

# FINANCE AND POLICY COMMITTEE

## AGENDA



**Monday 23 January 2023**

**at 10.00 a.m.**

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

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors Boddy, Brash, Buchan, Cassidy, Harrison, Lindridge, Little, Martin-Wells, Moore, Morley and Young.

**1. APOLOGIES FOR ABSENCE**

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

**3. MINUTES**

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 12 December 2022.

**4. BUDGET AND POLICY FRAMEWORK ITEMS**

- 4.1 Medium Term Financial Strategy (MTFS) 2023/24 to 2025/26 – *Director of Resources and Development*

**5. KEY DECISIONS / ITEMS REQUIRING DECISION**

- 5.1 LGA Corporate Peer Challenge Feedback Report – *Managing Director* (To Follow)
- 5.2 Senior Leadership Restructure – *Managing Director*

**6. ITEMS FOR INFORMATION**

- 6.1 ICT Contract Preferred Supplier – *Director of Resources and Development* (To Follow)

**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.

## **7. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT**

For Information:

Dates and times of forthcoming meetings of the Finance and Policy Committee –

Monday 13 February, 2023 at 2.00 pm – please note change of time.

Monday 13 March, 2023 at 10.00 am



# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

12 DECEMBER 2022

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

**Present:**

Councillor Shane Moore (In the Chair)

Councillors: Moss Boddy, Bob Buchan, Brenda Harrison, Jim Lindridge, Sue Little, Andrew Martin-Wells and Melanie Morley.

Also Present: Councillor Peter Jackson as substitute for Councillor Tom Cassidy in accordance with Council Procedure Rule 4.2.

Officers: Denise McGuckin, Managing Director  
Hayley Martin, Chief Solicitor  
Chris Little, Director of Resources and Development  
James Magog, Assistant Director, Finance  
Sally Robinson, Director of Children's and Joint Commissioning Services  
Craig Blundred, Director of Public Health  
Tony Hanson, Director of Neighbourhoods and Regulatory Services  
Steve Hilton, Communications and Marketing Team  
David Cosgrove, Democratic Services Team

### **70. Apologies for Absence**

Councillors Jonathan Brash, Tom Cassidy and Mike Young.

### **71. Declarations of Interest**

None.

### **72. Minutes of the meeting held on 21 November 2022**

Received.

### **73. Council Tax Base 2023/24** *(Director of Resources and Development)*

**Type of decision**

Non Key Decision.

**Purpose of report**

The report sought approval, as required by statutory regulations, of the calculated Council Tax Base for 2023/24 which would be used for Council Tax billing purposes.

**Issue(s) for consideration**

The Assistant Director, Finance reported that the Council was required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities, Police and Crime Commissioner for Cleveland and Cleveland Fire Authority, and local precepting authorities (Parish Councils), before 31 January 2023. The Council Tax Base is expressed as the number of Band D equivalent properties. Appendices to the report set out the necessary statutory calculations together with those for each of the precepting parish councils.

The proposed Tax Base for the Council area for 2023/24 was 25,342. This was an increase of 414 (1.7%) from the current base. The increase took into account a proposed reduction in the budgeted collection rate to 98.5% reflecting the current economic conditions.

**Decision**

1. That a Council Tax Base for 2023/24 of 25,342 as detailed in Appendix 1 to the report be approved for Hartlepool Borough Council.
2. That a Council Tax Base for 2023/24 for Parishes who may levy a precept upon the Council's Collection Fund be approved as follows:

Brierton	15.5	Hart	356.8
Claxton	14.9	Headland	773.1
Dalton Piercy	128.9	Newton Bewley	34.2
Elwick	240.1	Wynyard	856.3
Greatham	279.4		

## **74. Seaton Carew War Memorial** *(Director of Neighbourhoods and Regulatory Services)*

**Type of decision**

Non-Key Decision.

**Purpose of report**

The report provided members with an update on the Seaton Carew War Memorial following a discussion at Full Council on 4th November 2021.

**Issue(s) for consideration**

The Director of Neighbourhoods and Regulatory Services reported that at Full Council on 4th November 2021, a Seaton Carew ward councillor highlighted the condition of the Seaton Carew War Memorial Site which they believed was in need of repair. It was agreed that this would be investigated further and update report provided as the legal position was complicated by the Council not owning the land on which the Memorial is located.

Officers carried detailed investigations into the land ownership, this confirmed that the area on which the Seaton Carew War Memorial stands was not Council owned land. However, further investigations also found that the land was unregistered and the ownership, therefore, was unknown. This meant that an application to the Secretary of State to undertake remedial works would not be required, and an application for adverse possession of the site to the Land Registry would be needed. This piece of work also confirmed that the War Memorial had the status of a listed structure meaning any works which were more than just maintenance would require planning permission and listed building consent because the setting of the listed building would potentially be impacted upon. Officers also undertook an inspection of the site and neither the footpath, nor surrounding areas, required any repairs or remedial action.

It was proposed that the Council approach the Land Registry to seek to register the land as Council owned, though it was highlighted that there was no certainty that the title would be transferred.

The Director also indicated that while the War Memorial and surrounding areas were currently in a good condition based on a recent inspection, the visit did highlight that repairs will be needed at some point in the near future. The estimated costs of those works were approximately £15,000. There was currently no budget provision for this and work would have to be done to identify a source of funding before any works can be undertaken.

A Member for Seaton Ward stated that she disagreed with the report when it stated that the war memorial was currently in good condition. Veterans visiting the site on Remembrance Sunday and at other times had stumbled due to a slight lip approx. 2-3cm and 3cm and the Councillor proposed that this be removed and that she had already gained support to the sum of £10,000 to complete the works.

The Chair stated that initially the Council needed to secure the site as one of its assets first, as without that initial step nothing further could be considered. Once that had gained, if the Land Registry approved, then the issue of any works could be considered at that time.

There was no dissent to the following decision.

**Decision**

1. That the Council approach the Land Registry to register the Seaton Carew War Memorial land as Council owned.
2. That subject to the site being registered as Council land, a formal estimate of the cost of the works necessary to improve the site's accessibility be undertaken with an exploration of the funding for such works.

**75. Strategic Financial Management Report as 30 September 2022** *(Director of Resources and Development)***Type of decision**

For information.

**Purpose of report**

The purpose of the report was to inform Members of:

- i) 2022/23 Forecast General Fund Outturn;
- ii) Corporate Income Collection Performance; and
- iii) 2022/23 Capital Programme Monitoring.

**Issue(s) for consideration**

The Director of Resources and Development reported that the first quarter position report highlighted the emerging inflationary pressures that were impacting on the Council's budget. These pressures continued to exert a large degree of uncertainty on both the revenue and capital budgets and were anticipated to worsen. A significant degree of uncertainty remained and some of the inflationary costs would flow through later in the financial year and into 2023/24. In addition to the pressure on direct costs, the wider economic impact of inflation was likely to lead to an increased demand on council services as well as a likely detrimental impact on fees and charges income and Council Tax and Business Rate collection.

Officers continued to seek to mitigate the impact as far as possible. As the year progressed, greater certainty of the inflationary impact and the mitigation action required would become clearer and would be reported to Finance and Policy Committee as part of the third review.

The Director reported that as part of the "mini-budget" the Chancellor confirmed the reversal of the 1.25% National Insurance increase which had been introduced by Government in July 2022. The reversal would be for both the employee and employer elements of national insurance and would take effect from 6th November 2022. The in-year saving impact of this change for the Council was estimated to be £0.260m. This was reflected in the overall forecast overspend which will be funded from the Budget Support Fund to avoid in year budget cuts having to be made.

The Director highlighted the references in the report to the grants which had been approved at the previous meeting of the Committee.

The Chair wished to record his thanks to the Directors for tightly managing their budgets as this was reducing the risk of the in-year overspend assisting the Council's overall position.

### **Decision**

That the report be noted.

## **76. Housing Advice and Homelessness Update** *(Director of Children's and Joint Commissioning Services)*

### **Type of decision**

For information.

### **Purpose of report**

To update members on progress in relation to the Homelessness Reduction and Rough Sleeping Strategy 2021-24.

### **Issue(s) for consideration**

The Director of Children's and Joint Commissioning Services reported that the Committee had approved the strategy in November 2021. The Director highlighted the work of the dedicated team of Housing Advice Officers who were available daily during office hours for enquiries and also offered an out of hours 'on call' service outside of office hours, including evenings, weekends and all Bank Holidays. Typically, the team undertake investigations to establish if someone is at risk of homelessness, were homeless and/ or were owed a 'prevention or relief' duty.

The Director commented that the biggest challenge for the team when undertaking homelessness functions was the lack of availability of temporary accommodation. For many reasons hotels and B&Bs did not want to accept our clients pending our assessments. Despite tireless efforts it had become extremely difficult to secure a suitable building to deliver temporary accommodation and support services. Potential buildings that had been identified had proven too costly to refurbish following feasibility studies and/ or were not in a 'suitable' location. For this reason it was necessary sometimes have to send people out of town to stay whilst their assessments were undertaken. This was not a preferred method of practice.

New Walk CiC has extensive experience of delivering temporary accommodation for homeless adults during their assessment period as well as longer term tenancies with support. They currently operate across the

Tees region they are growing their local footprint and will soon begin similar work in Hartlepool. They have located a potential suitable building and discussions are underway to secure this in order for the council to discharge its temporary accommodation duties.

Members welcomed the reports and the work of officers in helping the homeless in Hartlepool. Members were concerned at the provision of suitable accommodation for rough sleepers. The Director indicated that there were actually low numbers of rough sleepers in Hartlepool. Cornerstone worked with the Council in undertaking regular 'sweeps' around the town to identify rough sleepers and offer them accommodation and support but there were a small number that refused Council help.. One such individual was highlighted in discussion by Members.

Members expressed concerns around private landlords creating some of the 'homeless' issues that the Council had to address but commented that on positive experiences with the Homelessness Team in assisting people into new accommodation. The Director stated that officers did try to negotiate with housing providers to assist in the prevention of people becoming homeless in the first instance but this was not always possible with private landlords. Members also noted the support provided to those with mental health issues and drug and alcohol dependencies.

Members noted the high levels of incidents of homelessness among males in the 25 to 34 and 35 to 44 age groups. The Director stated that there were accommodation options available and it is anticipated more provision will be coming available in the new year.

### **Decision**

That the report be noted.

## **77. Asylum Seekers and Refugees** *(Director of Children's and Joint Commissioning Services)*

### **Type of decision**

For information.

### **Purpose of report**

To provide members with an update on the council's duties and support in relation to asylum seekers and refugees in Hartlepool.

### **Issue(s) for consideration**

The Director of Children's and Joint Commissioning Services reported that following some contract changes by the Home Office, the Council had worked with Mears since September 2019 to ensure appropriate support is in place for those seeking asylum, especially if an asylum seeker was given



‘leave to remain’ by the Home Office and must leave their supported accommodation at short notice (within 28 days).

Hartlepool Borough Council had supported the safe arrival and resettlement of 57 families since May 2016 under the various schemes. 52 families currently remained in the town, indicating that they were settled in their local communities and were happy to live in Hartlepool.

In 2016 the Government introduced the National Transfer Scheme (NTS) protocol for unaccompanied asylum-seeker children (UASC) to expedite the transfer of children to the care of other local authorities and reduce the burden on arrival authorities. Hartlepool received and assumed responsibility for UASC under the NTS each year. Initially the NTS was a voluntary arrangement, however, in 2021 the NTS became a mandated scheme managed through the local migration partnerships where each local authority received an allocation that they would need to accept based on a population formula. A 0.1% threshold of our child population equated to 20 UASC.

Many of these children had missed several years of education or had not attended any schooling prior to moving to the UK. The Education Hub was set up in 2016/17 for newly arrived school age children allowing a bespoke approach for each child. The Education Hub allows children to begin their education in a nurturing environment. Specialist services such as Educational Psychology are able to observe the children in the setting. This approach had helped children and families access services and receive appropriate support in a timely manner. All children that start their education at the Education Hub were enrolled into mainstream primary and secondary schools. Transition into the mainstream school began when each child was ready and was supported by mainstream schools and was seen as an area of ‘Good Practice’ by the Home Office. In addition, children aged under 5 were supported with a childcare place in an appropriate registered setting.

The Director, however, highlighted that there were challenges particularly in securing suitable accommodation for unaccompanied asylum seeking children. For UASC in Hartlepool, as well as across the north east region and beyond, there was a shortage of placements for children in care with in house and independent foster care provision not having any capacity to offer placements. This meant that although HBC continued to receive UASC transferred to our care, it may be that their placements were not within Hartlepool.

The Chair of the Children’s Services Committee commented that the response to asylum seeking and refugees showed Hartlepool as a welcoming town and the issue around education provision becoming a Home Office example of good practice showed the commitment of the Council to provide for children.

Members expressed concern at the levels of funding being allocated by the Government to support UASCs and the consequential impact on local services. The Chair indicated that a further approach would be made to the Home Office directly, with a copy being sent to the Borough's MP.

### **Decision**

1. That the report be noted.
2. That a letter be forwarded to the Home Secretary seeking improved funding for asylum seekers and refugees, and in particular unaccompanied asylum-seeker children, and that a similar letter be forwarded to the Hartlepool MP seeking her support for the Council's approach for improved funding.

## **78. Corporate Complaints Monitoring Report for 2021/22** (Monitoring Officer)

### **Type of decision**

For information.

### **Purpose of report**

The purpose of the report was to inform Finance and Policy Committee of the 2021/22 outturn position in relation to corporate complaints and those considered by the Local Government Social Care Ombudsman (LGSCO) and in accordance with s. 5 of the Local Government and Housing Act 1989 (LGHA 1989).

### **Issue(s) for consideration**

The Chief Solicitor and Monitoring Officer reported that during 2021/22 12 formal complaints had been received with 4 being upheld or partially upheld. Appendices to the report set out further information on the individual corporate complaints.

During 2021/22 the Local Government and Social Care Ombudsman (LGSCO) had received 25 complaints or enquiries about Hartlepool Borough Council, an increase of 9 on the previous year. 15 of these were closed after initial enquiries, 5 referred back for local resolution with 4 receiving detailed investigation. Including a complaint from the previous year, 5 detailed investigations were carried out with only one complaint being upheld by the Ombudsman. Details were set out in the appendices to the report.

### **Decision**

That the report be noted.

## **79. Council Plan 2021-2024 Progress Update** *(Managing Director)*

### **Type of decision**

For information.

### **Purpose of report**

To provide an update to Finance and Policy Committee on the progress made on the delivery of the Council Plan so far this year and to share with the Committee the latest version of the Strategic Risk Register.

### **Issue(s) for consideration**

The Managing Director provided a detailed update on the progress on the delivery of the Council Plan since the last update in July. An update on the strategic risk register was also included with a small number of the risks having been reviewed and reassessed.

The Chair welcomed the report as a good snapshot of the progress being made by the Council when it was often too easy to lose sight of where 'we' were and what had been achieved.

Members were concerned at the reported issues in recruiting to certain posts. The Managing Director stated that there were national recruitment issues in many skilled areas from fitters to social workers and accountants. Members discussed the issues regarding recruitment including the employment of apprentices to train young people to fill the trade gaps the council was experiencing. The Managing Director stated there were circa 21 apprentices within the council and the Council was discussing the future training needs and the introduction of the new T Levels with the Hartlepool College of Further Education.

There was particular concern expressed at the increased risks around safeguarding children and adult social care. The Director of Children's and Joint Commissioning Services commented that there were specific issues around the recruitment of social workers. There had been a regional memorandum of understanding on the recruitment and employment of social workers but in recent months several local authorities had stepped outside that agreement and offered enhanced rates in order to recruit social workers. The Director stated that the use of agency social workers had, so far, been kept to a minimum with only two such cases being used to backfill for long term sickness. In general, in both children's and adult services, Hartlepool had a very loyal and committed workforce.

### **Decision**

That the report be noted.

## **80. Medium Term Financial Strategy (MTFS) 2023/24 to 2025/26** *(Director of Resources and Development)*

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purpose of the report was to provide an update on the impact of the Chancellor's Autumn statement and to approve the savings proposals to be referred to individual Policy Committees.

### **Issue(s) for consideration**

The Director of Resources and Development reported that the November report advised Members that over the next two years the deficit is £9.750m, which is net of the 1.9% Council Tax and 1% Adult Social Care precept approved by Council on 29th September 2022. As over 80% (£8.076m) of the deficit is in 2023/24, the recommended strategy is to manage the deficit more evenly over the next two financial years, with a small part of the deficit deferred to 2025/26. This will be achieved through a combination of one off resources from temporary investment income and use of reserves.

The Director made a presentation to the Committee which updated the Committee on aspects of the Autumn Statement that were unknown at the time of the previous report. These included social care funding, the Government's reference to 'make available' funding, the increase in the national minimum wage, energy costs and the forecast of resources for 2023/24. The Director stated that the government statement's referral to funds being made available to local authorities included an assumption that local authorities would make use of the increase in Council Tax flexibility. This was expected to be a core Council Tax limit of 3%, plus 2% for Adult Social Care (ASC) precept - i.e. a total limit of 5%, Compared to the previous indicative total limit of 3% announced last year for 2022/23 to 2024/25.

For Hartlepool the ASC precept provides recurring funding £4.6m in the current year (2022/23) – which is 14% of the budget for Adult Social Care. This highlights the existing reliance on this funding.

After reflecting the Council Tax flexibility announced by the Chancellor, the Council's forecast allocation of the net national increase in Government grant funding is £1.3 billion in 2023/24 the budget deficit for 2023/24 can be reduced. Effectively this funding would partly mitigate the significant inflation increase included in the MTFS for Adult Social Care and Children's Social Care. The Director highlighted the package of measures to balance the 2023/24, which includes reliance on one off funding which defers £3.043m of the deficit to 2024/25. Whilst this is a reduction in the use of

one off funding in 2023/24 the Council still needs to develop a robust strategy to address the deficit deferred to 2024/25.

The Director indicated that the increase in the national living wage to £10.42 in April 2023 would place a further pressure on the Council's budget as an 'allowance' for an increase to £10.32 had been budgeted for. While a small difference this would significantly increase the forecast Adult Social Care. Additionally, this increase would put pressure on the national pay spine and additional pressures of £0.6m had been reflected in the updated forecasts.

The Director also highlighted his robustness advice in the report. If the full Council Tax flexibility was not used the budget would be less robust as recurring income of £0.940m would be permanently lost and would have to be replaced by making additional budget cuts. This would mean the Council will have lost the opportunity to protect services.

Details of the proposed budget savings to be referred to the various policy committees were set out in appendices to the report. Appendix D to the report included exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation Order 2006) namely: - Paragraph 1 - Information relating to any individual and Paragraph 2 - Information which is likely to reveal the identity of an individual.

The Chair proposed that the savings proposals be referred directly to the policy committees without discussion at this meeting so no interference or support for any particular proposal was shown. The Chair also proposed that the recommendation on the use of the Government's increased council tax flexibility be deferred to the meeting in January when the considerations of the policy committees would be reported back.

The following decisions were agreed without dissent.

### **Decision**

1. That the report, including the Government's decision to provide increased Council Tax (up to 3%) and ASC precept (up to 2%) flexibility as part of their strategy for funding services be noted;
2. it was noted that these limits were year specific, which means any unused limit results in a permanent reductions in recurring income;
3. That consideration of the use of the increased Council Tax flexibility provided by the Government and an increase in Council Tax of 2.9% and the ASC precept of 2% be deferred to the next meeting of the Committee when the feedback from the policy committees was received;

4. It was noted that the 2023/24 budget can be balanced through the measures detailed in the report – including using one off reserves to defer a deficit of £3.043m from 2023/24 to 2024/25, which will require a robust savings plan to be developed by May 2023.
5. That the recommended 2023/24 savings detailed in Appendix C be referred to the Policy Committees for scrutiny / comment back to this Committee on 23th January, including suggesting alternative proposals if Members do not wish to implement those proposals.

## **81. Any Other Items which the Chairman Considers are Urgent**

None.

The Chair highlighted that the next scheduled meeting of the Committee would be held on Monday 23 January 2023 commencing at 10.00 a.m. in the Civic Centre.

The meeting concluded at 11.20 a.m.

**H MARTIN**

**CHIEF SOLICITOR**

**PUBLICATION DATE: 22 DECEMBER 2022**

# FINANCE AND POLICY COMMITTEE

23<sup>rd</sup> January 2023



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

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2023/24 TO 2024/25

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## 1. TYPE OF DECISION/APPLICABLE CATEGORY

1.1 Budget and Policy Framework.

## 2. PURPOSE OF REPORT

2.1 The purpose of this report is to provide an update on the impact of the Provisional Local Government Finance Settlement for 2023/24 and to enable Members to approve the budget proposals to be referred to Council, including the level of Council Tax and Adult Social Care (ASC) precept for 2023/24.

## 3. BACKGROUND

3.1 Comprehensive MTFS reports were considered by Finance and Policy Committee on 20<sup>st</sup> June 2022, 28<sup>th</sup> September 2022, 21<sup>st</sup> November 2022 and 12<sup>th</sup> December 2022. These reports set out the financial challenges facing the Council in the next two financial years owing to the impact of inflation, which was initially driven by high energy/fuel costs and is now spreading into other cost areas and national pay settlements.

3.2 The reports also highlighted the significant uncertainties regarding Government grant funding for councils arising from a period of national political change during 2022. The Chancellor's Autumn Statement provided a number of important announcements which were reported in December. The provisional Local Government Finance Settlement, issued on 19<sup>th</sup> December 2022, then provided the detail councils need to set their budgets for 2023/24 and details are provided in the next section.

3.3 Whilst councils now have certainty regarding 2023/24 funding there remain significant financial challenges and uncertainties regarding inflation and national pay awards. Therefore, councils will still have to make difficult choices, including the level of Council Tax and the ASC precept.

#### 4. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2023/24 STATEMENT

4.1 This statement provided a number of important announcements regarding council funding as highlighted in the following paragraphs and section 5 details the impact on the MTFS.

#### 4.2 Headline increase in Core Spending Power

4.3 This is the Government's measure for comparing all funding 'made available' through the Local Government Finance Settlement. The headline national increase is **9.2%** - a cash increase of **£5 billion**, consisting of the elements detailed in the following table:

Total Core Spending Power Increase

Council Tax and Adult Social Care (ASC) precept income	£1.916 billion	38.3%
Other Grant increase	£1.581 billion	31.6%
Social Care Grant	£1.506 billion	30.1%
<b>Total Core Spending Power Increase</b>	<b>£5.003 billion</b>	<b>100.0%</b>

4.4 As highlight in the above table Government's total Core Spending Power increases are based on the assumption that all authorities will use the available Council Tax and ASC flexibility. On this basis **38% - £1.916 billion** of the national Core Spending Power increase will need to come from Council Tax and ASC. This underlines the continued reliance of the current funding system on Council Tax and the ASC to partly fund local services.

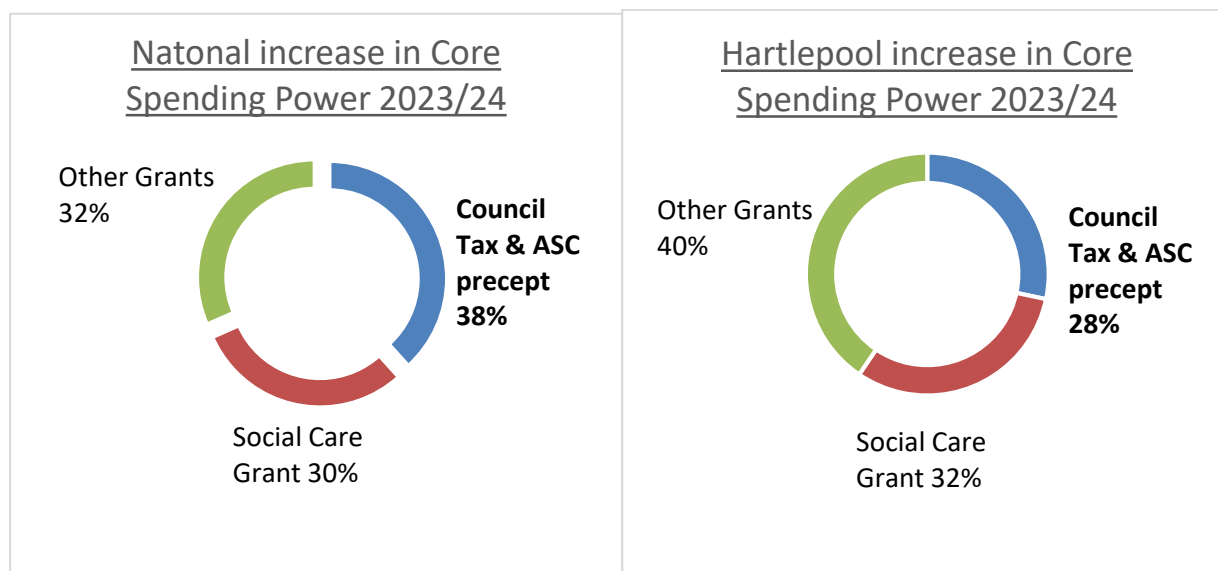
4.5 The Government's Core Spending Power figures include the additional Social Care funding announced in the Chancellor's Statement. An element of this funding is being allocated to equalise the ability of individual councils to raise income from the ASC precept. This means areas with a low Council Tax base (i.e. high percentage of properties in bands A and B), including Hartlepool, receive more Social Care grant. The overall impact of these issues is that only **28%** of the Government's assessment of Hartlepool's Core Spending Power increase for 2023/24 is from Council Tax and the ASC precept. Whilst, this is significantly lower than the **38%** national figure, this is an important recurring income for funding Hartlepool services.

4.6 The increase in other grants mainly reflects a CPI increase in the Revenue Support Grant and compensation for under-indexing of the business rates multiplier. There have been reductions for the transfer of funding from New Homes Bonus and a reduction in the Services Grant to reflect the removal of the National Insurance increase.



- 4.7 The graphs below compares component increases in Hartlepool's Core Spending Power with the National figures using the settlement figures.

Comparison of changes in National and Hartlepool  
Core Spending Power increase for 2024/25



Comparative Core Spending Power increase funded from Council Tax and ASC precept

- 38% National, 31% North East Average and 28% Hartlepool

- 4.8 The provision of additional funding for Social Care and the increase in Council Tax limits, including the ASC precept, means that Spending Power increases are greatest for Social Care authorities. This reflects the significant inflationary pressures facing these services, including the impact of the National Living Wage increase in April 2023. Government figures are summarised below and are based on the Council Tax and ASC precept flexibility being used by all authorities. If this flexibility is not used these Spending Power increases will be lower.

Comparison of Spending Power Increases

	Spending Power Increase
<b>Hartlepool</b>	<b>10.2%</b>
Metropolitan/ unitary councils	9.0% to 10.2%
North East Average	9.8%
Total for England	9.2%
Standalone Fire Authorities	5.7%
District Councils	5.0%

#### **4.9 Period covered by settlement**

4.10 The detailed settlement is for 2023/24 and this is the fifth successive one-year settlement for councils which continues to hamper financial planning and financial sustainability.

4.11 The settlement was supported by a policy statement which provides some information in relation to the 2024/25 settlement. The detailed impact on individual councils will not be known until the actual 2024/25 settlement and the Government has made final decisions. These issues cover:

- An indication that the same Council Tax and ASC referendum limits will apply for 2023/24 and 2024/25, although these require an annual decision by Government; and
- Major grants will continue and the Revenue Support Grant will be uplifted by the September 2023 CPI.

#### **4.12 Services Grant**

4.13 This was a new grant in 2022/23 of £822m nationally and the distribution formula included an element for deprivation which was favourable for Hartlepool. For 2023/24 this has been reduced to £464m to remove the funding provided for the National Insurance increase which has been reversed.

4.14 For the Council the grant has reduced from £1.964m to £1.107m, a reduction of £0.857m. This is more than the National Insurance reduced cost of £0.625m. This saving had already been reflected in a previous update of the 2023/24 budget deficit.

#### **4.15 Changes to Specific grants**

4.16 A number of small specific grants have been transferred into the Revenue Support Grant as part of the Government's commitment to simplify the grants system. The Independent Living Fund has been transferred into the Social Care Grant. These changes are budget neutral for 2023/24 as the grants were forecast to continue.

#### **4.17 Public Health Grant**

4.18 This grant is always subject to a separate announcement and the 2022/23 grant was not announced until 7<sup>th</sup> February 2022. The MTFS forecasts this grant increasing from £9.360m to £9.557m. Hopefully the actual increase will be slightly higher as this will help offset inflationary pressures in the services funded from this grant. An update will be provided once the actual 2023/24 grant allocation is known.

#### 4.19 Council Tax Support Fund

- 4.20 The Government is providing a separate national one off grant of £100m for 2023/24 to support households in receipt of LCTS. The grant conditions require all councils to reduce Council Tax bills by up to £25 (if the bill is less than £25 it is reduced to zero) for LCTS households. These reductions are to be implemented from the beginning of 2023/24 for existing LCTS recipients, it is for councils to determine the approach to households that become eligible for LCTS during the financial year.
- 4.21 The Council's allocation is £348,937 and detailed modelling is being completed to determine how much will be needed to fund the cost of providing the mandatory support of £25 to LCTS eligible households.
- 4.22 Once this modelling is complete a report will be submitted to the February Finance and Policy Committee on the options for use of any remaining funding.

#### 5. IMPACT OF PROVISIONAL 2023/24 LOCAL GOVERNMENT SETTLEMENT ON RESOURCES

- 5.1 As reported on 12<sup>th</sup> December 2022 an assessment of forecast changes in resources and costs was made using information from the Chancellor's Autumn Statement. Members were advised that the actual impact on individual councils would not be known until the provisional 2023/24 Local Government Finance Settlement was announced.
- 5.2 As detailed in the previous section the settlement has confirmed significant changes to funding for 2023/24 and now provided the detailed allocations for individual councils.
- 5.3 The most significant changes are a higher Social Care Grant than forecast, an increase in Revenue Support Grant by CPI, the provision of grant funding to compensate for the under indexing of business rates and a reduction in the Services Grant.
- 5.4 Overall there is a net increase in 2023/24 resources of **£1.188m** (£3.843m less £2.655m) compared to the position forecast in December as summarised below:

Summary on increase in forecast net resources 2023/24

	12.12.22 Forecasts based on Chancellor's Autumn Statement –  Resources / (additional cost) £'m	Provisional Local Government Finance settlement figure –  Resources / (additional cost) £'m
Additional Adult and Children Social Care funding	2.700	3.012
Increase in Revenue Support Grant and Business Rates under indexing compensation	0	1.733
Decrease in Services Grant	0	(0.857)
Council Tax Base	0.215	0.215
Impact of NLW increase on Adult Social Care contracts	(0.400)	(0.400)
Impact of NLW increase on Local Government pay	(0.600)	(0.600)
Children's Social Care	(0.200)	(0.200)
<b>Sub Total</b> (Grant increase less additional costs)	<b>1.715</b>	<b>2.903</b>
Additional Adult Social Care (ASC) precept	(0.470)	(0.470)
Additional Core Council Tax increase	(0.470)	(0.470)
<b>Net forecast increase in resources</b>	<b>2.655</b>	<b>3.843</b>

**6. STRATEGY FOR MANAGING 2023/24 BUDGET DEFICIT**

- 6.1 The additional resources available from the Autumn Statement and the Provisional Local Government Finance Settlement could not have been anticipated in the summer and reflects lobbying by the Local Government Association regarding the financial pressures facing councils.
- 6.2 The settlement provides a clear opportunity to put the budget on a more sustainable basis than anticipated and to balance the 2023/24 budget without having to make the scale of cuts initially feared. It also provides a firmer financial footing for managing the 2023/24 budget as external uncertainty in relation to inflation, gas/electric prices and national pay awards will continue. Additionally, the funding package for 2023/24 makes the baseline for 2024/25 more sustainable – although significant challenges remain as detailed later in the report.

6.3 The recommended strategy for 2023/24 is based on the following package:

- **Use of increase in recurring funding**

Details are provided in paragraph 5.2 and mainly reflects the increase in additional Government funding for Adult and Children's Social Care costs.

- **Implementing saving proposals**

Savings proposed are detailed in **Appendix A** and are summarised below. These proposals have the least impact on services and staffing levels.

Proposed 2023/24 Savings

<b>Category of savings</b>	<b>£m</b>
Corporate savings across all Departments	0.130
Staffing structures and reducing vacant posts	0.422
Efficiency Savings	0.461
Demand Management	0.400
New Fees and Charges	0.298
Service Reductions	0.057
<b>Total</b>	<b>1.768</b>

Details of feedback on the savings proposals from individual Policy Committee will be circulated separately owing to the timing of meetings.

- **Use of the increase in Council Tax and ASC flexibility**

As summarised below this will increase recurring income from £1.363m based on the Government's indicative referendum limits, to £2.303m based on the actual Government referendum limits for 2023/24. This additional income will protect services and provide a more robust base for future years.

Summary of 2023/24 Council Tax and ASC income increase

	Initial increase approved September £'m	Additional flexibility £'m	Total recurring income £'m
Core Council Tax	0.893	0.470	1.363
ASC precept	0.470	0.470	0.940
<b>Total increase in recurring resources</b>	<b>1.363</b>	<b>0.940</b>	<b>2.303</b>

- **Use one off funding**

Previous MTFS reports have proposed using temporary investment income and the Budget Support Fund Reserve to enable budget cuts to be phased over 2023/24 and 2024/25. This strategy was based on the previous forecast deficit and recognised that using one off resources was not sustainable and needed a robust two years savings plan.

The increase in recurring funding enables reliance on one off resources to be reduced which provides a more robust basis for the budget. However, it is still proposed to use £2.455m of one off resources to support the 2023/24 budget as follows:

Summary of use of one off funding 2023/24

	£'m
Use of temporary investment income	1.000
Use of Budget Support Fund Reserve approved February 2022	0.600
Additional use of Budget Support Fund Reserve	0.855
<b>Total Use of one off funding</b>	<b>2.455</b>

#### 6.4 Summary of recommended 2023/24 strategy

- 6.5 The impact of the recommended strategy, including the use of the full Council Tax and ASC precept flexibility is summarised below and shows that a balanced approach is proposed to address the 2023/24 deficit. This approach minimises budget cuts and also reduces the deficit deferred to 2024/25 by using one off funding.

Summary of Recommended Strategy to Address 2023/24 Deficit

	£'m	Percentage of deficit
<b>Gross Deficit</b>	<b>10.039</b>	
Less – Reduction in general inflation provision approved within 21.11.22 MTFS report #	(0.610)	6.1%
Less – Increase in recurring resources	(2.903)	28.9%
Less – Proposed Savings	(1.768)	17.6%
Less – Council Tax and ASC increase	(2.303)	22.9%
Less – One off funding (i.e. deficit deferred)	(2.455)	24.5%
<b>Deficit Still to be addressed</b>	<b>0</b>	<b>100.0%</b>

# This does not impact on the inflation provision for specific known non pay cost pressures. It requires other inflationary pressures to be managed within a 2% limit, which will require departments to make efficient use of resources.

## 6.6 Budget Support Fund

- 6.7 Since the previous MTFS report was prepared an issue has been identified in relation to the impact of inflation and the 2023 national pay award on the cost of the school meal services. The inflationary impact will continue until inflation reduces. A more significant impact will be the 2023 national pay award, which will be driven by actual increases in the National Living Wage in April 2023 and the forecast increase in April 2024. An initial assessment of these factors has been completed and this indicates an increase in the cost of this service of £0.490m. Officers will endeavour to reduce this cost, however for planning purposes this is a prudent figure at this stage.
- 6.8 As this is a trading service this amount is not included within the base budget and until the position is more certain it is recommended that provision is made to fund this potential cost from the Budget Support Fund. This proposal will enable a detailed options report to be prepared for consideration at a future meeting. The report will include the approach being adopted by other North East councils operating a schools meals services, as they are facing the same inflation / pay issues. Not all North East councils provide this service as in many areas these have ceased to provide the service when schools converted to academy status – which in other areas has happened sooner than it has in Hartlepool.
- 6.9 When account is taken of the above proposal and support of the 2023/24 budget the value of the Budget Support Fund Reserve available to support the budget over the period 2024/25 to 2026/27, including one off transition costs of achieving further recurring savings, is **£5.605m** as detailed in **Appendix B**. To provide context this is only approximately 5% of the annual revenue budget – or less than 3 weeks spending on services. In the current environment this is not a significant amount.
- 6.10 The uncommitted Budget Support Fund will need to meet transition costs, which will include invest to save initiatives and redundancy / retirement costs as saving proposals in 2024/25 and future years will increasingly impact on staffing levels given the continuation of budget deficits. During the previous period of austerity the Council achieved a payback period of approximately one year for staffing savings – i.e. for each £1 we spent on these costs we saved £1 on an annual recurring basis. This provides a good basis for future costs and means if we achieve staffing cuts and savings of £2m to £3m the one off cost will be the same. Some of this one off money may also need to be used if inflation in 2023/24 is higher, pending identification of additional savings.
- 6.11 Additionally, part of the Budget Support Fund Reserve may need to be reallocated to manage Business Rates risk in relation to the Power Station as delays in reforms of the national funding system for councils mean this financial risk is now likely to have to be managed at a local level for longer than previously anticipated. Further information is provided in section 7.

## 6.12 Impact on Households of Council Tax and ASC precept increase

- 6.13 The impact on households in receipt of LCTS is covered in section 4.20 as the allocation of a £25 reduction will fully offset the 2023/24 recommended Council Tax increase, including precepts for Police and Fire, for households in receipt of full LCTS.
- 6.14 **Appendix C** details the Council Tax and ASC precepts levels of the Council using the full flexibility for 2023/24 by property band and in summary this shows:

### Households paying full Council Tax

Council Tax Band	Percentage of households	Annual increase	Weekly increase
A	53%	£60.00	£1.15
B	17%	£70.00	£1.35
C	14%	£80.00	£1.53

- 6.15 All councils will be making Council Tax decisions over the next few weeks and to provide context, the following table details Band A Council Tax levels for 2022/23, excluding Police and Fire.

### 2022/23 Council Tax levels

	Band A
	£
Northumberland	1,326
Gateshead	1,315
Durham	1,236
Newcastle-upon-Tyne	1,231
<b>Hartlepool</b>	<b>1,226</b>
Middlesbrough	1,207
North East Average	1,202
Stockton-on-Tees	1,187
North Tyneside	1,175
Redcar & Cleveland	1,170
South Tyneside	1,162
Darlington	1,132
Sunderland	1,060

Within the Durham Council area the average is £1,236. Households in Durham pay different amounts owing to the cost of services provided by parish councils. In Hartlepool the Council provides these services to the majority of residents in Hartlepool as 97.5% have no parish Council.

#### Band A Council Tax levels in Durham towns:

- £1,204 - Bishop Auckland
- £1,243 - Barnard Castle
- £1,291 - Sedgefield
- £1,372 - Horden
- £1,373 – Peterlee

## 7. FINANCIAL OUTLOOK 2024/25 TO 2026/27

- 7.1 Previous MTFS reports had focused on 2023/24 and 2024/25 owing to the scale of the forecast deficit over this period and the impact of inflation. It was recognised that a longer term forecasting period would be necessary and this has been highlighted by the Peer Review. Additionally, the 2023/24



settlement and supporting policy document issued by the Government provide new information to help with longer term planning as follows:

- **The level of Council Tax / ASC precepts**

The Government has confirmed the 3% Council Tax and 2% ASC precept flexibility announced by the Chancellor is for both 2023/24 and 2024/25. However, the limits for 2024/25 are still subject to annual determination.

- **Additional grant for Adult and Children's Social Care**

As set out earlier in the report an additional £0.6 billion will be provided in 2024/25. Assuming the existing distribution formula is used the Council could potentially receive £1.1m.

However, whilst inflation is expected to reduce in 2023 it will still be high when 2024/25 contract prices are set for Adult Social care. Additionally, there will be continued pressures and a Government commitment to increase the NLW in April 2024. These pressures are expected to fully commit this additional 2024/25 funding. There is a risk, as is the case in 2023/24, that these pressures exceed the funding. This position will be reviewed during 2023 as part of the budget process for 2024/25.

7.2 There are a number of areas of significant uncertainty over the next three years as highlighted below:

- **Inflation 2023/24 onwards**

If inflation does not reduce significantly during 2023 and then return to the Bank of England target level of 2% by 2024/25 councils will continue to face significant budget pressures.

- **National Pay award April 2023 onwards**

This issue is linked to the level of inflation and National Living Wage increases, and may continue to be a significant budget pressures for councils.

- **Delay of Adult Social Care funding reforms**

The delay of these reforms to October 2025 means there is further uncertainty. For planning purposes it is assumed that all funding provided for 2023/24 and 2024/25 will be recurring. If this is not the case councils will face significant financial deficits from October 2025.

- **Delay of Finance Reform**

The Government's settlement for 2023/24 has prioritised financial certainty and therefore confirmed the Fair Funding Review and planned reset for business rates growth will not be implemented in the next two years.

These reforms have been delayed for many years and in 2018 the Government published major consultation documents on these issues for proposed implementation in 2020/21.

The further delay means these reviews will not take place until 2025/26, or potentially 2026/27 depending on the priorities of the next Government following the General Election.

These issues are particularly important for Hartlepool as we face the fairly unique position of the Nuclear Power Station ceasing to generate electricity in the next few years. Without reform of the current funding system the Council will have to manage the impact of reduced business rates and will at some point trigger the 'safety net' mechanism. This currently only compensates the council for losses in excess of £1m, which means the specific risk reserve of £3m will only last three years – potentially 2024/25, 2025/26 and 2026/27.

- **Funding for Extended Producer Responsibility for packaging (pEPR)**

The Government has indicated that the successful delivery of the pEPR scheme in 2024/25 will provide additional income for councils. The Department for Levelling Up, Housing and Communities, alongside HM Treasury and the Department for Environment, Food and Rural Affairs, will be assessing the impact of additional pEPR on the relative needs and resources of individual councils in the coming year.

The Government recognises that the position of lower tier councils (i.e. districts councils which collect waste from households in two tier areas) needs to be understood as part of these reforms. This issue and the involvement of three Government departments highlights the complexity of this issue. Further updates will be provided when more information becomes available as it is not clear if the costs of reform will be funded from new burdens funding provided from the pEPR regime.

- **Food Waste**

There may be pressures if the Government introduce legislation regarding food waste collection and it is not clear if these will be funded as 'new burdens'.

- **Government's Response to the Independent Review of Children's Social Care**

Previous MTFS reports have highlighted the significant pressure facing these services and the impact this has had on the budget. The Government's response to the Independent Review will need to provide sufficient funding to invest in preventative and early help that children and families need, to invest in the children's workforce and additional homes needed for children in care. Without further funding councils will continue to face unbudgeted pressures, which will increase budget deficits.

- **Budget Pressures**

The forecasts for 2024/25 onwards do not include any provision for service budget pressures and these will need assessing. There will be significant pressures in 2026/27 when the new waste contract is let covering the five Tees Valley councils, Durham and Newcastle. This joint approach will secure economies of scale. However, the current contract inherited from the former Cleveland Council, provides a significantly lower cost than current market conditions, which means there will be significant budget pressures. This cannot be quantified at this stage as the procurement process has not reached the necessary stage.

There may continue to be other service pressures, including the impact of Government reforms to Children and Adult Social Care funding. These cannot be assessed until the Government provides a clear policy direction and funding allocations.

- 7.3 Against this background an initial assessment of the forecast deficits for the next three years has been prepared and shows that the Council faces continuing deficits. This position is based on the following planning assumptions:

- **Inflation and national pay awards will reduce**

The forecast are based on inflation returning to the 2% Bank of England target. There remains a significant risk this is not the case for 2024/25, particularly for Adult Social Care as 2024/25 costs will depend on October 2023 inflation. This risk should be mitigated by an expected increase in Revenue Support Grant and Adult Social Care funding on the basis these grants will increase by inflation. However, there remains a risk this is not the case.

- **Government funding**

As set out above increased funding will be provided for 2024/25 and this will be needed to offset additional inflation pressures not yet built into the current forecasts. For 2025/26 and 2026/27 the level of Government funding will depend on the priorities of the next Government. For now it is prudent to assume a cash freeze in funding.

- **Housing growth will continue**

Continuing to achieve housing growth will be necessary to achieve increased Council Tax income

- **Council Tax and ASC precept**

The Government has confirmed the indicative Council Tax and the ASC precept limits for 2024/25. For 2025/26 and 2026/27 it is assumed a lower total limit will apply on the basis of inflation reducing and delayed Adult Social Care reforms being implemented in October 2025 should remove the need for annual ASC precepts increases.

- 7.4 As summarised below the Council will face continuing annual deficits even if inflation moderates. The forecast will continue to be updated as more information becomes available, including the actual level of inflation in 2023 and the national pay award for 2023.

Current forecast deficits 2024/25 to 2025/26

	2024/25 £'m	2025/26 £'m	2026/27 £'m
Deficit deferred from previous year by using reserves / one off investment income	1.455	0.500	0.500
Add - Provision for inflation (including NLW increase) and pay awards	4.307	3.652	3.725
Less Adult and Children's Social Care Grant	(1.100)	0	0
Less - Forecast Tax Base growth	(0.578)	(0.607)	(0.619)
<b>Sub Total - deficit before ASC and Council Tax increases.</b>	<b>4.084</b>	<b>3.545</b>	<b>3.606</b>
Less – Forecast ASC precept (2%)	(0.989)	0	0
Less – Forecast Core Council Tax increase (2.9% for 24/25, then 2% for 25/26 and 26/27)	(1.432)	(1.049)	(1.082)
<b>Net Deficit to be addressed</b>	<b>1.663</b>	<b>2.496</b>	<b>2.524</b>

- 7.5 As highlighted above the three year forecast deficit before Council Tax increases and any additional budget pressure is **£11.235m**. The net three year deficit after forecast Council Tax increases is **£6.683m** - around 7% of the budget. **This position highlights the structural financial challenge facing councils as the funding system is based on councils increasing Council Tax resources.**

- 7.6 Addressing the net forecast deficit will be extremely challenging and require the development of a multi-year savings strategy.

## 8. OTHER CONSIDERATIONS

### 8.1 Equality and Diversity

8.2 The savings proposals put forward will impact on the delivery of frontline services or service users to varying degrees. There are some proposals which simply by the nature of the service area that they cover will impact on those with protected characteristics e.g. adult social care relating to older adults or those with disabilities. However, owing to the financial challenges facing the Council we have no choice but to change, redesign and potentially close services to reduce costs. Where we need to change, redesign and close services we are working to minimise the impact on those with protected characteristics and will focus on securing services for those who are the most vulnerable within those protected characteristics.

8.3 Members are aware from previous MTFS reports that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups.

8.4 Since presentation of the savings proposals to Finance and Policy Committee in December 2022 further analysis has undertaken to determine the likely impact of the proposals where an impact has been identified and these are detailed in the table in **Appendix D**.

8.5 An overall central assessment has been undertaken to determine the cumulative impact of the savings proposals on each individual protected characteristics. It was identified that the following protected characteristics were affected by the savings proposals when considered as a whole:

- Age – Young people;
- Age – Older people;
- Disability.

### 8.6 Child and Family Poverty

8.7 Since presentation of the savings proposals to Finance and Policy Committee in December further analysis has undertaken to determine the likely impact of the proposals where an impact has been identified and these are detailed in the table in **Appendix D**.

8.8 An overall central assessment has been undertaken to determine the cumulative impact of the savings proposals on child and family poverty. It was identified that although some proposals identify a potential impact on child and family poverty the cumulative impact is not significant.

## 8.9 Legal Considerations

8.10 The following issues are relevant in relation to this report:

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget – this report details proposals to achieve this legal requirement;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Resources and Development) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. These requirements are detailed in section 9.

## 8.11 Staff and Asset Management Considerations

8.12 Work completed on the basis that the savings proposals will be approved has been completed and staff in affected areas consulted. As a result a number of staff have requested voluntary redundancy and this will reduce the number of compulsory redundancies to two.

## 8.13 Consultation Feedback

8.14 Consultation meetings have been scheduled with the Trade Unions and Business Sector and feedback will be provided at the meeting.

## 9. CONCLUSION AND ROBUSTNESS ADVICE

9.1 The Chancellor's Autumn statement provided a clear direction for public spending and taxation. On spending the Government are providing increased funding for Adult and Children's Social care. This is a critical issue for councils with these responsibilities, including Hartlepool, as these services account for around 60% of budgets. It is clear more funding for these services will be needed in future years.

9.2 The provisional Local Government finance settlement provided details of the funding allocated to individual councils for 2023/24. It is helpful that this includes an element for resources equalisation in relation to the different amounts individual councils can generate from the ASC precept. This means councils, including Hartlepool, receive a higher grant allocation as they can raise less from the ASC precept.

9.3 In relation to taxation the Government will raise additional income through a combination of measures, including freezing income tax allowances and providing councils with increased flexibility to increase Council Tax and the ASC precept, consisting of:

- Core Council Tax limit increased from 2% to 3%;
- Adult Social Care precept limit increased from 1% to 2%.

- 9.4 The provisional settlement is better than could have been forecast and clearly reflects the priorities for the current Prime Minister and Chancellor. For councils the provisional settlement “makes available” a national increase in core Spending Power of 9%.
- 9.5 The phrase “makes available” is a key statement as figures set out in the provisional Local Government Finance settlement for 2023/24 show the increased Council Tax and the ASC precept flexibility will raise **38%** of the national increase in Core Spending Power. For Hartlepool the figure is **28%**, which reflects targeting of grants for Adult and Children’s Social care.
- 9.6 In view of the above issues the most robust basis for the Council’s financial sustainability and resilience in 2023/24 and future years is to increase Council Tax and the ASC precept in line with the national limit as this provides additional recurring resources.
- 9.7 Not implementing this increase will have a number of important implications:

- **Not achieve an increase in recurring resources of £2.303m**

As Council Tax and ASC precepts referendum limits are year specific and provided on a ‘use it or lose it’ basis this income cannot be recovered in future years. The recommended 2.9% Council tax increase and 2% ASC precept provide recurring income of £2.303m, which is £0.940m higher than the previous referendum limits would have provided.

- **Impact on the ability to argue for increased funding from the Government**

The Government will not look sympathetically on councils which claim they have insufficient funds and have not made full use of the available flexibility. The Government will also argue that the allocation formula for the 2023/24 Adult and Children’s Social Care grant takes account of relative need, so that more deprived councils with a low council tax base will receive more grant funding.

- **Impact on the financial sustainability of the Council.**

As Council Tax and the ASC care precept account for **42%** of recurring resources not increasing this income in line with available national referendum limits will adversely impact on financial sustainability.

In the event that a Section 114 notice is required at a future date the Council will be held accountable by Government appointed commissioners for the impact of decisions made in relation to Council Tax and the ASC on the Council’s financial sustainability.

- 9.8 It would not be robust to replace a reduction in 2023/24 recurring Council Tax and ASC precept resources by using reserves, or other one off funding, as the

Council would permanently miss the opportunity to put the budget on a more sustainable basis. It is appreciated that increasing Council is a difficult decisions for Members.

- 9.9 The alternative of replacing foregone Council Tax and ASC precept income with budget cuts is equally difficult as cuts can only be made once. As budget deficits will continue in 2024/25 and future years the compounded impact of replacing Council Tax and ASC precept with budget cuts is not sustainable.
- 9.10 In summary the 2023/24 deficit can be addressed using a combination of measures, including an increase in Government funding, which minimises the impact on services. The recommended strategy also uses less one off funding to balance the 2023/24 budget, which puts the budget on a much more sustainable basis than forecast before the provisional settlement was issued.
- 9.11 However, the use of one off resources still covers **24.5% (£2.455m)** of the 2023/24 deficit and means this element of the deficit has simply been deferred.
- 9.12 The table below summarises the recommended strategy to address the 2023/24 deficit and it worth noting that savings only account for £1.768m (17.6%) of the measures to address the deficit.

Summary of measure to address 2023/24 budget deficit

	£'m	Percentage of deficit
<b>Gross Deficit</b>	<b>10.039</b>	
Less – Reduction in general inflation provision	(0.610)	6.1%
Less – Increase in recurring resources	(2.903)	28.9%
Less – Proposed savings	(1.768)	17.6%
Less – Council Tax and ASC increase	(2.303)	22.9%
Less – One off funding	(2.455)	24.5%
<b>Deficit Still to be addressed</b>	<b>0</b>	<b>100.0%</b>

- 9.13 By law as the Council's Section 151 Officer I am required to provide advice on the robustness of the budget forecasts. The Council has robust financial management arrangements and a track record of delivering multi-year savings plans in previous years.
- 9.14 The recommendations in this report are designed to mitigate the financial risks facing the Council and provide the most robust basis for balancing the 2023/24 budget, including securing increased recurring Council Tax / ASC income and minimising the deficit deferred to 2024/25.
- 9.15 There continues to be increased scrutiny on council finances nationally, including the issuing of Section 114 notices and the Government providing capitalisation directives (i.e. authority to treat revenue expenditure as capital)



where councils have requested this support to deal with specific financial challenges. The Government has imposed strict conditions on councils receiving capitalisation directives to:

- Undergo an external assurance review focusing on the plan to deliver medium-term sustainability. Where these reviews have been reported in other Councils (Wirral MBC and Peterborough City Council) the inspectors have concluded that both authorities avoided making tough decisions.
- Where capitalised expenditure is not funded from capital receipts, any increased borrowing must be obtained from the PWLB (Public Works Loan Board), and is subject to an additional 1% premium on the interest rate.

9.16 The proposals recommended in this report avoid the Council facing the above situation for 2023/24.

## 10 RECOMMENDATIONS

10.1 It is recommended that Members refer the following proposals to Council on 26<sup>th</sup> January 2023:

- i) Note the report, including noting that 38% (£1.916 billion) of the Government's national Spending Power increase for 2023/24 is based on 'making available' an increase in Council Tax (up to 3%) and ASC precept (up to 2%) flexibility as part of their strategy for funding services;
- ii) Note these limits are year specific, which means any unused limit results in a permanent reduction in recurring income;
- iii) Recommend to Council use of the increased Council Tax flexibility provided by the Government and recommend an increase in Council Tax of 2.9% and the ASC precept of 2%.

This will provide additional recurring income of £2.303m, which will help protect services and provide the most robust basis for setting the 2023/24 budget;

- iv) Note feedback on 2023/24 savings detailed in Appendix A from Policy Committees will be circulated separately owing to the timing of meetings.

- v) On the basis of approving recommendations (iii and iv) to approve the overall package to balance the 2023/24 budget as detailed in paragraph 9.12 and summarised below:

	£'m	% of deficit
<b>Gross Deficit</b>	<b>10.039</b>	
Less – Reduction in general inflation provision	(0.610)	6.1%
Less – Increase in recurring resources	(2.903)	28.9%
Less – Proposed savings	(1.768)	17.6%
Less – Council Tax and ASC increase	(2.303)	22.9%
Less – One off funding	(2.455)	24.5%
<b>Deficit Still to be addressed</b>	<b>0</b>	<b>100.0%</b>

- vi) Note the robustness advice detailed in section 9, which supports recommendation (v) and if this advice is not adopted record the reasons for this decision;
- vii) Note the forecast deficits for 2024/25 to 2026/27 detailed in paragraph 7.4 and to note that a robust saving plan will need to be developed during 2023 to address these deficits; and
- viii) Note the Government is providing one off funding of £100m and requires councils to allocate £25 to LCTS households to reduce 2023/24 Council Tax bills. Modelling is being completed to assess the cost of the mandatory scheme and options for using any remaining balance will be submitted to the February Finance and Policy Committee.

## 12 REASON FOR RECOMMENDATIONS

- 12.1 To enable the Finance and Policy Committee to approve the proposals to be referred to Council to enable the budget and Council Tax level, including ASC precept, for 2023/24 to be set.

## 13. BACKGROUND PAPERS

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

- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2023/24 to 2024/25 – 20<sup>th</sup> June 2022.
- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2023/24 to 2024/25 – 28<sup>th</sup> September 2022.
- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2023/24 to 2024/25 – 21<sup>st</sup> November 2022
- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2023/24 to 2024/25 – 12<sup>th</sup> December 2022

## 14. CONTACT OFFICER

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Sign Off:-

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

**Summary of Saving Proposals**

Category	Cttee	Budget Reduction Heading	Budget Reduction 2023/24 £000	Budget Reduction 2024/25 £000	Budget Reduction 2025/26 £000	Total Budget Reduction £000	Staff impact over three years	Equality & poverty impact	Description of proposed savings
1	Corporate	Salary Abatement Target	70	0	0	70	0	none	The base budget only provides funding for 98% of the pay budget as a 2% turnover target is assumed. The turnover target can be increases in line with April 2022 average pay award plus forecast April 2023 pay award.
1	Corporate	Car Mileage costs	60	0	0	60	0	none	Reduction in expenditure arising from new ways of working, including less face to face meetings and replacement with online meetings.
<b>Total 1 - Corporate savings across all departments</b>			<b>130</b>	<b>0</b>	<b>0</b>	<b>130</b>			
2	A&CBS	Adult Social care - Staffing Review	80	0	0	80	2	A / B	Review of staffing linked to re-procurement of the assistive technology service - rephased to achieve full saving in 2023/24, rather than phase over two years.
2	A&CBS	Mobile Library Service	6	0	0	6	1	A / B / J	Staffing reduction linked to cessation of the mobile library service, that has been approved previously.
2	A&CBS	Review of PA / Admin capacity	30	0	0	30	1	none	A review of ACBS and CSJC PA/admin team enables the deletion of a vacant post.
2	A&CBS	Culture, Event and Participation Teams	58	0	0	58	3	none	Restructure to remove vacant posts and realign duties of remaining staff.
2	A&CBS	Workforce Development	25	0	0	25	1	none	Restructure to review posts, with one deletion and partial replacement with lower gadded part time post, plus recurring training budget saving.
2	NRS	Stores	20	0	0	20	1		Restructure and realign duties of remaining staff.
2	CJCS	One Stop Shop	36	0	0	36		A / J	One Stop Shop undertakes the statutory role of supporting young people aged 15-17 into positive destinations to ensure they are engaged in education, employment or training. This is a small team made up of six workers and a manager. Proposal is to delete vacant post recently arisen in team. Fewer staff supporting this cohort may result in deterioration in performance in terms of the HBC NEET and not known figures but team will work hard to continue to seek to mitigate this.
2	R&D	Strategic Development	55	0	0	55	1	none	Removal of vacant posts and reallocation of duties within team
2	R&D	Revenue & Benefits / Shared Services	29	0	0	29		none	Non pay budget savings and efficiencies
2	R&D	Legal Dept.	6	34	0	40		none	Review of operational costs of service over two years.
2	R&D	Revenue/Benefits	65	0	0	65	2	none	Review of management and staffing structures. Rephased to achieve full saving in 2023/24, rather than phase over two years.
2	Corporate	Senior Management structure	12	0	0	12		none	Structure changes approved by F and P Cttee 28.09.22, included deletion of Assistant Director post, increased responsibility for remaining Assistant Directors and increased capacity for Digitisation of services.
<b>Total 2 - Staffing structures and reducing vacant posts</b>			<b>422</b>	<b>34</b>	<b>0</b>	<b>456</b>		none	
3	Finance & Policy	Review reception/Front of house model	5	0	0	5	tbc	none	Rationalisation of IT systems and small staffing saving.
3	A&CBS	Adult Social care - Commissioned Services	60	0	0	60	0	A / B / J	Saving achieved from the reprovision of day services for older people, moving from a building based model to Community Led Support.

Category	Cttee	Budget Reduction Heading	Budget Reduction 2023/24 £000	Budget Reduction 2024/25 £000	Budget Reduction 2025/26 £000	Total Budget Reduction £000	Staff impact over three years	Equality & poverty impact	Description of proposed savings
3	A&CBS	Community Hubs and Libraries	71	0	0	71	2	none	Rationalisation of IT systems used by the library service and staffing savings.
3	A&CBS	Reduction in NMRN subsidy	100	0	0	100	0	none	Reduction in recurring NMRN subsidy has been agreed. Ongoing subsidy to be reviewed as part of 2024/25 budget consideration as there may be potential to reduce subsidy further if NMRN can increase visitor numbers and / or secure new income streams as a result on planned investment and development of site.
3	Neighbourhoods	Savings to Subscriptions Budgets	4	0	0	4	0	none	Reduction in subscriptions.
3	NRS	Building Cleaning	33			33		none	Review of standards whilst maintaining appropriate health and safety of working environment and reduction in admin costs.
3	NRS	Local Access Forum Delivery Officer	3			3		none	Partnership contribution ceased.
3	Children's	Chatham House (Asset Review)	25	0	0	25	0	none	Children's services have moved services from Chatham House (formerly and Children's Centre) and co-located with another service at the Windsor offices. Chatham House has therefore been closed and all associated costs with running the building can contribute to savings.
3	Children's	Governor clerking service	20	0	0	20	2	none	HBC provides a Governor clerking service to schools delivered by two members of staff. Both staff have indicated their intention to retire in 2023. The service is a traded service with schools, however the number of schools that buy back the service has reduced over recent years as schools have converted to academies and made other arrangements and the income does not cover the costs of the posts. Going forward, all schools will joint Multi Academy Trusts and need to make arrangements for governance clerking. The local authority will offer a point of advice, but this will be absorbed within another role when the members of the governor support team retire.  Proposed saving is net of income.
3	R&D	Capitalise staffing costs	58	0	0	58		none	Proposal reflects areas staff are working on and removal of recurring revenue budget.
3	Corporate	Asset Review	82	90	0	172	0	none	Savings based on: Hartfield's and The Willows (yr1) Civic consolidation start (Bevan and Windsor) (yr2) other options e.g. Brinkburn (yr3). Achieving savings will require one of funding from the Budget Support Fund and will be subject to business case demonstrating payback.
Total 3- Efficiency Savings			461	90	0	551			

Category	Cttee	Budget Reduction Heading	Budget Reduction 2023/24 £000	Budget Reduction 2024/25 £000	Budget Reduction 2025/26 £000	Total Budget Reduction £000	Staff impact over three years	Equality & poverty impact	Description of proposed savings
4	A&CBS	Demand management in adult social care.	400	0	0	400	0	A/ B	Continued work to manage demand for adult social care services through Community Led Support, securing NHS funding for people with identified health needs and scrutiny of complex / high cost packages of care.
Total 4- Demand Management			400	0	0	400			
5	Neighbourhoods	Staff and Member Car Parking	4	0	0	4	none	none	Increase in charges.
5	Neighbourhoods	Post 16 SEND Transport	37	0	0	37	0.34	A /B / J	Changes introduced in 2022/23 and full year saving will be achieved in 2023/24 owing to phased implementation over academic years.
5	Neighbourhoods	Home to School Transport	7	3	0	10	0	None	Increase charge for Home to School Transport for surplus seat sales on school buses.
5	Neighbourhoods	Garden Waste	250	60	75	385		J	This proposal would introduce a charge for garden waste collection. Nationally around 250 of councils already charge for this service. In the North East 7 out of 12 councils charge of between £32 and £43 per year. The councils who do not charge are likely to be review this position as of 2023/24 budget options.. The proposals is to introduce an annual charge of £41.50 from April 2023. The income phasing reflects forecast take up of the service and experience of other councils with similar properties mixes to Hartlepool - i.e. houses with and without gardens.
Category 5- New Fees and Charges			298	63	75	436			
6	EG&R	Business Support Grants	25	0	0	25	0	None	Over the last four years (18/19 to 21/22) annual average spend was £17,000 and 85% of grants were for £500. On this basis it is recommended that the remaining budget is removed. Major inward investment will continue to be supported by officer working with potential investors to secure grants from BEIS, TVCA and other sources.
6	EG&R	Closure HEC	23	0	0	23	0	none	Aiming to achieve asset transfer.
6	NRS	Christmas Tree	9			9	0	none	Reduction to one Christmas Tree in Christ Church.
Total 6- Service Reductions			57	0	0	57			
Total			1,768	187	75	2,030			

Key - Equality & Poverty Impact

- A Age
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- C Gender Reassignment
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- E Pregnancy and Maternity
- F Race
- G Religion and Belief
- H Sex
- I Sexual Orientation
- J Poverty

**BUDGET SUPPORT FUND**

	<b>Position approved 21.11.22 MTFS £'m</b>	<b>Revised recommended position £'m</b>
Uncommitted Budget Support Fund	6.452	6.452
Less – Support of 2023/24 Budget	(3.000)	(0.855)
Less – Children in Care  Allocated to fund a specific high cost placement of a child in our care which the Council is jointly funding with health until July 2025 when the child turns 18 – i.e. to cover 2023/24, 2024/25 and part of 2025/26. From August 2025 the costs of support will fall fully on health.  By funding these costs on a one off basis the Council avoids having to make additional budget savings. There remains a risk that further children may require high cost packages over this period which would lead to further pressure on the Council's recurring resource.	(1.500)	(1.500)
Less – Provision for Covid Risk winter 2022  The Covid-19 Recovery Reserves has been previously set aside on the basis of the Government stating no further funding will be provided to support councils if there are further Covid outbreaks. Winter 2022 will be a key milestones in terms of the effectiveness of the vaccination programme and the impact of Covid on the NHS and public services, particularly Adult Social Care and other support services for vulnerable households which may be necessary. We already know that Covid had a greater impact on more deprived communities and there is no reasons to think this will not be the case during winter 2022. Against this background it would be prudent to retain part of this reserve until we know the actual winter 2022 impact of Covid. Therefore, it is recommended £1m is retained for Covid financial risks and £1.367m released to	(1.000)	(1.000)
Less – School Meals Service	0	(0.490)
Add – Review of Earmarked Revenue Reserves  As reported in the November MTFS report a comprehensive review of reserves was completed and this amount was identified for release to the Budget Support Fund	1.498	1.498

<p>Add – Review of Covid-19 Council Tax and Business Rates Collection Fund deficit</p> <p>Some of the greatest financial impacts of Covid-19 related to an increase in households eligible for Local Council Tax Support (LCTS), pressure on furloughed households to pay households bills, including Council Tax and forecast significant increases in business failure, which would reduce business rates income. As these factors would take a number of years to work through the system it was initially feared that councils would have to manage these income reductions without Government support.</p> <p>Following detailed discussions between the Local Government Association and DLUHC the Government approved an appropriate grant system to support Councils.</p> <p>This is an extremely complex area as the Government provided the funding in 2020/21 and then allowed councils to spread the impact over three financial years – 2021/22, 2022/23 and 2023/24. This support recognised that the Council Tax and Business Rates systems have never had to manage such a major financial shock. The Government was clear that this would be the only funding for this risk.</p> <p>In the first year (2021/22) we have used £3.198m – which is 30% of this reserve and this is slightly below the initial expectation. We expect that the impact in 2022/23 and 2023/24 should also be slightly less than previously anticipated - although other economic factors may have a negative impact. It will not be possible to separately assess these issues.</p> <p>At this stage it is anticipated the remaining deficits in 2022/23 and 2023/24 will be approximately £5.9m - i.e. approximately £3m per year. This will leave £1.490m – say £1.5m for planning purposes to be released. Removing this amount means that if actual Collection Fund deficits are higher they will have to be funded from the General Fund budget, which is currently a low risk. There could be a separate risk if unemployment increases and / or businesses close as a result of current economic conditions. This position will be reviewed when the 2022/23 accounts are completed.</p>	1.500	1.500
<p><b>Allocated to fund Transition costs of achieving recurring budget saving 24/25 to 26/27.</b></p>	3.950	5.605



#### 4.1 APPENDIX C

#### COUNCIL TAX 2022/23 AND 2023/24 BY PROPRTY BAND

2022/23		2023/24						
Annual Council Tax	Property Band	Annual Council Tax	Weekly Council Tax	Annual Increase	Weekly Increase	Hartlepool Chargeable properties		National Chargeable Dwellings
£1,224.54	A	£1,284.54	£24.70	£60.00	£1.15	23,412	53.3%	24.0%
£1,428.63	B	£1,498.63	£28.82	£70.00	£1.35	7,434	16.9%	19.5%
£1,632.72	C	£1,712.72	£32.94	£80.00	£1.54	6,340	14.4%	21.9%
£1,836.81	D	£1,926.81	£37.05	£90.00	£1.73	3,379	7.7%	15.6%
£2,244.99	E	£2,354.99	£45.29	£110.00	£2.12	1,819	4.1%	9.7%
£2,653.17	F	£2,783.17	£53.52	£130.00	£2.50	814	1.9%	5.1%
£3,061.35	G	£3,211.35	£61.76	£150.00	£2.88	612	1.4%	3.5%
£3,673.62	H	£3,853.62	£74.11	£180.00	£3.46	87	0.2%	0.7%
						43,897	100.0%	100.0%

## Equality and Child and Family Poverty Impact Assessment of Budget Saving Proposals 2023/24

Savings Proposal	Equality & poverty Impact	Impact Assessment
Adult Social care - Staffing Review	A / B	This proposal relates to the re-procurement of assistive technology services in Adult Social Care which supports older adults or those with disabilities. However, there will be no impact on individual service users from the change.
Mobile Library Service	A / B / J	<p>The mobile library route included one week at schools and one week general provision. Over time the number of individuals using the mobile library continually declined and in 2019/20 issue figures were over 50% less than in 2009/10. At the same time there had been a decline in physical visits to library premises. The number of schools who renewed their use of the mobile library dropped from 12 in 2018 to 5 2021/22.</p> <p>However, the introduction of the click and collect model during pandemic was well received and there was an 800% increase in people accessing e-books.</p> <p>Mitigation therefore includes the continued provision of both E-books and audio book services which can be accessed directly from home. In addition the home library model, where books are hand delivered to people at home, will continue for those most in need.</p>
One Stop Shop	A / J	There is potential that having fewer staff to support the cohort of 15-17 year olds that access the service might result in an increase in the number of young people that do not engage with education, employment or training. However the team will work hard to continue to seek to mitigate against this. The proposal will make no significant change to the service offered.
Adult Social Care – Commissioned Services	A / B / J	This proposal relates to Adult Social Care which supports older adults and those with disabilities. The reprovision of day services for older people has moved from a building based model to Community Led Support where activities are delivered in Community Hubs and through the virtual community hub as well as services provided by voluntary and community groups. There is no negative impact identified for individual service users from this proposal.

Savings Proposal	Equality & poverty Impact	Impact Assessment
Demand management in adult social care	A / B	This proposal relates to demand management in Adult Social Care which supports older adults and those with disabilities. There is no negative impact identified for individual service users from this proposal.
Garden Waste	J	<p>This proposal will see the introduction of a charge for garden waste collection. There is no detailed data on current service users to be able to identify specifically those who might be effected by this proposal. The introduction of a paid-for service would potentially impact negatively on those who live in households at risk of poverty. However, it is recognised that a proportion of those households live in properties without garden space and will therefore be unaffected by the introduction of a paid-for service.</p> <p>Alternative arrangements will remain available to all households with collection from home via their general waste bin, by taking directly to the Household Waste Recycling Centre or using the bulky waste service which has discounts for individuals on certain benefits.</p>

### Key - Equality & Poverty Impact

- A Age
- B Disability
- C Gender Reassignment
- D Marriage and Civil Partnership
- E Pregnancy and Maternity
- F Race
- G Religion and Belief
- H Sex
- I Sexual Orientation
- J Poverty

**FINANCE AND POLICY COMMITTEE 23 JANUARY 2023****Agenda item 4.1 - MTFS 2023/24 to 2025/26 - Additional Information**

As detailed in the MTFS report feedback from individual Policy Committees meetings, the Trade Unions and the Business Sector meetings which were held after the papers were issued for the Finance and Policy Committee are provided below.

**1. Feedback from Policy Committees**

The Managing Director and Director of Resources and Development attended all Committees and the Director made the same presentation, which gave an outline of the report originally submitted to the Finance and Policy Committee on 12 December 2022 and updated Members on the subsequent impact of the Government's 2023/24 provisional settlement issued on 19 December. The Director outlined the strategy agreed by the Finance and Policy Committee to address the budget deficit the Council faced in 2023/24 and 2024/25. The Director advised members that the spending power, including the increased Council Tax and Adult Social Care precept, provided in the provisional settlement was £1.188m more than forecast and it would be recommended that Finance and Policy Committee to use these resources to reduce use of one off funding to balance the 2023/24 budget and put the Council's financial position on a more sustainable basis. Included in that strategy were a number of budget savings identified across all departments for 2023/24 and the report outlined those proposals that fell within the remit of this committee. The Director highlighted that the Finance and Policy Committee had requested that should any of the savings proposals not be supported by a relevant Policy Committee, that the committee should forward alternative proposals to the same value as it was key that the savings proposed across the Council as a whole be met in 2023/24.

At each Policy Committee the Director of Resources and Development responded to Members questions on the overall MTFS and then handed over to the individual Departmental Director to present the relevant savings and detailed comments from the Policy Committees are provided below:

**Neighbourhood Services Committee – 12 January 2023**

The Director of Neighbourhoods and Regulatory Services outlined each of the savings proposed for services within this Committee's remit, as detailed in Appendix C to the report.

During the debate around the savings proposals outlined in Appendix C to the report the following comments were made and clarifications sought by Members and the public that attended the meeting.

In relation to the proposals for the Stores and Building Cleaning, Members were informed that there were no redundancies, or loss of hours attached to the proposals.

The Staff and Member Car Parking and Post 16 SEND Transport proposals were the second year of proposals agreed by Members as part of the 2022/23 budget.

While the Christmas Tree proposal would reduce the number of trees erected by the Borough Council, Parish Councils would continue (where they currently did) to have Christmas Trees in their own areas. Seaton Carew Councillors had indicated a desire to seek external funding for a tree in their ward.

The proposals for the charging of Garden Waste bin collections engendered significant debate among Councillors and the ten members of the public present at the meeting. The Members of the Committee requested that the detailed evidence behind the calculation of the charge be shared with Members ahead of the meeting of the Finance and Policy Committee. The members of the public present objected strongly to the imposition of the charge and expressed their concerns at the potential increase in fly-tipping, the impact on low income households, the impact on the Household Waste Recycling Centre and the likelihood of garden waste being disposed of in the normal household waste bin. The members of the public also questioned the level of charge for only a limited number of collections each year when other areas offered a more enhanced service.

At the conclusion of the debate the Chair thanked all those present for their attendance and comments, and the Committee approved the following comments to be reported back to Finance and Policy Committee.

Budget Reduction Heading	Budget Reduction 2023/24 £000	Neighbourhood Services Committee comments
Stores	20	No specific comments were made.
Savings to Subscriptions Budgets	4	No specific comments were made.
Building Cleaning	33	No specific comments were made.
Local Access Forum Delivery Officer	3	No specific comments were made.
Staff and Member Car Parking	4	No specific comments were made.
Post 16 SEND Transport	37	No specific comments were made.
Home to School Transport	7	No specific comments were made.
Garden Waste	250	While not rejecting the proposal the Committee sought evidence of the process behind the identification of the charge proposed and that this be shared with the Finance and Policy Committee. There was significant opposition to the proposal expressed by members of the public present at the meeting.
Christmas Tree	9	No specific comments were made.

### **Economic Growth and Regeneration Committee – 13 January 2023**

The Director of Resources and Development outlined each of the savings proposed for services within this Committee's remit, as detailed in Appendix C to the report.

Elected Members debated issues arising from the report. Officers responded to clarification sought from members on issues set out in the report. The Committee then considered the

individual savings relevant to the Committee and Members made the following comments to be reported back to Finance and Policy Committee.

Budget Reduction Heading	Budget Reduction 2023/24 £000	Economic Growth and Regeneration Committee comments
Business Support Grants	25	No specific comments were made. Information to be provided by Managing Director regarding small business grants available from Tees Valley Combined Authority.
HEC Review Operating Model	23	No specific comments were made.

### **Adult and Community Based Services Committee – 16 January 2023**

The Director of Adult and Community Based Services outlined each of the savings proposed for services within this Committee's remit, as detailed in Appendix C to the report.

The Managing Director stated that the MP, Jill Mortimer, had submitted her apologies for absence to this meeting in response to a question from a Member.

The Committee debated the issues outlined in the Director of Resources and Development's report and the savings outlined by the Director of Adult and Community Based Services. Members noted that the savings proposals set out in the report did protect front line services to the most vulnerable in the town. Members expressed their concern at the Government's assumption that Council Tax payers had to keep paying more in the cost of living crisis with severe pressures on household budgets. Members also commented that the Council should still continue to lobby the Town's MP and government departments for further funding despite the additional funding reported by the Director of Resources and Development.

The Director of Adult and Community Based Services highlighted that two of the 2023/34 savings outlined in the report – Adult Social Care Staffing Review and Mobile Library Service – were the second year of savings proposals agreed last year.

The reduced subsidy to the National Museum of the Royal Navy was noted and Members questioned future year's subsidies to the museum. The Managing Director stated those figures would be shared with Members.

Members noted the number of post deletions outlined in the savings and questioned the impact of those on staff directly affected by the proposal and those in teams where vacant posts were being deleted. The Director of Adult and Community Based Services commented there were reductions through vacant posts and some recommissioning of services. Where vacant posts were deleted there would potentially be additional pressures on remaining staff and those would need to be managed through changes to ways of working and prioritisation. Members were concerned at the extra pressures and stress placed on staff. The Director stated that there was support available for all staff and an 'annual health check' for social care staff. This anonymous questionnaire had shown staff

considered themselves to be well supported. The Managing Director added that the Council had recently received a Better Health at Work award.

A Member questioned the posts being made redundant and the costs associated. The Director of Adult and Community Based Services indicated that there would be appropriate consultation with any staff affected and redeployment opportunities across the Council would be explored. The number of potential compulsory redundancies had been kept to a minimum through deletion of vacant posts where possible and consideration of voluntary redundancy requests. The Director of Resources and Development stated that through the whole programme of savings for 2023/24 across all departments it was anticipated that compulsory redundancies would be extremely low and any costs would be met through the budget support fund.

The Chair thanked those present for their input into the discussions and Members made the following comments to be reported back to Finance and Policy Committee.

Budget Reduction Heading	Budget Reduction 2023/24 £000	Adult and Community Based Services Committee comments
Staffing Review	80	No specific comments were made.
Mobile Library Service	6	No specific comments were made.
Review of PA / Admin capacity	30	No specific comments were made.
Culture, Events and Participation Teams	58	No specific comments were made.
Workforce Development	25	No specific comments were made.
Adult Social Care – Commissioned Services	60	No specific comments were made.
Community Hubs and Libraries	71	No specific comments were made.
Reduction in NMRN subsidy	100	No specific comments were made. Details of future year's subsidies to be shared with Members.
Demand management in adult social care	400	No specific comments were made.

### **Children's Services Committee – 17 January 2023**

The Director of Children's and Joint Commissioning Services outlined each of the savings proposed for services within this Committee's remit, as detailed in Appendix C to the report.

Elected Members debated issues arising from the report. Officers responded to clarification sought from members on issues set out in the report. The Committee considered the individual savings relevant to this Committee and a summary of the Committee's discussions were set out below:-

In relation to the proposal to delete the vacant post in the One Stop Shop supporting young people into positive destinations to ensure they are engaged in education, employment and training, a Member raised concerns regarding the impact of this proposal in terms of the potential deterioration in performance a reduction in the team may bring. In response to

queries raised in relation to the impact of this proposal, the measures in place to mitigate this issue and the current support arrangements in place for 15-17 year olds were outlined. The Member was reassured by the clarification provided.

Whilst Members concluded that these were difficult decisions, given that any reduction in service was not ideal, the pressures to identify savings were acknowledged and Members recognised that the proposals resulted in the least possible impact on service provision.

Members made the following comments to be reported back to Finance and Policy Committee.

Budget Reduction Heading	Budget Reduction 2023/24 £000	Children's Services Committee comments
One Stop Shop	36	No additional comments to those outlined above.
Chatham House Asset Review	25	No specific comments were made.
Governor Clerking Service	20	No specific comments were made.

## **2. Trade Unions Consultation**

In line with established procedures formal discussion commenced with the Trade Unions following consideration of the initial MTFS report by Finance and Policy Committee. Regular discussions have continued as the updated MTFS position was reported to Finance and Policy Committee. This will continue once budget proposals for 2023/24 are approved and the Council moves into the implementation phase.

## **3. Feedback from Budget Consultation with Business sector – 16.01.23**

### Attendees

Peter Olson (Chair of Hartlepool Economic Forum), Paul Harrison, Rachel Anderson (North East Chamber of Commerce)

Councillor Shane Moore, Denise McGuckin, Chris Little

### Areas Covered

CL presented an overview of the financial position reported to Finance and Policy Committee on 12 December 2022 and the impact of the provisional Local Government Finance Settlement on 19 December 2022.

The presentation covered the uncertain planning environment over the summary, the impact of the settlement, including reliance on Council Tax and the Adult Social Care (ASC) precept to partly fund the increase in Spending Power, the strategy for addressing the 2023/24 deficit, the impact on households of the recommended Council Tax / ASC precept levels and the financial outlook for 2024/25 to 2026/27.



Officers responded to question in relation to sharing services, the impact of inflation, high cost placements for Adults and Children, changes in schools funding and the protection of planning services.

Representatives of the Business Sector expressed concerns regarding the funding system not recognising financial and services risk facing the Council, including the financial impact of the Power Station and services where demand cannot be controlled locally. They also commented on the challenge of increasing the public's understanding of the services provided by the Council, including the high proportion of spending on social care, and Council Tax levels.

They recognised that the funding system leaves councils with little choice regarding the level of Council Tax / ASC precept for next year and that this is a difficult decision for Councillors.

Councillor Moore thanks the business sector for their time and Peter Olson expressed their appreciation inviting them to provide their views.

# FINANCE AND POLICY COMMITTEE

23<sup>rd</sup> January 2023



**Report of:** Managing Director

**Subject:** LGA Corporate Peer Challenge Feedback Report

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## 1. TYPE OF DECISION/APPLICABLE CATEGORY

Non-key decision

## 2. PURPOSE OF REPORT

- 2.1 To present to members the feedback report following the LGA Corporate Peer Challenge held in December 2022.

## 3. BACKGROUND

- 3.1 The LGA corporate peer challenge (CPC) approach involves a team of experienced officers and members spending time with another council as 'peers' to provide challenge and share learning. The LGA expects that all councils will complete a CPC at least every five years. The last CPC that took place in Hartlepool was in September 2012. Peer challenges are an established tool that supports councils to drive improvements and efficiency.
- 3.2 We have received a comprehensive feedback report and recommendations from the peer team and then identify their own action plan to respond.
- 3.3 It has been 10 years since the last CPC took place in Hartlepool and there has been a lot of change in that time. The Council now has an established committee based system of governance and has faced year on year reductions in core budgets over a prolonged period of time. It is therefore timely to review our strengths and areas for improvement with support from external peers who have relevant knowledge and experience to share.
- 3.4 The Corporate Peer Challenge (CPC) covered five core elements:
- Local priorities and outcomes
  - Organisational and place leadership
  - Governance and culture
  - Financial planning and management

- Capacity for improvement

- 3.5 The CPC were requested to reflect on the Council's approach in two additional areas which were
- Organisation risk and resilience, and
  - Economic regeneration.

#### 4. FEEDBACK REPORT

- 4.1 The feedback report is attached as **APPENDIX 1** which overall is a positive report with the opening statement that the Council has much to be proud of, described internally and by partners as 'punching above its weight', being seen as a good partner by many.
- 4.2 There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the Council:
- **Develop a clear vision and narrative for the whole Borough of Hartlepool which all councillors, staff and partners can get behind, ensuring there is a clear link to strategies, plans and understanding of local community needs.** This will help promote a positive place identity and collective ownership of it, enhance HBC's place shaping influence and provide a framework through which to deliver this.
  - **Refresh the organisational plan for HBC - setting out the next stage of the journey for the Council, linked to a clear approach to transformation and values.** Setting out how it will operate, and what it will do, will provide clarity on how HBC's ambitions will be delivered.
  - **Review the existing operational arrangements (e.g. structure and operating model).** This will ensure strategies, policies and priorities are 'knitted together' corporately, with capacity, skills and resources aligned to key organisational goals and risks.
  - **Revisit the Workforce Strategy to ensure it is fit for purpose.** This will support recruitment and retention to enable the organisation to maximise its capacity, support future skills planning and be reflective of HBC's communities.
  - **Develop a centrally-led Communications, Engagement and Marketing Strategy, with a higher profile and an internal and external focus.** This will help create clearer messaging and foster collective buy-in by: (a) promoting the Borough and key changes planned; (b) engaging residents and stakeholders; (c) increasing feedback into council work and opportunities for co-design and co-production; and (d) enhancing internal communications.

- **Invest further in Member development to support councillors in their Council and community leadership roles and to ensure the governance system functions efficiently and effectively. Consider the introduction of a ward budget for Councillors. Role model positive behaviours.** This will strengthen strategic leadership, scrutiny, prioritisation and promote positive behaviours.
- **Reconvene Group Leaders meetings to improve relationships and communications between political groups on strategic issues for the benefit of the Borough.** Cross-party agreement on key strategic priorities would strengthen HBC's place-shaping influence by demonstrate enduring place leadership.
- **Strengthen longer-term financial sustainability by developing:**
  - a longer-term Medium Term Financial Plan, including scenario analysis, to inform the development of a Financial Strategy
  - a Corporate Capital Strategy and Corporate Asset Management Plan
  - review the approach to budget development to ensure greater ownership
  - a better understanding of HBC's appetite for risk across all its activities
  - an organisational approach to service transformation, procurement and municipal enterprise supported by requisite skills and capacity to support delivery

This will help secure HBC's financial future by enabling longer-term planning, effective prioritisation and informed use of assets, resource, and capacity.

- **Develop an explicit level of prioritisation for the Capital Programme and selective approach to future funding bids based on how these link to the vision.** By delivering priority projects first, this will target resources where they will have greatest impact and safeguard against organisational overstretch.
- 4.3 Members are asked to agree the feedback report and authorise the Managing Director to produce an action plan in response setting out how the Council will take forward the above recommendations.
- 4.4 Six months after a CPC, the LGA organises a check-in meeting. This is a facilitated session which creates space for the council's senior leadership to explore progress and challenges with the peers, and discuss their next steps.

**5. RISK IMPLICATIONS**

- 5.1 The Council's approach to risk will be considered as part of the Corporate Peer Challenge. If any recommendations are identified in relation to this then the Council's proposed response will be included in the action plan report

**6. FINANCIAL CONSIDERATIONS**

- 6.1 The Council's approach to finance will be considered as part of the Corporate Peer Challenge. If any recommendations are identified in relation to this then the Council's proposed response will be included in the action plan.

**7. LEGAL CONSIDERATIONS**

- 7.1 No relevant issues.

**8. CONSULTATION**

- 8.1 The CPC undertook consultation with relevant individuals and groups as part of the review. The specifics of which have been included and considered within the feedback report.

**9. CHILD AND FAMILY POVERTY (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)**

- 9.1 No relevant issues.

**10. EQUALITY AND DIVERSITY CONSIDERATIONS (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)**

- 10.1 The Council's approach to equality and diversity has considered as part of the Corporate Peer Challenge and will be considered as part of the action plan

**11. STAFF CONSIDERATIONS**

- 11.1 No relevant issues.

**12. ASSET MANAGEMENT CONSIDERATIONS**

- 12.1 No relevant issues

**13. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS**

13.1 No relevant issues.

**14. RECOMMENDATIONS**

14.1 Finance and Policy Committee are requested to note the feedback report from the Corporate Peer Challenge and refer this on to full Council.

14.2 Authorise the Managing Director to produce an action plan setting out the Council's proposed response which will be reported to a future F&P and Council meeting later this financial year.

**15. REASONS FOR RECOMMENDATIONS**

15.1 The LGA expects that all Councils will complete a CPR at least every five years, it has been 10 years since the last CPC took place in Hartlepool.

**16. BACKGROUND PAPERS**

16.1 Finance & Policy Report - Corporate Peer Challenge – 20<sup>th</sup> June 2022

**17. CONTACT OFFICERS**

Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor




# LGA Corporate Peer Challenge

Hartlepool Borough Council

6 - 9 December 2022

Feedback report





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# 1. Executive summary

Hartlepool Borough Council (HBC) has much to be proud of, described both internally and by partners as ‘punching above its weight’. The Council has a well-regarded Leader and Managing Director, a strong record of Adults and Children’s Services performance, and is seen as a good partner by many. This has been achieved against a backdrop of emerging from the Covid-19 pandemic, socioeconomic, and financial challenges. Whilst committed to improving outcomes for residents, HBC nevertheless needs to be clearer about, and more responsive to, citizens’ needs. A more holistic use of data, enhanced community engagement, and embracing greater delivery through partners would deepen its community insight and augment capacity to target its resources most effectively.

HBC has an ambitious growth programme - with numerous capital projects underway and funding bids in the pipeline – designed to drive social and economic prosperity. This ambition is not yet articulated into a shared narrative of what it means for HBC and its wider communities. Defining and communicating a vision that reflects the whole Borough - not just the town centre – will be important to galvanise everyone behind delivering shared strategic outcomes. As part of this, greater investment in, and a higher profile of, corporate communications and marketing will also be important to promote the Borough and ensure citizens, councillors, staff, and partners know how they can contribute.

HBC’s growth activities are having a positive impact, with impressive success in securing inward investment and notably the development of new social housing provided by the Council. To ensure that the benefits of its inclusive growth programme are felt by everyone, a stronger ‘people-centred’ approach and clear prioritisation of capital projects will be required.

HBC’s ability to influence longer-term place shaping would be strengthened if cross-party agreement could be secured for key strategic priorities. Enhancing the existing elected Member learning and development support would benefit the long-term prosperity of the Borough by helping to build further confidence, skills, positive behaviours, and understanding of councillors’ strategic, as well as community facing, roles.



HBC has a loyal workforce, that is passionate about serving its communities. The organisational ethos of ‘getting things done no matter what’ is a source of pride and has enabled HBC to deliver in the face of significantly reduced resources. This however brings capacity challenges, risks organisational overstretch, and inhibits strategic planning and innovation. HBC should review its existing operational arrangements (e.g. structure and operating model) to provide assurance it is not stretching itself too thinly in certain areas, posing a risk to the organisation. Revisiting HBC’s Council Plan and Workforce Strategy as part of this will be important to bring together how HBC will align skills, capacity, strategies, and organisational values to mitigate risk and deliver ambitions.

HBC has a track record of good financial management, with a strong awareness across elected Members, staff and partners of the financial challenge HBC faces. There are some tough challenges ahead with increasing inflationary and service pressures. With a £10.1m funding gap over the 2022-2025 Medium Term Financial Strategy (MTFS) and £107.5m net revenue budget in 2022/23, there is a recognition that more radical action is required to address the budget gap. There is untapped potential to drive savings and productivity through systematically embracing service transformation, procurement, and municipal enterprise at a corporate level. Efforts to ensure financial sustainability would further be strengthened by a corporate wide and inclusive approach to budget savings, longer term financial planning and development of a Corporate Capital Strategy and Corporate Asset Management Plan.

HBC can be confident about positively promoting its achievements and has the different ‘jigsaw pieces’ necessary to achieve its ambitions. To do so, it must bring these together through greater strategic planning, prioritisation, transformation, and community insight to translate its exciting potential into tangible outcomes.

## 2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the Council:

- 2.1. **Develop a clear vision and narrative for the whole Borough of Hartlepool which all councillors, staff and partners can get behind, ensuring there is a clear link to strategies, plans and understanding of local community needs.** This will help promote a positive place identity and collective ownership of it, enhance HBC's place shaping influence and provide a framework through which to deliver this.
- 2.2. **Refresh the organisational plan for HBC - setting out the next stage of the journey for the Council, linked to a clear approach to transformation and values.** Setting out how it will operate, and what it will do, will provide clarity on how HBC's ambitions will be delivered.
- 2.3. **Review the existing operational arrangements (e.g. structure and operating model).** This will ensure strategies, policies and priorities are 'knitted together' corporately, with capacity, skills and resources aligned to key organisational goals and risks.
- 2.4. **Revisit the Workforce Strategy to ensure it is fit for purpose.** This will support recruitment and retention to enable the organisation to maximise its capacity, support future skills planning and be reflective of HBC's communities.
- 2.5. **Develop a centrally-led Communications, Engagement and Marketing Strategy, with a higher profile and an internal and external focus.** This will help create clearer messaging and foster collective buy-in by: (a) promoting the Borough and key changes planned; (b) engaging residents and stakeholders; (c) increasing feedback into council work and opportunities for co-design and co-production; and (d) enhancing internal communications.
- 2.6. **Invest further in Member development to support councillors in their**

**Council and community leadership roles and to ensure the governance system functions efficiently and effectively. Consider the introduction of a ward budget for Councillors. Role model positive behaviours.** This will strengthen strategic leadership, scrutiny, prioritisation and promote positive behaviours.

**2.7. Reconvene Group Leaders meetings to improve relationships and communications between political groups on strategic issues for the benefit of the Borough.** Cross-party agreement on key strategic priorities would strengthen HBC's place-shaping influence by demonstrate enduring place leadership.

**2.8. Strengthen longer-term financial sustainability by developing:**

- a) a longer-term Medium Term Financial Plan, including scenario analysis, to inform the development of a Financial Strategy**
- b) a Corporate Capital Strategy and Corporate Asset Management Plan**
- c) review the approach to budget development to ensure greater ownership**
- d) a better understanding of HBC's appetite for risk across all its activities**
- e) an organisational approach to service transformation, procurement and municipal enterprise supported by requisite skills and capacity to support delivery**

This will help secure HBC's financial future by enabling longer-term planning, effective prioritisation and informed use of assets, resource, and capacity.

**2.9. Develop an explicit level of prioritisation for the Capital Programme and selective approach to future funding bids based on how these link to the vision.** By delivering priority projects first, this will target resources where they will have greatest impact and safeguard against organisational overstretch.

### 3. Summary of the peer challenge approach

#### 3.1. The peer team

Peer challenges are delivered by experienced elected Member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Tracey Lee, Chief Executive, Plymouth City Council
- Cllr Craig Browne, Deputy Leader of Cheshire East Council
- Cllr Evonne Williams, Portfolio Holder for Children and Young People, Derby City Council
- Chris Ashman, Director of Regeneration, Isle of Wight Council
- Dean Langton, Director of Finance, Blackburn with Darwen Council
- Sally Rowe, Executive Director Children's and Customer, Walsall Council
- Nathan Brewster, LGA Shadow Peer
- Frances Marshall, LGA Peer Challenge Manager

#### 3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to Councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?

## 5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

In addition to these questions, the council asked the peer team to provide feedback on economic growth and organisational resilience and risk.

### 3.3. **The peer challenge process**

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days *onsite* at Hartlepool Borough Council, during which they:


- Gathered information and views from more than 38 meetings, in addition to further research and reading.
- Spoke to more than 100 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 4. Feedback

### 4.1. **Local priorities and outcomes**

The Council has bold ambitions for Hartlepool as a place, with a focus on growth as a catalyst to make it an "even better place to live, work, visit and invest". This ambition is not yet articulated into a shared narrative of what it means for HBC or its wider communities. Taking time to establish a defined vision for the Borough - alongside councillors, residents, businesses, the third sector and other partners and staff - will




help promote shared ownership and an understanding of everyone's role in delivering it. It will be important that the vision is not solely focused on Hartlepool town centre but reflects all parts of the Borough. Communicating this vision will be important so it is consistently owned, used, and delivered.

HBC's regeneration and redevelopment activities are numerous, and its success at leveraging in investment is impressive. Five large scale capital projects are being delivered through the Town Deal, there are plans to establish a Mayoral Development Corporation for Hartlepool, and the outcome of further Levelling Up Fund bids is awaited. Alongside this, additional infrastructure projects and events are also being progressed such as the Elwick Bypass and the hosting of The Tall Ships races in 2023. HBC's growth activities are having an impact. The establishment of the Creative Quarter is a direct result of HBC's proactive approach to attracting and nurturing new investment and building on the Northern School of Art relationship is a strong example of this. As is HBC's use of its Housing Revenue Account (HRA) to significantly increase the number of new social houses owned by the Council.

Distrust between elected Members can at times distract from moving the Council forward. For example, HBC's ability to influence longer-term place shaping would be strengthened if cross-party agreement could be secured for key strategic priorities so that HBC is able to speak with one voice on these matters. This would demonstrate enduring place leadership beyond electoral cycles and help give funding partners confidence to provide sustained investment.

HBC's capital programme provides a fantastic opportunity to drive social and economic prosperity across the Borough. HBC's communities however do not yet appreciate how these developments will benefit them, and developments appear strongly weighted towards the town centre and Waterfront. To fully realise the inclusive growth potential from HBC's growth programme, a more holistic people-centred approach will be needed. Communicating early progress on delivery will help demonstrate impact and promote external confidence. Additionally, HBC may benefit from reviewing its partnership arrangements - including the Town Deal Board - to enable even broader stakeholder engagement. An inclusive approach would help maximise the benefits from all investment across the Borough.





HBC has a record of strong performance across several services, with a '[Good](#)' Ofsted rating in 2018 for Children's Services and Adult Social Care services ranked within the top 10 nationally on several LG Futures Report metrics. There is however no single view of how HBC is performing, with each service and their respective Policy Committees monitoring performance individually. Whilst oversight is provided through performance clinics with the Managing Director, a Council-wide approach to corporate performance reporting would strengthen the visibility and strategic oversight across the whole Council. This would enable earlier identification of issues, more robust risk management, enhanced political oversight and enable more informed prioritisation of resources when it is considered necessary to do so.

HBC has its communities' best interests at heart, with the introduction of the 'Your Say Our Future' digital consultation and engagement portal reflective of this. Whilst the portal is being used, the Peer Team heard feedback that consultation is not consistently undertaken on issues that matter to communities, and often deeper engagement would be beneficial. Enhancing HBC's approach to community engagement - with generic community feedback on services - would improve service outcomes through strengthened community insight and partnership working.

Reducing health inequalities and poverty is a clear priority for HBC. It is important this positive focus on health inequalities is replicated for all protected characteristics. HBC has committed to step-up its work around equality, diversity, and inclusion (EDI), reflecting a recognition that there is more to do. Its access to rich data sets provides a strong foundation for informed policy making; however, a more holistic use of data would deepen HBC's understanding of its communities, ensure it does not have any blind spots, and enable a joined-up approach for EDI across HBC. Updating the Joint Strategic Needs Assessment (JSNA) and how it is used will also be important as part of this and the planned introduction of an Intelligence Hub also has potential to do so. HBC has acknowledged the need to accelerate its work on climate change and has invested in a new dedicated officer resource which reflects the commitment they have made towards achieving net zero.



## 4.2. Organisational and Place Leadership

There was wide recognition from those the Peer Team spoke with about the positive leadership and relationship-building approach of the Leader and Managing Director. This has been welcomed internally, across the Borough, and in the sub-region.

HBC is generally seen as a good partner at a local and regional level, sharing information to tackle key issues and realise opportunities. It has long-standing shared service arrangement with neighbouring authorities, and its current and future regional contribution within the Tees Valley Combined Authority (TVCA) is widely recognised and understood. Strong relationships are also evident across wider partners such as the further and higher education sector, blue light services, and local businesses.

There are examples of some co-production with partners, such as the Community Hubs, and joint delivery through the Town Board. Nevertheless, many partners expressed a desire to go further to work together on shared objectives. The business sector being willing to help promote what is happening across the Borough, and Voluntary Community Sector (VCS) keen to maximise outcomes for citizens through community wealth building for example. The role of VCS in supporting the delivery of HBC's economic, inclusive growth ambitions will be critical to their success. Embracing VCS involvement - and building on regional and local contribution to employment and skills - will help further this agenda.

HBC is building capacity in communications in recognition of its importance in driving HBC's place-based and internal change aspirations. Whilst internal communications with staff are improving - such as through the Our People App - there is more to do. A centrally coordinated higher profile communications function would enable HBC to speak with a single voice and takes citizens, staff and partners on its aspirational journey. Equally, a more proactive joined-up approach to communications would also help minimise energies spent on responding to a vocal minority who comment negatively on social media platforms. HBC should not be afraid to shout louder about its achievements to promote the Borough positively.


A consistent shared understanding of HBC's priorities was not evident across HBC's elected Members, with a tendency to focus on operational as opposed to strategic issues. Enhancing the existing elected Member learning and development support would be in the longer-term interests of the Borough by helping to build further confidence, skills and understanding of councillors' strategic, as well as community facing, roles.

Service delivery appears to happen predominantly at a Directorate level, with cross-cutting collaboration often occurring by virtue of relationships rather than process or system design. Enabling a better joined-up approach across the organisation will help improve outcomes and organisational efficiency. The Corporate Management Team (CMT) will have an important role in role-modelling this culture. It is timely to reflect on how to achieve an optimum balance for CMT members to be able to lead their respective Directorate's delivery, lead on cross-cutting Council agendas, and maintain an external focus. There is also an opportunity to further invest in the Senior Leadership Team (SLT) as a collective unit - building on the positive working during pandemic. This would also further deepen collegiate team working across corporate agendas to the benefit of the whole of HBC.

#### **4.3. Governance and culture**

HBC staff the Peer Team spoke with described a positive a 'can do' workplace culture in which they felt supported by their peers and managers. The role of the Leader and Managing Director in seeking to foster a positive ethos was recognised. Staff and external stakeholders alike welcoming their open, accessible leadership style. Similarly, positive working relationships were apparent between HBC and the Trade Unions. Recent years of significant funding reductions and responding to the pandemic have nevertheless taken a toll on the workforce in terms of mindset and fatigue. Work to define a new set of values for HBC - although at an early stage - will be important to reenergise the organisation by providing hope for the future and embedding this new organisational culture.

HBC's Committee System of governance has been operating since 2013 without significant changes. HBC may wish to consider if there is scope to streamline the decision-making process. By ensuring that decisions are made at the most



appropriate forum based on the Scheme of Delegation (and not by their perceived level of controversy), HBC could reduce the number of Full Council meetings, empower Committees, and promote efficient decision making. Aligned to this, there is a cross-party consensus that the Audit & Governance Committee is not as effective as it could be and could be strengthened.

The framework for effective political governance is in place, with a Member - Officer Protocol, an Officer Code of Conduct, and HBC having adopted the LGA's Model Code of Conduct for Members. Examples of positive Member and officer relationships within HBC were evident, but equally there were also reports of some poor Member behaviours in relation to conduct at public meetings and unacceptable expectations as to the responsiveness of officers. Taking steps to persistently promote a positive Member-Officer culture of working will be important to ensure there are clear expectations and boundaries which are respected by all. More consistent use of the Member Casework Portal may assist with this.

Elected Member development is supported, with an induction programme and annual Member development programme in place. It is important that councillors take personal responsibility for attendance at training and in ensuring that they keep up to date with their obligations, relevant legislation, and Council practices. Further investment in supporting elected members to build confidence, skills and understanding of their respective roles is required. This should support those in leadership positions, opposition, and frontline Members, and include sessions on HBC's constitution, scrutiny, chairing skills and effective strategic leadership.

The Council could also usefully consider the introduction of delegated ward member community budgets. This could empower councillors in their local ambassadorial roles, dealing with some parochial issues in their wards. In turn this should create space in Committee meetings for the proper discussion of issues of strategic importance.

#### 4.4. Financial planning and management

HBC has a track record of good financial management, consistently delivering balanced budgets in the face of funding reductions, whilst maintaining strong outcomes in certain services. There has been a conscious prioritisation of the Children's Services budget, reflecting its importance to HBC and in recognition of the potential impact of an adverse inspection result on corporate finances more broadly.

There is a shared understanding across elected Members, staff, and partners of HBC's financial challenge. There are some tough challenges ahead, with a £10.1m funding gap over the 2022-2025 MTFS and increasing inflationary and service pressures. HBC's two-year MTFS is not conducive to long-term transformational financial planning, with HBC's approach to savings being described by many as tending towards "salami slicing". Balancing the draft 2023/24 Budget for example relies heavily on reserves or other one-off resources. HBC recognises that this approach is not sustainable. Longer-term financial planning, including scenario analysis, would strengthen the MTFS as a strategic planning tool and can inform the development of its future saving plans.

There are several other measures that would further advance HBC's efforts to provide longer term financial resilience. Developing a coordinated corporate approach to the transformation of services is essential. Better use of digital transformation, service redesign and a strategic approach to procurement would drive productivity, efficiency, and service improvement outcomes. Greater involvement of elected Members and the public in budget setting and cost saving discussions would also support HBC's budget challenge by allowing for greater review, challenge and understanding of the options.

HBC has demonstrated a proactive approach to inward investment. It has had notable success in securing inward investment to support regeneration and economic development and is committed to using prudential borrowing to support strategic developments. There are also examples of municipal enterprise in some services - such as Housing Revenue Account and Traded Services in Neighbourhoods – with

the revenue raised contributing to sustaining services and delivering priority projects. This approach to risk and commercial acumen is not consistent across HBC, with a perception that at a corporate level, the Council is risk averse. Developing a clearer and more granular understanding of HBC's risk appetite across all its activities would encourage innovative thinking and a consistent approach to municipal enterprise where appropriate.

Responsibility for HBC's vast portfolio of capital projects is dispersed across the Council. With delivery of these critical to HBC achieving its aspirations for place, prioritisation will be essential to ensure resources are not stretched too thinly. Phasing of the Capital Programme would help HBC decide how best to target its finite resources and would concentrate capacity on the successful delivery of a smaller number of key projects which are time sensitive. As example of this in the immediate term is The Tall Ships races in 2023. Going forward, HBC can be confident in being more selective about funding or project opportunities and not pursue those which do not support HBC's vision for place. This prioritisation should be aligned to development of a Corporate Capital Strategy linked to the Council Plan priorities. It would also ensure that revenue consequences of capital projects, both now and in the future, are fully understood. Aligned to this, agreeing a Corporate Asset Management Plan would give HBC a better understanding of its asset base, what it needs to invest in for service delivery, and what it can dispose of to release funds for more capital investment based on how these fit with the Council Plan.

#### **4.5. Capacity for improvement**


HBC's workforce was frequently described as an asset, with a willingness to "go above and beyond" and being integral to delivering throughout the pandemic and beyond. There was general willingness from most staff the Peer Team spoke with to learn, adapt and change, as well as examples of sharing good practice with other councils. Fostering and harnessing this ethos will help HBC in the next stages of its journey where change and transformation will be key. There are good examples of transformational thinking to build on and learn from, such as the development of Community Hubs as the front door to ASC to manage demand and improve outcomes.

HBC's organisational structure has evolved over time in large part due to vacancies and cost-saving drivers. This has resulted in large portfolios for many staff, some with conflicting priorities, and some corporate core functions operating beyond capacity. The 'Hartlepool Way' of 'getting things done no matter what' has enabled HBC to deliver in the face of significantly reduced resources. This however risks staff burnout, organisational overstretch and inhibits strategic planning and innovation. HBC should review its existing operational arrangements (e.g. structure and operating model) to provide assurance it is not stretching itself too thinly in certain areas, posing a risk to the organisation. In doing so, it should also seek to ensure strategies, policies and priorities are 'knitted together' corporately so that capacity, skills and resources are used in the most optimal way and aligned to key organisational goals and risks.

Creating bandwidth across the organisation to think strategically about tackling corporate challenges, and doing things differently, would unlock HBC's capacity to improve significantly. Robust prioritisation will be required to release capacity to do so. Without this, there is a risk that currently "nothing is a priority, if everything is a priority". As part of this, HBC should consider if it has sufficient senior capacity to drive forward its vision for the town, whilst also continuing to deliver across ambitious plans already in place.

HBC's success in securing inward investment, and wide partnerships engagement, brings increased opportunity for leveraging additional capacity and maximising the collective resources across the Borough. With several partners expressing a desire to "lean in more" to work collectively on shared objectives, there is potential to go further. It is timely to reflect on HBC's risk appetite to see partners as an extension of its own capacity. Considering what is in the best interests of the people of Hartlepool may be a helpful guiding principle in determining which organisations are best placed to lead on different projects.

There is an organisational-wide awareness of HBC's aging workforce profile, retention challenges and difficulty in recruiting new staff across the organisation. Steps are being taken to address this, with the use of apprenticeships to develop future workforce, as well as investment in senior leadership development. There is however more to do to ensure the Workforce Strategy is fit for purpose to enable the organisation to maximise its capacity, support future skills planning and be reflective



of HBC's communities. It will be important that this Strategy is further developed, given higher profile, collectively owned, and linked to HBC's activities on equality, diversity and inclusion.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings. Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, which provides space for the Council's senior leadership to update peers on its progress against the action plan and discuss next steps. In the meantime, Mark Edgell, Principal Adviser for North East, Yorkshire and Humber and East Midlands, is the main contact between your authority and the Local Government Association. Mark is available to discuss any further support the council requires. [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk).

# Finance and Policy Committee

23<sup>rd</sup> January 2023



**Report of: Managing Director**

**Subject: SENIOR LEADERSHIP RESTRUCTURE**

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

1.1 None Key Decision.

## **2. PURPOSE OF REPORT**

2.1 To make recommendations in respect of the Chief Officer structure of the Resources and Development department.

## **3. BACKGROUND**

3.1 The Council's Organisational Structure is designed to provide the appropriate managerial capacity and resilience to deliver the breadth and complexity of services provided by a unitary authority. These are the same issues faced by much larger unitary councils, many of which do not face the same socio-economic challenges and financial constraints as Hartlepool.

3.2 A report was considered and approved by the Committee on 19th September 2022 to address the resignation of an Assistant Director in the Resources and Development department, who had secured a promotion with another council. It was envisaged the changes approved at that time would provide a stable basis for the foreseeable future and would not require any further changes.

3.3 However, at the start of November, the Director of Resources and Development tendered his resignation. We have agreed a leave date of 31<sup>st</sup> May 2023 to provide an appropriate lead time to put in place appropriate succession arrangements.

3.4 The economic climate for local government over the next 2 – 3 years isn't one of optimism due in the main to key pressures and delivery issues facing local authorities today, such as funding, social care in both adults and children's services and the cost of living crisis. The Council requires strong and robust leadership now more than ever.



- 3.5 Local government is experiencing recruitment issues across many professions and skills, particularly experienced managers who are leaving the workforce. HBC is no different, therefore we need to think about what makes HBC attractive compared to other LA's in the region, how do we retain skilled staff in a competing market, and prepare the organisation for the next generation of young people.
- 3.6 The LGA Corporate Peer Challenge (CPC), undertaken in December 2022, identified leadership has a strong record of delivery and in many areas this is evidenced by the positive outcome of external inspections. The CPC has also identified:
- There is a need to modernise ways of working and review organisational structures and remits to drive transformation, release capacity for strategic planning, strengthen the corporate core and mitigate risk.
  - The organisational structure has evolved in an ad hoc way overtime leading to large portfolios for many staff, with some conflicting priorities.
  - Queried whether HBC have sufficient senior capacity in the right place with the right skills to drive forward the vision for the Town whilst also continuing to deliver across ambitious plans already in place; and
  - Referred to the 'Hartlepool Way' of 'getting things done no matter what' risks burnout and overstretch without clear prioritisation.
- 3.7 It is important we plan for the future and transform from a traditional local authority to one fit for the 21st Century. We cannot afford to continue to live in the here and now. There is a need to step up our work on climate change and maintain the local environment. We need to think about how we will support local communities to care for a further aging society, and narrow the bridge between digital and physical contact utilising digital tools and data to provide support to physical locations and businesses.
- 3.8 With that in mind it is important we consider the future signals for local government and shape how HBC looks over the next five years. Having said all of above, HBC is in a good position in terms of its leadership, and as such I am proposing a limited range of changes in respect of the senior leadership structure to address these.

## 4. PROPOSALS

- 4.1 Whilst this review has been instigated following the resignation of the Director of Resources and Development, I have taken into account the feedback from the CPC review. This has identified there is some excellent work happening within the Directorates to deliver services, though there is a need to ensure that where appropriate this is better

joined-up across the organisation and as such I should consider if the balance for CMT between leading Directorate delivery, cross-cutting delivery and ensuring an external focus is right.

- 4.2 The aim of the recommended changes is to ensure that the Council has an Executive Leadership team clearly focused on the Council's priorities and challenges and is joined-up in delivering excellent and consistent services. The proposals to achieve this aim are included in **Appendix 1** in the exempt section of the report. **This item contains exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, Para 2 – Information which is likely to reveal the identity of an individual).**

## 5. IMPLEMENTATION PROCESS

- 5.1 The proposals in relation to the implementation of the recommended structure are attached as Appendix 1 in the exempt section of the report. **This item contains exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, Para 2 – Information which is likely to reveal the identity of an individual).**

## 6. RISKS

- 6.1 It should be noted that with any change in structure there is a potential risk to service delivery and in respect of organisational knowledge. The limited proposals to change I have recommended is my best advice.

## 7. CHILD AND FAMILY POVERTY IMPACT

- 7.1 The proposal does not impact on our strategic focus on tackling child and family poverty. This is particularly important in the current financial climate.

## 8. LEGAL IMPLICATIONS

- 8.1 The proposed structure will continue to discharge the Council's statutory duties in relation functions of the Head of Paid Service, the Monitoring Officer and Section 151 officer, alongside statutory Directors.

## 9. FINANCIAL IMPLICATIONS

- 9.1 The proposed structure will provide a small recurring saving towards addressing the 2023/24 forecast budget deficit. This saving needs to

be considered in the context of the comments from the Peer Review referred to above and:

- The recurring saving achieved when the current restructure was implemented of £56,0000 a 7% savings;
- The detailed comparative information on senior manager restructures across the Tees Valley reported to Finance and Policy Committee on 12<sup>th</sup> December 2022

9.2 Further information is provided in **Appendix 1** in the exempt section of the report. **This item contains exempt information under Schedule 12A of the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, Para 2 – Information which is likely to reveal the identity of an individual).**

## 10. CONSULTATION

10.1 The Hartlepool Joint Trade Unions Committee (HJTUC) have been provided with a copy of this report and asked for written comments in advance of your meeting which will be circulated as soon as possible after they are received. Consultation has also been undertaken with the Senior Management Team.

10.2 All Officers affected by these proposals have been provided with a copy of this report. Comments and any revised recommendations arising from those comments will be presented at the Finance and Policy Committee meeting.

## 11. EQUALITY AND DIVERSITY CONSIDERATIONS

11.1 The Council's recruitment and selection arrangements comply with all relevant equality and diversity legislation.

## 12. RECOMMENDATIONS

12.1 That Finance and Policy Committee:

- (a) Approves the updated Chief Officer Pay Structure (at Appendix 2) and the inclusion of an additional Chief Officer pay band between the current Band A Chief Officer and Director pay band.
- (b) Approves the deletion and addition of the posts, including changes in responsibilities and the grading of the posts, identified in the Not For Publication element of this report at section 3.12;
- (c) Note the proposals as set out in the Not for Publication element of this report will form the basis of appropriate communications and consultations with those staff affected;

- (d) Note if these proposals are approved an Appointments Panel will need to be convened to agree arrangements for appointing to posts.
- (e) Note the proposed structure provides a recurring saving, identified in the Not for Publication element of this report.
- (f) Note the changes to the officer governance arrangements
- (g) Note that the Pay Policy will be updated to reflect the updated Chief Officer Pay structure.

### **13. REASONS FOR RECOMMENDATIONS**

- 13.1 To enable Members to consider the proposed changes to the Corporate Leadership structure to ensure the Council retains the appropriate managerial capacity and resilience to deliver the next phase of challenges facing the Council.

### **14. BACKGROUND PAPERS**

- Finance and Policy Committee 9<sup>th</sup> March 2020 - Senior Leadership Restructure Report.
- Finance and Policy Committee 19<sup>th</sup> September 2022 - Senior Leadership Restructure Report.

### **15. CONTACT OFFICER**

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Sign Off:-

Director of Resources and Dev. ☒

Chief Solicitor/Monitoring Officer ☒

# FINANCE AND POLICY COMMITTEE

23 January 2023



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

**Subject:** ICT CONTRACT PREFERRED SUPPLIER

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## 1. TYPE OF DECISION/APPLICABLE CATEGORY

### 1.1 For information

Direct consequence of implementing previous key decision Forward Plan Reference CE87/22 - Key Decision (test (i)/(ii))

## 2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to update Finance and Policy Committee on the outcome of the comprehensive procurement process of a new ICT managed contract provider including the appointment of the preferred supplier.

## 3. BACKGROUND

- 3.1 The Council operates over 200 systems and applications in delivering our services to the residents and businesses of Hartlepool. This includes fulfilling our statutory and legislative requirements. As well as fundamental Microsoft systems (i.e. Word, Excel, Outlook, Teams etc.) that are used by all users on a day to day basis, other key systems include, but are not limited to:

- Financial Management (ledger)
- Council Tax and Business Rates system
- Income Management (income collection and allocation)
- Document Management System
- Payroll and HR
- Hartlepool Online portal
- Leisure management and booking
- Children's Social Care, Early Help, Health and Education
- Adult's Social Care (including financial support)

- 3.2 Each system requires both user support and upgrades/security patching type maintenance. Each system also has licencing costs for its users and/or the

devices they run on. Ultimately IT is fundamental to what we do – it is intrinsically linked to service delivery and in 2023 there is no other more effective or efficient way to operate.

- 3.3 Recent years has seen a significant change in the general ICT environment. The drive has been away from office based working with terminals linked to central computers towards individual devices accessing networks from anywhere and allowing working from multiple locations. Systems and data being accessed from “the cloud” is now the expectation for supporting more agile and collaborative working. The Covid pandemic also significantly changed the Council’s operations, with a move to hybrid working and an ever increase acceptance and embracing of digital and on-line solutions.
- 3.4 Given the relative size of the Council and the complex ICT environment, the Council’s model is that of engaging a managed service provider. The service provider works alongside our small internal CICT (Corporate Information and Communication Technology) function to deliver a full range of functions including operating the network infrastructure which provides connectivity from council buildings and user’s homes, management of data centres, support for all user devices, upgrades and patching of servers and devices, implementing and operating cyber security tools, management of telephony services and implementation of projects.
- 3.5 One of the key benefits to the Council of engaging a managed service provider is access to expertise and support in relation to cyber security. This is a key consideration as there has been a significant increase in the severity and volume of cyber security threats and risks to IT networks.
- 3.6 The Council entered into an ICT contract with Northgate Public Services (NPS) in October 2013 and Finance and Policy Committee (26 November 2018) agreed to extend the contract for a further 3 years. The contract will terminate in October 2023 and no further extensions are permissible under these arrangements. A new contract must be in place to meet the Council’s ICT needs from October 2023.
- 3.7 At the Finance and Policy Committee meeting of 12 July 2021, members agreed to the proposed procurement route for the new contract and a timetable for completion, as well as giving approval to undertake a Value for Money (VFM) review of the current contract, by SOCITM Advisory.
- 3.8 The VFM review was carried out and the outcome of that review was provided to members in a report to Finance and Policy Committee on 14 March 2022. Members also considered the weighting of Social Value within the new contract, in addition to a revised timetable.

#### **4. PROCUREMENT PROCESS**

- 4.1 Working in partnership with SOCITM Advisory and Ward Hardaway Solicitors, the restricted procurement process was held between April 2022 and January 2023. The procurement process included soft market testing, a stage 1 selection and finally an Invitation To Tender (ITT):

##### **Soft Marketing Testing Outcome**

- 4.2 Soft market testing is an informal part of the procurement process which allows information to be gathered from the market, to assist in shaping the formal procurement selection stage criteria and the final ITT documentation. Interest was received initially from 44 suppliers which, with the support of SOCITM, were assessed based on defined criteria and sifted down to the 7 most likely to provide relevant and useful insight to the services to be procured.
- 4.3 The suppliers that attended the sessions gave good insight and this assisted with the shaping of the next selection phase which was open to all suppliers in the market to take part in.
- 4.4 With the support of SOCITM Advisory and the intelligence gained from the soft market testing, a final specification for the contract was determined. The specification was such that as well as the core services required, a key focus was placed on modernising and transforming the ICT services and infrastructure in order to support the Council's hybrid working requirements, wider transformation and emerging digital agenda.

##### **Stage 1 outcome**

- 4.5 Six suppliers responded to the Stage 1 invitation. A Pre-Qualification Questionnaire was applied which required suppliers to answer a series of Yes/No questions and to provide evidence of appropriate experience, knowledge and capability to deliver the council's requirements. Following this, 3 suppliers were selected to progress to the final, ITT stage of the procurement. On 12 October 2022 one withdrew from the procurement process.

##### **Invitation to Tender (ITT)**

- 4.6 The closing date for the ITT was 7 December 2022. Prior to closing date, 161 clarification questions were received, evaluated and responded to. Answers were shared with both suppliers to ensure transparency.

##### **Evaluation and Moderation**

- 4.7 Two bids were received with initial evaluation undertaken against the scoring criteria of 55% quality, 35% price and 10% social value. Scoring was

undertaken by relevant council officers and specialists from SOCITM. In order to prevent bias in scoring, those scoring on quality were not privy to the financial information.

- 4.8 Following in person meetings on the 5 January 2023 to refine understanding and seek further clarifications, individual scores were modified or confirmed accordingly. Scores were then combined and subjected to moderation in order to give a final evaluation score.
- 4.9 The outcome of the procurement process is attached at Appendix A. **This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3). Information relating to the financial or business affairs of any particular person (including the authority holding that information).**
- 4.10 Following the issue of the 'notice to award' there is a statutory standstill period of at least 10 calendar days. This is a short pause between the point when the contract award decision is notified to bidders, and the final contract conclusion, during which time suppliers can challenge the decision. Bidders can use this time to review the notice they receive, informing them of the award decision. The notice provides feedback on the tender submitted, the supplier's score and the Council's reasons for their decision (in line with their evaluation methodology).

Members should note that any legal challenge of the contract award decision during the standstill period automatically suspends the contract award. Although the standstill period is 10 days long, the deadline to bring any challenges in court is 30 days.

- 4.11 Completion of the procurement stage enable focus to move to the transition stage to ensure a smooth transition for the commencement of the new contract in October 2023. This will then be followed by the roll out of improvements to existing IT services over the following months and robust arrangement will be put in place to ensure agreed objectives are achieved within the agreed timescale.

## 5. FINANCIAL CONSIDERATIONS

- 5.1 The successful tender is within the available budget provision and the detailed financial implications are set out within Appendix A.

## 6. CONSULTATION

- 6.1 There is no requirement to consult on these proposals



**7. OTHER CONSIDERATIONS**

Risk implications	Covered in Appendix A
Staff considerations	No relevant issues
Asset Management considerations	Covered in Appendix A
Child / Poverty considerations	No relevant issues
Equality and Diversity considerations	No relevant issues
Environment, Sustainability and Climate Change considerations	No relevant issues

**8. RECOMMENDATIONS**

- 8.1 It is recommended that members note the contract is to be awarded to the highest scoring bidder set out in Appendix A.

**9. REASONS FOR RECOMMENDATIONS**

- 9.1 To ensure that a new contract is in place to commence on or before the 1 October 2023.

**10. BACKGROUND PAPERS**

Report to Finance and Policy Committee, 26 November 2018 – ICT Contract Extension

Report to Finance and Policy Committee, 12 July 2021 – Proposed route to award ICT Contract from 2023

Report to Finance and Policy Committee 14 March 2022 - ICT Contract 2023 Progress Update

**11. CONTACT OFFICERS**

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Sign Off:-

Managing Director



Director of Resources and Development



Chief Solicitor

