

# **FINANCE AND POLICY COMMITTEE**

## **MINUTES AND DECISION RECORD**

19 FEBRUARY 2024

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

**Present:**

Councillor Mike Young (In the Chair)

Councillors: Moss Boddy, Paddy Brown, Bob Buchan, Tom Feeney, Gerard Hall, Brenda Harrison and Melanie Morley.

Also Present: Councillor Rachel Creevy.

Officers: Denise McGuckin, Managing Director  
James Magog, Director of Finance, IT and Digital  
Paul Dixon, Assistant Director, Corporate and Financial Services  
Sally Robinson, Executive Director of Children's and Joint  
Commissioning Services  
Jill Harrison, Executive Director of Adult and Community Based  
Services  
Tony Hanson, Executive Director of Development, Neighbourhoods and  
Regulatory Services  
Beverley Bearne, Assistant Director, Development and Growth  
Gemma Jones, Scrutiny and Legal Support Officer  
Connor Kerr, Communications and Marketing Team  
David Cosgrove, Democratic Services Team

### **68. Apologies for Absence**

Councillors Sue Little, Jim Lindridge and Andrew Martin-Wells.

### **69. Declarations of Interest**

None.

### **70. Minutes of the meeting held on 22 January 2024**

Received.

The Managing Director tabled an update for Members on the redevelopment of the Star Centre as requested by Members at Council. The Managing Director sought Members approval to include further

updates in the quarterly Financial Management updates. This was agreed by Members.

**71. Capital Programme 2024/25 to 2026/27** (*Director of Finance, IT and Digital*)

**Type of decision**

Budget and Policy Framework.

**Purpose of report**

To seek approval to the Capital Strategy for 2024/25 to 2026/27 to be recommended to Council for approval. The strategy is a requirement of the Prudential Capital Code.

To seek approval to the Capital Programme new starts 2024/25 to 2026/27, to be recommended to Council for approval.

**Issue(s) for consideration**

The Director of Finance, IT and Digital reported that the Council had, in recent years, developed an ambitious Capital Programme, ensuring investment in existing and new assets within the Borough, to support delivery of the priorities set out in the Council Plan. The report brought together the Capital Programme and Capital Strategy, aligning them with the Medium Term Financial Strategy (MTFS) and Treasury Management Strategy as an integral part of the Councils Strategic and Financial Planning Framework.

The capital programme also included planned HRA investment. Decisions on HRA investment were subject to Business Cases and were included as part of the annual HRA Business Plan and updates provided to Finance and Policy Committee on a regular basis. The Director of Finance, IT and Digital highlighted that the programme included the current year schemes – planned for or actually spend already incurred in 2023/24. The programme would be reviewed at year-end to ensure only live schemes remained going forward.

**Decision**

1. That the Capital Strategy for 2024/25 to 2027/28, set out at Appendix 1 to the report, be recommended to Council for approval. The strategy was a requirement of the Prudential Capital Code;
2. That the Capital Programme new starts 2024/25 to 2026/27, as set out at Appendix 2 to the report, be recommended to Council for approval;

3. That the delegation to relevant policy committees to approve detailed schemes arising from confirmed specific grant allocations as set out in Appendix 2 to the report be approved;
4. That any capital receipts generated be considered for funding the existing capital programme or financial flexibility arrangements being used to fund revenue costs associated with service transformation as reported; and
5. That the capital programme (including new starts) set out on Appendices 3-9 to the report, be noted.

## **72. Strategic Financial Management Report as at 31 December 2023** *(Director of Finance, IT and Digital)*

### **Type of decision**

Budget and Policy Framework.

### **Purpose of report**

The purpose of the report was to inform Members of:

- i) Forecast General Fund outturn for 2023/24;
- ii) Forecast Housing Revenue Account outturn for 2023/24;
- iii) Corporate Income Collection Performance; and
- iv) Capital Programme Monitoring 2023/24.

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

The Director of Finance, IT and Digital reported that the previous report to Finance and Policy Committee in November, highlighted the significant financial pressures being experienced by the Council from high general inflation, energy inflation, higher than anticipated pay awards and increased demand and significant cost rises for Children's Social Care external placements. These pressures had continued in to the third quarter of the 2023/24 financial year.

The report detailed the latest 2023/24 budget forecast position for the Council. The Director of Finance, IT and Digital highlighted that the overall position showed an improvement of circa £1.6m from quarter 2, though there was still a forecast overspend of £2.6m. The Director of Finance, IT and Digital stated that there were three key reasons behind the reduction;

- Firstly, the on-going action taken by Directors, their teams and the finance team to reduce spend and take remedial action. This had been a significant team effort and was starting to bear fruit;
- Secondly, additional investment income being generated and for longer than anticipated. There were various factors including pre-payment of grant income by government, proactive Treasury

Management and also continued higher rates of interest. While positive, it was temporary and not an on-going benefit into future years.

- Finally, the government had redistributed £100m of the national Business Rates levy in early February; this equated to a benefit of £239,000 to Hartlepool and again was a one-off bonus.

The Dedicated Schools Grant continued to forecast a significant overspend and while work was on-going to address this, any DSG overspend would need to be carried forward as a deficit on our balance sheet.

The Managing Director wished to record her thanks to the Executive Leadership Team and all officers who had contributed to the work to reduce the budget overspend. No officer wished to see services to front line users diminish and reduced services could be quite demoralising for staff. The Managing Director was grateful to the hard work of those that had helped deliver the reduced budget deficit now reported.

### **Decision**

1. That the forecast revenue outturn position and accompanying financial performance for the quarter be noted;
2. That the Committee recognised the seriousness of the financial position and actions being progressed to mitigate this as far as possible as set out in the report;
3. That the Housing Revenue Account position detailed within the report be noted;
4. That the forecast capital outturn position detailed within the report, including reported budget realignments and the Managing Director's comments, be noted.

## **73. Council Tax – Fraud Prevention Strategy** *(Director of Finance, IT and Digital)*

### **Type of decision**

Key Decision. Tests (i) and (ii) apply.

### **Purpose of report**

The report provided members with information as to additional steps the council proposed to take to reduce potential Council Tax fraud; and The report sought approval for a Council Tax and Local Council Tax Reduction Scheme Sanction and Prosecution Policy to be implemented on the 1 April 2024.

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

The Director of Finance, IT and Digital reported that the Council had an overarching Anti-Fraud and Corruption Policy which included the provision that any fraud or theft against the authority would be investigated to a criminal standard where the option to prosecute the offender was always considered. Such cases were rare and the council had not prosecuted for council tax fraud for a number of years.

The fraud prevention service CIFAS undertook a national poll of 2,000 adults and found that one in 10 people admitted to knowing someone who had falsely claimed SPD over the past 12 months. Additionally 10% of those surveyed didn't view falsely claiming single person discount as illegal, while one in 13 believed it was a 'reasonable' thing to do. Fraud against the council was never acceptable.

Based on the annual council tax base government return in October, the council had 18,162 single person discount households, representing 41% of all chargeable dwellings. The England average was under 34% of chargeable dwellings. The Director of Finance, IT and Digital indicated that following an annual review, the current SPD numbers as at 31 December 2023 were 17,400 or 39% of all chargeable properties. This remained significantly above the England average. Based on the current caseload, should 10% of all Single Person Discounts be deemed fraudulent (either intentional or unintentional) this would mean that 1,740 households were incorrectly claiming a discount. Using Band A council tax as a reasonable proxy, this would amount to in excess of £500,000 of lost revenue.

The Director of Finance, IT and Digital stated that while not knowing the level of fraud, it was anticipated that a savings target of £150,000 would represent a reduction of around 400 cases as an initial target. Following a review of team structures and roles, an additional fraud support post has been established in order to provide capacity to investigate SPD fraud.

The Director of Finance, IT and Digital reported that it was proposed to focus additional efforts into tackling SPD fraud given it was most likely to provide a positive return to the council. To supplement the annual SPD review a continuous year round approach would be adopted. It was proposed to promote the changes using Hartbeat and social media during March. The promotion would also highlight a grace period to 1 May 2024 for anyone who wished to correct their SPD record i.e. we will not seek to prosecute anyone who comes forward before this date.

A Councillor commented that they were concerned at the potential for delay in changing people's circumstances on the Council Tax system. The Director of Finance, IT and Digital indicated that there had been a backlog in the recording of changes to people's circumstances that had been built up over the period when staff had been redirected towards

dealing with processing financial payments during Covid. The rise in new property registrations also created a significant workload and additional resources had been put in place to deal with the backlog.

There was concern expressed at some individuals who seemed to be able to simply not pay any Council Tax and the Director of Finance, IT and Digital stated that any debt would be pursued by Officers. There was also concern that some families that were already struggling could be placed under greater financial pressure through the application of the policy. The Member also sought assurance through the policy that those individuals / families seeking support through Harbour, or similar agencies supporting victims of domestic abuse, would be dealt with appropriately and the Director of Finance, IT and Digital undertook to communicate this to staff.

### **Decision**

1. The Committee supported the more robust approach to tackling Single Person Discount fraud as reported, and supported the active promotion of this initiative; and
2. That the new Council Tax and Local Council Tax Reduction Scheme Sanction and Prosecution Policy be approved.

## **74. Long Term Plan for Towns** *(Executive Director of Development, Neighbourhoods and Regulatory Services)*

### **Type of decision**

Key Decision – General Exception Notice Applies.

### **Purpose of report**

The purpose of the report was to update Finance and Policy Committee on the government announcement of a new 'Long Term Plan for Towns' programme and the award of a £20m fund to the Council to provide long-term investment in local people's priorities.

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

The Executive Director of Development, Neighbourhoods and Regulatory Services reported that on 30th September 2023, it was announced that Hartlepool was identified as one of 55 towns by the Government to be part of their Long Term Plan for Towns (LTPT). This was a Department for Levelling Up Housing and Communities (DLUHC) programme aimed at supporting regeneration in town centres through providing greater stakeholder enjoyment, decision making and investment in local priorities.

Guidance was published on 18th December 2023 by DLUHC setting out how the LTPT programme must be administered by the Local Authority as the accountable body for any funding and DLUHC are providing revenue support to establish the new programme and processes.

£50,000 of capacity funding had been provided to the Council on 22nd December 2023 to support the establishment of the programme and put in place a Board by 1st April 2024. The Board was to be 'community led, including through membership, ways of working and distinction from the local authority and evidence of buy-in from local businesses, civil society and communities.' The Council would be the accountable body for the funding and executing plans, however Town Boards would be responsible for developing the Long-Term Plan, working closely with local people and advising the Council on how best to use the money. It is proposed to create a new full time Project Officer post dedicated to supporting the Board and overseeing delivery of the Long Term Plan and its interventions, which will be funded from the external revenue allocated by DLUHC for the administration of the programme.

The Chair commented that there would need to be cross-party discussions on the appointment of the Board. Members commented on the restrictive conditions set by government for the appointments to the Board and the timescales set. In relation to a question relating to the vision statement, the Managing Director stated that the Council's own vision statement developed following the Peer Review would provide a basis for the LTPT. The Managing Director acknowledged Members concerns around the appointment of the Board, the timescales and the forthcoming elections. At this time the Committee had to decide if it wished to accept the grant funding and if so, then move forward to appoint the Board so it could meet to take the next steps.

### **Decision**

1. That the report be noted.
2. That the Council accept the £20m funding over the 7 year drawdown period.
3. That the structure and proposed membership of the Board, as set out in the report, be approved.
4. It was noted that the Board would put in place appropriate terms of reference in accordance with guidance.
5. That the creation of new project officer post which will be funded from the external revenue allocated by DLUHC for the administration of the programme be approved.

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

**Type of decision**

For information.

**Purpose of report**

To provide an update to Finance and Policy Committee on the progress made on the delivery of the Council Plan 2021/22 – 2023/24. The report also included the latest version of the Strategic Risk Register.

**Issue(s) for consideration**

The Managing Director submitted for the Committee's information an update on progress made on the delivery of the Council Plan since the previous report in November.

**Decision**

1. The Committee noted the progress made on the Council Plan 2021-2024 by January 2024;
2. The Committee noted the updated Strategic Risk Register as set out in appendix 1 to the report, the changes to individual risk scores and the deletion of the Inflation risk.

**76. Developing the New Council Plan 2024-2029 – Progress Update** *(Managing Director)*

**Type of decision**

For information.

**Purpose of report**

The purpose of this report was to update Finance and Policy Committee on the Big Conversation, the Borough-wide consultation and engagement exercise which would inform the development of the new Council Plan 2024/25 – 2028/29.

**Issue(s) for consideration**

The Managing Director submitted an update on the progress of the development of the new Council Plan and an outline of the public engagement in the consultation process which had been extended to end on 14 February.

Members noted the encouraging number of engagements with the consultation process and acknowledged the work of officers. The Managing Director commented that the involvement of all departments



throughout the consultation process had increased public contact significantly, as had the involvement of elected Members. In response to a question, The Managing Director stated the feedback from the consultation process would be reported to Committee in the summer.

### **Decision**

The Committee noted the progress made on the Big Conversation, the Borough-wide consultation and engagement exercise, which would inform the development of the new Council Plan 2024/25 – 2028/29.

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

None.

The meeting concluded at 10.40 am.

**H MARTIN**  
**DIRECTOR OF LEGAL, GOVERNANCE AND HUMAN RESOURCES**

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