



Civic Centre  
HARTLEPOOL

16 January, 2023

Councillors Allen, Ashton, Boddy, Brash, Brown, Buchan, Cassidy, Clayton, Cook, Cowie, Cranney, Creevy, Falconer, Feeney, Fleming, Groves, Hall, Hargreaves, Harrison, Howson, Jackson, Leedham, Lindridge, Little, Loynes, Martin-Wells, Moore, Morley, D Nicholson, V Nicholson, Reeve, Sharp, Smith, Thompson, Tiplady and Young.

Madam or Sir,

You are hereby summoned to attend the COUNCIL meeting to be held on THURSDAY, 26 JANUARY 2023 at 6.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

A handwritten signature in black ink that reads 'Denise McGuckin'.

D McGuckin  
Managing Director

Enc

# COUNCIL AGENDA



**26 January 2023**

**at 6.00 pm**

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

- (1) To receive apologies from absent Members;
- (2) To receive any declarations of interest from Members;
- (3) To deal with any business required by statute to be done before any other business;
- (4) To approve the minutes of the last meeting of the Council held on 15 December 2022 as the correct record;
- (5) To answer questions from Members of the Council on the minutes of the last meeting of Council;
- (6) To deal with any business required by statute to be done;
- (7) To receive any announcements from the Chair, or the Head of Paid Service;
- (8) To dispose of business (if any) remaining from the last meeting and to receive the report of any Committee to which such business was referred for consideration;
- (9) To consider reports from the Council's Committees and to receive questions and answers on any of those reports;
  - (1) HBC Corporate Peer Challenge Feedback Report – Report of Finance and Policy Committee
- (10) To consider any other business specified in the summons to the meeting, and to receive questions and answers on any of those items;
- (11) To consider reports from the Policy Committees:

#### 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.

- (a) proposals in relation to the Council’s approved budget and policy framework

- (1) Medium Term Financial Strategy (MTFS) 2023/24 to 2025/26 – Report of Finance and Policy Committee

- (b) proposals for departures from the approved budget and policy framework;

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

“Community payback is a form of punishment that ensures offenders give back to their communities in a positive way, forcing them to take responsibility for their actions and make amends to those affected by their crimes. This can provide a sense of closure and justice for victims, and help them to move on from the trauma caused.

Community payback can also increase the sense of community safety and security, as offenders are held accountable for their actions and make a positive contribution to society. This can help victims to feel more secure in their communities and can increase community awareness of crime prevention.

We believe that everything must be done to empower victims so that they feel a sense of ownership over the process so that the use of community payback is directed toward their priorities.

Council therefore resolves to:

Direct the Safer Hartlepool Partnership to develop a ‘Community Payback Action Plan’, that creates a partnership between our Youth Justice Service and the Probation Service, to give victims of crime and antisocial behaviour in Hartlepool a stronger voice in how this service is used.

This should include, but not necessarily be limited to:

1. Allowing victims to identify the projects they would like to see included in the scheme.
2. Directing the specific community work that offenders undertake.
3. Allowing victims a voice in the development and reviewing of the plan.

Council further requests that this plan be brought back to council at the earliest opportunity.”

Signed: Councillors Harrison, Brash, Allen, Boddy, Clayton, Creevy, Feeney, Hall, Hargreaves, Howson, Morley, Thompson and Sharp

- (13) To receive the Managing Director’s report and to pass such resolutions thereon as may be deemed necessary;



- (14) To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 9;
- (15) To answer questions of Members of the Council under Rule 10;
  - a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 10.1
  - b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 10.2
  - c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority
  - d) Minutes of the meetings held by the Cleveland Fire Authority held on 14 October 2022 and the Police and Crime Panel.



# COUNCIL

## MINUTES OF PROCEEDINGS

**15 December 2022**

The meeting commenced at 6.00 pm in the Civic Centre

The Ceremonial Mayor (Councillor Cowie) presiding:

**COUNCILLORS:**

|             |              |           |
|-------------|--------------|-----------|
| Allen       | Boddy        | Brash     |
| Brown       | Buchan       | Cassidy   |
| Clayton     | Cook         | Cranney   |
| Creevy      | Falconer     | Feeney    |
| Fleming     | Groves       | Hall      |
| Jackson     | Leedham      | Lindridge |
| Loynes      | Martin-Wells | Moore     |
| D Nicholson | V Nicholson  | Sharp     |
| Smith       | Thompson     |           |

Officers: Denise McGuckin, Managing Director  
Craig Blundred, Director of Public Health  
Hayley Martin, Chief Solicitor  
Chris Little, Director of Resources and Development  
Amanda Whitaker, David Cosgrove, Democratic Services Team

**79. APOLOGIES FOR ABSENT MEMBERS**

Councillors Howson, Hargreaves, Harrison, Little, Morley, Reeve, Tiplady and Young.

**80. DECLARATIONS OF INTEREST FROM MEMBERS**

None

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

None

## 82. MINUTES OF PROCEEDINGS

The Minutes of Proceedings of the Council held on the 3 November 2022 and the Extraordinary Council meeting held on 23 November 2022, having been laid before the Council.

RESOLVED - That the minutes be confirmed.

## 83. QUESTIONS FROM MEMBERS OF THE COUNCIL ON THE MINUTES OF THE PREVIOUS MEETING OF THE COUNCIL

Further to minute 74(b) (1), an update was requested of the review to explore the legalities associated with charging blue badge holders to park in on-street bays. The Chief Solicitor advised that she had concluded her investigation and confirmed that blue badge holders parking in on-street bays are exempt from charges by virtue of the exemptions included in the Local Authorities Traffic Orders (Exemptions for Disabled Persons) (England) Regulations 2000. It appeared that when the decision to charge blue badge holders in the Authority's owned off-street car parks was made last year, parking meter signage had been changed on all meters rather than just the off-street parking meters. The Director had instructed his team to take immediate action to rectify this situation, with work commencing as a matter of priority to change the meter signage.

It was reported by an elected member that several wheel chair users had contacted him highlighting difficulties in accessing town centre car parking meters. It was agreed, with no dissent, that the issue be referred to the Neighbourhood Services Committee.

## 84. BUSINESS REQUIRED BY STATUTE

### (1) Director of Public Health Annual Report

Elected Members were referred to the requirement for the Director of Public Health to write an Annual Report on the health status of the town, and the Local Authority duty to publish it, as specified in the Health and Social Care Act 2012. The 2022 Annual Report looked at the whole picture of health in Hartlepool, exploring data, and first hand views from a number of local residents, in relation to the three stages of life. The report concluded with what could be done together to help people in Hartlepool live happier, healthier and longer lives. Following the success of utilising an electronic format and videos last year, the report was again accessed via a link included in the report with a copy of the Director's report also appended to the Board report.

Elected Members debated issues arising from the Annual report. The Director responded to issues raised and provided assurance to elected members that he recognised the issues raised by members, explaining the priorities which he had identified, future working arrangements including the role of other Departments and Partners. With regard to the progression of the priorities, the Director

referred to the Health and Wellbeing Strategy and the Joint Strategic Needs Assessment.

RESOLVED –

- (i) That the report and its conclusions be noted.
- (ii) The publication of the 2022 Director of Public Health Annual Report for Hartlepool. was noted.

(2) Proportionality Review

The report sought approval of the revised political balance calculations and allocation of seats on Committees in accordance with statutory requirements, following recent changes which altered the political balance between the Groups. The Proper Officer had been notified in accordance with the requirements set out in the Local Government (Committees and Political Groups) Regulations 1990 that Councillors Brown and Little wished to be treated as members of the Conservative and Independent Union Group. Pursuant to Section 15 of the Local Government and Housing Act 1989 the Authority was under a duty to review the allocation of seats to Political Groups as soon as practicable following a change to the membership of a political group.

The revised composition of the Council was set out in the report together with the Committees upon which there had been an impact as a result of the review.

It was reported at the meeting that Councillor Moore had resigned from the Children's Services Committee.

RESOLVED –

- (i) That the political balance calculations set out in the report be approved.
- (ii) That the allocation of Committee seats to political groups be agreed and the membership of Committees approved as follows:-

Finance and Policy Committee - No change - Councillor Little appointed as Conservative/Independent Union nomination, replacing her previous Putting Seaton First nomination.

Adult and Community Based Services Committee - No change - Councillor Little appointed as Conservative/Independent Union nomination, replacing her Putting Seaton First nomination.

Neighbourhood Services Committee - Councillors Jackson and Cook lost seats, Conservative/Independent Union gained 2 seats, allocated one seat to Councillor Little and relinquished other seat to Councillor Jackson

Economic Growth and Regeneration Committee -- No change - Councillor Brown retains seat but as Conservative/Independent Union seat replacing Hartlepool People Group nomination.

Audit and Governance Committee - No Change - Conservative/Independent Union Relinquished Seat - Councillor Smith retained seat.

Constitution Committee - Councillors Brown and Little retained seats but as Conservative/Independent Union Seats, Conservative/Independent Union Vacancy to be allocated

Licensing Committee - No Change – Councillor Cook allocated spare seat, Councillor Jackson allocated Hartlepool People Group seat and Councillor Little allocated Conservative/Independent Union seat.

Planning Committee- No Change – Councillor Little allocated additional Conservative/Independent Union Seat.

Appointments Panel - No change – Councillor Little retained seat as additional Conservative/Independent Union seat, Councillor Cook allocated spare Seat

Civic Honours Committee - Conservative/Independent Union relinquished seat for Councillor Jackson

- (iii) That Councillor Little replace Councillor Moore on the Children’s Services Committee.

#### 85. ANNOUNCEMENTS

None.

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

None.

#### 87. TO RECEIVE REPORTS FROM THE COUNCIL’S COMMITTEES

- (1) Further Periodic Review of the Council’s Constitution – Report of Constitution Committee

The report enabled Full Council to consider the recommendations of the Committee following a further periodic review of the Constitution. The



Committee had considered the Monitoring Officer's recommendations, at the meeting of the Committee held on 21 November 2022, in relation to the following:-

**(a) Parish Council Liaison Group**

The Committee had agreed to formalise these meetings by recommending that a further role be added to the list set out in Article 6 – Leader of the Council as follows:

- (i) To chair meetings of the Parish Liaison Group with the Managing Director and the Chairs/Vice Chairs of the Parish Councils on a quarterly basis'

**(b) Officer Employment Procedure Rule 12.1 - Other Officers – Appointments**

The Committee had noted that the Officer Employment Rules of Procedure set out the Authority's governance arrangements for the recruitment and dismissal of, and the taking of disciplinary action against, officers. The Majority of those rules related to the Head of Paid Service, Directors and Chief Officers reporting directly to them. However, Section 12 relates to the appointment of 'Other Officers' as follows:-

"Appointment of all other Officers is the responsibility of the Head of Paid Service or his/her nominee, and may not be made by Elected Members. An invitation at the request of the Chair and/or Vice Chair of a relevant Committee to attend at the interview or otherwise be consulted on a Band 15 appointment would be permissible but the responsibility of appointment will solely rest with the Head of Paid Service or his/her nominee."

The Committee had agreed to recommend the deletion of the above paragraph.

**Planning Delegations (Enforcement & Certificate of Lawfulness)**

The following amendments to the Scheme of Delegation were recommended to be agreed by Full Council:-

- That any decision to issue an Enforcement Notice under section 172 of the Town and Country Planning Act 1990 (as amended) and the formulation and pursuance of the Council response to any subsequent appeal under section 174 of the Town and Country Planning Act 1990 (as amended) henceforth be delegated to the Director of Neighbourhoods and Regulatory Services in consultation with the Chief Solicitor and the Chair of Planning Committee.
- That consideration of an application for a Certificate of Lawfulness (Existing or Proposed) under sections 191 or 192 of the Town and Country Planning Act 1990 (as amended) and formulation and pursuance of the Council case at any subsequent appeal under section 195 of the Town and Country Planning Act 1990 (as amended) henceforth be delegated to

the Director of Neighbourhoods and Regulatory Services in consultation with the Chief Solicitor and the Chair of Planning Committee.

It was noted that the Committee had also debated a proposal to include an additional clause in to the Council Procedure rules in relation to the financial implications of motions on notice. It was agreed that further work on the wording was required and would be brought back to a future meeting of the Committee.

RESOLVED – That the Committee recommendations be approved and adopted.

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

None.

89. REPORT FROM THE POLICY COMMITTEES

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

(1) Housing Revenue Account (HRA) Business Plan Update – Report of Finance and Policy Committee

The report enabled Full Council to consider the recommendation from the Finance and Policy Committee in relation to HRA rent level for 2023/24, which it was highlighted was a 5% increase and below the 7% Government level. A HRA Business Plan report had been considered by the Finance and Policy Committee on 21<sup>st</sup> November 2022 (a copy of which was appended to the report) and covered the Rent Level 2023/24 and HRA Investment Programme,

It was moved by Councillor Moore and seconded by Councillor Cassidy that the Committee's recommendation that Full Council approve a rent increase of 5% be approved.

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

Those for:-

Councillors Brown, Buchan, Cassidy, Cook, Cowie, Cranney, Falconer, Fleming, Groves, Leedham, Lindridge, Loynes, Martin-Wells, Moore, D Nicholson, V Nicholson.

Those against:-

Councillors Allen, Boddy, Brash, Clayton, Creevy, Feeney, Hall, Jackson, Sharp, Smith and Thompson.

Those abstaining:-

None

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

(1) Seaton Carew Public Conveniences – Report of Finance and Policy Committee

The report enabled Full Council to consider the Finance and Policy Committee's recommendation for the use of prudential borrowing as part of the funding strategy for Seaton Carew Public Conveniences and to increase the Prudential Borrowing Limits accordingly. At its meeting on the 21<sup>st</sup> November 2022 the Committee had considered proposals to build a new Public Conveniences facility at Seaton Carew, including the potential purchase of Beach Huts. An extract of the Finance and Policy Committee Report was appended to the report, including the recommendations approved by the Committee.

The following recommendations were moved by Councillor Moore:-

- That Full Council approve the borrowing of £0.290m to match fund grants secured of £0.225m
- On the basis of Council approving the recommendations, to approve the inclusion of this scheme within the Capital Programme and Prudential Indicators.

The recommendations were agreed, with no dissent.

## 90. MOTIONS ON NOTICE

One Motion on Notice had been received as follows:-

“A decision on significant new investment into hospital services for Hartlepool and North Tees is imminent, and whatever the outcome we believe that between the two sites, only Hartlepool is fit for longterm future development.

The lifespan of the buildings at North Tees is very short, whereas by contrast Hartlepool's buildings have decades left. North Tees lacks spare land capacity for new development, Hartlepool has plenty of land to allow development to take place.

It is clear that only Hartlepool has the necessary scope for cost-effective development.

Moreover, with ever greater collaboration between health trusts North and South of the Tees, it is vital to secure provision that is balanced and meets the needs of all residents across the area. Locating new hospital services in

Hartlepool ensures that balance in the North and prevents the over centralisation of services in the Tees Valley.

This Council therefore resolves to write to both the Secretary of State for Health and the Foundation Trust, in the spirit of cross party unity, to express our united and clear view that:

1. Should a new build development get the go ahead, which would include fully functioning A&E, then it should be at the Hartlepool site.
2. Should such investment not be approved then significant long term investment will still be required, including the provision of a new A&E service, and this should be at the Hartlepool site.”

Signed: Councillors Harrison, Brash, Allen, Boddy, Clayton, Creevy, Feeney, Hall, Hargreaves, Howson, Morley, Thompson and Sharp.

The Motion was moved by Councillor Brash.

On moving the Motion, tribute was paid to the Save Our Hospital Group and the rationale for submission of the Motion was reported to Full Council. All elected members were urged to support the Motion.

The Motion was seconded by Councillor Buchan.

An amendment to the Motion was moved by Councillor Lindridge:-

“That the letter to both the Secretary of State for Health and the Foundation Trust be signed by all elected members”.

The mover of the Motion advised that he did not have an issue with the amendment to the Motion.

The Motion was agreed, with no dissent.

The Managing Director advised Full council that the letters would be forwarded by the Ceremonial Mayor, on behalf of Full Council, in accordance with usual practice.

## MANAGING DIRECTOR'S REPORT

### 91. RESIGNATION FROM OUTSIDE BODIES

The Managing Director reported that Councillor Cassidy had notified her that he wished to resign as the Council's representative on the following outside bodies:-

- Northumbria Regional Flood and Coastal Committee
- Local Government Association Coastal Special Interest Group
- River Tees Port Health Authority

Nominations were sought for replacement representatives.

RESOLVED – That the appointment of the following replacement representatives be approved:-

Northumbria Regional Flood and Coastal Committee – Councillor Moore.

Local Government Association Coastal Special Interest Group – Councillor Creevy.

## 92. SPECIAL URGENCY DECISIONS

In accordance with the requirements of the Access to Information Procedure Rules included in the Council's Constitution, Full Council was informed that no special urgency decisions were taken in the period August 2022 – October 2022.

RESOLVED – That the report be noted.

## 93. PUBLIC QUESTION

None.

## 94. QUESTIONS FROM MEMBERS OF THE COUNCIL

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

None.

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

None.

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

None.

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

None.

The meeting concluded at 7.00 p.m.

CEREMONIAL MAYOR



**Report of:** Finance & Policy Committee

**Subject:** HBC CORPORATE PEER CHALLENGE FEEDBACK REPORT

**1. PURPOSE OF REPORT**

1.1 To present to members the feedback report following the LGA Corporate Peer Challenge held in December 2022 presented to Finance & Policy Committee 23<sup>rd</sup> January 2023.

**2. BACKGROUND**

2.1 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.

2.2 The Corporate Peer Challenge (CPC) covered five core elements, and two additional areas

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement, *and*
- Organisation risk and resilience,
- Economic regeneration.

**3. PROPOSALS**

3.1 The feedback report is attached to the Finance and Policy report, 23<sup>rd</sup> January 2023 (APPENDIX 1). There are a number of observations, suggestions and recommendations within the main section of the report.

- 3.2 Members are asked to note 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. HBC has 8 weeks to produce an action plan.
- 3.3 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

#### 4. OTHER CONSIDERATIONS

|   |   |
|---|---|
| Risk Implications                             | 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. |
| Financial Consideration                       | 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.     |
| Legal Considerations                          | No relevant issues.   |
| Consultation                                  | 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.   |
| Child / Family Poverty                        | No relevant issues.   |
| Equality and Diversity                        | 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   |
| Section 17 of the Crime and Disorder Act 1998 | No relevant issues.   |
| Staff   | No relevant issues.   |



|  |                     |
|--|---------------------|
| Asset Management                                     | No relevant issues  |
| Environment,<br>Sustainability and<br>Climate Change | No relevant issues. |

## 5. RECOMMENDATIONS

- 5.1 Members are asked to consider and note the report.
- 5.2 Authorise the Managing Director to produce an action plan setting out the Council's proposed response which will be reported to Finance & Policy and Council later this financial year.

## 6. REASONS FOR RECOMMENDATIONS

- 6.1 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.

## 7. BACKGROUND PAPERS

Finance & Policy Report - Corporate Peer Challenge – 20<sup>th</sup> June 2022  
 Finance & Policy Report – HBC Corporate Peer Challenge Feedback report  
 23<sup>rd</sup> January 2023.

## 8. CONTACT OFFICERS

Denise McGuckin  
 Managing Director

# 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).

# COUNCIL REPORT

26 January 2023



**Report of:** Finance and Policy Committee

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

## 1. PURPOSE OF REPORT

- 1.1 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 Council to consider the budget proposals to be referred by Finance and Policy Committee, including the level of Council Tax and Adult Social Care (ASC) precept for 2023/24.

## 2. BACKGROUND

- 2.1 In accordance with the Constitution the Finance and Policy Committee is required to develop budget proposals for the forthcoming year for consideration by Council. A detailed report on these issues will be considered by Finance and Policy Committee on 23<sup>rd</sup> January 2023 and is attached to enable Members to familiarise themselves with the financial issues facing the Council.

## 3. ISSUES TO BE CONSIDERED BY FINANCE AND POLICY COMMITTEE ON 23<sup>rd</sup> JANUARY 2023

- 3.1 The detailed report to be considered by the Finance and Policy Committee covers the following key areas:
- Background;
  - Provisional Local Government Finance Settlement;
  - Impact of provisional Local Government Finance Settlement on Resources;
  - Strategy for managing 2023/24 Budget Deficit;
  - Financial Outlook 2024/25 to 2026/27;
  - Other Considerations;
  - Conclusions and Robustness Advice;
  - Recommendations
- 3.2 As detailed in the conclusions to the Finance and Policy Committee report 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.

3.3 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.

3.4 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%.

3.5 The provisional settlement is better than could have been forecast in the summer. At a national level the provisional settlement “makes available” a national increase in core Spending Power of 9%. For Hartlepool the figure is 10.2%, which compares to 9% to 10.2% for metropolitan/unitary councils (i.e. social care authorities) and 5% for district councils.

3.6 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.

3.7 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.

3.8 Not implementing this increase will have a number of important implications:

- Not achieve an increase in recurring resources of £2.303m;
- Impact on the ability to argue for increased funding from the Government;
- Impact on the financial sustainability of the Council.

3.9 The report indicates that the Council will continue to face financial deficits over the period 2024/25 to 2026/27 and will need to develop a strategy to address this position. The proposal for 2023/24 put the Council’s financial position in the best possible position to address these challenges by

securing additional recurring Council Tax / ASC precept income and reduce reliance on one off funding.

**3.10 Robustness Advice**

3.11 As indicated in previous years the Local Government Act 2003 introduced a statutory requirement on an Authority's Section 151 Chief Finance Officer to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. If Members ignore this advice, the Act requires the Authority to record this position. This later provision is designed to recognise the statutory responsibilities of the Section 151 Officer.

3.12 The robustness advice is detailed in section 9 of the Finance and Policy Committee report and Council also needs to consider this advice when making decisions on the recommendations referred by the Finance and Policy Committee.

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

4.1 The recommendations to be considered by Finance and Policy Committees are detailed in section 10 of the attached report and a verbal update on the final recommendations for Council to consider will be presented on 26<sup>th</sup> January 2023.

**5. CONTACT OFFICER**

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# 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> |

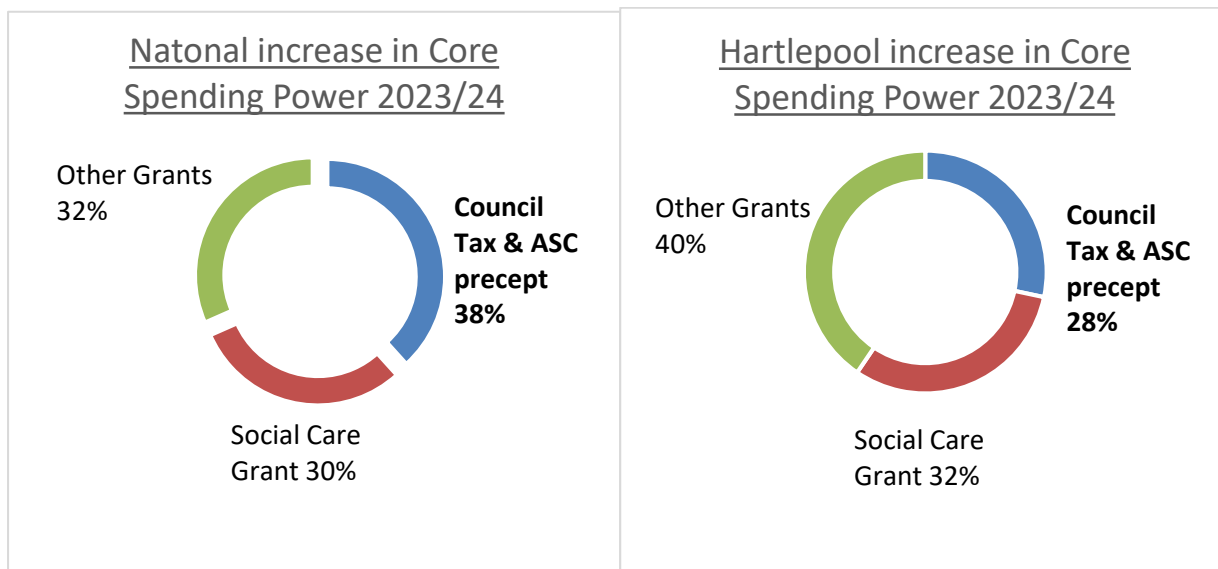
4.4 As highlight in the above table Government's total Core Spending Power increases are based on the assumption that all authorities will use the available Council Tax and ASC flexibility. On this basis **38% - £1.916 billion** of the national Core Spending Power increase will need to come from Council 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<br>Forecasts<br>based on<br>Chancellor's<br>Autumn<br>Statement – | Provisional<br>Local<br>Government<br>Finance<br>settlement<br>figure – |
|--|--|---|
|  | Resources /<br>(additional<br>cost)<br>£'m                                 | Resources /<br>(additional<br>cost)<br>£'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<br>£  |
|---------------------|--------------|
| 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 - Sedgfield
- £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<br>£'m | 2025/26<br>£'m | 2026/27<br>£'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:

- 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;
- Note these limits are year specific, which means any unused limit results in a permanent reduction in recurring income;
- 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;

- Note feedback on 2023/24 savings detailed in Appendix A from Policy Committees will be circulated separately owing to the timing of meetings.
- 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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 Telephone: 01429 523003

Sign Off:-

Managing Director

Director of Resources and Development

Chief Solicitor

## 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                      |  |

| 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                                  | 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.   |
| 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.<br><br>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:<br>Hartfield's and The Willows (yr1)<br>Civic consolidation start (Bevan and Windsor) (yr2)<br>other options e.g. Brinkburn (yr3).<br>Achieving savings will require one of funding from the Budget Support Fund and will be subject to business case demonstrating payback.  |
| <b>Total 3- Efficiency Savings</b> |                  |   | <b>461</b>                    | <b>90</b>                     | <b>0</b>                      | <b>551</b>                  |                               |                           |   |



| 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.   |
| <b>Total 4- Demand Management</b>       |                |   | <b>400</b>                    | <b>0</b>                      | <b>0</b>                      | <b>400</b>                  |                               |                           |  |
| 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                            | <b>385</b>                  |                               | 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. |
| <b>Category 5- New Fees and Charges</b> |                |   | <b>298</b>                    | <b>63</b>                     | <b>75</b>                     | <b>436</b>                  |                               |                           |  |
| 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.  |
| <b>Total 6- Service Reductions</b>      |                |   | <b>57</b>                     | <b>0</b>                      | <b>0</b>                      | <b>57</b>                   |                               |                           |  |
| <b>Total</b>                            |                |   | <b>1,768</b>                  | <b>187</b>                    | <b>75</b>                     | <b>2,030</b>                |                               |                           |  |

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

**BUDGET SUPPORT FUND**

|  | <b>Position approved<br/>21.11.22<br/>MTFS<br/>£'m</b> | <b>Revised recommended<br/>position<br/>£'m</b> |
|--|--|---|
| Uncommitted Budget Support Fund  | 6.452  | 6.452   |
| Less – Support of 2023/24 Budget   | (3.000)  | (0.855)   |
| Less – Children in Care<br><br>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.<br><br>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<br><br>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<br><br>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 DLUCH 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 |

**APPENDIX C****COUNCIL TAX 2022/23 AND 2023/24 BY PROPERTY BAND**

| 2022/23            |               | 2023/24            |                    |                 |                 | Hartlepool Chargeable properties |        | National Chargeable Dwellings |
|--------------------|---------------|--------------------|--------------------|-----------------|-----------------|----------------------------------|--------|-------------------------------|
| Annual Council Tax | Property Band | Annual Council Tax | Weekly Council Tax | Annual Increase | Weekly Increase |                                  |        |                               |
| £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.  |

## Appendix D

| Savings Proposal                          | Equality & poverty Impact | Impact Assessment   |
|---|---------------------------|---|
| 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.  |
| 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

## Appendix D

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.<br>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.<br>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.

**MEDIUM TERM FINANCIAL STRATEGY****FINANCE AND POICY COMMITTEE REVISED RECOMMENDATION (v)**

At the meeting on 23 January 2023 Finance and Policy Committee approved the recommendation outlined in the report with the following amendment to recommendation (v):

- Reduction in proposed Garden Waste charge from £41.50 to £32.00, which reduces the 2023/24 savings from £250,000 to £195,000;
- Reduction in Christmas Tree saving from £9,000 to £3,000, which will retain existing trees other than the one located at the Historic Quay;
- Replacement of above reduced saving of £61,000 with an increase in one off funding from the Budget Support Fund Reserves;

In summary these changes result in the following package to balance the 2023/24 budget:

|   | £'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                         | (1.707)       | 17.0%         |
| Less – Council Tax and ASC increase             | (2.303)       | 22.9%         |
| Less – One off funding                          | (2.516)       | 25.1%         |
| <b>Deficit Still to be addressed</b>            | <b>0</b>      | <b>100.0%</b> |



**Report of:** Managing Director

**Subject:** BUSINESS REPORT

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## 1. LEVELLING UP

Hartlepool Borough Council's bid to the Levelling Up Fund Round 2 for 'Catalysing Hartlepool's Screen Industries Production Village' (application LUF 20556) was submitted to the Department of Levelling Up Housing and Communities (DLUHC) on 29<sup>th</sup> July 2022. The value of the capital bid request was £16,453,891 with a total project cost of £18.57m, with the additional match funding from TVCA.

The intention is to create a "Production Village" in the Lynn Street/Whitby street area that will act as a catalyst for the further development of Hartlepool's fledgling screen industries sector.

Further good news for Hartlepool after the £25m Town Deal was confirmed in late 2022. Five projects including the re-development of the former Wesley Chapel, the re-imagining of Middleton Grange Shopping Centre, connectivity improvements between The Waterfront and the town centre and the creation of civil engineering and health and social care skills academies.

The aim of the project is to transform the urban environment through the acquisition, redevelopment and selective demolition of existing buildings to create a range of new, flexible spaces that will provide post-production, back office and wider support services to screen industries. These will be complemented by the creation of an urban park/square to transform the look and feel of the area, improve the connection through to the town centre and attract new investment.

HBC was informed on 19<sup>th</sup> January 2023 that the bid had been successful for the full requested amount. The successful applicant letter from Deheena Davison MP stated HBC had 'submitted a strong application, which performed well against the assessment criteria, and pleased to hear about the projects that we plan to deliver with this investment'.

A full report on the LUF funded project will be prepared for Finance and Policy Committee on 13<sup>th</sup> March. As yet, HBC has not received any grant agreement, Heads of Terms, payment terms or associated monitoring and evaluation

requirements for the funding and it is hoped that this will be received ahead of the March F&P Committee.

## **2. APPOINTMENT OF DEPUTY ELECTORAL REGISTRATION OFFICERS**

Under Section 8(2) of the Representation of the People Act 1983, Full Council must appoint an Officer to the position of 'Electoral Registration Officer'. This position is responsible for maintaining the Electoral Register for the area and in Hartlepool is held the Managing Director. The Council may appoint a Deputy Electoral Registration Officer who is able to perform and exercise any of the duties and powers of the Electoral Registration Officer.

In order to ensure resilience and for HBC to be able to deliver the duties placed upon it by the Elections Act 2022, in particular in relation to the issue of Voter Authority Certificates, Council's support is requested to the appointment of Hayley Martin and Lorraine Bennison as Deputy Electoral Registration Officers.

## **3. ELECTED MEMBER NOMINATIONS FOR THE APPOINTMENT OF GOVERNORS TO THE NORTH EAST AMBULANCE SERVICE NHS FOUNDATION TRUST**

At a recent meeting of the ANEC board, it was agreed to the appointment of Cllr Nicholson (from Darlington Borough Council) as a nominee. There are therefore 3 further appointments to which nominations need to be made as set out in the attached report.

Members of Board were requested to identify nominees from their respective Councils to the remaining 3 positions between now and the next meeting of the Board in March 2023.



## **LEADERS' AND ELECTED MAYORS' MEETING**

**20 January 2023**

### **ELECTED MEMBER NOMINATIONS FOR THE APPOINTMENT OF GOVERNORS TO THE NORTH EAST AMBULANCE SERVICE NHS FOUNDATION TRUST**

#### **1 Purpose of Report**

- 1.1 To advise of two current vacancies and two forthcoming vacancies for governor positions on the North East Ambulance Service NHS Foundation Trust (“the Trust”) and to consider appointments to the positions.

#### **2 Background**

- 2.1 The Council of Governors (“the Council”) is the accountability forum between the Board of Directors and its stakeholders. It represents local interests and holds Non-Executive Directors to account, as well as exercising a number of statutory powers, including providing a view on the Trust’s business plans, approving major transactions and appointing the Chairman and Non-Executive Directors.
- 2.2 The Council is comprised of 35 Governors – 21 public Governors (elected by Foundation Trust members i.e. the public), 4 staff Governors (elected by staff) and 10 appointed Governors selected by organisations that work closely with the Trust.
- 2.3 The constitution of the Council states that there must be 4 local authority Governors; appointed by the Association for North East Councils (ANEC) in liaison with the 12 local authorities to represent rural, semi-rural and urban communities across the North East.
- 2.4 Individual Governors are appointed on a 3 year term with individuals eligible to serve a maximum of 3 terms (9 years).

#### **3 Current Position**

- 3.1 The current positions in respect of the four appointments that are made by ANEC are as follows:

Councillor Oscar Avery (Newcastle) – term to expire on 31 May 2023

Councillor Jeff Watson (Northumberland) - term to expire on 31 October 2023

Councillor Kevin Nicholson (Darlington) - term to expire on 1 August 2022

Councillor Matt Wilson (North Tyneside)- term was due to expire on 1 August 2022

- 3.2 The Trust has advised that former Councillor Avery and Councillor Watson are not able to continue with their positions on behalf of ANEC. The Trust has asked ANEC to consider replacements to these positions for the remainder of their tenure with a view to then reappointing for a further three-year term and, if so, identify replacements for Councillors Avery and Watson.
- 3.3 The Trust has also requested that ANEC will consider appointments to the other two positions where current appointments are due to expire on 1 August 2022 - Cllr Kevin Nicholson, Darlington Borough Council and Cllr Matt Wilson, North Tyneside Council. It is understood that Cllr Nicholson has shown an interest in continuing in his position. Cllr Wilson's appointment, made at the ANEC meeting of October 2021, was on the basis that he would occupy the position until the end of its current term with a view to his replacement for the next three-year term being from a South of Tyne Local Authority.
- 3.4 ANEC in considering previous nominations for these seats has noted that when there is a vacancy it does not follow that the seat automatically transfers to the same council of the outgoing member, and that the appointments made are to be representative of the whole region.
- 3.5 ANEC is to determine how to fill the vacancies. It is considered that ANEC should seek expressions of interest for the vacancies from the Leaders and Elected Mayors Group, with the Group to consider the nominations received and determine the appointments.

#### **4 Recommendation**

- 4.1 To seek expressions of interest for the two current Governor vacancies and two forthcoming Governor vacancies to the North East Ambulance Service and appoint to the vacancies.

## Member questions for Council

Meeting: 26 January 2023

|    |   |
|----|---|
| 1. | From: Councillor Little   |
|    | To: Councillor Moore<br>Chair of Finance and Policy Committee                                   |
|    | Question:<br>“How many people/families have we helped with fuel poverty in the last 12 months?” |

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# CLEVELAND FIRE AUTHORITY

## MINUTES OF ORDINARY MEETING

14 OCTOBER 2022

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### PRESENT:

#### CHAIR

Cllr Paul Kirton – Stockton on Tees Borough Council

#### HARTLEPOOL BOROUGH COUNCIL

Cllrs Ben Clayton, Angela Falconer

#### MIDDLESBROUGH COUNCIL

Cllrs Teresa Higgins, Naweed Hussain, Tom Mawston

#### REDCAR & CLEVELAND BOROUGH COUNCIL

Cllr Julie Craig

#### STOCKTON ON TEES BOROUGH COUNCIL

Cllrs Luke Frost, Steve Matthews, Jean O'Donnell

#### AUTHORISED OFFICERS

Chief Fire Officer, Assistant Chief Fire Officer - Strategic Planning & Resources, Legal Adviser and Monitoring Officer, Deputy Treasurer

### APOLOGIES:

Assistant Chief Fire Officer – Community Protection  
Treasurer

Councillor Leisa Smith – Hartlepool Borough Council

Councillor Jon Rathmell – Middlesbrough Council

Councillors Billy Ayre, Martin Fletcher, Mary Ovens - Redcar & Cleveland BC

Councillor Lynn Hall - Stockton-on-Tees Borough Council

### 50. DECLARATIONS OF MEMBERS INTEREST

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

### 51. MINUTES

**RESOLVED – that the Minutes of proceedings of the Annual Meeting of 17 June 2022 be confirmed.**

### 52. MINUTES OF MEETINGS

**RESOLVED - that the Minutes of the Audit & Governance Committees on 24 June and 26 August 2022, Executive Committees on 8 July and 23 September 2022 and Executive (Appeal) Committees on 22 July, 5 September and 5 October 2022 be confirmed.**

### 53. COMMUNICATIONS RECEIVED BY THE CHAIR

- Gill Gittins - Pay Negotiations 2022
- LGA - Pay Claim, Fit for the Future

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

## 54. REPORTS OF THE CHIEF FIRE OFFICER

### 54.1 Firefighters' Pay Claim 2022

The Chief Fire Officer (CFO) provided Members with the current status of the negotiations between the Fire Brigade's Union (FBU) and the Employers' side of the National Joint Council (NJC) with regard to the 2022/23 Firefighters' Pay Claim. He provided the background to the claim and outlined the following timeline:

- 19 July - FBU unanimously rejected the 2% pay uplift contained within the circular EMP/1/22.
- 2 August - Chair of Employers' side wrote to the Home Secretary requesting financial support toward the increase pay offer for Grey Book employees aligned to that received by the police service pay award.
- 2 September - Executive Committee of FBU agreed to prepare ballot for strike action which give potential for strike action commencing mid-November.
- 20/21 September – NJC Employers' Side held pay consultation sessions with fire and rescue authorities to establish their capacity and desire to improve on the 2% pay offer.
- 30 September - the Home Office confirmed that fire service pay was the responsibility of the authorities via the NJC mechanism and ministers had agreed not to provide any funding support.
- 4 October - National Employers made an improved pay offer of 5% on all basic pay rates.
- 5 October - the FBU Executive Council recommended the 5% uplift be rejected and agreed to commence a membership consultation on the revised proposals with the outcomes expected early November.

The CFO reminded Members that they had agreed a 2% pay uplift in the 2022/23 budget based on affordability and while the Authority supports fair and reasonable pay awards that reflect inflation, anything over 2% posed a risk to jobs and services.

He confirmed that every additional 1% pay increase would cost the Authority circa £250k and the Treasurer was putting together the exact medium term financial position which would be reported to the Authority in December and was estimated to change the budget deficit from £0.547m to £1.521m.

Councillor Mawston referred to the Authority's uncertain financial position and asked if the Brigade would be able to continue operating at current levels. The CFO confirmed that from an operational perspective Cleveland had one of the highest risk areas in the country due to the number of COMAH sites and high levels of social deprivation. Funding uncertainties, along with unfunded pay increases, threatened CFBs current provision of 13 whole time pumps, 8 retained pumps and 52 whole time firefighters on duty at any one time.

**RESOLVED – That Members noted the Employers' side of the National Joint Council (NJC) improved offer on firefighters' pay (5% on all basic pay points and continual professional development payments) and agreed to received additional reports as appropriate.**

**54.2 Information Pack**

- 54.2.1 Employers Circulars
- 54.2.2 National Joint Circulars
- 54.2.3 Campaigns

**Stay Fire Safe This Winter – National Campaign**

The CFO informed Members that the Brigade was supporting the National Fire Chiefs Council's (NFCC) Stay Fire Safe campaign in response to the rising cost of living crisis which may result in people choosing unconventional and potentially dangerous ways of heating and lighting their homes.

This includes working closely with partners to ensure vulnerable residents have access to blankets, heaters and other means of keeping warm. In addition, prevention staff will be delivering increasing home fire safety checks and providing alarms where appropriate as well as providing advice and assistance to vulnerable residents which will include highlighting the dangers of carbon monoxide and providing risk reduction equipment.

**RESOLVED – that the information pack be noted.**

**55. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION ORDER) 2006**

**RESOLVED - "That Under Section 100(A) (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 3, 4 and 7 of Part 1 Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006, namely information relating to any individual; information relating to the financial or business affairs of any particular person (including the authority) holding that information and namely information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority; namely information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime."**

**56. CONFIDENTIAL MINUTES**

**RESOLVED – that the Confidential Minutes of proceedings of the Annual Meeting of 17 June 2022 be confirmed.**

**57. CONFIDENTIAL MINUTES OF MEETINGS**

**RESOLVED – that the Confidential Minutes of the Executive Committees on 8 July and 23 September and the Executive (Appeal) Committees on 22 July, 5 September and 5 October 2022.**

**58. CONFIDENTIAL REPORT OF THE CHIEF FIRE OFFICER**

**58.1 Business Continuity for Industrial Action**

The CFO outlined the Brigade's arrangements for business continuity in the event of Industrial Action.

**COUNCILLOR PAUL KIRTON  
CHAIR**