Joint Commissioning suggested that in view of the significant responsibility of partners in this agenda item and the duration of this meeting, the item be deferred and considered as the first agenda item at the next scheduled meeting of the Board.

Prior to closing the meeting, the Chair reminded Board members that the Pharmaceutical Needs Assessment was currently being consulted on and encouraged Board members to share across their networks.

Meeting concluded at 11.40 a.m.

CHAIR

SAFER HARTLEPOOL PARTNERSHIP

MINUTES AND DECISION RECORD

8 MARCH 2022

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

Present:

Responsible Authority Members:

Councillor Stokell, Elected Member, Hartlepool Borough Council
Tony Hanson, Director of Neighbourhoods and Regulatory Services
Hartlepool Borough Council
Sylvia Pinkney, Assistant Director, Regulatory Services, Hartlepool Borough Council
Superintendent Emily Harrison, Community Safety, Cleveland Police
Karen Hawkins, Director of Commissioning, Strategy and Delivery, NHS Tees Valley Clinical Commissioning Group

Other Members:

Craig Blundred, Director of Public Health, Hartlepool Borough Council
Sarah Wilson, Office of Police and Crime Commissioner for Cleveland (as substitute for Steve Turner)
Angela Corner, Head of Community Resilience, Thirteen Group
John Lovatt, Assistant Director, Adult Services, Hartlepool Borough Council (as substitute for Jill Harrison)
Danielle Swainston, Assistant Director, Joint Commissioning Services, Hartlepool Borough Council (as substitute for Sally Robinson)

Also Present:

Chief Inspector Mark Haworth, Cleveland Police
Councillor Rob Cook, Chair of Audit and Governance Committee

Officers:

Rachel Parker, Community Safety Team Leader
Phil Hepburn, Enforcement and Car Parking Services Manager
David Cosgrove, Democratic Services Team

37. Appointment of Chair

In the absence of both the Chair and Vice-Chair at the commencement of the meeting, a nomination of a Chair for the meeting was sought.

Decision

That Councillor Cameron Stokell be appointed Chair for the meeting.

Councillor Stokell in the Chair.

38. Apologies for Absence

Councillor Moore, Elected Member, Hartlepool Borough Council.
Denise McGuckin, Managing Director, Hartlepool Borough Council
Jill Harrison, Director of Adult and Community Based Services, Hartlepool Borough Council
Steve Turner, Office of Police and Crime Commissioner for Cleveland
Ann Powell, Head of Stockton and Hartlepool Probation Delivery Unit
Andrew Robinson, Cleveland Fire Authority
Joanne Hodgkinson, Hartlepool Voluntary and Community Sector Representative, Chief Executive, Safer Communities
Sally Robinson, Director of Children's and Joint Commissioning Services, Hartlepool Borough Council

39. Declarations of Interest

None.

40 Minutes of the meeting held on 6 December 2021

Approved.

41. Domestic Abuse Strategy *(Director of Children's and Joint Commissioning Services)*

Purpose of report

To consult with members of the partnership on the draft domestic abuse strategy and for any views to be presented to Finance and Policy Committee on 14th March 2022.

Issue(s) for consideration

The Assistant Director, Joint Commissioning reported that the draft Domestic Abuse Strategy submitted with the report had received wide ranging consultation and included the input of those that had utilised the past services to gain a better understanding of the support they required. The Assistant Director highlighted that the strategy reflected the new statutory requirements placed on the local authority as set out in the Domestic Abuse Act 2021. It was highlighted that further statutory guidance from Government was still awaited.

The age range of those suffering domestic abuse was questioned, as the monitoring seemed to stop at age 74. The Assistant Director stated that these were the comparator statistics set by central government. Officers involved were concerned around the abuse suffered by older people remaining hidden and it was an issue also highlighted through the consultation process. Experience showed that older people tended to

suffer domestic abuse for longer before reporting it. It was being written into a needs assessment to ensure future monitoring.

Decision

That on the draft Domestic Abuse Strategy be received and no further amendments be proposed to the Finance and Policy Committee.

42. Serious Violence *(Director of Neighbourhoods and Regulatory Services)*

Purpose of report

To update the Safer Hartlepool Partnership on the planned introduction of duties in relation to serious violence and to seek approval for the commencement of work on a serious violence strategy.

Issue(s) for consideration

The Assistant Director, Regulatory Services reported that the Government announced that it would bring forward legislation introducing a new serious violence duty on public bodies, which would ensure relevant services work together to share data and knowledge and allow them to target their interventions to prevent serious violence altogether. The Government also announced that it would amend the Crime and Disorder Act 1998 to ensure that serious violence was an explicit priority for Community Safety Partnerships by making sure they have a strategy in place to tackle violent crime.

In line with agreed national approaches around serious violence, it is recommend that the partnership follow the key strands to the Governments Strategy and that of the Cleveland OPCC serious violence strategy which are:

- Early Intervention and Prevention;
- Supporting Communities and Local Partnerships;
- Tackling County Lines and Misuse of Drugs, incorporating ‘Organised Crime Group (OGG)’ pathways; and
- Effective Law Enforcement and Criminal Justice Response.

It was also proposed that a “public health” approach was taken to tackling serious violence as a partnership. Furthermore it was recommended that the Safer Hartlepool Partnership support the World Health Organization’s (WHO) definition of taking a public health approach to reducing violent crime.

In order to prepare and implement a strategy to prevent and reduce serious violence in the area, the partnership would collectively develop a strategy which would outline the multi-agency response that the partnership would take to address the drivers identified in the strategic needs assessment and work to prevent and reduce serious violence in the local area.

The strategy would need to contain bespoke solutions to prevent and reduce serious violence in the area, and would set out how the proposed actions will enhance and complement existing local arrangements responding to serious violence. This must be kept under review, which should be done on an annual basis and updated when necessary.

Decision

1. That the Safer Hartlepool Partnership approves to the principals laid out in the report for inclusion in the Serious Violence Strategy.
2. That a sub group be established to develop the strategy and work plan based on the strategic need assessment and that a further report is brought to the partnership for approval of the strategy.

43. Protect Duty (*Director of Neighbourhoods and Regulatory Services*)**Purpose of report**

To provide the Partnership with an overview of the Protect Duty and Publicly Accessible Places (PAL) project.

Issue(s) for consideration

Director of Neighbourhoods and Regulatory Services reported that the Protect Duty, previously known as 'Martyn's Law', was a new piece of anti-terrorism legislation which the Government intend to introduce, and was designed to ensure the public was better protected from a "multifaceted, diverse and continually evolving" terror threat. This legislation followed a campaign by Figen Murray, the mother of Martyn Hett, who sadly lost his life in the Manchester Arena terrorist attack in May 2017, who has highlighted the need to improve security standards in crowded public spaces and venues.

The Publicly Accessible Locations (PAL) is a Pilot Project which would commence on 1 April 2022 and operate in the North East Region involving 33 Local Authorities with different models of engagement and 7 Police Forces. The Pilot provided dedicated support to local authorities and would build on Council's capability to consider security and implement mitigation, with 8 Counter Terrorism Security Advisors (CTSA's) providing support to Local Authorities. New guidance, enhanced threat information and supporting tools would be provided, while a Develop Maturity model to assess impact had also been established.

Decision

That the report be noted.

44. Strategic Assessment October 2020 – September 2021 (*Director of Neighbourhoods and Regulatory Services*)

Purpose of report

For the Partnership to receive the Strategic Assessment October 2020 – September 2021.

Issue(s) for consideration

The Assistant Director, Regulatory Services presented the Strategic Assessment October 2020 – September 2021 which was set out in a confidential appendix to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the financial or business affairs of any particular person (including the authority holding. A public summary of the information was also appended to the report.

Decision

That the report be noted.

45. Any Other Items which the Chairman Considers are Urgent

None.

The meeting concluded at 10.20 am.

CHAIR