

FINANCE AND POLICY COMMITTEE

AGENDA



Monday 22 January 2024

at 10.00 am

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

MEMBERS: FINANCE AND POLICY COMMITTEE

Councillors Boddy, Brown, Buchan, Feeney, Hall, Harrison, Lindridge, Little, Martin Wells, Morley and Young.

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

- 3.1 To receive the minutes of the meeting of the Finance and Policy Committee held on 27 November 2023.

4. BUDGET AND POLICY FRAMEWORK ITEMS

- 4.1 Medium Term Financial Strategy (MTFS) 2024/25 TO 2026/27 – *Director of Finance, IT and Digital*

5. KEY DECISIONS

- 5.1 Housing Revenue Account Business Plan 2024/2025 – *Executive Director of Development, Neighbourhoods and Regulatory Services*
- 5.2 Additional National Investment to Procure Stop Smoking Services and Additional Grant Funding to Deliver a Vape Pathfinder Project – *Director of Public Health*
- 5.3 Future of Hartlepool Enterprise Centre - *Executive Director of Development, Neighbourhoods and Regulatory Services (To Follow)*

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

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

6. OTHER ITEMS REQUIRING DECISION

None.

7. ITEMS FOR INFORMATION

None.

8. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For Information:

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

Monday 19 February, 2024 at 10.00 am



**FINANCE AND POLICY COMMITTEE
MINUTES AND DECISION RECORD
27 NOVEMBER 2023**

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, Jim Lindridge, Sue Little, Andrew Martin-Wells and Melanie Morley.

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
Craig Blundred, Director of Public Health
Catherine Guy, Public Health Registrar
Jill Harrison, Executive Director of Adult and Community Based Services
Gemma Ptak, Assistant Director of Preventative and Preventative and Community Based Services
Tony Hanson, Executive Director of Development, Neighbourhoods and Regulatory Services
Beverley Bearne, Assistant Director, Development and Growth
Kieran Bostock, Assistant Director, Neighbourhood Services
Christopher Lau, Net Zero Officer
Connor Kerr, Communications and Marketing Team
David Cosgrove, Democratic Services Team

35. Apologies for Absence

None.

36. Declarations of Interest

None.

37. Minutes of the meeting held on 18 September 2023

Received.

38. Minutes of the meeting of the Safer Hartlepool Partnership held on 20 June 2023

Received.

39. Minutes of the meeting of the Health and Wellbeing Board held on 10 July 2023

Received.

40. Tall Ships Races Hartlepool 2023 (*Executive Director of Adult and Community Based Services*)

Type of decision

For information.

Purpose of report

To share the independent Evaluation of the Tall Ships Races Hartlepool 2023 and to highlight the outcomes achieved and economic impact of the event.

Issue(s) for consideration

The Executive Director of Adult and Community Based Services introduced the report which included as an appendix the evaluation report on the event prepared by external consultants Spirul. The key headline outcomes from the report were: -

- Over 300,000 visitors attended Tall Ships Races Hartlepool 2023.
- The economic value of hosting Tall Ships Races 2023 was £12,531,633.
- Hartlepool engaged 120 young people in the Sail Trainee programme and 85 young people took part in the Tall Ships Races 2023, accessing the opportunity of a lifetime.
- 37 ships participated in race one and visited Hartlepool. This involved 1,400 crew members, 900 of which were Sail Trainees.
- Over 400 volunteers were engaged during preparations for Tall Ships Races 2023 and over 200 supported successful delivery of the event.
- Tall Ships Races 2023 attracted significant national media coverage for Hartlepool including BBC Breakfast, The One Show and ITV News.
- Sponsorship and in kind contributions were received from more than 25 organisations of varying size.

The Assistant Director, Preventative and Community Based Services gave a presentation to the Committee, including two videos from the event, giving an overview of the event, the feedback received and the impact on the local community and economy.

Members welcomed the report and congratulated the Executive Director of Adult and Community Based Services, Assistant Director of Preventative and Preventative and Community Based Services and all those involved in organising the event. Members particularly commented on the music programme and the volunteers involved across the four days. A Member questioned how the economic value had been estimated and the Assistant Director of Preventative and Preventative and Community Based Services stated that the formula for the calculations would be shared with Members.

The Chair commented that it had become clear during the preparations for the event that the economics and other issues were changing around the event which, for example, included increased arrangements around counter terrorism to ensure safety over the days of the event. The Chair thanked the officers involved for the immense amount of work that had been put into the arrangements for the event. That work had delivered a fantastic event that was enjoyed by over 300,000 people and all concerned should take great pride in that.

Decision

1. That the independent Evaluation of the Tall Ships Races Hartlepool 2023, the outcomes achieved and the economic impact of the event be noted.
2. That the proposed development of a legacy plan supported by relevant governance arrangements be noted.

41. Strategic Financial Management Report as at 30 September 2023 *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of this report is 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;
- iv) Capital Programme Monitoring 2023/24; and
- v) Reserves review, transfers and forecasts.

Issue(s) for consideration

The Director of Finance, IT and Digital reported that the previous report to Committee in September, 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 second quarter of the 2023/24 financial year and are detailed in the report. The overall position for the General Fund Outturn for 2023/24 had worsened with a forecast full year overspend of £4.228m.

The Director of Finance, IT and Digital highlighted some elements of the recent Autumn Statement by the Chancellor of the Exchequer and added that comments from the new Minister at the Department for Levelling Up, Communities and Housing had stated that there was no work ongoing on the Fairer Funding proposals for local government which reduced the likelihood of additional funding for the Council as part of next year’s funding agreement.

In terms of the Council’s budget management, the Director of Finance, IT and Digital stated that the internal controls across all departments on avoiding unnecessary spending were reducing pressures but there was still significant work to be done.

A Member questioned the position on reserves and in particular the use of the Budget Support Fund. The Director of Finance, IT and Digital stated that the current forecast would require the utilisation of £5.699m of the reserve leaving a balance of £1.872m. It was anticipated that, pending budget decisions, this balance would be fully used in 2024/25.

Member also raised concerns around the Schools High Needs Block and the delegation to local authorities from central government. The Director of Finance, IT and Digital shared the frustrations but highlighted that the situation in Hartlepool was significantly better than some other areas. Members also discussed some of the issues around children and adults social care funding and concern was expressed that the decision to bring more children’s social care in-house to reduce costs was too late and should have been made earlier. The Chair disagreed and stated that the recent urgency around this funding was due to the huge price rises in the private sector market for specialised children’s social care in particular.

The Executive Director of Children’s and Joint Commissioning Services stated that the Council was moving back into providing such children’s social care in-house where it could and had invested in that provision over recent years. Nationally, there was a significant pressure on specialist placements for children with highly complex needs and that had driven those prices up. The Executive Director of Children’s and Joint Commissioning Services also responded to a comment on the retention of social workers stating that pressures on recruitment were external to the Council and the same as being experienced by all Councils.

The following decisions were agreed without dissent.

Decision

1. That the forecast revenue outturn position and accompanying financial performance for the quarter be noted.
2. The Committee noted 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 the reported budget realignments be noted.
5. That the reallocation of Arts Council England grant within the Capital Programme be approved.
6. That the acceptance of the Sport England grant funding award as detailed in the report be approved
7. That the reserves transfers set out in the report be noted.

42. **Local Council Tax Support 2024/25** *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report is to:

- i) Provide Members with the results of the consultation exercise undertaken following agreement at September 2023 Finance and Policy Committee to consult on a simplified Local Council Tax Support (LCTS) Scheme; and
- ii) Agree a revised LCTS scheme for 2024/25 to be referred to full Council for approval.

Issue(s) for consideration

The Director of Finance, IT and Digital reported that the proposed new scheme ensures that more support will be given to those working age households on the lowest of incomes than in the current scheme. The report set out in detail how the new scheme would address the current issues and its effect on individual households. The results of the consultation exercise were set out in detail in the report and appendices. The Director of Finance, IT and Digital stated that following the consultation results it was proposed that a non-dependent deduction would be retained, though only at £5 per week and the capital limit would be increased from £6,000 to £10,000.

The following decisions were agreed without dissent.

Decision

1. That the post consultation changes proposed to the Local Council Tax Support scheme set out in the report relating to non-dependent deductions and the capital limit, be approved.
2. That the 2024/25 Local Council Tax Support scheme proposals be referred to full Council for approval.

43. Council Tax Base 2024/25 (*Director of Finance, IT and Digital*)**Type of decision**

Budget and Policy Framework.

Purpose of report

The report sought member approval, as required by statutory regulations, of a calculated Council Tax Base for 2024/25, which would be used for Council Tax billing purposes.

Issue(s) for consideration

The Director of Finance, IT and Digital reported that the Council is required by law to calculate its Council Tax Base for the forthcoming year, and inform the major precepting authorities, Police and Crime Commissioner for Cleveland and Cleveland Fire Authority, and local precepting authorities (Parish Councils), before 31 January 2023. The Council Tax Base is expressed as the number of Band D equivalent properties.

Councils were also required to determine and operate their own local schemes for providing support with Council Tax, which had been determined in the previous item and the calculated Council Tax Base reflects the proposed simplified scheme.

The Rating (Property in Common Occupation) and Council Tax (empty Dwellings) Act 2018 received Royal assent in November 2018. This allowed Councils to increase the Council Tax long term empty and unfurnished home premium to 100% (previously 50%) from 1 April 2019 for properties that have been empty more than 2 years. The Council adopted this approach from 1 April 2020. The Act also provided that from April 2020 the premium could be increased to 200% for any properties empty between 5 and 10 years and from April 2021 a 300% premium can be charged on any properties empty for more than 10 years. The Council had not implemented this additional power and it was proposed that those powers also be adopted from 1 April 2024, in respect of the 5 to 10 year premium and, from 1 April 2025 in respect of the 10 year premium.

In addition, the Levelling Up and Regeneration Act had recently received Royal assent and powers to implement the long term empty and

unfurnished premium of 100% after 1 year from 1 April 2024, and the second home (furnished) 100% premium from 1 April 2025 were proposed.

The following decisions were agreed without dissent.

Decision

1. That a Hartlepool Council Tax Base for 2024/25 of 25,780, as detailed in Appendix 1 to the report, be approved.
2. That a Council Tax Base for 2024/25 for Parishes who may levy a precept upon the Council's Collection Fund be as follows:

Brierton	14.7
Claxton	14.5
Dalton Piercy	134.8
Elwick	239.6
Greatham	283.6
Hart	404.9
Headland	800.5
Newton Bewley	34.2
Wynyard	977.2
3. That the implementation of the additional premiums allowable under relevant legislation as set out in the report be referred to Full Council for approval.

44. **Medium Term Financial Strategy (MTFS) 2024/25 TO 2026/27** *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of this report is to provide an update on the Council's financial position and to approve the budget savings proposals to be referred to individual Policy Committees.

Issue(s) for consideration

The Director of Finance, IT and Digital reported on the updated MTFS position for the three year position, 2024/25 to 2026/27. The report gave Members updates on the recent pay award, the increase in Audit fees, income, energy price inflation and referenced the Strategic Financial Management Report considered earlier on the agenda.

The Director of Finance, IT and Digital also reported that the recent announcement on the rise in the National Living Wage would have a significant impact on the staffing budget and also the fees in the Adult Social Care sector. The Local Government Finance Settlement for 2024/25 was expected to be another one-year settlement for councils, continuing the

trend of recent years. Current indications were that the provisional settlement would be published during the week commencing 18th December. The continuation of one year settlements continues to hamper financial planning and sustainability. The government has also confirmed that the long awaited fair funding review and a reset of the business rates retention system will not now take place for at least two years.

The Director of Finance, IT and Digital indicated that as Council Tax decisions would be made at a later date, the report highlighted a budget gap of £5.583m should no increase be applied for 2024/25 rising to £13.708m over the MTFS period. For every 1% Council Tax not applied, the Council loses circa £0.500m of income. The Director of Finance, IT and Digital considered that the financial picture moving forward was going to be very difficult and needed to be fully considered when deciding on Council Tax and savings proposals.

Members considered that the Council was being asked to do the impossible because the government was abrogating its responsibility to adequately fund local services. A Member referenced the savings proposals to be referred to the Policy Committees and the saving related to the CCTV monitoring to be considered by the Neighbourhood Services Committee and considered that the change would restrict the response to the apprehension of crime. The Chair stated the issue would be dealt with and discussed by the Neighbourhood Services Committee.

Decision

- 1 That the report be noted together with the assessment of the forecast budget gap and proposed approach to addressing this gap detailed in the report.
2. That the savings proposals be referred to individual policy committees with the instruction for them to identify replacement savings if these proposals are not supported.
3. That the risks and scenarios outlined in the report which may impact upon the financial position presented as part of future MTFS updates be noted.

45. **Net Zero Strategy and Action Plan** (*Executive Director of Development, Neighbourhoods and Regulatory Services*)

Type of decision

Key Decision (Test ii applies) Forward Plan DNRS 09/23.

Purpose of report

To present the Council's first Net Zero Strategy and Action Plan on carbon reduction, climate change adaptation and renewable energy, in order to set out objectives and targets for further reducing greenhouse gas emissions and better preparing for future changes in climate and extreme weather.

To note the introduction of new targets set out in the strategy, which include:

- (a) Achieve ‘net zero’ for all Council operations by 2050 through carbon reduction initiatives and offsetting; and
- (b) A 30% reduction in emissions every 5 years.

Issue(s) for consideration

The Executive Director of Development, Neighbourhoods and Regulatory Services presented for Members consideration the Council’s first Net Zero Strategy and Action Plan on carbon reduction. The Plan appended to the report set out 44 key actions for the delivery of the strategy.

The Chair welcomed the report and thanked the Executive Director of Development, Neighbourhoods and Regulatory Services and the Net Zero Officer for an excellent strategy that would be key the future development of the Council and also assist residents. A Member asked if the plan could be extended from the Council to a Borough-wide strategy for carbon reduction. The Managing Director clarified that the option regarding a Council strategy would help the Council in managing and reducing its own carbon reduction programme but couldn’t control the emissions across the Borough.

Members welcomed the strategy document and it was commented that the strategy needed to be a key element of future planning and development control, particularly in increasing the level of tree coverage across the Borough.

The following decisions were agreed without dissent.

Decision

1. That the report including the carbon audit and emissions inventory be noted.
2. That the Net Zero Strategy and Action Plan and its associated targets be adopted.
3. That the delivery of the strategy and action plan through an annual monitoring review of progress be approved.

46. Disposal of Land at Mainsforth Terrace, Hartlepool (Executive Director of Development, Neighbourhoods and Regulatory Services)

Type of decision

Key Decision Test (i) applies (General Exception Notice applies).

Purpose of report

To seek approval to the disposal of an area of land at Mainsforth Terrace. The report had been brought forward without previous entry on the Forward Plan as the Council received an unsolicited approach to purchase the site which was considered to be Best Value and time is of the essence in making the decision to complete the sale.

Issue(s) for consideration

The Executive Director of Development, Neighbourhoods and Regulatory Services reported that the site, which had been the site of the former Centre for Independent Living (CIL) which had been demolished in 2020 and is surplus to Council operational requirements. The Council had recently been approached by a local company who were interested in acquiring the site to develop a number a small light industrial units with office space above. Such use, subject to planning consent, was one that would enhance the Borough's light industrial base, helping to grow the Hartlepool economy. Following negotiations with the company, agreement has been reached to dispose of the site in accordance with the terms set out in the confidential appendix to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information.

Members questioned if this was a site included in the Mayoral Development Corporation assets and sought assurance that the development would proceed. The Chair confirmed this was not an MDC site and that he was encouraged through the information he had received that the proposed development would go ahead.

The following decisions were agreed without dissent.

Decision

1. That approval be given to the sale of the site in accordance with the terms set out in the confidential appendix to the report. The appendix contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information).
2. That delegated authority be given to the Executive Director of Development, Neighbourhoods and Regulatory Services in consultation with the Director of Legal, Governance and Human Resource and Chair of Finance and Policy Committee to agree detailed terms of the contract.

47. Strategic Asset Management Plan (*Executive Director of Development, Neighbourhoods and Regulatory Services*)

Type of decision

Key Decision – Test (ii) applies (Forward Plan entry - CE 91/23).

Purpose of report

The purpose of the report was to seek approval for the Asset Management Plan 2023-2028.

Issue(s) for consideration

The Executive Director of Development, Neighbourhoods and Regulatory Services submitted for the Committee's consideration a Strategic Asset Management Plan which sets out how the Council would effectively manage, use and review the assets it holds. The Plan details the Council's asset management policies and practices and raised awareness of property matters to guide and influence all property related activities and serve to ensure that consideration is given to property issues at the strategic level.

The following decision was approved without dissent.

Decision

That the Strategic Asset Management Plan 2023-2028 as submitted, be approved.

48. Progress Update on the Hartlepool Food Partnership: Healthy, Affordable and Sustainable Food for All (*Director of Public Health*)

Type of decision

Non-key Decision.

Purpose of report

To update Finance and Policy Committee on progress on the development of the Hartlepool Food Partnership.

Issue(s) for consideration

The Director of Public Health provided an update report to Members on the progress made in the development of the Hartlepool Food Partnership which included supporting the Fairtrade Town renewal application. The report outlined the important work undertaken in conjunction with partners across the town and the future development of the Partnership.

Members welcomed the report but one Member expressed concern that only two schools and one college had joined the allotment challenge. The Public Health Registrar commented that these were the schools that had approached the partnership and there were likely to be others wishing to take up the allotment challenge. Once a support officer for the partnership had been recruited there would be wider development of the allotment challenge and other elements of the partnership's strategy. Members also welcomed the renewal of the Fairtrade Town award and thanked the officers for their support in this.

The Chair thanked all involved in coming together to move this forward at great speed and all should be congratulated for their work. The involvement of the voluntary sector was also a key element of the delivery.

The following decisions were agreed with no dissent.

Decision

1. That the Committee supports the further participation of relevant Council staff in the Food Partnership work.
2. That the Committee supports the continued funding from Public Health (alongside matched PFC Trust funding and funding from other Voluntary Community Sector sources) to ensure effective implementation of the Food Plan.

49. 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 reported on the latest progress made on the delivery of the Council Plan since the last update in July of this year.

The Managing Director, in referencing the demand pressures on the Council, referred to some of the increasing incidents of unacceptable behaviour by service users and residents towards Council Staff. The incidents were becoming a concern for the Executive Leadership Team and security in the Contact Centre had recently been increased. Members shared the Managing Director's concerns.

The update on the Highlight Leisure facility was raised by a Member and the Chair confirmed that work on site had commenced last week and he and other Members and officers had been at a photo shoot on the first day of the works. In relation to the Waterfront Connectivity works, it was clarified that there were only two phases of works and the first had been completed.

Decision

1. That the progress made on the Council Plan 2021-2024 by October 2023 be noted.
2. That the updated Strategic Risk Register as set out in Appendix 1 to the report be noted.

50. Corporate Peer Challenge – 6 Month Progress Review Visit Update *(Managing Director)*

Type of decision

For information.

Purpose of report

To update members on the recent Local Government Association (LGA) Corporate Peer Challenge 6 month progress review visit which took place on 30th August 2023.

Issue(s) for consideration

The Managing Director submitted the six month progress report for Members information and reported that some of the timescales for implementation of the recommendations had been extended on the advice of the Corporate Peer Challenge group. Members welcomed the update report and commented that the process had been very valuable for Members as well as officers.

The following decision was agreed without dissent.

Decision

1. That the feedback from the Local Government Association Corporate Peer Challenge 6 month progress review be noted and referred on to full Council for information.
2. That the progress against the Corporate Peer Challenge action plan as set out in the appendix to the report be noted and the new timeframes proposed be approved.

51. Hartlepool Town Deal Programme (*Executive Director of Development, Neighbourhoods and Regulatory Services*)

Type of decision

For information.

Purpose of report

To inform Finance and Policy Committee on the latest progress made on the progress of the £25m Town Deal programme.

Issue(s) for consideration

The Executive Director of Development, Neighbourhoods and Regulatory Services submitted an update on the progress of the Town Deal projects for the Committee's information. In relation to the recent fire at the Wesley Chapel Development, the Executive Director of Development, Neighbourhoods and Regulatory Services stated that surveyor's reports were still awaited before any confirmation of the impact of the fire could be reported.

The following decision was agreed without dissent.

Decision

That the update report be noted.

52. Corporate Procurement Quarterly Report on Contracts (*Executive Director of Development, Neighbourhoods and Regulatory Services*)

Type of decision

For information.

Purpose of report

To satisfy the requirements of the Council's Contract Procedure Rules with regard to the Finance and Policy Committee:

- Receiving and examining quarterly reports on the outcome of contract letting procedures including those where the lowest/highest price is not payable/receivable.
- Receiving and examining reports on any exemptions granted in respect of the Council's Contract Procedure Rules.

Issue(s) for consideration

The Executive Director of Development, Neighbourhoods and Regulatory Services provided the Committee with an update report on the Council's recent procurement activity. Appendix C to the report included commercial information in respect of the tenders received and any confidential information relating to Contract Procedure Rule exemptions or contract extensions. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the report be noted.

51. Development of Children's Home (*Executive Director of Children and Joint Commissioning Services, Executive Director of Development, Neighbourhoods and Regulatory Services and Director of Finance, IT and Digital*)

Type of decision

Key Decision, Test (i) General Exception Notice applies.

Purpose of report

To enable Members to consider a proposal to increase the Council's children's home capacity.

Issue(s) for consideration

The Executive Director of Children and Joint Commissioning Services reported on a proposal to bring a former children's home in the Council's ownership back into use to provide care for three children and split the building into two homes offering a specialist one bed home and two bed home. The one bed home will be available from May 2024 following completion of the work and registration with OFSTED with works to the two bed home following on from this.

The 'Star Centre' has been office accommodation for the past 20 years and the building required significant internal building work to meet current building standards and Ofsted regulations for children's homes. Planning permission had been granted by Planning Committee on 16 August 2023. The Managing Director, under urgency powers (delegation MD8 in the Constitution refers), agreed that the costs of the urgent works, estimated to be in the region of £45,000, would be funded from a STAR Centre unscheduled maintenance budget. Subject to the decision of Full Council

on 30th November, this funding will then be replaced if the prudential borrowing decision is approved.

The report set out the considerations around bringing the building back into use and the detailed costs involved. The costs of the renovation were estimated to be £700,000. Works were required to bring the property up to current Building Regulation standards with significant works required to upgrade the mechanical and electrical parts of the building as well as installing fire doors to the property. It was proposed to use prudential borrowing to fund the scheme. Based on current interest rates the annual cost of borrowing is forecast to be £44,000 per annum.

The Executive Director of Children and Joint Commissioning Services stated that while the costs may seem high, it was financially advantageous for the Council to progress the scheme. Analysis of placement cost shows that residential care provided by HBC was approximately 30% less than the lowest priced placements in the independent sector.

Members stated their support for the project but expressed their concerns at the costs involved in the works for the building. Some Members reported at the meeting that they had met with the Executive Director of Development, Neighbourhoods and Regulatory Services to discuss the costs and had been reassured that all options had been explored to bring the costs down but the reality of price rises, particularly for materials, had been significant.

Members indicated their wish to discuss some of the issues set out in the confidential appendix to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 1, 2 and 3). Information relating to any individual; likely to reveal the identity of an individual; Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the meeting move into closed session.

52. Local Government (Access to Information) (Variation Order) 2006

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

Minute 53 – Development of Children’s Home – This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (para 1, 2 and 3). Information relating to any individual; likely to reveal the identity of an individual; Information relating to the financial or business affairs of any particular person (including the authority holding that information).

53. Development of Children’s Home (*Executive Director of Children and Joint Commissioning Services, Executive Director of Development, Neighbourhoods and Regulatory Services and Director of Finance, IT and Digital*)

This item contains exempt information under Schedule 12A Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 namely (paras 1, 2 and 3))

Type of decision

Key Decision, Test (i) General Exception Notice applies.

Purpose of report

To enable Members to consider a proposal to increase the Council’s children’s home capacity.

Issue(s) for consideration

The Committee discussed the issues set out in the confidential appendix to the report. The appendix contained exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 1, 2 and 3). Information relating to any individual; likely to reveal the identity of an individual; Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Decision

That the recommendations set out in the report be considered in open session.

The meeting returned to open session.

54. Development of Children’s Home (*Executive Director of Children and Joint Commissioning Services, Executive Director of Development, Neighbourhoods and Regulatory Services and Director of Finance, IT and Digital*)

Type of decision

Key Decision, Test (i) General Exception Notice applies.

Purpose of report

To enable Members to consider a proposal to increase the Council's children's home capacity.

Issue(s) for consideration

Further to Minutes 51 and 53, the Committee considered the recommendations as set out in the report.

The following decision was reached by way of a recorded vote in accordance with Council Procedure Rule 15.5.

Those for: Councillors Paddy Brown, Bob Buchan, Gerard Hall, Brenda Harrison, Jim Lindridge, Sue Little, Andrew Martin-Wells and Melanie Morley.

Those against: None.

Those abstaining: Councillors Moss Boddy and Tom Feeney.

The recommendation was, therefore, carried.

Decision

That the proposal to increase the council's children's home capacity by redeveloping the Star Centre be approved, and the use of Prudential Borrowing of up to £700,000 be referred to Full Council for approval.

55. Any Other Items which the Chairman Considers are Urgent

None.

It was noted that the next meeting of the Committee would be held on Monday 22 January, 2024 at 10.00 am in the Civic Centre.

The meeting concluded at 12.25 pm.

H MARTIN

DIRECTOR OF LEGAL, GOVERNANCE AND HUMAN RESOURCES

PUBLICATION DATE: 6 DECEMBER 2023

<h1 style="margin: 0;">FINANCE AND POLICY COMMITTEE</h1> <h2 style="margin: 0;">22 JANUARY 2024</h2>
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Report of: Director of Finance, IT and Digital

Subject: MEDIUM TERM FINANCIAL STRATEGY (MTFS)
2024/25 TO 2026/27

Decision Type: Budget and Policy Framework

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people are enabled to live healthy, independent and prosperous lives
- where those who are vulnerable will be safe and protected from harm
- of resilient and resourceful communities with opportunities for all
- that is sustainable, clean, safe and green
- that has an inclusive and growing economy
- with a Council that is ambitious, fit for purpose and reflects the diversity of its community

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 2024/25 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 2024/25.

3. BACKGROUND

3.1 Comprehensive MTFS reports were considered by Finance and Policy Committee on 3rd July 2023 and 27th November 2023. These reports set out the significant financial challenges facing the Council for 2024/25 and over the MTFS period, although it is important to recognise that the Council needs to

be sustainable beyond this three year period and in to the longer term. This report provides a comprehensive update of all areas impacting on the MTFS and specifically the 2024/25 budget, including those areas reported as part of prior updates.

- 3.2 There remain significant uncertainties regarding Government grant funding for councils, arising from a period of national political change and delayed reform. The Chancellor's Autumn Statement presented in late November indicated no additional funding for local government beyond that announced as part of the 2022 statement, which has already been included and reported as part of prior MTFS updates.
- 3.3 In advance of the actual Finance Settlement published later in December, as is common practice, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) presented the 2024/25 Local Government Finance 'Policy Statement' to parliament on the 5th December. This again provided no indication of additional total grant resources, but did confirm the council tax referendum limits would be unchanged for 2024/25 at 3% for core council tax and 2% for the adult social care precept. Subsequent briefings held by ministers acknowledged the unprecedented inflationary and demand pressures all councils are facing and clearly confirmed that the assumption regarding the increase in the Core Spending Power (CSP) to support these pressures, would be predicated on council's utilising the allowable 5% council tax rise in full. Council's coming in to financial difficulties, have been publicly criticised by government, noting a council's poor governance and decision making being a significant factor in their own financial demise.
- 3.4 The Office for Budget Responsibility's (OBR's) independent assessment highlights the Government's move to an assumed council tax rise of 5% beyond 2024/25, whilst recognising the risk and uncertainty given the upcoming general election. Regarding overall funding for government departments, the Departmental Expenditure Limit (DEL), is budgeted to rise by 1% in real terms over the medium term to 2028/29. Given the commitments to protected departments such as NHS and Education, non-protected services such as Local Government are likely to suffer real terms cuts in funding over this period on current plans. The OBR have also noted the significant levels of reserves currently being used by councils across the country in an attempt to balance their budget positions even after council tax rises. In 2022/23 councils utilised £2.3bn of reserves, with further significant usage anticipated in 2023/24 and future years.
- 3.5 At the time of writing informal discussions and research failed to identify a single upper tier council in England not proposing a full council tax increase. This demonstrates the scale of pressures and the budget difficulties facing Councils.
- 3.6 In November the Government announced a 9.85% increase in the National Living Wage (NLW) from April 2024, from £10.42 per hour to £11.44. Whilst welcome in the context of tackling low pay, this rise will place significant

upwards pressure on social care and other contracted service delivery. With regards Council employee pay rise forecasts for 2024/25, although the lowest council pay bands are currently above this uplifted NLW rate, the level of increase is likely to be an additional inflationary factor on council employee pay negotiations.

- 3.7 The provisional Local Government Finance Settlement, issued on 18th December 2023, provided the detailed grant allocation to councils and other information needed to set their budgets for 2024/25. The details from the settlement and the impact for Hartlepool is provided in the next section.
- 3.8 As included in previous MTFS update reports, information on the historical context to the financial challenges facing the Council is included at **Appendix A**. This includes the change in the Council's funding since 2013/14 when the current funding system was implemented, the council tax base position and our council tax relative to others in the region. This information continues to be appended to ensure members and readers are aware of the overall financial environment and constraints the Council operates under.

4. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

- 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.

Headline increase in Core Spending Power

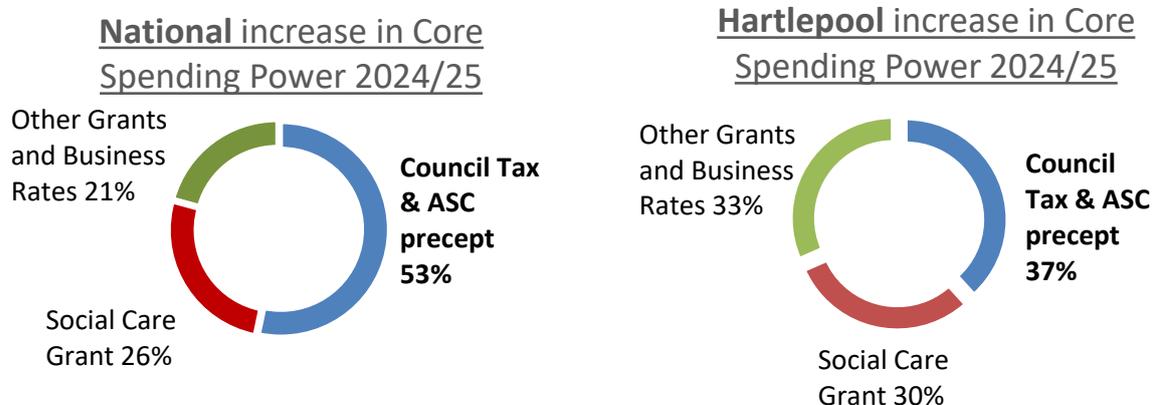
- 4.2 This is the Government's measure for comparing all funding 'made available' through the Local Government Finance Settlement. The headline national increase is 6.5% - a cash increase approaching £4 billion, consisting of the elements detailed in the following table:

Funding Source	Value (£'bn)	Value (%)
Council Tax and Adult Social Care (ASC) precept income	£2.078bn	53%
Social Care Grants	£1.015bn	26%
Other Grant and Business Rates increases	£0.810bn	21%
Total Core Spending Power Increase	£3.903bn	100.0%

- 4.3 As highlighted in the above table, the Government's total Core Spending Power increases are based on the assumption that all authorities will use the maximum available council tax and ASC flexibility. On this basis 53% of the £3.903 billion of the national Core Spending Power increase will need to come from council tax and ASC. This underlines the increasing reliance of the

current funding system on council tax and the ASC precept to partly fund local services.

- 4.4 The Government’s Core Spending Power figures include the additional Social Care funding announced in the Chancellor’s 2022 Autumn Statement which was to be phased in over the two years 2023/24 and 2024/25. 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 a lower 37% of the Government’s assessment of Hartlepool’s Core Spending Power increase for 2024/25 is from council tax and the ASC precept. Whilst, this is lower than the 53% national figure, this is an important recurring income for funding Hartlepool services.
- 4.5 The increase in other grants mainly reflects a CPI increase in the Revenue Support Grant (RSG) and compensation for under-indexing of the business rates multiplier. In addition, New Homes Bonus funding has been continued in to 2024/25, but all at the expense of a significant reduction in the Services Grant.
- 4.6 The graphs below compares component increases in Hartlepool’s Core Spending Power with the National figures using the settlement figures for 2024/25.



- 4.7 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 2024. Government figures are summarised below and are based on the maximum council tax and ASC precept flexibility being used by all authorities. If this flexibility is not used these Spending Power increases will be lower.

Local Authority Type	Core Spending Power Increase 2024/25
Hartlepool	7.2%
Metropolitan / Unitary Average	6.5%
North East Average	6.6%
Total for England	6.5%
District Councils Average	4.9%

Period covered by settlement

- 4.8 The detailed settlement is for 2024/25 only and this is the sixth successive one-year settlement for councils which continues to hamper financial planning and financial sustainability.

Services Grant

- 4.9 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 the grant was reduced to £464m to remove the funding provided for the National Insurance increase which had been reversed. For 2024/25 the grant has been significantly reduced further to £77m, to fund increases elsewhere in the overall settlement.
- 4.10 For the Council the grant reduced from £1.964m in 2022/23 to £1.107m in 2023/24, and has further reduced to £0.181m for 2024/25. The MTFS has been updated accordingly for this significant and unexpected grant reduction.

New Homes Bonus

- 4.11 This grant has been extended for a further year as part of the 2024/25 Settlement, but its future beyond next year remains uncertain. Due to increased housing growth in Hartlepool, an increased grant for 2024/25 has been confirmed. The allocation has increased from £0.447m in 2023/24 to £1.224m in 2024/25. Due to the sporadic nature and uncertainty of this grant, the grant assumed for future years has reverted to £0.447m within the MTFS, although even this reduced level remains a risk. It is the increase in NHB that has ensured Hartlepool Core Spending Power has increased by 7.2%. Without this the Core Spending Power would have increased by 6.5% in line with the unitary average.

Public Health Grant

- 4.12 The final grant allocation for 2024/25 is subject to a separate announcement. The 2023/24 grant allocation totalled £9.666m, and at the time of announcing the 2023/24 allocations the DHSC also provided an indicative allocation for 2024/25 which totalled £9.794m. Any required update will be provided once the final 2024/25 grant allocation is confirmed.

5. IMPACT OF PROVISIONAL 2024/25 LOCAL GOVERNMENT SETTLEMENT ON RESOURCES

- 5.1 The previous MTFS update reported to the Committee in November was predicated on a number of assumptions which informed the forecast increase in government grants to be received by the Council. Members were advised that the actual impact on individual councils would not be known until the provisional 2024/25 Local Government Finance Settlement was announced.
- 5.2 As detailed in the previous section the settlement has confirmed changes to funding for 2024/25 and now provided the detailed allocations for individual councils.
- 5.3 The most significant changes since the last report are a higher New Homes Bonus grant than forecast and a reduction in the Services Grant.
- 5.4 Overall there is a £0.157m net decrease in 2024/25 grant resources provided through the Settlement, when compared to the position forecast in November, as summarised below:

	November F&P	Provisional Settlement
	Forecast Increase / (Decrease) in Grant Resource £'m	Actual Increase / (Decrease) in Grant Resource £'m
Increase Adult and Children Social Care funding	1.430	1.651
Increase Revenue Support Grant and Business Rates Top Up Grant	1.417	1.233
Increase New Homes Bonus Grant	0.000	0.777
Decrease in Services Grant	0.000	(0.971)
Other grants changes	0.008	0.008
Net increase in Grant Resources	2.855	2.698

6. BUDGET PRESSURES

- 6.1 The medium term financial plan is constantly evolving. The current forecasts for 2024/25 budget pressures informing the budget proposals, and also the pressures in to the medium term are documented in this section. The table below provides estimates of these pressures with commentary provided in the subsequent paragraphs.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Spending Pressures				
Pay and Price Inflation	6.561	4.546	3.088	14.195
Energy	0.000	0.000	0.000	0.000
Children's Social Care	4.500	0.500	0.500	5.500
Waste Disposal	0.000	1.500	0.500	2.000
SEND Passenger Transport	0.200	0.000	0.000	0.200
Capital Financing	0.250	0.250	0.250	0.750
Total Spending Pressures	11.511	6.796	4.338	22.645

Pay and Prices - Pay Award

- 6.2 The national pay offer for 2023/24 was agreed with the trades unions during November 2023. The agreed offer equates to £1,925 per employee regardless of grade up to spinal point 43. An offer of 3.5% for Chief Officers had previously been accepted. This overall pay award equates to a blended rate of approximately 6%. The Council had allowed for 5% resulting in an in-year shortfall for 2023/24 which has been factored in to the 2023/24 in-year budget position and also permanently addressed in 2024/25 budget plans.
- 6.3 In addition to addressing the 2023/24 gap as set out above, the MTFS previously assumed a 3.5% pay award for 2024/25 (as at the November 23 F&P MTFS update) for council employees. Given the significant NLW increase confirmed by government from April 2024 of 9.8%, this is anticipated to place further upwards pressure on the 2024/25 local government pay settlement. Given this, the assumed pay award for 2024/25 has now been increased to be in line with prior 2 years pay settlements of £1,925 per employee, which equates to an, on average, rise of approximately 6%. The actual pay settlement is likely to be agreed at some point during the 2024/25 financial year, therefore pay provision will be held centrally until agreement is reached.

Pay and Price – Adult Social Care Contracts

- 6.4 The net budget for Adult Social Care packages of care is approximately £30m and annual increases to care home fees and non-residential care rates i.e. home care, are determined using an established formula. The annual inflation uplift is based on a range of factors and recent increases have been driven predominantly by increases in the National Living Wage (NLW) and the level of inflation.

- 6.5 As noted above, the NLW, which currently stands at £10.42 an hour is to increase to £11.44 (9.8% increase) from April 2024, placing significant pressure on the budgets within this area.
- 6.6 Given the driving factors noted, a prudent, but reasonable assessment of fee uplifts has been included within the MTFS, however, this remains an area of risk until uplifts are agreed with providers. Effectively every 1% increase or decrease in fees has a c£0.300m impact on the budget position.

Pay and Price - General Price Inflation

- 6.7 There remains a strong inflationary pressure on all council services as a result of the current high levels of inflation. Provision was allowed for within 2023/24 budgets to reflect prevailing rates, albeit with the assumption of a sharp drop off during 2023/24, which is has only now started to materialise. The latest Bank of England monetary report published in November 2023 forecasts inflation to continue to slowly drop, with the return to the 2% target, now not expected until the end of 2025.
- 6.8 Bespoke inflation is included for specific contracts where individual indices are used. General inflation is included within budgets at 1% for 2024/25 and 2% over the remaining period. Members will note that provision for 2024/25 is lower than the forecast inflation, meaning budget holders will need to carefully manage spend and prioritise spending as required. This approach will drive greater efficiency of spend to provide much needed assistance to the budget position.
- 6.9 A small number of minor pressures have been included within pay and price provision. This includes costs associated with the Seaton Carew Remembrance Service becoming an official service of Hartlepool Borough Council. The taking ownership of the memorial and its initial costs, alongside costs associated with facilitating the annual memorial service result in a cost pressure of £0.020m in 2024/25 and £0.005m in future years.

Pay and Prices - Audit Fees

- 6.10 Due to significant difficulties and failings in recent years within the Public Audit sector, a significant uplift in fees nationally has been trailed by the body responsible for managing the appointments process, Public Sector Audit Appointments (PSAA). The body have now confirmed that audit fee rates to be applied from 2023/24 will be 151% higher than 2022/23.
- 6.11 The PSAA recognises “the significant financial pressures on all types of local government bodies and understand that any further cost pressure is unwelcome. However, the level at which we are proposing to set the 2023/24 fee scale is determined by the audit work needed to deliver audits compliant with the requirements of the Code of Audit Practice, and market rates”.

- 6.12 This increase creates an in-year shortfall for 2023/24 which is factored in to the 2023/24 in-year budget position and also permanently addressed in the 2024/25 budget.

Pay and Price – Income

- 6.13 For budget setting it is assumed that all discretionary fees and charges will increase in line with the inflation each year. For 2024/25 an uplift in line with September 2023 CPI (6.7%) is proposed. Areas with existing income budget shortfalls will still action an increase in charges in April 2024 where appropriate, but prudently the overall income budget target will not be increased, allowing the price increase to address the existing gap.

Energy Inflation

- 6.14 The unprecedented increase in energy prices experienced over recent years has had a significant impact on residents, businesses and public bodies alike. Responding to this challenge, the Council progressed a twofold strategy of increasing the revenue budget for anticipated long term prices coupled with use of an energy reserve for the expected shorter term spike. This approach served the Council well during 2022/23 with £0.300m being drawn down from the reserve. The reserve is also supporting the 2023/24 budget position.
- 6.15 The Council purchases its energy via the regional North East Purchasing Organisation (NEPO), with a forward purchasing strategy in place where it is deemed prudent. At present, half of the energy requirement for 2024/25 has been purchased.
- 6.16 Although energy prices are still forecast to reduce in 2024/25, a number of factors are placing more uncertainty in to the global energy markets. The on-going Russia/Ukraine conflict and more recent Middle East conflict are driving a significant amount of the uncertainty.
- 6.17 At this stage it is too early to firm up the position in relation to the full MTFS period. Whilst there is the potential for a reduction in prices in 2024/25, this may only result in the removal of reliance on the temporary energy reserve rather than leading to savings in the base budget. The position will continue to be closely monitored and updates provided in future quarterly budget monitoring reports.

Children's Social Care

- 6.18 The costs of children in our care within external placements has increased over the past few years and continues to grow. More fundamentally from a financial perspective, the increasing complexity of children's needs and finite capacity in the residential market is leading to ever increasing prices being charged for accommodation. The average weekly cost of a placement has increased by over 45% over the last three years. The average cost of a new external placement since September 2023 has been £7,200 per week, with the highest current external placement cost being £11,000 per week.

- 6.19 The previous MTFS update in November provided for an additional provision of £4.0m in to the Children's Social Care budget, profiled £3.0m in 2024/25 and then £0.5m in each of the subsequent two years. Given the severity of the cost pressures being encountered within Children's Social Care, the 2024/25 forecast pressure has been increased to £4.5m, therefore a £5.5m increase over the MTFS period. Notwithstanding this increase, the service area will still need to reduce costs and identify efficiencies where possible.
- 6.20 This funding injection in to 2024/25 will provide additional budget to alleviate pressures and re-baseline as far as possible the following budget areas; external placements, independent foster carers (IFAs), in-house homes provision and workforce pressures arising from rising caseloads and cover requirements.
- 6.21 The Council continues to seek to mitigate pressures where possible through the promotion of in-house fostering, working with partner organisations in the sector and the opening of new Local Authority run homes within Hartlepool. However, these actions can have a long lead in time.

Waste Disposal

- 6.22 Hartlepool has entered into a partnership with six other Local Authorities in the region to procure a new Energy from Waste facility. The procurement process is on-going, with an anticipated go-live date during 2026. The Council has benefitted from very competitive gate fees with the current incumbent, however, these fees are forecast to step up significantly for the 2025/26 year as part of the contract extension arrangement.
- 6.23 The financial due diligence work continues in relation to the above. The forecast budget impact from £2m remains within the MTFS period, but the latest understanding of the phasing is incorporated within the MTFS.

SEND Passenger Transport

- 6.24 The Council has a duty to ensure suitable travel arrangements are in place for children under 16 with a special educational need or disability (SEND). The increase in SEND referrals generally is leading to increased demand for transport provision. This increased demand coupled with increased fuel and supplier costs, is resulting in a subsequent budget impact that now requires addressing. Additional budget of £0.200m has been incorporated from 2024/25.

Capital Financing

- 6.25 A capital financing pressure of £0.150m per annum was previously introduced in the MTFS in recognition of a future reduction in Minimum Revenue Provision (MRP) savings. This pressure was increased to £0.250m to reflect the increase in borrowing required to fund Highlight leisure facility as approved by Finance and Policy, and subsequently Council, in September.

7. LOCAL FUNDING

Business Rates

- 7.1 Under the current Business Rates funding regime, the Council retains locally 49% of Business Rate income. Inherent in the system is an annual uplift based on September CPI and this has been factored into the position. All other assumptions impacting Business Rates have remained unchanged i.e. provision for Appeals, uncollectable debt and discretionary reliefs will remain broadly consistent.
- 7.2 The government has confirmed through the Settlement that they are introducing technical changes to business rates retention system from April 2024, in response to the Non-Domestic Ratings Act. The main impact is the de-coupling of the standard and small business rates multiplier, which gives government more flexibility on how this is set.
- 7.3 The small business rates multiplier has again being frozen for 2024/25, and the Council will be compensated for that, through grant funding. The standard rate multiplier will increase by September 2023 CPI rate of 6.7%, this will result in an increase in business rates collectable by the Council. The Council is still completing the government return (due 31 January 2024) which confirms the level of funding arising through the Business Grants retention regime. A verbal update will be provided to the Finance and Policy Committee should a material difference to budget assumptions arise.
- 7.4 Generally, the impact of inflationary cost pressures and reduced consumer demand on businesses may impact on the collectability of business rates. The position will be monitored throughout the financial year.

Council Tax

- 7.5 The Council has a track record of council tax base growth in recent years. Whilst new build homes numbers continue to be positive, the base position is coming under increasing pressure from exemptions and discounts, including the Single Person Discount (SPD). Hartlepool is not unique in facing these pressures.
- 7.6 Notwithstanding the above, the 2024/25 council base approved by Committee in November provided for an increase of 438 properties to the Band D base position. An increase of 300 per year remains for 2025/26 and 2026/27.
- 7.7 As noted within section 3 of the report, the Settlement confirmed that the council tax referendum limits would be unchanged for 2024/25 at 3% for core council tax and 2% for the adult social care precept, and that the governments published Core Spending Power increases where predicated on Council's utilising this full 5% rise.
- 7.8 With regard the non-Council elements of the council tax charge, the individual 'precepting bodies' are responsible for setting their own council tax levels in

accordance with the specific government council tax referendum principles and which meet their own budgetary requirements. The Government has set the following 2024/25 council tax referendum limits for these bodies:

Type of Body	Referendum Limit 2024/25
Police and Crime Commissioner	Band D increase of £13
Fire and Rescue Authorities	3% increase
Town and Parish Councils	No limits have been set

8. RESERVES

8.1 The Council holds reserves for a variety of purposes, including those allocated for known commitments and risks, including capital schemes, the MTFS budget position, our insurance fund and business rates appeals risks. The reserve position has been volatile in recent years given the covid-19 pandemic and the significant inflationary and demand pressures currently being experienced. The only unallocated reserve is our general fund reserve, which serves as a reserve of last resort.

8.2 As reported to committee in November, a detailed review of reserves was carried out to redirect resources to priority areas, which included bolstering the General Fund and Budget Support Fund given the on-going pressures.

8.3 It is important to note that the use of one-off reserves to balance the on-going revenue budget position is not a financially sustainable basis to set our budget. The Budget Support Fund was created to smooth the budget deficits over a number of years, whilst the Council transforms to be able to deliver within its available budget. The fund will also meet one-off costs associated with generating the on-going efficiencies to achieve this. Ultimately transforming service operation, including though use of new technologies is critical to deliver savings to make the budget more sustainable. Reserves will be needed to invest in this transformation.

8.4 For the 2023/24 budget setting, £2.471m of balances were used to support the overall budget position. The one-off nature of balances means that the budget position is detrimentally hit in subsequent years as their use unwinds. The table below which shows the currently approved position, which was approved when setting the 2023/24 budget, shows the £2.471m usage unwinding over the 3 years from 2024/25.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £
Temporary Use of Reserves (BSF)	1.471	0.000	0.000	1.471
Temporary Use of Investment Income*	0.000	0.500	0.500	1.000
Budget Impact of Use of Reserves	1.471	0.500	0.500	2.471

*the current budget is predicated on use of £1m investment income in 2023/24 and 2024/25, £0.500m in 2025/26 and £nil in 2026/27.

8.5 Updated proposals for the utilisation of reserves to support the 2024/25 budget are detailed in section 9.

9. STRATEGY FOR BALANCING THE BUDGET POSITION

- 9.1 Based on the position outlined in sections 3 to 8 of the report, the updated budget position over the three year MTFS period is shown in the table below.
- 9.2 The table below shows the gap to be addressed before the inclusion of any council tax increase or the incorporation of savings proposals. The gap for 2024/25 totals £8.025m rising to £17.551m over the MTFS period.
- 9.3 The gap for 2024/25 has increased significantly throughout the budget setting process, which is predominantly due to the acceleration and increasing of Children’s Social Care resources and an increased forecast Council pay award pressure linked to NLW announcements, as outlined Section 6. The 2024/25 and MTFS forecast gap, shown in the table below has also been updated for the Settlement position.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Spending Pressures				
Pay and Price Inflation	6.561	4.546	3.088	14.195
Energy	0.000	0.000	0.000	0.000
Childrens Social Care	4.500	0.500	0.500	5.500
Waste Disposal	0.000	1.500	0.500	2.000
SEND Passenger Transport	0.200	0.000	0.000	0.200
Capital Financing	0.250	0.250	0.250	0.750
Total Spending Pressures	11.511	6.796	4.338	22.645
Government Grant Changes	(2.698)	0.133	(0.656)	(3.221)
Gap Before Local Funding	8.813	6.929	3.682	19.424
Business Rates	(1.443)	(0.460)	(0.469)	(2.371)
Council Tax - Base Increase	(0.844)	(0.578)	(0.578)	(2.000)
Collection Fund (Surplus)/Deficit	0.028	0.000	0.000	0.028
Gap Before Current Use of Reserves	6.554	5.891	2.635	15.080
Temporary Use of Budget Support Fund (reversal)	1.471	0.000	0.000	1.471
Temporary Use of Investment Income (reversal)	0.000	0.500	0.500	1.000
Bottom Line Gap to be Addressed (before Council Tax increases and Savings)	8.025	6.391	3.135	17.551
Cumulative Gap (before Council Tax increases and Savings)	8.025	14.417	17.551	

Savings Proposals

- 9.4 Balancing the need for a more strategic approach, with the pressing need for immediate savings, savings aligned to the below four workstreams were developed, then reported to the F&P Committee in November. Savings were referred to the relevant policy committees for consideration and comment during December.
- **Nuts and Bolts** – getting the basics right. Including proposals focussing on procurement, IT, Energy and Use of Property and Assets.
 - **Digital** - ever increasing acceptance and embracing of digital and on-line solutions. Building on our strong track record of promoting digital services and channel shift it is proposed to develop a Council Wide

digital strategy, promoting a digital first mind-set, and a push to streamline data input by customers through to back office systems. Promoting high use of Office 365 functionality and intelligent use of data should also support this work stream.

- **Service Reviews** - programme of activity to review front line and back office service provision, ensuring that it aligns to the priorities set out in the Council Plan and is provided in the most appropriate way.
- **Commercial** - working towards ensuring a consistent, corporate approach across the Council to maximise income opportunities and push forward greater commercialism where there is a clear rationale and business case to do so.

The Council has seen positive council tax Base growth and this looks set to continue. The Council, working with partners as required, will also continue to promote inward investment to support regeneration and economic development in order to also drive Business Rate growth.

- 9.5 A summary of the reported savings by workstream is shown in the table below. Proactively, some savings have been able to be developed beyond 2024/25 to assist MTFs planning. Savings of £1.792m for 2024/25 and £2.792m in total of the MTFs period have been developed to date. **Appendix B** provides the detailed savings along with information on staffing and equality impacts for information.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Nuts and Bolts	0.465	0.285	0.250	1.000
Digital	0.010	0.030	0.030	0.070
Service Reviews	0.636	0.000	0.000	0.636
Commercial	0.681	0.405	0.000	1.086
TOTAL	1.792	0.720	0.280	2.792

- 9.6 In the main, feedback from the Committees on the proposed savings was positive. **Appendix C** provides the responses received from each Committee.
- 9.7 In recognition of the remaining significant budget gap, pipeline savings proposals' are being progressed in more detail by Directors or as part of cross cutting themes. These additional proposals will be discussed with relevant policy leads during their development and will be proposed for implementation during 2024/25 where possible. The aim of this approach is to limit the use of reserves during 2024/25 and therefore over the MTFs period. This approach is essential given the continued and growing financial pressures and the inability to place continued reliance on our finite reserves.
- 9.8 The table below shows the overall MTFs position taking in to account the savings plans presented to date but before including additional income arising from increases in council tax. This shows a 'Gap to be addressed before council tax increase' of £6.233m for 2024/25 rising to £14.759m over the MTFs period.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Gap to be Addressed (before Council Tax increases and Savings)	8.025	6.391	3.135	17.551
Savings Proposals	(1.792)	(0.720)	(0.280)	(2.792)
Bottom Line Gap to be Addressed (before Council Tax increases)	6.233	5.671	2.855	14.759
Cumulative Gap	6.233	11.905	14.759	

Council Tax Increases

- 9.9 As noted in section 3.3 the Government's referendum limit for council tax for 2024/25 has remained unchanged at 3% for core council tax and 2% for the Adult Social Care Precept, resulting in an effective maximum increase of 4.99%. A greater rise would require a referendum or Government consent. Government consent was provided to three councils in England for 2023/24, with one council applying a rise of 15% and two councils 10%. For 2024/25, at present, government has provided permission for two councils to implement an 8% rise in their council tax and one further council a 10% rise.
- 9.10 The significant budget gap for 2024/25 and also over the medium term period clearly demonstrates the need to utilise the full council tax increase allowable of 4.99% for 2024/25, and this is proposed. A rise of 4.99% is in line with the government assumptions which have been included with the published Core Spending Power increases with the Settlement. The draft impact per household is set out in the table below.

Band	Households %	2023/24 Council Tax (inc ASC)	2024/25 Draft Council Tax (inc ASC)	Annual Increase	Weekly Increase
A	53	1,284.54	1,348.64	64.10	1.23
B	17	1,498.63	1,573.41	74.78	1.43
C	14	1,712.72	1,798.18	85.46	1.64
D	8	1,926.81	2,022.96	96.15	1.84
E	4	2,354.99	2,472.50	117.51	2.25
F	2	2,783.17	2,922.05	138.88	2.66
G	1	3,211.35	3,371.60	160.25	3.07
H	1	3,853.62	4,045.92	192.30	3.69

*the figures presented for 2024/25 are draft and will be confirmed as part of the statutory calculations presented to February Council.

- 9.11 The table below shows the budget gap after the proposed council tax increase for 2024/25.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Gap to be Addressed (before Council Tax increases)	6.233	5.671	2.855	14.759
Council Tax - Increase (3% / 3% / 3%)	(1.485)	(1.559)	(1.639)	(4.683)
Adult Social Care Precept - Increase (2% / 0% / 0%)	(0.993)	0.000	0.000	(0.993)
Bottom Line Gap to be Addressed (after Council Tax increases)	3.755	4.113	1.216	9.083
Cumulative Gap	3.755	7.867	9.083	

- 9.12 The position presented continues to have an element of uncertainty and risk given both the current global and national economic uncertainty, but also the medium term duration. **Appendix D** provides greater detail of the main risks and associated sensitivities impacting on the position.

Use of Reserves to Meet the Remaining Gap

- 9.13 The table at section 9.11 above shows a remaining gap of £3.755m for 2024/25 after the inclusion of a 4.99% total council tax increase, meaning reserves will continue to be needed to balance the budget. As previously noted, the use of one-off reserves to balance the on-going revenue budget position is not a sustainable approach. Whilst it shunts the budget gap back a year, it presents a danger that the Council simply utilises one-off money on delaying decisions. In addition, this approach reduces the scope for the Council to use these reserves to invest and innovate in order to generate recurring savings. However, the budget position, coupled with high inflationary pressures and future uncertainty on government funding is necessitating the use of reserves for 2024/25. The need to protect and minimise the use of reserves is paramount, to this end the pipeline savings are to be progressed, considered and implemented as soon as possible.
- 9.14 The aim of setting the Council's budget is that it should be sustainable over the medium term period, with recurring spend funded by recurring income. Decisions on use of reserves should be made consistent with that aim. As such it continues to be proposed that any use of reserves should be done on a diminishing basis over the period so that by year four of the current cycle the budget is sustainable.
- 9.15 The Council's Budget Support Fund helps to smooth the budget position over the MTFS period as well as meeting any one off costs associated with budget reductions e.g. redundancies. Given the extent of the budget gap for 2024/25 it is necessary to transfer additional reserve funding in to the Budget Support Fund. The Council holds a Treasury Management Risk reserve to cover a "cliff-edge" in excess of £1m arising in 2030/31. The MTFS has begun to proactively address this risk with provision for £0.150m year on year increase over the period, and this will need to continue during the subsequent years to ensure the base budget is increased by the required amount prior to this cliff edge. As such it is deemed appropriate to release this reserve at this time.
- 9.16 The below table shows the current forecast reserve balance and usage after the transfer of the reserve noted in 9.15 and requirement to balance the 2024/25 budget.

	Core £m	Interest £m
Balance as at 31 March 2023	9.418	1.131
Add		
Interest on balances earned over period (forecast)	0.000	1.369
Funding allocated to BSF as part of Q2 Reserve Review	1.153	0.000
Transfer of Treasury Management Risk Reserve	2.460	0.000
Less		
Use of reserve to support 2023/24 budget	(1.471)	(1.000)
Use of reserve to support 2023/24 forecast overspend	(4.228)	0.000
Use of reserve to support 2024/25 budget	(3.755)	(1.000)
Use of reserve to support 2025/26 budget	0.000	(0.500)
Use of reserve to fund capacity to deliver savings	(1.000)	0.000
Use of reserve to fund costs associated with savings	(2.000)	0.000
Forecast uncommitted balance over the period	0.577	0.000

9.17 As approved as part of the July 23 MTFS update report, reserves of £3m funded from the Budget Support Fund were earmarked for the following purposes:

- Capacity to Deliver Savings - £1.000m
The transformational approach outlined within the report will undoubtedly require capacity to deliver, including one off improvement spend. Earmarking this sum over the period will allow flexibility to support this agenda. Use will require a clear rationale connected to transformation or a sound business case for any invest to save spend. The savings proposals at **Appendix C** set out where allocations against this reserve have been made.
- Costs Associated with Savings - £2.000m
Over the period there may be redundancy or other one off costs associated with proposed savings, where staffing levels are reduced. Whilst the aim will always be to manage this through workforce planning this is not always possible. A pay-back period of 3 years will continue to be in place. Holding a prudent sum back will ensure these can be funded should the need arise.

	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Bottom Line Gap to be Addressed (after assumed Council tax increases and Savings Proposals)	3.755	4.113	1.216	9.083
Use of Budget support Fund	(3.755)	3.755	0.000	0.000
Bottom Line Gap to be Addressed (after assumed Council tax increases and proposed Savings)	0.000	7.867	1.216	9.083

9.18 Following the earmarking of funding outlined above for the 2024/25 budget gap, there is £0.577m remaining in the Budget Support Fund to support the MTFS position over the medium term and beyond. The gap for 2025/26 is currently £7.867m, with a further £1.216m gap in 2026/27.

9.19 The overall Council reserves position and their latest forecast usage profile are included at **Appendix H**.

10. Consultation

- 10.1 Savings proposals as outlined in November MTFs report were referred to individual Policy Committees. Feedback from the Committees is included as **Appendix C**.
- 10.2 Public consultation on the 2024/25 budget and MTFs has been carried out. The survey for completion was open between 27th November 2023 and 1st January 2024 and was available both online through the Council's consultation and engagement platform, Your Say, and in paper format in the Council's main community accessible buildings. The survey was viewed 879 times during this period and 265 responses were submitted.
- 10.3 From the responses received it is clear that the consultees understood the financial difficulties being experienced by the Council and the need for the Council to lobby for more funding from central government.
- 10.4 Where responses were received, respondents were largely in favour with the approach to savings. In addition, the top 3 areas noted as areas to target for savings were; Home to School Transport, Public Health services and Concessionary bus travel. A number of suggested areas for savings were made. These will be considered and where deemed appropriate will inform the activity on pipeline savings development.
- 10.5 With regards increasing council tax to protect vital services, where responses were received, there was a greater support for a maximum increase than opposed this proposal.
- 10.6 A detailed analysis of the survey responses is included at **Appendix E**.
- 10.7 Consultation with local business representatives and Trades Unions was also carried out during January. With the feedback from these groups noted at **Appendix F**.

11. ROBUSTNESS ADVICE

- 11.1 Section 25 of the Local Government 2003 includes the statutory duty in respect of the budget report to Council:
- 'the Chief Financial Officer (CFO) of the authority must report to it on the following matters: a) the robustness of the estimates made for the purposes of the calculations; and b) the adequacy of the proposed financial reserves.'
- 11.2 The council is required to take this report into account when making its decision in relation to setting the annual budget and setting the council tax. Section 26 of the same Act, places an onus on the CFO to ensure the Council has established a minimum level of reserves to be retained to

cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

- 11.3 The following statement has been prepared by the Director of Finance, IT and Digital as the Council's CFO to fulfil this duty and gives the required advice relating to the 2024/25 financial year including a consideration of the budget proposal as a whole and all the financial risks facing the Council.

Statement by the S151 Officer

- 11.4 Local Authorities are required by law to set a balanced budget. In recent years the Council has relied on using reserves to temporarily balance the budget on a year by year basis. Even with a proposed council tax increase, we will use £3.755m to balance the 2024/25 budget, in addition to relying on £1.000m of temporary investment returns.

- 11.5 The requirement to utilise reserves is driven by a number of factors;

- The significant inflationary pressures being experienced by the Council, not least on Children's Social Care and increased pay award provision in the light of the living pay increase;
- Unwinding of historic use of reserves to balance the budget;
- A lack of additional funding in the provisional local government settlement; and
- Continued delay in fair funding reform and business rates baselining, from which we have a realistic expectation of additional funding.

- 11.6 Firstly, I can confirm that I consider the estimates made as part of budget setting to be robust. Known budget pressures have been largely addressed to the extent possible and/or reasonable. Where residual pressures remain, Directors are aware of the extent of these pressures and the necessity to take remedial action.

- 11.7 Savings proposals have been diligently prepared and signed off by the finance team. The proposals do not include any unsubstantiated "targets", the only target within the budget proposals being for procurement savings and this is an area subject to on-going review with an informed expectation of savings.

- 11.8 Secondly, with regard to the adequacy of financial reserves whilst I can confirm that they are robust in the sense that sufficient reserves are in place to balance the 2024/25 budget position, I do have significant concerns that I will be unable to provide such assurance for the medium term i.e. during the three year MTFS period, unless further action is taken to address this challenge. This medium term judgement reflects the following concerns;

- A significant budget gap in 2025/26 with severely limited reserves to support that position and, at this stage, limited savings proposals;

- Continued inflationary pressures;
- Significant financial risks around our social care budgets;
- The need to invest in transformation savings where possible;
- A forecast tightening of government funding over the medium-term; and
- Reduced ability to make “game-changing” savings to address our budget position.

11.9 Given the medium term position I am only able to agree that the financial reserves position is robust with the following provisos:

- Every effort is made to reduce the in-year underspend so as to limit, as far as possible, the call on the budget support fund in 2023/24;
- All cost control measures in place in the current year are continued into 2024/25 and potentially beyond should the budget position necessitate;
- Savings are brought forward during 2024/25 where possible to significantly mitigate the position; and
- Should any increased funding be provided as part of the final local government settlement, this be offset against use of reserves in balancing the 2024/25 budget.

Whilst the budget would be set utilising £3.755m of reserves, the approach set out above aims to minimise the call on reserves as far as possible in order to provide enough flexibility for 2025/26 financial year, given the significant unfunded budget gap, to ensure a balanced budget is achievable.

11.10 For clarity, given the reserves position for 2024/25 and over the medium term it would not be robust to utilise reserves at a higher level than currently proposed. That being the case, should a maximum increase in council tax not be agreed, additional savings to the corresponding amount would be required.

11.11 Members are legally required to ‘have regard’ to this robustness advice and must carefully consider the detail of this advice before making any decisions on council tax increases.

12. LEGAL CONSIDERATIONS

12.1 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 Finance, IT and Digital) 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 11.

- 12.2 The statutory council tax calculations are an administrative responsibility that the Council as the statutory 'billing authority' is required to undertake once the Council has set its own council tax level and the individual precepting authorities have set their own Council Tax levels. These statutory council tax calculations will be presented to Council on 22 February 2024. This report will also provide any required updates arising from the Final Local Government Finance Settlement which is expected to be received during February. As noted in 11.9 above, should any additional funding be confirmed, this would be used to reduce the proposed use of the Budget Support Fund in 2024/25.

13. EQUALITY AND DIVERSITY

- 13.1 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. However, owing to the financial challenges facing the Council there is no choice but to change, redesign and potentially close services to reduce costs. Where this occurs the council will aim 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.
- 13.2 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.
- 13.3 The impact of the savings proposals and overall central assessment will have been undertaken to determine the cumulative impact of the savings proposals on each individual protected characteristics. This information is included at **Appendix G**

14. CHILD AND FAMILY POVERTY

- 14.1 The analysis has been undertaken to determine the potential impact of the proposals put forward as detailed in the table in **Appendix G** also considers the impact on those living in poverty and disadvantage.

15. OTHER CONSIDERATIONS

Risk Implications	Risk Implications are considered throughout the report and also outlined in Appendix D .
Financial Considerations	As set out in the main body of the report
Staff Considerations	Potential staffing implications of the savings are included within the Savings detailed in Appendix B .
Asset Management Considerations	Asset Management implications of the savings are included, where appropriate, within the Savings detailed in Appendix B .
Environment, Sustainability and Climate Change Considerations	Environmental, Sustainability and Climate Change considerations of the savings are included, where appropriate, within the Savings detailed in Appendix B .

16. RECOMMENDATIONS

16.1 It is recommended that Members refer the following proposals to Council on 1 February 2024:

- i) Note the contents of the report, including that the Core Spending Power increase is based on governments assumption that Councils will increase council tax to the maximum allowable;
- ii) Recommend to Council an increase to core council tax of 2.99% and an adult social care precept increase of 2%, thus providing £2.478m of recurring funding;
- iii) Recommend to Council the overall budget proposal set out in the report, including savings of £1.792m, use of one-off balances of £3.755m and use of temporary investment income of £1m; and
- iv) Note the robustness advice detailed in section 11 of the report including the need to bring forward additional savings proposals during the year to protect the councils reserve position.

16.2 It is further recommended that members note that the detailed 2024/25 statutory council tax calculations incorporating the council tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils, will be referred to Council on 22 February 2024.

17. REASON FOR RECOMMENDATIONS

- 17.1 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 2024/25 to be set.

18. 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 2025/26 – 23rd January 2023;
- Council - Medium Term Financial Strategy (MTFS) 2023/24 Statutory Budget and Council Tax determination – 23rd February 2023;
- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 – 3rd July 2023; and
- Finance and Policy Committee - Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 – 27th November 2023;

19. CONTACT OFFICER

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Sign Off:-

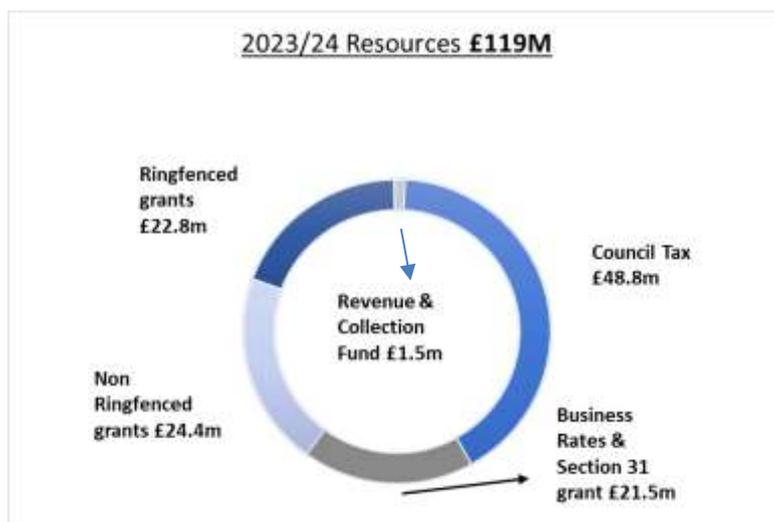
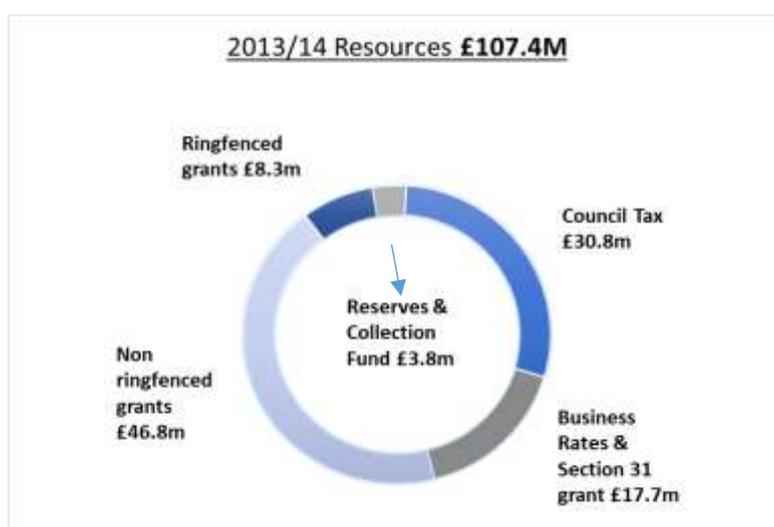
Managing Director	Date: 09/01/2024
Director of Finance, IT and Digital	Date: 09/01/2024
Director of Legal, Governance and HR	Date: 09/01/2024

Historic Context - Funding Changes 2013/14 to 2023/24

1.1 Since 2013/14 the national funding regime has seen three key changes:

- A significant reduction in Government non ring-fenced Grants (i.e. Revenue Support Grant and Top Up grant);
- An increase in Government ring-fenced Grants, including the transfer of Public Health responsibilities and funding and various Adult Social Care grants; and
- Increased reliance on Council Tax to fund local services, which includes the introduction of the Adult Social Care (ASC) precept in 2016/17 and annual increases in this funding source up to and including 2023/24.

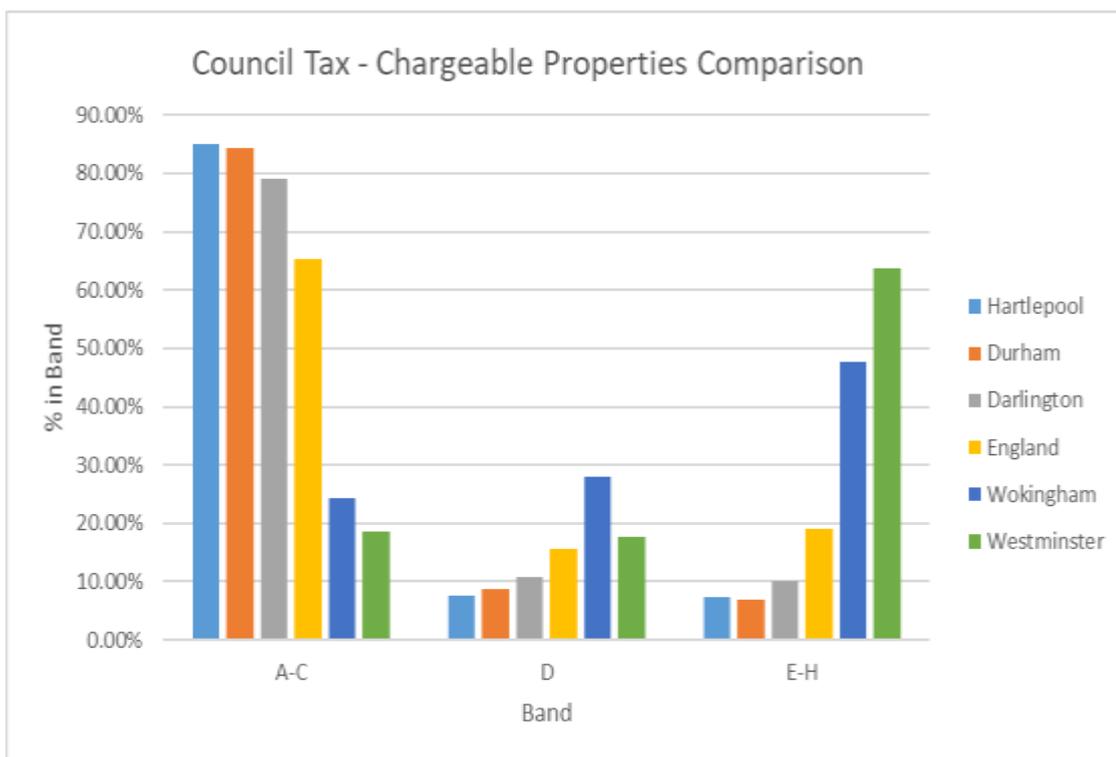
1.2 The impact on Hartlepool funding is summarised below:



1.3 Increasing reliance on Council Tax is a doubled edged sword as it means:

- Areas with a low council tax base (i.e. higher than average proportion of properties in Council Tax bands A and B – which includes Hartlepool and the other North East councils) raise less additional income for each 1% Council Tax increase than areas with a higher tax base – with lower demands on services. This means Council Tax increases offset less of Government funding reductions in areas with a low Council Tax base than is the case in more affluent areas;
- As a result councils with a low Council Tax base have to make greater service reductions and it becomes increasingly difficult for the public to understand the services Council Tax pays for.

1.4 In order to demonstrate the “low tax base” conundrum, comparison with two high base Local Authorities, two neighbouring Local Authorities and the English average is shown in the graph below. The graph clearly demonstrates the extent of shift required to equalise the tax base position with the national average, but also the sheer differential with more prosperous Local Authorities.



1.5 Whilst current and planned developments within Hartlepool are expected to continue the recent strong growth in Band E to H properties, it is clear that Hartlepool will continue to be a low tax base authority for the foreseeable future. Given since 2010 central government funding has moved away from needs based funding, there is less compensation funding for Hartlepool despite its low tax base.

- 1.6 The funding changes and low tax base have contributed to Hartlepool having a Council Tax level (2023/24) that sits slightly above the regional average, when parish councils are included as shown below.

Council Area	Band A* £	Impact of individual Parishes
Northumberland	1,386	*Within a number of Council areas, including County Durham, parish councils provide a number of services that are provided by Hartlepool Borough Council. Whilst the Band A rate shown here is an average for the area, there are often large variations dependent on the parish precept levied. As an example, the following Band A is paid in these County Durham areas: £1,473 Horden £1,453 Peterlee
Gateshead	1,381	
Durham	1,297	
Hartlepool	1,285	
Newcastle	1,280	
Average	1,257	
Middlesbrough	1,255	
Stockton-on-Tees	1,245	
North Tyneside	1,234	
South Tyneside	1,220	
Redcar and Cleveland	1,216	
Darlington	1,189	
Sunderland	1,092	

Savings Planning - Nuts and Bolts Proposals

4.1 Appendix B

Category	Cttee	Budget Reduction Heading	Lead Officer	Budget Reduction 2024/25 £000	Indicative Budget Reduction 2025/26 £000	Indicative Budget Reduction 2026/27 £000	Total Budget Reduction £000	Verified by Finance (Yes/No)	Potential Staff impact over three years (indicative)	Equality & poverty impact	Description of proposed savings
Nuts and Bolts - Procurement	F&P	Procurement review	Beverley Bearne (AD - Development and Growth)	400	250	250	900	Yes	2	N/A	<p>Review of council wide procurement arrangements to ensure procurements are on-contract, are consistent council wide and represent full value for money. The review will also cover the differing procurement avenues, including purchasing cards and wider collaboration, including ensuring best use of NEPO contracts.</p> <p>The overall target for the project is £1m spread over 3 years, but with a front loaded profile. A £100,000 topslice in year one is proposed in order to provide the existing small team (1.6fte) with increased capacity to further develop the procurement function and consolidate procurement savings going forward.</p> <p>A sum of £150,000 has been earmarked from the MTFs Investment Reserve to support capacity work.</p>
Nuts and Bolts - Property and Assets	F&P	Asset Review	James Magog (Director - Finance, IT and Digital)	65	35	0	100	Yes	0	N/A	<p>Savings based on consolidating Bevan House and Windsor Offices staff into civic centre - savings realigned to latest estimate.</p> <p>A sum of £200,000 has been earmarked from the MTFs Investment Reserve to support his project. This project also allows other savings to materialise.</p>
Total				465	285	250	1,000				

Key - Equality & Poverty Impact

A	Age	G	Religion and Belief
B	Disability	H	Sex
C	Gender Reassignment	I	Sexual Orientation
D	Marriage and Civil Partnership	J	Poverty
E	Pregnancy and Maternity	K	Care Leavers
F	Race	L	Armed Forces Community

Savings Planning - Digital Proposals

4.1 Appendix B

Category	Cttee	Budget Reduction Heading	Lead Officer	Budget Reduction 2024/25 £000	Indicative Budget Reduction 2025/26 £000	Indicative Budget Reduction 2026/27 £000	Total Budget Reduction £000	Verified by Finance (Yes/No)	Potential Staff impact over three years (indicative)	Equality & poverty impact	Description of proposed savings
Revs and Bens	F&P	Revenues and Benefits on-line gateway	James Magog (Director - Finance, IT and Digital)	10	30	30	70	Yes	0	N/A	<p>Improved on-line portal for Council Tax billing, with the aim of 60% sign up over 3 years. Automated integration to back office system from customer updates (i.e. eliminate double keying of information). Savings are net of software costs and will accrue with reduced printing and postage, with staff processing savings anticipated in future years.</p> <p>No staffing reductions are anticipated. Indicative savings in 2025/26 and 2026/27 may arise from staff savings, but this is likely to be cost avoidance (i.e. not increasing staff numbers to cope with increased council tax base) or overtime reduction.</p> <p>A sum of £50,000 has been earmarked from the MTFS Investment Reserve to support his project.</p>
		Total		10	30	30	70				

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
- K Care Leavers
- L Armed Forces Community

Category	Cttee	Budget Reduction Heading	Lead Officer	Budget Reduction 2024/25 £000	Indicative Budget Reduction 2025/26 £000	Indicative Budget Reduction 2026/27 £000	Total Budget Reduction £000	Verified by Finance (Yes/No)	Potential Staff impact over three years (indicative)	Equality & poverty impact	Description of proposed savings
Service Reviews	ACBS	Remodelling of beach lifeguard service	Gemma Ptak (AD - Preventative and Community Based Services)	25	0	0	25	Yes	TBC - casual staff	A	It is proposed to remodel the lifeguard service to prioritise areas of highest footfall. A reduced service has been operating over the last two summers due to challenges recruiting seasonal lifeguards despite training and development opportunities being provided. Impact assessments (including reviews of incidents reported) highlight that areas such as the paddling pool, water play area and fish sands typically see staff dealing with slips, trips and falls rather than water related incidents. As a result Seaton Beach (where footfall is highest and incidents are more likely to occur) has been prioritised to make best use of the available staffing resource. Increased water safety work, has been undertaken linked to periods of good weather and multi agency engagement to educate the community. This has a positive impact outside of lifeguards being present at all coastal locations. The RNLI and Coastguard will always respond in an emergency at all beaches, including those not supported by lifeguards because of the risk of rip tides or inadequate bathing conditions. A reduced service would include lifeguards at Seaton only during the summer months with a key focus on prevention. An annual water safety campaign would be implemented from May onwards and lifeguards would support exceptional events/activities with increased risk.
Service Reviews	CS	Activities for Children in Care	Jane Young (AD - Children and Families)	27	0	0	27	Yes	0	A / J	This budget supports improving outcomes for children in care which is called upon to fund extra curricular activities, trips, equipment etc. for children in care so they can enjoy and achieve. It is proposed to remove the full budget.
Service Reviews	CS	Local Welfare Support	Danielle Swainston (AD - Joint Commissioning)	129	0	0	129	Yes	0	B / F / K / J	Cease to deliver Local Welfare Support funding as financial safety net. In 2022 it was proposed to reduce funding by £86,000, this was accepted but decision taken to defer savings for 12 months. A report was taken to Finance and Policy Committee on 20 June 2022 outlining a new model for delivery of LWS and this was approved. Landscape of local welfare support has changed over recent years since this funding was delegated to local authorities. There is no longer a statutory duty to provide these services but they are a significant safety net for those in crisis. In recent years additional financial assistance and support has been provided through schemes such as Local Council Tax Support Scheme, Holiday Activities and Food Programme and Household Support Fund (HSF). HSF will be remodelled to increase application process as per the grant requirements and requests for essential financial support.
Service Reviews	CS	Childrens Homes - Block booking provision	Jane Young (AD - Children and Families)	312	0	0	312	Yes	0	N/A	Work in partnership with other children's homes providers who are coming into the market in Hartlepool and block purchasing provision at agreed cost. One house (3 children) currently securing Ofsted registration, another organisation at earlier stages, may be up to 12 months before this comes on line so opportunity to test model. Block purchase price has been negotiated and when comparing this price to spot purchase price for child with similar level of need, weekly cost is substantially less. Block purchasing will mean increased placement capacity within Hartlepool where children's needs can be met and allowing for continuity of school, health, family and social relationships etc. This will reduce reliance in spot purchasing from independent sector where demands outstrips supply and as such, providers demand very high cost for placements which are not linked to quality or expertise of provision.
Service Reviews	CS	Pupil Premium	Amanda Whithead (AD - Education)	68	0	0	68	Yes	0	A / J	Pupil premium is paid to the local authority for children in our care. This funds the virtual school and a proportion is provided to schools to support child in school setting. Current split is 40% retained and 60% paid to schools. No funding is retained in local authority to pay for back office costs associated with support to Virtual School for example finance, HR, ICT etc. Proposal is to amend the pupil premium split with 50% paid to school and 50% retained within LA. Schools Forum will be consulted on this proposal.

Category	Cttee	Budget Reduction Heading	Lead Officer	Budget Reduction 2024/25 £000	Indicative Budget Reduction 2025/26 £000	Indicative Budget Reduction 2026/27 £000	Total Budget Reduction £000	Verified by Finance (Yes/No)	Potential Staff impact over three years (indicative)	Equality & poverty impact	Description of proposed savings
Service Reviews	NS	Waste Services Restructure	Kieran Bostock (AD - Neighbourhoods)	30	0	0	30	Yes	-1	N/A	Restructure within waste services and subsequent realignment of duties to remaining staff. This reduction will be managed within vacant posts.
Service Reviews	NS	CCTV	Sylvia Pinkney (AD - Regulatory Services)	30	0	0	30	Yes	0	J	The council is currently responsible for providing public space CCTV monitoring. The service is delivered on a 24/7/365 basis. The system has cameras located around the borough. The centre also operates as a 24/7 single point of contract for all alarm companies to inform the council that a building alarm has been activated, as well as appropriate follow up action including site visits. It also acts as the councils emergency out of hours contact centre. It is proposed to reduce the time the centre is manned from the existing 24/7 to weekends, bank holidays and nights on weekdays. For the remaining time the cameras would be recording at their at rest positions. Weekday night shifts would be 5pm to 9am (16hrs) producing a 33% reduction in weekly hours, providing a staffing saving of £30,000. This proposal would not affect the majority of other out of hours service that the centre provides. There may be some areas where alternative arrangements would need to be made, but these would be during the working day. The reduction of this service may impact on crime and disorder. Whilst the service employs 5 people currently, 4 are agency and as such there are no established posts impact.
Service Reviews	F&P	PA review	Hayley Martin (Director of Legal, Governance and Human Resources)	15	0	0	15	Yes	-0.5	N/A	A review of PA support arrangements has enabled a consolidation of two teams supporting the Managing Director, Development, Neighbourhoods and Regulatory Services, Legal Governance and Human Resources, and Finance, IT and Digital. This will enable a vacant 0.5FTE post to be removed from the structure.
Total				636	0	0	636				

Key - Equality & Poverty Impact

A	Age	G	Religion and Belief
B	Disability	H	Sex
C	Gender Reassignment	I	Sexual Orientation
D	Marriage and Civil Partnership	J	Poverty
E	Pregnancy and Maternity	K	Care Leavers
F	Race	L	Armed Forces Community

Savings Planning - Commercial Proposals

4.1 Appendix B

Category	Cttee	Budget Reduction Heading	Lead Officer	Budget Reduction 2024/25 £000	Indicative Budget Reduction 2025/26 £000	Indicative Budget Reduction 2026/27 £000	Total Budget Reduction £000	Verified by Finance (Yes/No)	Potential Staff impact over three years (indicative)	Equality & poverty impact	Description of proposed savings
Commercial	ACB	Assistive Technology Service	John Lovatt (AD - Adult Social Care)	400	400	0	800	Yes	0	A / B / J	It is proposed to introduce a weekly charge for the telecare service from 1 April 2024 which would bring HBC in line with most other LAs across the country. Two levels of service will be promoted, a core offer linked to family member / neighbours being notified as key-holders and an enhanced offer involving a physical response from the HBC telecare team. Charges are proposed at £6.00 per week for the core offer and £10.00 for enhanced. There will be a part year saving in 2024/25 with full year effect achieved in 2025/26.
Commercial	NS	Bus Shelter Advertising Contract	Kieran Bostock (AD - Neighbourhoods)	21	5	0	26	Yes	0	N/A	The new Tees Valley wide bus shelter contract will return advertising income with some of the income being used to fund the Connect Tees Valley service, currently funded from existing budgets. There is a risk that advertising revenue does not reach the levels anticipated, but this will be actively monitored.
Commercial	F&P	Social Value Discounts	Beverley Bearne (AD - Development and Growth)	10	0	0	10	Yes	0	A / J	The Council has traditionally granted Social Value Discounts (SVD) on rents charged on certain properties in its estate that qualify in line with the published policy. The percentage discount varies between 25% and 75% of the headline rental and is technically assessed each year by reference to the tenants' accounts, memorandum and articles of association/constitution and evidence of good governance, etc. As to be expected such SVD does contribute to the continued operation of laudable uses. However, there are regular questions between qualifying organisations as to fellow recipient's discount amounts and more generally as whether such operations do indeed need the discount to survive. Moreover, in granting such discounts, the Council forgoes much needed rental income. It is proposed that all tenants currently in receipt of this discount continue to only receive 25% discount - effectively two entities receiving 75% discount would become consistent with others that receive 25%. There is an alternative option to remove the discount altogether - this would produce a further £16k of saving. However, this is not proposed at this stage. Few councils provide SVDs by way of a strict policy in the way the council does. Removal of the policy does not prevent concessionary rental deals being done where the Council wishes to make a specific differentiation.
Commercial	F&P / All	Fees and Charges Increase in line with September CPI	James Magog (Director - Finance, IT and Digital)	250	0	0	250	Yes	0	J	September CPI is used by government as a basis for Business Rate increases and also grant settlements. It is proposed to use this date a basis for fees and charges going forward. All fees and charges not subject to statutory levels would be expected to increase by this amount, unless agreed by ELT otherwise. A number of budget areas currently experiencing income shortfalls will not have their income budget increased.
Total				681	405	0	1,086				

Key - Equality & Poverty Impact

A	Age	G	Religion and Belief
B	Disability	H	Sex
C	Gender Reassignment	I	Sexual Orientation
D	Marriage and Civil Partnership	J	Poverty
E	Pregnancy and Maternity	K	Care Leavers
F	Race	L	Armed Forces Community

Feedback on Savings Proposals from Policy Committees

Adult and Community Based Learning Committee – 9th November 2023

Issue(s) for consideration

The Executive Director reported that assistive technology supports people to remain independent in their own homes and when accessing the community. People using the service are able to access support when needed 24 hours a day, seven days a week historically through some form of pull cord or pendant, but more recently through smart technology as well. The service gives peace of mind to family, friends and carers, knowing that when they are unable to watch over their loved ones, support can be accessed when required.

The type of technology provided to the person is tailored to meet their needs. It can include sensors and triggers such as motion or fall detectors and fire and gas alarms that trigger a warning to a response centre staffed around the clock, 365 days a year. It can also include location devices that can be used to enable an individual to have security outside of their home.

The call handling element of the service has recently been tendered and the new Hartlepool Technology for Care service was launched in April 2023 following the appointment of Taking Care as the new provider. The appointment of a new provider is enabling new technologies to be explored and potential benefits maximised learning from best practice elsewhere in the country.

The assistive technology service in Hartlepool is currently used by almost 3,000 people and was provided free of charge. Approximately 750 people using the service have access to assistive technology alongside other types of care and support while the remaining 2,200 have assistive technology in place as a standalone service.

In most local authorities across the country, people pay a weekly charge to access this type of support, with charges based on a basic service (monitoring without a physical response) and an enhanced service (including a physical response). This was already the case in 10 of the 12 authorities in the North East with charges ranging from £5.04 to £7.27 for the basic service and £11.45 to £17.51 for an enhanced service.

It was proposed that charges are introduced for the service in Hartlepool from 1 April 2024, with the basic service charged at £6.00 per week and the enhanced service (including a physical response) charged at £10.00 per week. These charges compared favourably with those in operation elsewhere in the north east, which will be subject to inflationary increases for 2024/25. Charges would be reviewed on an annual basis and would be expected to increase in line with inflation.

In addition to the weekly charge, to be paid by direct debit, there would be a one off charge of £46.00 to cover provision and installation of a key safe which complied with British safety standards. Installation of a key safe would be a standard requirement to access assistive technology support as it would allow the service to operate in the safest, most effective way and ensure that people requiring a physical response could be supported as quickly as possible. In exceptional circumstances where this was not possible, alternative arrangements would be made.

The Executive Director highlighted the financial considerations set out in the report which indicated that income generated in 2024/25 will be in the region of £400,000 with the full year effect of up to £832,000 achieved by the end of 2025/26.

A Member was concerned at the people that may opt out of the system if charges were imposed and questioned what systems would be in place to ensure that those that needed

this service could continue to receive it if they couldn't afford the charges. The Executive Director stated it would be difficult to predict the numbers of those that may opt out of the system. Those that received the service as part of a wider package of support would be able to include the costs in their personal budget. Officers would assist service users to maximise their benefits if they were considering opting out because of the costs.

The key safe charge was also questioned and the Executive Director indicated that these would be an important part of the service removing the need for staff to regularly return to base to collect keys. There would be some situations where a key safe would not be utilised but they were seen as best practice in the majority of cases.

Members noted the concerns and sought assurance that mechanisms were in place to ensure that all service users were proactively contacted ahead of the introduction of the charges and assisted where appropriate to ensure they were in receipt of their full benefit allowances, then the introduction of the charges should be supported.

In accordance with Council Procedure Rule 15.5, a recorded vote was requested and taken on the recommendation to approve the proposed implementation of charges.

Those for: Councillors Buchan, Darby, Little and Young.

Those against: Councillors Allen, Hall and Feeney.

Those abstaining: none.

The recommendation was carried.

Decision

That the proposed introduction of charging for the assistive technology service as reported be approved subject to all service users being proactively contacted ahead of the introduction of the charges and assisted where appropriate to ensure they were in receipt of their full benefit allowances.

Adult and Community Based Learning Committee – 7th December 2023**Issue(s) for consideration**

The Executive Director of Adult and Community Based Services gave an outline of the report submitted to the Finance and Policy Committee on 27 November 2023 and went on to outline each of the savings proposed for services within this Committee's remit, as detailed in Appendix C to the report. Details of any comments made by the Committee to be forwarded to the Finance and Policy Committee are included in the decision below.

The Committee discussed the issue of removing the of the lifeguards from the Headland and noted the information set out in Appendix F to the report which showed that data taken from Headland lifeguard reports indicated that the main focus of lifeguard time was spent dealing with slips, trip and falls on the Block Sands paddling pool, rather than the wider bathing area. It was clarified during questions, that there would be five lifeguards employed during the summer season in Seaton Carew.

Members suggested the potential of using volunteers for the provision of lifeguards. The Assistant Director, Preventative and Community Based Services stated that administering volunteer programmes could be very time consuming and couldn't always guarantee cover when it was needed.

The Vice-Chair noted that the lifeguards in Seaton Carew were also engaged to switch on and off the water play area on Seaton Carew sea front. If the use of this facility was restricted only to the 6 weeks school holiday period it could reduce the attractiveness of coming to the resort for families. The Assistant Director, Preventative and Community Based Services stated that extending the operation of the water play area would require additional cleansing and legionella testing for which there was no additional budget.

The Assistant Director, Preventative and Community Based Services stated that there would be continued focus on water safety education with children and young people in schools. The work around water safety was undertaken with partners including the Coastguard and Fire Brigade.

Decision

That as requested by Finance and Policy Committee the Committee considered the recommended 2023/24 savings proposed detailed in Annex A - Appendix C relating to the services within this Committees portfolio and Members made the following comments to be reported back to Finance and Policy Committee on 22 January 2024 in relation to each of the savings proposed.

Budget Reduction Heading	Budget Reduction 2024/25 £000	Adult and Community Based Services Committee comments
Remodelling of beach lifeguard service	25	No specific comments were made.
Fees and Charges Increase in line with September CPI	250	No specific comments were made.

Neighbourhood Services Committee – 8th December 2023**Issue(s) for consideration**

The Executive Director of Development, Neighbourhoods and Regulatory Services gave an outline of the report submitted to the Finance and Policy Committee on 27 November 2023 and went on to outline each of the savings proposed for services within this Committee's remit, as detailed in Appendix C to the report. Details of any comments made by the Committee to be forwarded to the Finance and Policy Committee are included in the decision below. The Executive Director of Development, Neighbourhoods and Regulatory Services added that it was important for Members to note that officers were also reviewing operational decisions across their service areas in order to maximise income and efficiency while considering the merit of non-essential duties in order to ensure their budgets balance. This may result in further individual service reports being brought to Committee where approval was required, or in some cases these may be decision records or simply operational decisions that services could make in order to help to balance their particular budget.

The Committee made no specific comments in relation to the savings relating to Waste Services Restructure, Bus Shelter Advertising Contract and Fees and Charges Increase in line with September CPI. The Committee did, however, discuss in detail the proposed changes to CCTV monitoring which would result in a saving of £30,000. The view was expressed by one Member that the lack of monitoring of the CCTV system between 9 am and 5 pm weekdays was too great a risk to the public and officers should look to other areas to find the saving. The inability to track criminals or criminal activity during the day was too high a cost and such criminals would soon become aware of the lack of monitoring and exploit this. No alternative to the saving proposal was put forward at the meeting.

The Assistant Director, Regulatory Services reassured Members that cameras would not be turned off but moved to a 'resting' position giving the greatest coverage of their location. All cameras would continue to be recorded and these recordings kept for 28 days. The Police would be able to access recordings whenever necessary, as now. The Assistant Director, Regulatory Services expected that this would be predominantly when there was staff within the control room but there would always be other staff available that could provide recordings for the Police if matters were more urgent. It was also highlighted that staff recruitment to this area had been difficult with only one permanent HBC employee in post; the other posts being filled through agency staff.

Other Members sought confirmation from the Assistant Director, Regulatory Services as to the period for which recordings were kept and if this could be extended. The Assistant Director, Regulatory Services indicated that that detail could be included in the information provided to the Finance and Policy Committee.

Decision

That as requested by Finance and Policy Committee the Committee considered the recommended 2023/24 savings proposed detailed in Annex A - Appendix C relating to the services within this Committees portfolio and Members made the following comments to be reported back to Finance and Policy Committee on 22 January 2024 in relation to each of the savings proposed.

Budget Reduction Heading	Budget Reduction 2024/25 £000	Adult and Community Based Services Committee comments
Waste Services Restructure	30	No specific comments were made.
CCTV	30	Some concern was expressed at the saving proposed and the impact on public safety as detailed above. No alternative saving was proposed.
Bus Shelter Advertising Contract	21	No specific comments were made.
Fees and Charges Increase in line with September CPI	250	No specific comments were made.

Children’s Services Committee – 5th December 2023

Issue(s) for consideration

The Executive Director of Children’s and Joint Commissioning Services presented the report to Members outlining the background to the current financial position. At the meeting of the Finance and Policy Committee on 27 November an updated MTFs report had detailed the forecast budget deficit of £3.149m for 2024/25 and £8.080m over the MTFs period. As in previous years the addressing of the deficit needs to be managed through budget saving actions, which seek to minimise the impact on services where possible and also use of reserves.

To support the meeting of this budget gap, savings proposals totalling £1.792m had been proposed for 2024/25 and a total of £2.792m over the MTFs period. The acceptance of the proposals for 2024/25 would leave a remaining budget gap of £1.357m to be met from reserves in that year.

Members’ comments on the recommended savings proposals were sought, as set out in Appendix C relating to the services within this Committee’s remit to enable feedback to be reported to Finance and Policy Committee on 22 January 2024. The Executive Director reminded Members that in the event that Members did not support the savings, alternative proposals would have to be identified.

Elected Members considered each of the savings proposals within the Children’s Services Committee’s remit and the Executive Director of Children’s and Joint Commissioning Services responded to queries raised.

Set out below is a summary of the Committee’s discussions and comments in relation to the savings proposals:-

Activities for Children in Care

Members supported this proposal following assurance that children in our care would not be detrimentally affected by the decision.

Local Welfare Support

Concerns were raised in terms of the adverse effects on the most vulnerable in the town and the long term implications of this proposal. A number of queries were raised in terms of the impact of this reduction and clarification was sought whether if the saving was made, additional financial assistance and support could be accessed from other sources. The Executive Director of Children’s and Joint Commissioning Services referred to additional support schemes that had been provided in recent years through schemes such as the Local Council Tax Support Scheme, Holiday Activities and Food Programme and the Household Support Fund. Members noted the proposal to remodel the Household Support Fund and discussed the potential implications of such changes as well as alternative options to avoid this saving.

The option to access grants via the voluntary and community sector were highlighted and the Primary Governor Parent Representative referred to potential support options in the community sector including a clothing support scheme which the Chair agreed to explore further following the meeting.

Whilst acknowledging the saving proposal was challenging, the Executive Director of Children's and Joint Commissioning Services advised that if the proposal was not supported there was no other service area within the department which officers could put forward as an alternative saving. The Chair advised that officers were having to suggest savings that were very challenging due to the budget position. Following further debate, Members reluctantly supported this saving.

Children's Homes – Block Booking Provision

Members welcomed that this saving could be achieved through cost avoidance and therefore supported the proposal.

Pupil Premium

In response to queries raised, clarification was provided in relation to the pupil premium budget arrangements and potential impact on schools as a result of the proposal to amend the pupil premium split from 60% currently paid to schools and 40% retained within in local authority to a 50/50 split. Members were advised that the proposals should not impact on the school's core budget. Members supported this proposal.

Decision

That the recommended savings proposals, as detailed in Appendix C, in relation to the services within the remit of this Committee be supported and Members comments, as outlined above, be utilised to formulate a response to be presented to Finance and Policy Committee on 22 January 2024.

Economic Growth and Regeneration Committee – 12th December 2023**Issue(s) for consideration by the Committee**

The Executive Director of Development, Neighbourhoods and Regulatory Services outlined details of the salient issues included in the report submitted to the Finance and Policy Committee on 27 November 2023. The Executive Director also outlined the proposals for services within this Committee's remit, as detailed in Appendix C to the report.

It was highlighted that Officers were also reviewing operational decisions across their service areas in order to maximise income and efficiency whilst considering the merit of non-essential duties in order to ensure their budgets balance.

Decision

That as requested by Finance and Policy Committee the Committee considered the recommended 2023/24 savings proposed detailed in Annex A - Appendix C relating to the services within this Committees portfolio and Members made the following comments to be reported back to Finance and Policy Committee on 22 January 2024 in relation to each of the savings proposed.

Budget Reduction Heading	Budget Reduction 2024/25 £000	Economic Growth and Regeneration Committee comments
Fees and Charges Increase in line with September CPI	250	No specific comments were made.

MTFS 2024/25 to 2026/27 Initial Risk Assessment

Key risks or issues that may impact on assumptions made and impact 2024/25.

Issue and Risk	Potential Likelihood (High / Medium / Low)	Rationale
Inflation proves stubborn and reduces at a slower rate than anticipated.	Medium	Reasonable assumptions based on latest forecasts have been made for inflation during the period. There is no upside scenario likely, whereby inflation fell more rapidly. Downside scenario based on additional inflation risk on general and ASC inflation.
Pay Awards are higher than assumed	Low	Provision included in the MTFS based on recent pay awards. No contingency is built in for higher award.
Energy prices are higher than anticipated	Medium	The approach to the energy price crisis was to provide a longer term increase to the base budget supported by a specific energy reserve for the shorter term exceptional price level period. New and emerging global events are placing further pressure on energy markets, however, 50% of energy for 2024/25 has been purchased.
Interest Rates reducing to level that income assumptions are unachievable	Low	Treasury Management Income assumptions are prudent and reflect anticipation of reduced investment returns.
Collection Fund	Low	The wider economic conditions may have a detrimental impact on collection of both Council Tax and Business Rate. However, collection rates are improving post Covid and arrears collection is strong.
Fee Income Budget	High	The wider economic conditions and the recovery from the Covid-19 pandemic has created uncertainty over the achievability of key income budgets, including car parking. Some mitigation has been allowed for within the budget setting process.
Capital Programme Borrowing Costs	Medium	Increased cost and/or interest rates may impact on borrowing costs. The impact is mitigated by pro-active Treasury management strategy and planned delay in borrowing decisions.
Increased Children Social Care Pressures	High	Whilst the budget has been substantially re-based to reflect the changing market conditions CSC is operating in, it remains volatile and to a large extent costs are driven by the market.
Savings not being achieved as planned	Low	All savings have been signed off and most are considered achievable and therefore low risk.
Sufficient future savings not being identified to balance the budget	High	There is reduced scope for “game-changing” savings that can address the size of the budget gap. Pipeline savings are being progressed to address the budget gap.
Social Care Charging Reform	Low	Risk as to how this reform is now funded when government introduce the reform. It is considered a low risk at this stage given funding previously earmarked for this has been used nationally to fund existing social care pressures and as such the ability for councils to fund this reform within existing resources is now impractical.

Public Budget Consultation

Summary Report

Background

Following presentation of the budget proposals to Finance and Policy Committee on 27th November 2023 a public consultation exercise was launched and ran until 1st January 2024. A survey was available both online through the Council's consultation and engagement platform, Your Say, and in paper format in the Council's main community accessible buildings.

Alongside the public survey a 'Balancing the Budget' booklet was published setting out the financial challenge facing the Council and the proposed approach to balancing the budget.

Summary of Engagement

879 visits - There were a total of 879 visits to the online consultation page. Of those visits...

402 direct – 402 people came direct by clicking on the web link. This could be from a QR code on a leaflet or poster or by clicking on the web link that was shared in an email or other message such as whatsapp for example.

231 social media – 231 visits came via social media posts. In this case referrals were recorded from Facebook, Twitter and LinkedIn.

119 email – 119 visits came via the link shared in the newsletter sent to those who have registered with the Your Say platform.

61 .gov sites – 61 visits came via a link on a .gov.uk website, most likely the Council's website.

41 referrals – 41 visits came via the direct link hosted on another website such as the Hartlepool Mail website.

25 search engine – 25 visits came via an online search engine such as Google or Bing.

791 individuals – The 879 visits were made by 791 individual people. This means that some people visited the page more than once.

265 responses – In total there were 265 completed responses to the public survey. This gives a conversation rate of 33.5% i.e. one third of visitors to the page went on to complete the survey.

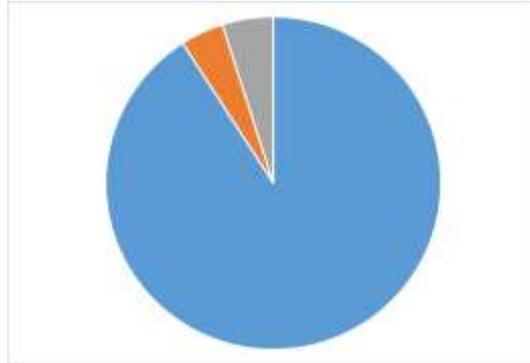
All of the responses were received via the online survey, no paper responses were received.

173 downloads – The 'Balancing the Budget' booklet was downloaded 173 times by 158 individual people. This means that some people downloaded the booklet more than once.

Results

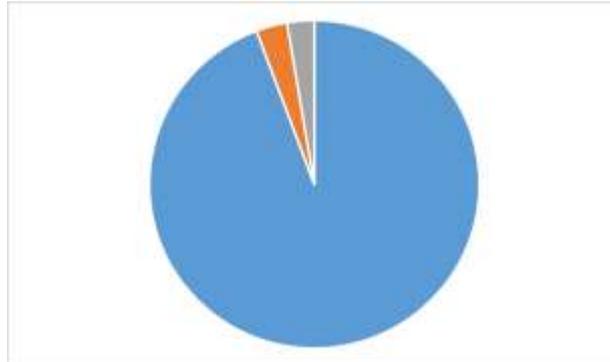
1. Do you understand the financial pressure Hartlepool Borough Council is experiencing in the face of significantly higher costs and rising demands for services?

Yes	90.9%
No	4.2%
Don't know / Not sure	4.9%



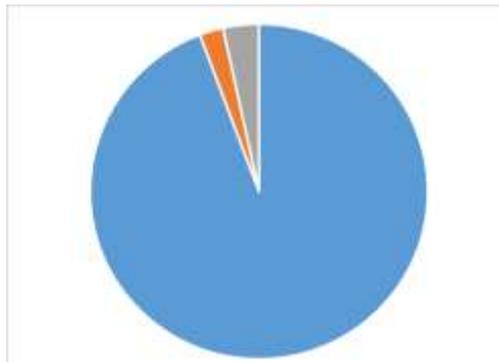
2. Do you understand that the Council has a requirement to look after the most vulnerable in society, and that the significant increases in costs, is resulting in funding for other services being squeezed?

Yes	94.3%
No	3.0%
Don't know / Not sure	2.7%



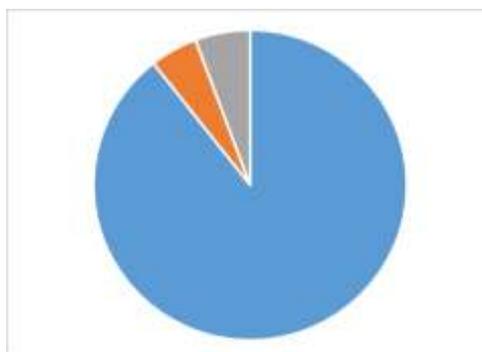
3. The government recognised that the current local government finance system was not fit for purpose in 2016 when it began a review, known as “Fair Funding”. The council has the expectation of significant additional funding following such a review. Unfortunately the Fair Funding work has been paused. Do you agree that the council should continue to lobby for fair funding for Hartlepool?

Yes	94.3%
No	2.3%
Don't know / Not sure	3.4%



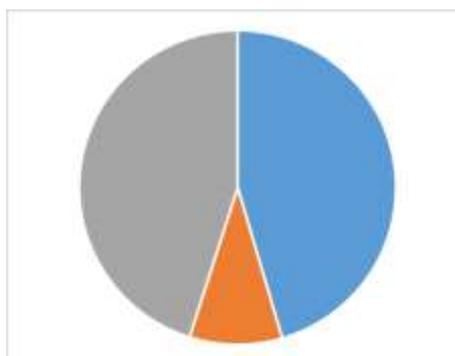
4. A number of councils have got into financial difficulty and have issued what is known as Section 114 notices. Effectively declaring themselves bankrupt and stopping all non-statutory spending. This has led to government intervention, significant service cuts and in some cases exceptional increases to Council Tax. Do you agree the council should make every effort to avoid such an outcome?

Yes	89.4%
No	4.9%
Don't know / Not sure	5.7%



5. Do you think our four themed approach to balancing the budget gap is appropriate and strikes the right balance between inward looking savings, income generation and potential service impact?

Yes	45.5%
No	9.5%
Don't know / Not sure	45.1%



6. To help us prioritise where to make budget reductions, please select three service areas to target for savings. Please select three options only.

Services for older people (including home and day care services, etc.)	9
Services for people with a physical disability, learning disability or mental health need	11
Support for carers	16
Public health services (including smoking cessation, weight management and drug and alcohol misuse services)	96
Children’s social care (including welfare, fostering and adoption, and child protection)	17
Education and child care (including in nurseries and local authority schools)	10
Home to school transport provided by the Council	103
Services for children with special educational needs and disabilities (SEND)	7
Support for young people not in education, employment or training (NEET)	27
Community hubs and libraries	41
Parks and other outdoor spaces (including Summerhill Country Park and public Rights of Way)	43
School meals	19
Registration services (births, marriages and deaths)	50
Regulatory Services (including community safety, anti-social behaviour, environmental health and trading standards)	11
Economic development (supporting the local economy)	44
Highways (including street lighting, highways maintenance, footpaths and cycle ways)	21
Concessionary bus travel	90
Waste services (including household refuse and recycling collections, trade waste collections and the household waste recycling centre)	18
Leisure services (including leisure centres, sports and recreation facilities and activities)	57
Planning and Building Control	83
Other services not listed here (please specify)	25

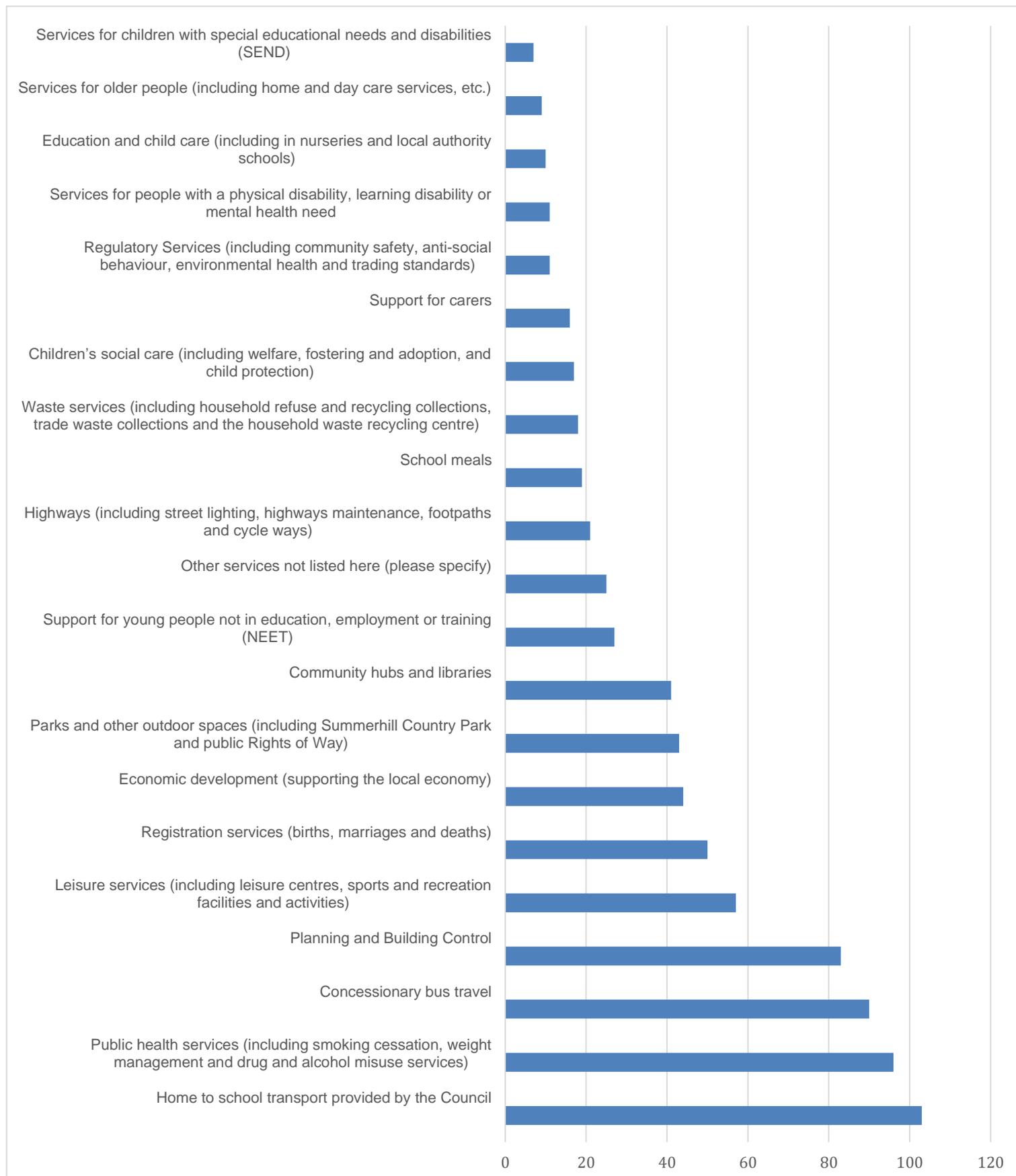
The 5 service areas that were selected the most were:

- **Home to school transport** provided by the Council - chosen by 103 respondents
- **Public health services** (including smoking cessation, weight management and drug and alcohol misuse services) – chosen by 96 respondents
- **Concessionary bus travel** – chosen by 90 respondents
- **Planning and Building Control** – chosen by 83 respondents
- **Leisure services** (including leisure centres, sports and recreation facilities and activities) – chosen by 57 respondents

The 'Other services not listed here' responses included:

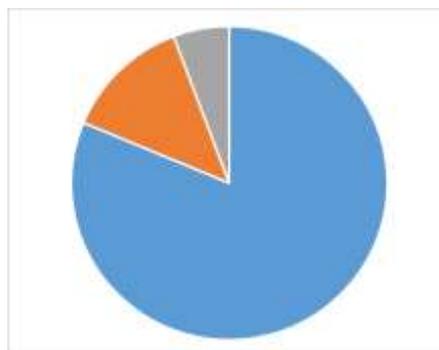
- Cut council salaries, expenses and money wasting;
- Benefits for those who aren't working;
- Events that run at a loss;
- Reduce the number of Councillors;
- Reduce Councillor wages
- Housing / estates activities;
- Fleet transport;
- Capital schemes;
- Administrative services, computing / IT.

The bar chart on the following page shows the service area sorted by the number of respondents they were chosen by from lowest to highest.



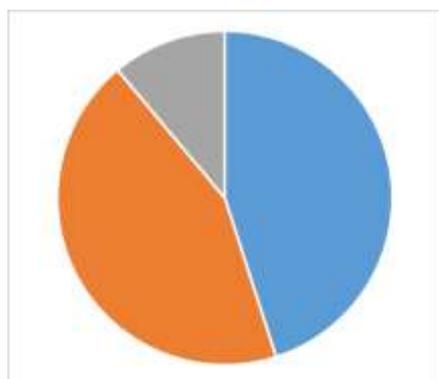
7. Do you understand that a Council Tax increase is one of the few options councils have to raise income to support the increasing cost of giving children the best start in life and safeguarding those vulnerable to harm, and providing adult social care to our vulnerable residents?

Yes	81.3%
No	13.0%
Don't know / Not sure	5.7%



8. Do you agree we should increase Council Tax by the amount allowed in order to protect vital services?

Yes	45.0%
No	43.9%
Don't know / Not sure	11.1%



9. If you have comments on any of the specific schemes that we have included within our savings and income generation proposals or have any suggestions or comments as to how we can balance the budget, then please use the space below to tell us about them.

The following core themes were identified from the comments received:

- A. Reducing costs
- B. Increasing income
- C. Council Tax
- D. Councillors
- E. Government
- F. Other

A. Reducing costs

Comments covered a range of suggestions of ways that the Council could reduce its costs. These included:

- Reducing the number of senior leadership posts or reducing their wages;
- Reducing the number of Council staff overall;
- Stop spending money on schemes such as Church Street, the Wesley, Middleton Grange, studios, other buildings that the Council doesn't own and what some termed 'vanity' projects;
- Reducing staff terms and conditions including those related to sickness and annual leave or reducing them to 4 day weeks (whilst maintaining existing service levels) or freezing wages or changes to the pension scheme;
- Reducing Council assets (buildings and land);
- Investing in renewables or making improvements to reduce energy costs and potentially generate additional income;
- Reviewing all Council spending to stop any unnecessary spending and ensuring that we get the best value for what we need to purchase;
- Looking to reduce costs in social care by reducing the use of private providers. Suggestions included increasing in house foster carers and investing in care provision via a trading arm;
- Focusing on preventative rather than reactive services to reduce demand and costs in the longer term e.g. adult social care and Community Hubs or early intervention in children's social care;
- Looking into specific services to see if costs can be reduced or if usage justifies the cost such as temporary accommodation, Community Hubs, the Centre for Independent Living;
- Questioning whether we need a Borough Hall and a Town Hall;
- Questioning whether we need to build a new leisure centre;
- Not providing automatic awards of services and only provide to those who actually apply e.g. bus concessions;

- Get the public to pay for a range of things that the Council funds at the moment such as key safes / low level equipment so that they can return home from hospital or stay in their own homes;
- Some children using school transport should be taken to school by their parents / carers to reduce costs to council;
- NHS services / health should be funding drug / alcohol / substance misuse / smoking cessation and delivering better rehabilitation to service users so that they can gain more independence;
- Reduce support to asylum seekers.

B. Increasing income

Comments covered a range of suggestions of ways that the Council could increase its income. These included:

- Price services competitively and hire facilities out (conferencing and weddings);
- Charge for services and base on an ability to pay model;
- Sell off Hartlepool United Land;
- Sell some of the “fine art” from the Council’s collection to raise funds;
- Leisure services should be self-funding – if people aren’t using then shouldn’t be doing;
- Tackle fraud;
- Make large businesses pay for anti-social behaviour support in the community;
- Charge homebuilding companies double what you do now to build on the green belt;
- Allow staff to use empty parking spaces on a reduced daily fee charge;
- Withdraw social value discounts given to some commercial tenants.

C. Council Tax

A number of comments related to Council Tax. These included:

- Due to the cost of living people are struggling and higher Council Tax is likely to increase demand on social services;
- Feeling that they are paying more in Council Tax but receiving less services for it;
- Collect unpaid debts (Council Tax and Business Rates) and don’t write them off;
- All should pay Council Tax, even the unemployed;
- Various suggestions about Council Tax increases - raise in line with inflation, raise above national agreed average, stick £120 on each bill;
- Council Tax value of properties to be reassessed so that those who have benefitted most pay proportionally more;
- Don’t freeze Council Tax – be realistic, costs have increased. Also, any suggestions to freeze Council Tax must be accompanied with a genuine and realistic proposal to raise monies by alternative means;

- Need communication to help the public understand why Council Tax is increasing and explain why Council Tax is higher in Hartlepool than other areas e.g. Westminster;
- Hartlepool's Council Tax is one of the highest in the country yet we are one of the poorest areas;
- Raising Council Tax should be last resort.

D. Councillors

A number of comments related to Councillors. These included:

- Cut Councillors wages and expenses;
- Have less Councillors;
- Make Councillors make tough decisions when they reverse decisions;
- Councillors should collect their own post.

E. Government

A number of comments related to Government. These included:

- The Government needs to provide more money to local authorities without ringfencing any of it and allow local authorities to decide local priorities and spending;
- Government should give more to make it fair if Hartlepool has higher than UK average elderly in homes;
- Unfair of other residents if they have to pay for the imbalance caused by higher SEN, disability and child poverty that UK average;
- The Council should focus on appealing to the government to intervene on the costs of children's social care and increase early help offers as private companies are making millions in profits whilst Councils are declared bankrupt.

F. Other

There were also a number of other comments provided and these include:

- Questioning the competency of decisions makers, how the Council is run and the impact of past decisions;
- Comment on the survey questions;
- Comments relating to services that the Council is not responsible for including the police and the government carers allowance;
- Statements / queries about some Council services such as street cleaning and the Community Hubs;
- Disagreeing with CCTV cuts at night time when crime is happening.

Profile of those who took part

<p>82.1% were residents of Hartlepool.</p> <p>16.7% weren't residents but work in Hartlepool.</p>
<p>Those who live in Hartlepool identified that they live in the following postcode areas:</p> <p style="padding-left: 40px;"> TS22 = 1.3% TS23 = 0.9% TS24 = 13.9% TS25 = 35.4% TS26 = 35.4% TS27 = 11.7% Other = 1.3% </p>
<p>47.3% were female.</p> <p>47.7% were male.</p> <p>4.7% preferred not to say.</p> <p>0.4% self-identified.</p>
<p>94.2% identified as White.</p> <p>5.4% preferred not to say.</p> <p>0.4% identified as Black African, Caribbean or Black British.</p>
<p>84.9% identified as straight / heterosexual.</p> <p>9.3% preferred not to say.</p> <p>3.1% identified as gay or lesbian.</p> <p>2.7% identified as bisexual.</p>

The ages of those who took part were:

16-25 = **2.3%**

26-35 = **12.2%**

36-45 = **22.1%**

46-55 = **27.9%**

56-65 = **20.6%**

65+ = **10.3%**

Prefer not to say = **4.6%**

22.1% identified that they had a physical or mental health condition that was expected to last 12 months or more.

7.6% preferred not to say.

70.2% identified that they did not have a physical or mental health condition that was expected to last 12 months or more.

Of those who identified that they had a physical or mental health condition that was expected to last 12 months or more...

41.0% identified that their conditions reduced their ability to carry out day-to-day activities a little.

14.1% identified that their conditions reduced their ability to carry out day-to-day activities a lot.

25.6% identified that their conditions did not reduce their ability to carry out day-to-day activities.

19.2% preferred not to say.

95.8% identified that they had not been in the care of the Local Authority as a child or young person.

3.0% preferred not to say.

1.1% identified that they were a care leaver.

6.9% identified that they had previously served in the Regular or Reserve Armed Forces.

0.4% identified that their spouse / partner was currently serving in the Regular, Reserve or Territorial Armed Forces.

4.2% identified that their spouse / partner had previously served in the Regular or Reserve Armed Forces.

5.0% preferred not to say.

83.5% identified that this question was not applicable to them.

The Council Tax Bands of those who took part were:

Band A = **15.1%**

Band B = **11.7%**

Band C = **20.1%**

Band D = **17.2%**

Band E = **7.5%**

Band F = **3.3%**

Band G = **4.2%**

Band H = **0.4%**

Don't know = **10.9%**

Prefer not to say = **9.6%**

Those responding or the people in their household had used the following services, provided by Hartlepool Borough Council, in the past 12 months.

Services for older people (including home and day care services, etc.)	11
Services for people with a physical disability, learning disability or mental health need	11
Support for carers	9
Public health services (including smoking cessation, weight management and drug and alcohol misuse services)	10
Children’s social care (including welfare, fostering and adoption, and child protection)	11
Education and child care (including in nurseries and local authority schools)	39
Home to school transport provided by the Council	6
Services for children with special educational needs and disabilities (SEND)	13
Support for young people not in education, employment or training (NEET)	3
Community hubs and libraries	64
Parks and other outdoor spaces (including Summerhill Country Park and public Rights of Way)	138
School meals	19
Registration services (births, marriages and deaths)	22
Regulatory Services (including community safety, anti-social behaviour, environmental health and trading standards)	14
Economic development (supporting the local economy)	6
Highways (including street lighting, highways maintenance, footpaths and cycle ways)	99
Concessionary bus travel	14
Waste services (including household refuse and recycling collections, trade waste collections and the household waste recycling centre)	167
Leisure services (including leisure centres, sports and recreation facilities and activities)	73
Planning and Building Control	7

Neither me nor anyone in my household have used any services in the past 12 months	19
Other services not listed here	3

Trades Unions - Budget Consultation Meeting

4th January 2024

Attendees:

Edwin Jeffries – Secretary, HJTUC / UNISON
Stephen Williams – Chair, HJTUC / UNISON
Alison Leonard - Vice Chair HJTUC / GMB
Anthony Kelly – Assistant Branch Secretary, UNISON
Tony Watson – Vice Chair, UNISON
Darin Aird – GMB
Councillor Mike Young – Council Leader
Denise McGuckin – Managing Director
James Magog – Director of Finance, IT and Digital

Minutes of Meeting

The leader of the Council, Managing Director and Director of Finance, IT and Digital met with representatives of the Trade Unions on the 4 January 2024. The Director of Finance, IT and Digital presented a series of slides setting out the latest budget position, including an update on the provisional local government settlement and the savings proposals that had been referred to policy committees.

The Trade Union representatives recognised efforts made to avoid redundancies at this stage and sought additional information on a number of the individual proposals. Frustration was expressed with the delay to the Fair Funding review and the lack of additional government funding for Children’s Social Care pressures. There was an acknowledgement that, whilst difficult for residents, the perilous budget position likely necessitated a full Council Tax increase, albeit it was noted this was a matter for the politicians, especially given the forecast budget position over the medium term. The unions were supportive of efforts being made to reduce the in-year overspend to protect the reserves position so as to give some flexibility to smooth the budget impact in later years.

The meeting concluded with the Trade Unions representatives requesting continued engagement and consultation over the medium term position so as to understand any potential workforce implications at the earliest opportunity.

Business Group - Budget Consultation Meeting

5th January 2024

Attendees:

Simon Corbett – Hartlepool Economic and Business Forum (Chair)
Darren Hankey – North East Chamber of Commerce (Chair – Hartlepool Area)
Reshma Begum - FSB Development Manager North East of England & Tees Valley
Councillor Mike Young – Council Leader
Denise McGuckin – Managing Director
James Magog – Director of Finance, IT and Digital

Minutes of Meeting

The leader of the Council, Managing Director and Director of Finance, IT and Digital met with representatives of the members of the Business Community on the 5 January 2024. The Director of Finance, IT and Digital presented a series of slides setting out the latest budget position, including an update on the provisional local government settlement and the savings proposals that had been referred to policy committees. A number of clarification questions were raised and responded to.

The representatives recognised the challenging financial position facing the council both from budget pressures and funding. There was a belief that a number of positive investment plans are progressing within the borough, albeit there was recognition that the benefit would likely arise beyond the MTFS period. There was a keenness to work in partnership and collaborate to promote Hartlepool as a place for inward investment to increase this momentum.

The meeting concluded with the Business Community representatives recognising that difficult decisions were likely required over the coming years but that a positive vision for Hartlepool was still essential to improve long term prosperity.

Equality and Child and Family Poverty Impact Assessment of the 2024/25 Budget Saving Proposals

Category	Budget Reduction Heading	Lead Officer	Equality & poverty Impact	Impact Assessment
Nuts and Bolts	Procurement review	Assistant Director – Development and Growth	N/A	There is no anticipated impact.
Nuts and Bolts	Asset review	Director – Finance, IT and Digital	N/A	There is no anticipated impact.
Digital	Revenues and Benefits on-line gateway	Director – Finance, IT and Digital	N/A	The move to digitalise Council Tax billing could potentially impact negatively on certain age demographics and those in poverty who have limited digital access. However, the impact has been mitigated as the existing service will continue to be delivered in parallel with the online approach. Therefore no overall impact has been identified.
Service Reviews	Remodelling of beach lifeguard service	Assistant Director – Preventative and Community Based Services	A	The beach lifeguard service responds to anyone who finds themselves in difficulty in the water however it is recognised that this may more likely be children. Following a review of incidents reported to the service the proposal is to prioritise providing the lifeguard service at Seaton beach, alongside delivering an annual water safety campaign and providing support to exceptional events / activities with increased risk, which aims to mitigate the impact on potential service users.

Category	Budget Reduction Heading	Lead Officer	Equality & poverty Impact	Impact Assessment
Service Reviews	Activities for children in care	Assistant Director – Children and Families	A / J	This proposal relates to children in care. However, it is not anticipated that there will be a significant negative impact for individual service users from this proposal.
Service Reviews	Local Welfare Support	Assistant Director – Joint Commissioning	B / F / K / J	Local Welfare Support (LWS) is a limited discretionary fund to help vulnerable residents with essential household goods and appliances to be able stay in or return to their community. There is no statutory duty to provide the LWS but it provides a safety net for those in crisis. It is intended that financial assistance and support provided through the Local Council Tax Support Scheme, Holiday Activities and Food Programme and Household Support Fund (HSF) will mitigate some of the impact of removing the LWS nevertheless the removal of LWS will have a negative impact on child and family poverty.
Service Reviews	Children’s Homes – block booking provision	Assistant Director – Children and Families	N/A	This proposal relates to children’s social care and aims to reduce the costs associated with the provision of accommodation for children in the care of the Council. There is no negative impact identified for individual service users from this proposal.
Service Reviews	Pupil premium	Assistant Director – Education	A / J	This proposal would see a change in the distribution of pupil premium funding relating to children in the care of the Council to increase the percentage retained by the Council. It is not anticipated that there will be a significant negative impact identified for individual service users from this proposal.

Category	Budget Reduction Heading	Lead Officer	Equality & poverty Impact	Impact Assessment
Service Reviews	Waste Services Restructure	Assistant Director – Neighbourhoods	N/A	There is no anticipated impact.
Service Reviews	CCTV	Assistant Director – Regulatory Services	J	The proposal is to reduce the staffed CCTV monitoring service to nights on weekdays, weekends and bank holidays only. Monday to Friday during the day cameras will record at their rest positions. It has been identified that this change may impact on crime and disorder which can link to poverty and disadvantage. However, the intention to retain the out of hours service will mitigate against some of this risk.
Service Reviews	PA Review	Director – Legal, Governance and Human Resources	N/A	There is no anticipated impact.
Commercial	Assistive Technology Service	Assistant Director – Adult Social Care	A / B / J	This proposal relates to Adult Social Care which supports older adults and those with disabilities. The proposed change will apply equally to all residents regardless of any protected characteristics. There is no intention for the service to be means tested. However, those users who already have some form of social care support will have the cost of telecare incorporated into that wider care package, and their contribution towards it will be determined on the basis of their ability to pay. This will mitigate some of the potential impact of this proposal.
Commercial	Bus Shelter Advertising Contract	Assistant Director – Neighbourhoods	N/A	There is no anticipated impact.

Category	Budget Reduction Heading	Lead Officer	Equality & poverty Impact	Impact Assessment
Commercial	Social Value Discounts	Assistant Director – Development and Growth	A / J	This proposal would see a change to the Social Value Discount on rents charged on certain properties in the Council’s estate limiting the discount to 25%. This would have an impact on two current tenants who provide services related to children and young people, adults of working age, older people and parents / carers.
Commercial	Fees and charges increase in line with September CPI	Director – Finance, IT and Digital	J	The proposal to increase fees and charges may have an impact on those living in poverty and disadvantage making it less affordable for them to access paid for services. A number of fee charging areas have reduced fee charging arrangements for those in receipt of certain benefits and these will remain reducing the potential impact of this proposal.

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 and Disadvantage
- K Care Leavers
- L Armed Forces Community

RESERVES SUMMARY (EXCLUDING SCHOOL BALANCES, HRA AND UNUSABLE RESERVES)

4.1 APPENDIX H

	Balance as at 31st March 2023	Transfers between Reserves	Balance as at 31st March 2023 (Revised)	Forecast Use of Reserves				Forecast Balance as at 31st March 2027
				2023/24	2024/25	2025/26	2026/27	
				£'000	£'000	£'000	£'000	
Unearmarked General Fund	5,500		5,500	0	0	0	0	5,500
Budget Support Fund 22/23 to 26/27	7,571	2,460	10,031	(5,699)	(3,755)	0	0	577
Budget Support Fund- Capacity to Delivery Savings	1,000		1,000	(300)	(250)	(450)	0	-
Budget Support Fund- Costs associated with Savings	2,000		2,000	0	0	(1,000)	(500)	500
Investment Income	1,131		1,131	0	(631)	(500)	0	-
COVID 19 Recovery Reserve	0		0	0	0	0	0	-
Looked After Children Reserve	1,751		1,751	(655)	(655)	(441)	0	-
Revenue Grants Unapplied	3,336		3,336	(1,395)	(189)	(227)	(211)	1,314
Earmarked Revenue Reserves under £1m	4,452		4,452	(2,186)	(336)	(127)	(183)	1,620
Business Rates Risk Reserve	3,250		3,250	0	0	0	(1,100)	2,150
Treasury Management Risk Reserve	2,460	(2,460)	0	0	0	0	0	-
Insurance Fund Reserve	2,406		2,406	(50)	(50)	(50)	(50)	2,206
Energy Pressures Reserve	1,520		1,520	(800)	(720)	0	0	-
Events Reserve	1,285		1,285	(1,255)	(30)	0	0	-
Public Health Grant Reserve	1,346		1,346	0	(400)	(400)	(546)	-
Earmarked Revenue Reserves - Collection Fund	1,696		1,696	(380)	0	0	0	1,316
Earmarked Capital Reserves	11,408		11,408	(3,419)	(4,223)	(130)	(130)	3,506
			0					
TOTAL	52,112	0	52,112	(16,139)	(11,239)	(3,325)	(2,720)	18,689

<p>FINANCE AND POLICY COMMITTEE</p> <p>22 JANUARY 2024</p>
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Subject: HOUSING REVENUE ACCOUNT BUSINESS PLAN 2024/25

Report of: Executive Director of Development, Neighbourhoods and Regulatory Services

Decision Type: Key Decision (DNRS 10/23)

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people are enabled to live healthy, independent and prosperous lives.
- where those who are vulnerable will be safe and protected from harm.
- of resilient and resourceful communities with opportunities for all.

2. PURPOSE OF REPORT

- 2.1 This report provides an updated Housing Revenue Account (HRA) Business Plan, while reviewing the recent performance of the HRA.
- 2.2 It proposes a rent increase for 2024/25 and seeks approval to refer this decision to Council.
- 2.3 The report also seeks approval of the expenditure budget for the HRA.

3. BACKGROUND

- 3.1 This year’s business plan covers our key council housing priorities, showing how we intend to develop our services to tenants, how we intend to address key Government policy changes and how we intend to grow and develop the HRA portfolio. This year’s plan provides an update on our key priorities for council housing and how we aim to deliver and achieve these over the coming years and an overview of the financial sustainability of the HRA.

4. KEY PRINCIPLES

4.1 The key principles of the HRA are to ensure:

- The quality of our homes is maintained;
- The HRA is financially self-sustaining;
- The number of homes in the HRA continues to grow through acquisition and development;
- We deliver good quality housing management services;
- We effectively communicate with customers achieving a high level of tenant satisfaction; and
- We are responsive to neighbourhood issues.

5. WHO WE ARE

5.1 The team managing the Council's social housing stock or HRA sits in Strategic Asset Management with the Strategic Asset Manager managing the housing function alongside the estates service. The structure of the housing team falls into two distinct areas of 'People' and 'Place'. The 'People' team is responsible for the provision of a high quality people focused housing management service including the following:

- Allocation and letting of homes;
- Promoting stable and sustainable communities;
- Signing up new tenants and facilitating the signing of tenancy agreements;
- Support to sustain tenancies to minimise tenancy breakdown and prevent homelessness;
- Providing a responsive and customer focused rent collection service;
- Taking recovery action to maximise rental income to support financial viability of HRA;
- Taking prompt intervention to prevent tenancy failure; and
- Taking intensive management approaches to vulnerable tenants.

5.2 The 'Place' team deals with all aspects of property, place and new development to sustain and promote growth including:

- New stock acquisition and new housing development;
- Effective response to termination of tenancies and void management;
- Providing customer focused responsive and cyclical repairs and maintenance programme;
- Assessing Stock condition, implementing improvements and tackling energy efficiency;
- Keeping our homes safe to live in;
- Taking recovery action on repair debts;

- Managing the right to buy process;
- Monitoring the quality of estates through inspections; and
- Advertising of homes to let.

6. KEY POLICY DEVELOPMENTS

National Policy Context

- 6.1 The HRA operates within a political environment therefore changes in national housing policy can have a big impact on our HRA Business Plan. Potential national policy impacts are considered each year when we set out our plans. The following topics have been reviewed, are relevant and have implications for the management of stock and buildings in the HRA:

The Charter for Social Housing Residents (White Paper) – 17th November 2020

- 6.2 The central reference point for all the changes in law and reasons for such changes. The origins of this change come from the Grenfell tragedy in 2017 and subsequent building review and Green Paper for Social Housing in August 2015. The White paper has seven core principles:

- To be safe in your home;
- To know how your landlord is performing;
- To have your complaints dealt with promptly and fairly;
- To be treated with respect, backed by a strong consumer regulator for tenants;
- To have your voice heard by your landlord;
- To have a good quality home and neighbourhood to live in; and
- To be supported to take your first step to ownership.

Social Housing (Regulation) Act 2023

- 6.3 The Social Housing (Regulation) Act was published in 2023 and changes come into effect in April 2024. The main changes are that there will be a return to Consumer Regulation which will include inspection. The Act introduces a review of Regulatory Standards (these are the minimum standards housing providers needed to meet), introduction of a Tenant Satisfaction Measures Standard and a new Competence and Conduct Standard. The Charter also proposes “a similar level of regulatory oversight of both the consumer and economic standards”. The approach to consumer regulation will be “proactive, proportionate, outcome focused and risk-based”.

6.4 The return of customer regulation means a number of changes:

- Risk Assessments required;
- Proactive Regulation;
- Tenant Satisfaction Measures;
- Regulator can carry out inspections;
- Regulator has default repair powers;
- Sanctions can be used and these fines are unlimited;
- Requirement that Housing Managers be Professionally Qualified;
- Social Housing (Regulation) Act 2023 – implementation April 2024;
- Time limits for responding to damp and mould; and
- Further energy efficiency requirements being introduced.

Draft new Consumer and Complaints Standards

6.5 These new consumer standards are currently subject to current consultation and are likely to apply from April 2024. They cover the following issues and will impact on service delivery of the HRA:

- The Safety and Quality Standard
- The Transparency, Influence and Accountability Standard
- The Neighbourhood and Community Standard
- The Tenancy Standard
- Code of Practice in relation to the Standards

6.6 The Housing Ombudsman has stronger powers to ensure quicker response times for dealing with complaints and the democratic filter has been ended (this meant that a democratic local person, such as a Councillor/MP, had to be involved and only once they were involved could the complaint be referred to the Housing Ombudsman). Now residents can contact the Housing Ombudsman directly without delay and without a democratic local person being involved. The Housing Ombudsman can award compensation for maladministration and as a last resort issue a 'complaints handling failure order' and investigate the organisation further for potential wider systemic problem which is of a regulatory nature. In this instance the case will be referred to regulator. The importance of the HRA having an affective complaints handling procedure is therefore paramount.

Hackitt Review and the Building Safety Act 2022

6.7 This review of building safety focusses on the safety and standards of all residential buildings. Assuring the safety of higher-risk buildings (new or existing occupied buildings over 18 metres high or seven storeys or more, which contain at least two residential units), both in construction and occupation of the building. The Act also focuses on improving the competence of the people responsible for overseeing, managing, and delivering works to higher-risk buildings. The aim is to ensure clearer

standards and guidance which put residents at the heart of a new system of building safety.

Decent Homes Plus Standard

- 6.8 The current Decent Homes Standard requires homes to meet the current statutory minimum standard for housing the Housing Health and Safety Rating System (HHSRS), they must be kept in a reasonable state of repair with reasonably modern facilities and services and provide a reasonable degree of thermal comfort. The consultation on the standard ran from 2nd September to 14th October 2022 and announcements on the final standard are awaited but it is anticipated that there will be more significant environmental requirements introduced (retrofitting and energy efficiency improved) and emphasis on 'vibrant communities' with improved open and green spaces and in addition a key focus on condition issues including damp and mould. It will have implications for the new Safety and Quality Standard with addressing damp and mould having a key focus. These changes are likely to have significant resource implications for the HRA and work will be carried out to determine the financial impact of these changes on the HRA given stock condition work is ongoing and will contribute to this.

Welfare Reform

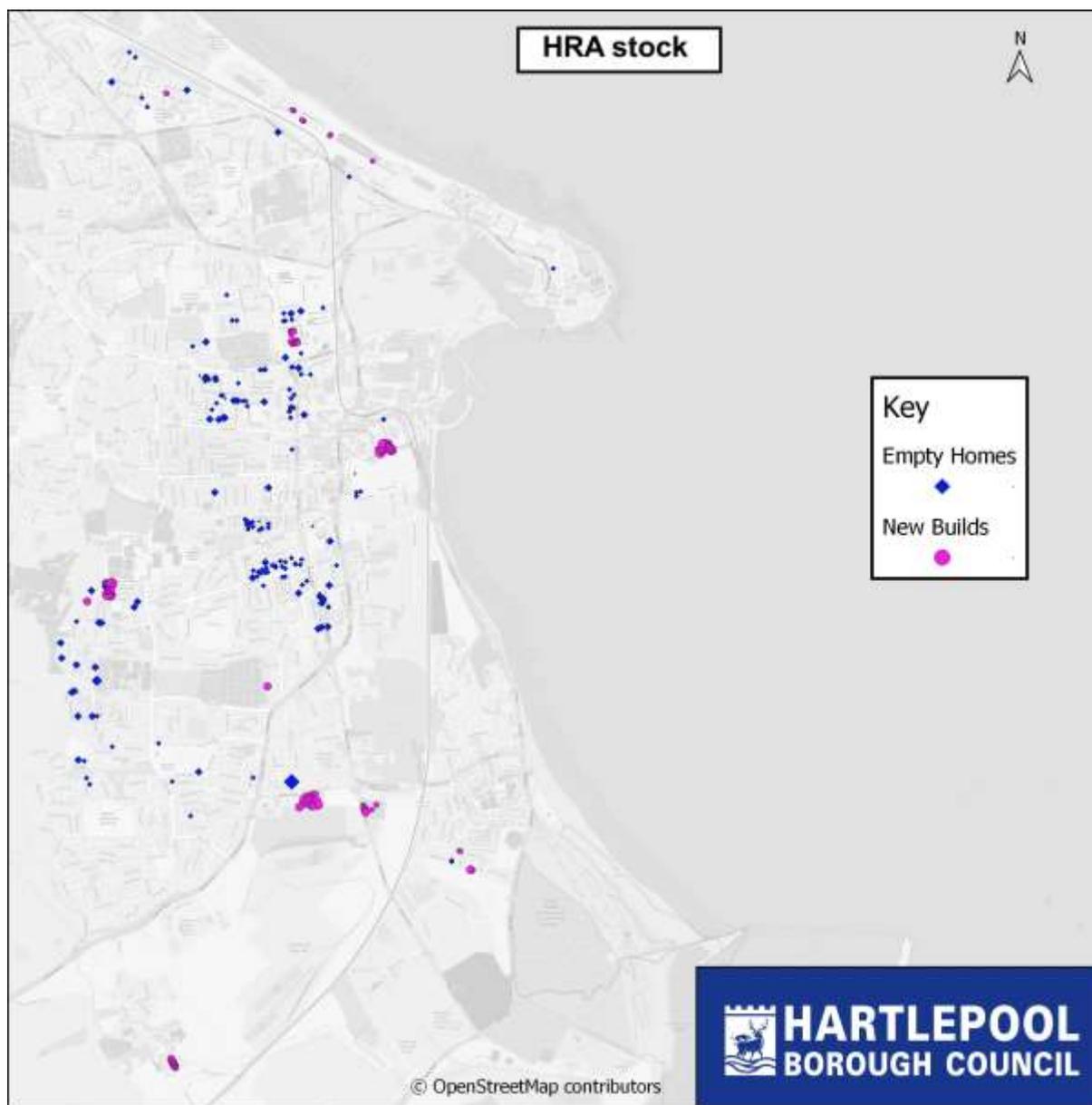
- 6.9 The majority of the welfare reform changes are in place for our tenants and this has been managed since the Welfare Reform Act came into effect in 2012. However, the final tenants are now moving across from housing benefit onto Universal credit. We will assist and support this process for our tenants and it may result in some delays in payment which will be closely monitored.

Local Policy Context

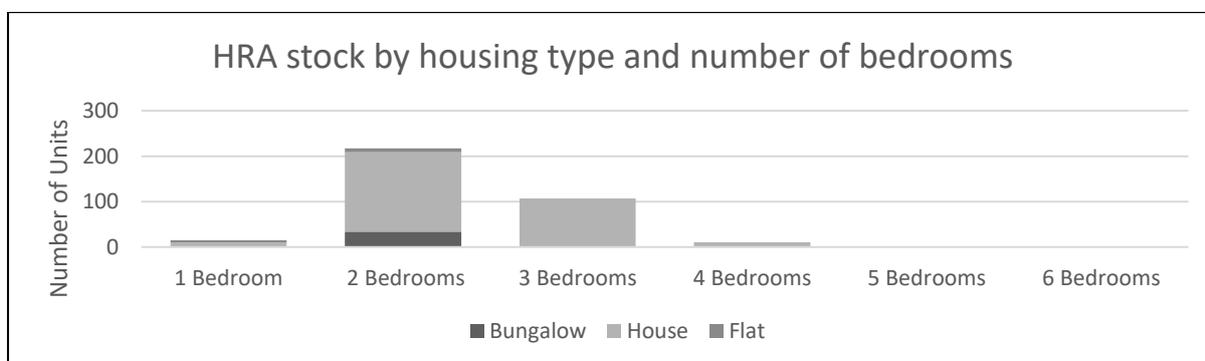
- 6.10 The HRA Business Plan is also set within a wider strategic context of the overall ambitions of Hartlepool Borough Council and those of Strategic Asset Management (Housing). The work of the HRA supports the delivery of the current Hartlepool Housing Strategy 2019-2024 which sets out the vision for housing up until 2024 and the team is currently involved in the development of the new emerging Housing Strategy.

7. OUR HOUSING PROFILE

- 7.1 The Council's housing stock has a total of 349 homes located across Hartlepool as shown on the map below:

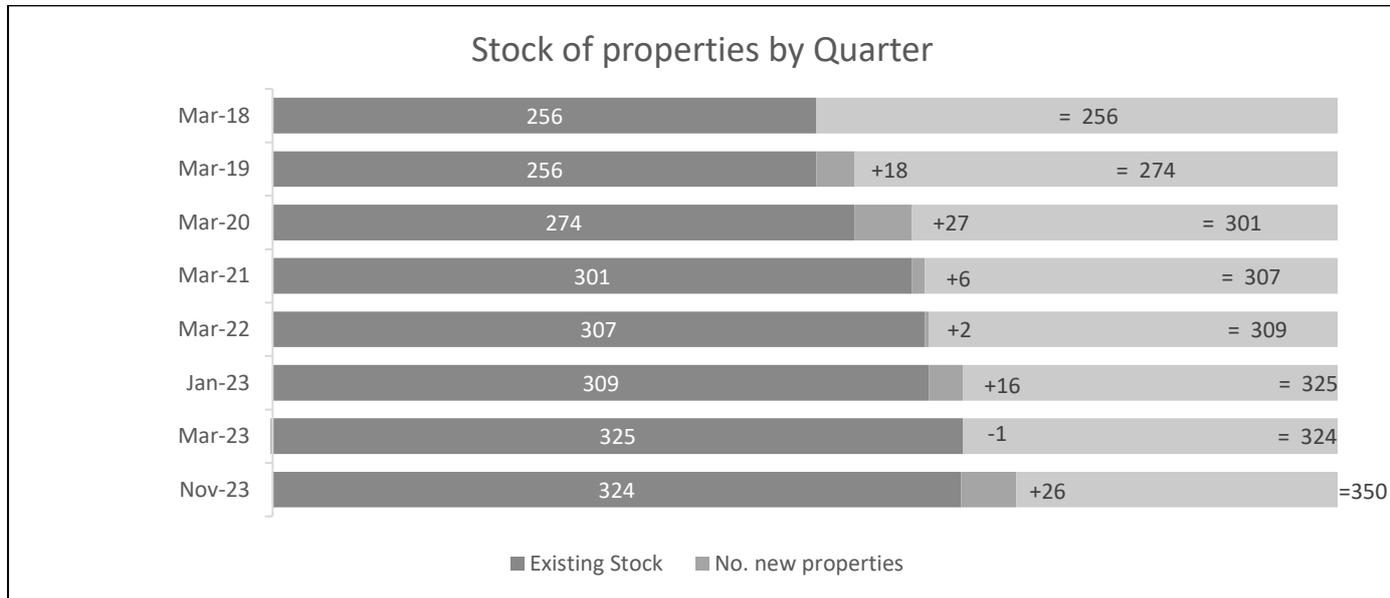


NB ‘Empty Homes’ refers to older terraced properties purchased through Empty Homes Programmes and not to vacant homes.



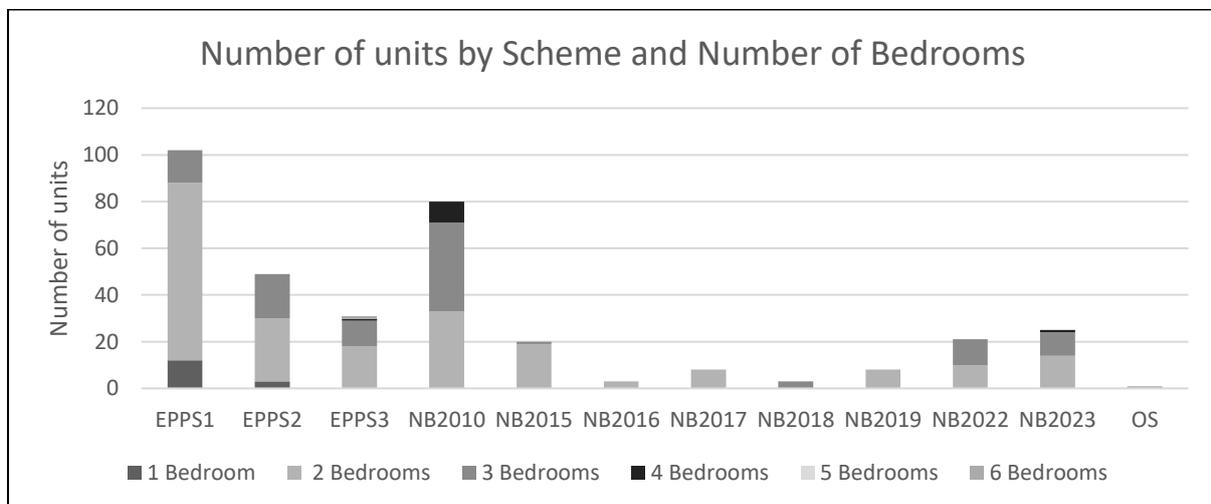
7.2 Following the stock transfer in 2004 the Council began a programme of building and acquisition funded by Empty Homes and Local Authority New Build Schemes (see Key on map above). The Council established a team to

manage its own stock in April 2015 and our stock then grew to a size which required us to reopen the HRA in April 2017. The number of homes within the HRA has increased steadily since then as demonstrated in the table below.



7.3 The homes added to the HRA have been either acquired through the empty homes schemes or are new build homes acquired from builders or built by the Council. Those homes purchased through the Empty Homes schemes 1 and 2 (EPPS 1 and 2) are mainly older terraced homes in lower demand areas and as a result these homes are more costly to maintain with higher tenancy turnover. The new build homes (NB 2010-23) are on various sites across Hartlepool and generally are cheaper to maintain and have lower tenancy turnover rates.

7.4 The chart below shows homes added to the HRA under each scheme type by bedroom size. (EPPS homes are those purchased through empty homes schemes, NB homes are new build since 2010 and OS relates to a house which is in the long term ownership of the Council.)

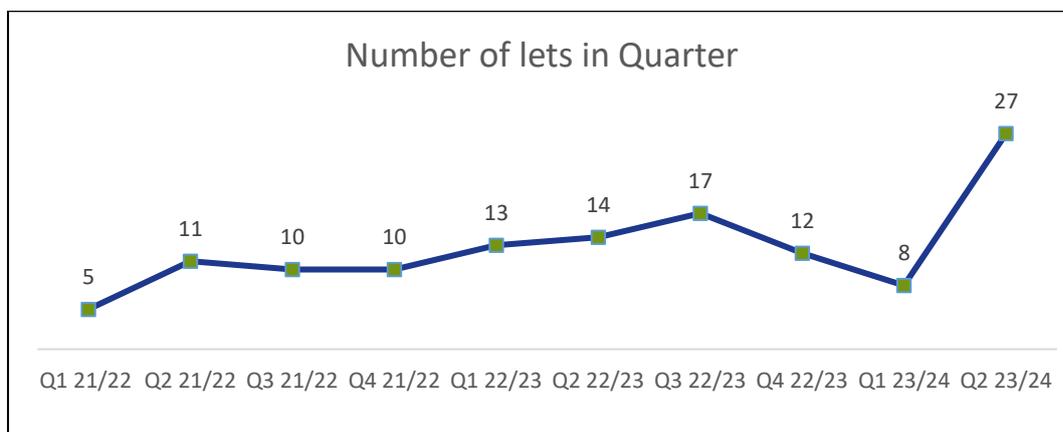


Demographics of our tenants

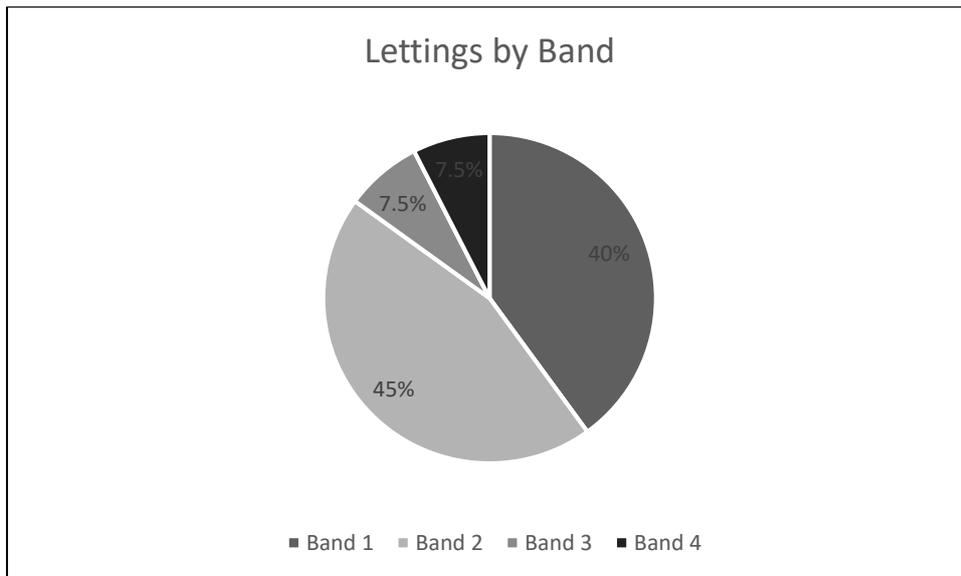
- 7.5 There are 339 homes within the portfolio currently let (204 Local Authority flexible tenancies, 85 secured tenancies, 7 licenses and 43 leased to third party providers), with 10 voids.
- 7.6 22 of the properties are leased to support the delivery of the Government’s Asylum Accommodation and support contract to provide temporary accommodation for asylum seekers. A further 21 homes are leased to organisations to support homeless programmes in Hartlepool such as Housing First.
- 7.7 We are currently providing 32 homes to refugee families who have arrived through resettlement programmes – facilitated by the Council’s Resettlement Team. In addition, 16 further refugee families have arrived through the same resettlement programmes who initially lived in our homes, but have since moved into alternative accommodation.
- 7.8 In the current portfolio, the Council house single person households up to family sizes of seven people.

8. LETTING OVERVIEW SINCE APRIL 2023

8.1 The housing team manage the letting of council homes as part of the management service. The number of homes let each quarter since 2021 is set out below. The peaks in lets demonstrate when new stock came into use.

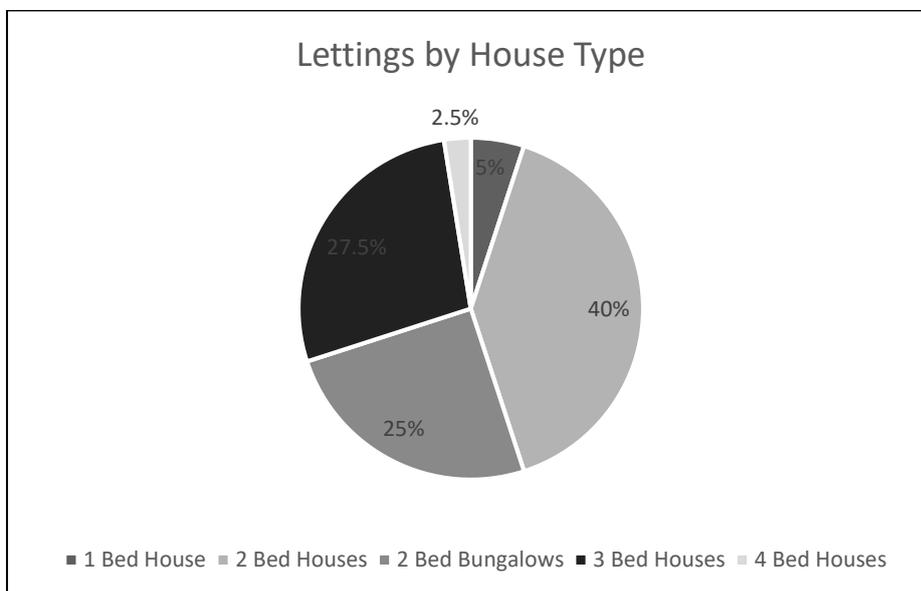


8.2 Since the launch of Hartlepool Home search in April 2023 we have advertised and let 40 properties through the new housing waiting list system. The breakdown of these lettings by priority banding is as follows:



8.3 By allocating and letting 40% of our stock to band one applicants we are contributing to addressing homeless priorities in the town by providing good quality accommodation to those applicants in high level housing need. Band one applicants are those in the highest level of housing need.

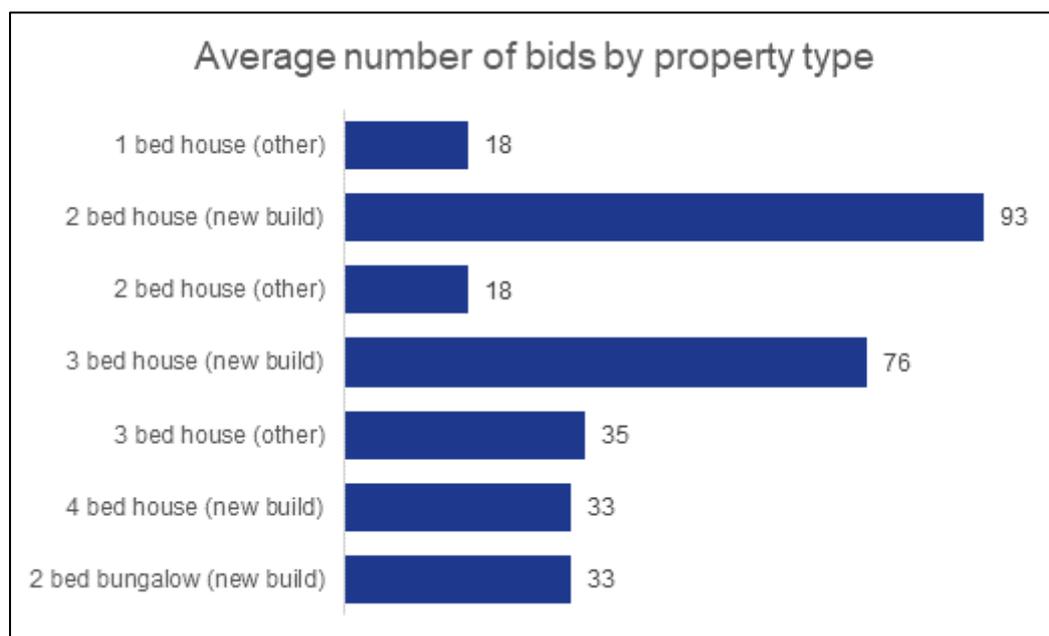
8.4 Of the 40 properties let since April 2023 the breakdown of property types is as follows:



Average number of bids per property type

8.5 The below data sets out the average number of bids (applicants must place a bid on preferred properties on Home Search to be considered) placed for each property type since we began advertising homes on Hartlepool Home search it demonstrates the popularity of the new build homes and evidences high demand for two and three bed homes. The table also demonstrates the

lack of demand for our older two bedroom terraced homes which have very few bids overall.



HRA Average rent levels

8.6 The average rent by property type as at 1st April 2023:

Property Type	Hartlepool Council Average Rents (£pw)	Average rents across all Hartlepool Housing Providers (£pw)	New Build Average rents across all Hartlepool Housing Providers (£pw)
1 Bedroom	75.70	75.14	-
2 Bedroom	89.78	93.84	113.00
3 Bedroom	101.98	105.40	124.00
4 Bedroom	114.77	114.05	161.54

8.7 In 2023/24 the average weekly gross affordable rent in the North East of England was £104.74.

9. NEW HOMES DELIVERED BY THE HRA

Golden Meadows

9.1 In April 2023 Hartlepool Borough Council acquired eight 3 bedroomed and one 4 bedroomed properties at the Seaton Meadows site off Seaton Lane, Hartlepool. The properties were built by Port Homes a local, family run builder established in the Borough.

- 9.2 All properties are built to a high standard with good quality fixtures and fittings throughout including large spacious rooms, modern fitted kitchens with built in appliances and en-suites to all master bedrooms.
- 9.3 The properties were extremely popular when advertised on Hartlepool Home Search, the Councils new online choice based lettings system receiving some of the largest number of bids the Council has received to date.

Brenda Road and Crathorne Court

- 9.4 Our most recent acquisition in August 2023 is a mix of ten 2 and 3 bedroomed properties and eight 2 bedroomed bungalows situated on Keepmoat's Antler Park site on Brenda Road, Hartlepool. These properties are the latest addition to the Councils housing portfolio, providing much needed high quality housing at an affordable rent and improving a once run down brownfield site.
- 9.5 The houses have proved to be extremely popular amongst bidders in the town, benefiting from spacious living areas, modern fitted kitchens and bathrooms, off street parking and gardens. They are perfect family homes.
- 9.6 The eight bungalows provide much needed adapted accommodation for residents over 55 with mobility issues. With ground floor living and over bath showers, these properties have proved to be very desirable.

Hill View, Greatham

- 9.7 Hill View is the first housing development from the Council since the HRA reopened and is an extremely positive step for the town and its residents. The development of 18 two and three bedroomed homes and two bedroomed apartments located in Greatham meets the demand for much needed family accommodation at an affordable rent.
- 9.8 Built to an extremely high standard the properties are in keeping with the traditional style of the village but complete with modern fixtures and fittings, all benefiting from large kitchen diners, private gardens, paved driveways and flooring throughout.
- 9.9 The properties were advertised in August 2022 and again received a high number of bids proving to be extremely popular. All properties are now let and following annual home visits, residents are very happy in their new homes, one resident in particular quoting:

"It is the perfect place to live here, I still don't believe we are here, just reminds me of going on holiday to the Country, our happiness has been because of living here, we thank you so very much".

Refugee Housing Scheme

- 9.10 The team are in the process of purchasing nine larger family homes (3 and 4 bedroom) across Hartlepool funded through the Local Authority Housing Fund

Round 2 (LAHF R2) which aims to provide sustainable housing for those on Afghan resettlement schemes who currently reside or formerly resided in bridging accommodation. Each acquisition is supported by an individual business case and once acquired will form part of the HRA's housing stock to specifically house refugees.

10. KEY CHALLENGES AND FUTURE PRIORITIES FOR THE HRA

- 10.1 The overall challenge for the HRA is to maintain financial viability while delivering good quality homes and services to tenants. The HRA is required to be self-sustaining and not go into deficit. There are a number of key challenges being faced by the HRA, which by being addressed, will not only improve the HRA offer but will have a financial impact.

Knowing our tenants

- 10.2 Since managing the stock we have conducted regular consultation with our tenants to gather feedback on the services we offer and to understand the needs of our tenants. We conducted the tenant satisfaction survey in 2022/23 inviting all of our tenants to participate. Within this survey we trialled the Government's draft tenant satisfaction measures to gather some baseline data around these specific measures. Overall tenant satisfaction was high with 85% of tenants satisfied with the services provided by the Council as a landlord. In addition 77% of tenants felt like the Council listens to tenants' views and acts upon them as a landlord. The next tenant satisfaction survey will take place in March 24 which will include the tenant satisfaction measures that the Government announced.
- 10.3 During 2023/24 we have as a landlord carried out our annual home inspection programme. To date, we have visited a third of our homes to discuss all aspects of the tenancy ranging from collecting changes in household composition, inspecting property condition and discussing repairs, tenants rent account and any changes to the tenant's circumstances.

Knowing our stock condition and long term maintenance requirements

- 10.4 The team has been carrying out stock condition surveys of our homes. Conducting surveys of all the HRA properties is one of the key challenges for the HRA, establishing an accurate position of condition across our stock and future planned maintenance and improvements. The surveys assess the age and condition of major elements in our homes such as the kitchen, bathroom, windows and doors. The data gathered from the surveys will be used to plan for repairs and future investment programmes. To date we have carried out 65 surveys and updated the survey cost book to allow the data to be used to identify long term costs. Our aim is to survey 25% of our stock every year on a rolling programme.

Delivering an efficient repairs service

- 10.5 All homes within the HRA are maintained by the Council’s building maintenance team and a service level agreement is in place to govern how this operates. All repair reporting is carried out via our online customer portal. The next stage in the development of this system is to introduce online repair reporting for tenants which we aim to be in place within the next 12 months. We also intend to develop the system to allow tenant repair satisfaction data to be easily collected and this will be used to improve the service. The key challenge will also be to maintain our properties in a cost effective way moving forward and implement a major repairs programme of improvements where required.

Responsive and Major Repair Costs

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Repairs & Maintenance (Responsive)	235	180	198	217	202
Major Repairs & Void refurb	38	102	18	14	210
TOTAL	273	282	216	231	412

- 10.6 The table shows a gradual return to pre-covid levels in responsive repairs and maintenance but a sharp increase in major repairs for 2022/23 to date. This is due to some significant void refurbishments required and stock acquired in 2009/10 requiring some major repairs. The increase of damp and mould issues in our homes has also contributed to a rise in repair costs.

Delivering Disabled Facilities Grants (DFGs)

- 10.7 Disabled adaptations within the HRA cannot be funded by the Disabled Facilities Grant, however there have been 15 previous adaptations totalling £122k funded by the DFG team using other eligible funding. This funding is no longer available and therefore provision needs to be made by the HRA for future adaptations.

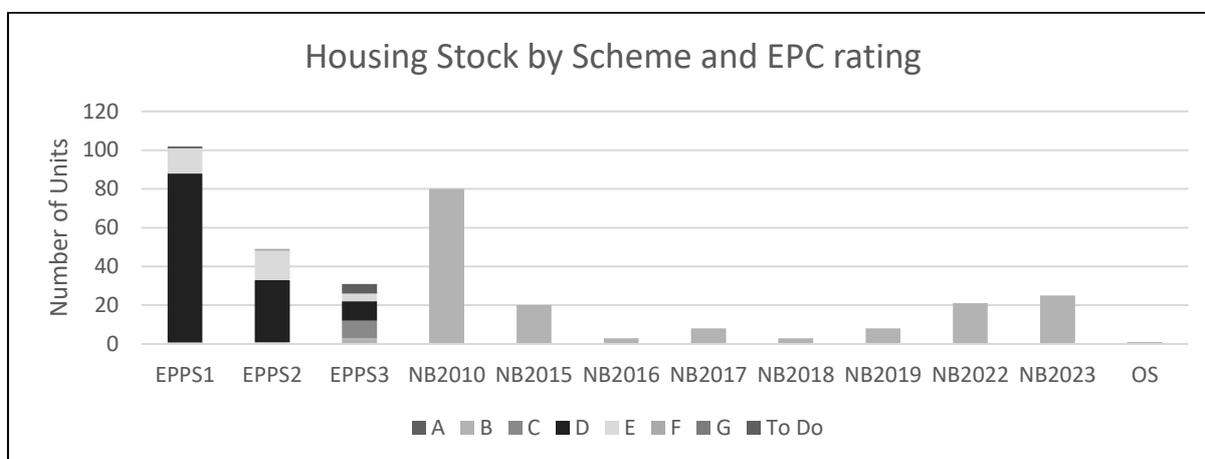
Tackling Damp and Mould

- 10.8 As detailed above awareness of the risks of damp and mould in the home has increased following the tragic death of Waab Ishak in Rochdale. As a result of this we have experienced an increase in reports of damp and mould from our tenants and have devised a new more responsive and detailed approach to tackling these problems. We now ensure that for every report of damp and mould in a Council home a housing standards officer carries out a urgent inspection looking at all aspects of the home and identifying any issues. This report is then provided to the housing team and any property related recommendations are carried out. The tenants are also provided with advice on tackling damp in their homes which is largely centred on managing

condensation. The Council also fits new ventilation systems to improve air circulation in properties and checks heating systems are working effectively. 31 reports of damp and mould have been made in the past year in Council homes and we have responded to these in line with the new procedure, carrying out works where necessary and advising tenants on prevention of condensation.

Improving the Energy Efficiency

10.9 The energy efficiency of our homes varies across the house types. As seen from the table below, those homes purchased through empty homes (EPPS 1 and 2) schemes are generally a lower Energy Performance Certificate (EPC) rating given the nature of the stock as terrace homes. The challenge to improve the energy efficiency of our homes is one of the key priorities for the HRA and helping to tackle fuel poverty.



10.10 The Social Housing Decarbonisation Fund (SHDF) phase 2 supports the UK Government’s plans to reach net zero by 2050, by cutting carbon emissions, combatting fuel poverty, and creating green jobs. Social housing decarbonisation is the process of reducing carbon emissions from social homes as part of the government’s plans for net zero. The SHDF subsidises measures such as insulation and innovation in new technologies like ground source heat pumps, to provide cost-effective energy to social houses and support the transition towards a more sustainable future. Decarbonisation in social housing can bring many advantages for residents, such as better living standards, decreased fuel poverty, and lower bills.

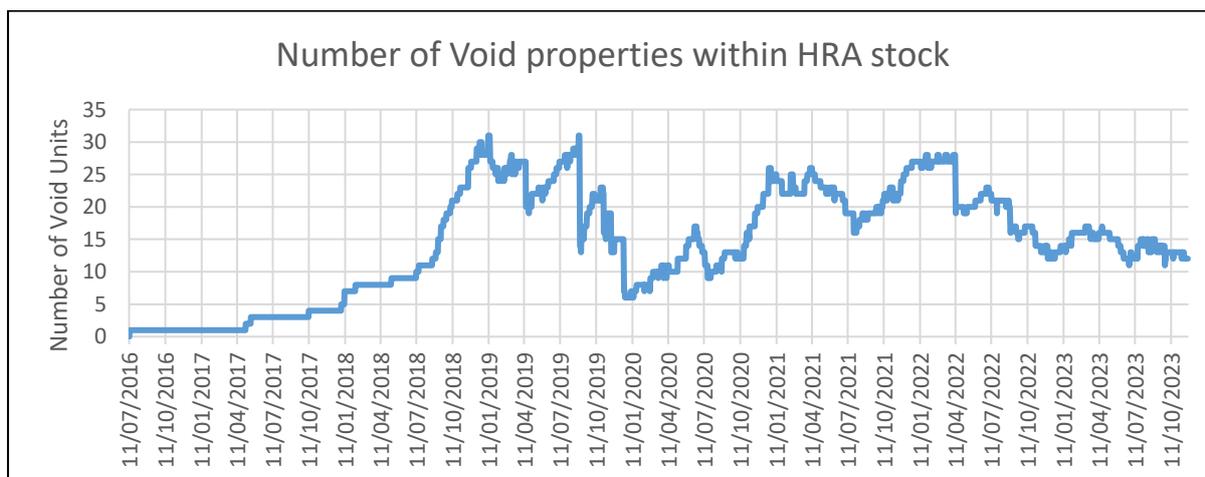
10.11 Our allocation of this funding is provided to retrofit energy efficiency measures to 40 HBC owned homes over two years including air-source heat pumps, solar photovoltaics and insulation. We have been allocated £209,800 for capital measures and are required to match this. The match funding required will be allocated from the HRA and we will prioritise the worse performing properties first including any which have been identified as having an issue relating to damp and/or mould where this is linked to the energy performance. This funding will go some way in improving our homes and increasing energy efficiency and tackling fuel poverty.

Improving Estate Management

10.12 The HRA has three ‘estates’ at Empire Square, Golden Meadows and Gladys Worthy Close alongside clusters of properties at Brenda Road, Hill View and Vickers Lane. These estates are managed by the team and a monthly estate inspection regime has recently been implemented. The aim is to ensure we maintain our external communal areas to a good standard and tenants are maintaining their outside spaces too. We therefore look to improve our estates using tenancy enforcement where necessary but to work with tenants to improve their gardens.

Reducing Void Properties

10.13 Properties which are unoccupied in the HRA stock are described as void. When properties are void the Council is losing the rental income and the properties are also more vulnerable. The team carries out weekly void inspections to check they are secure. The total number of void properties per quarter is set out in the table below. As the graph demonstrates the number of void properties has fluctuated since 2017 but drops following lease agreements being signed in 2019 and 2020 with group lettings to Mears and other specialist housing providers. The number of voids has been consistent since late 2022 and void loss averages £18,000 per quarter.



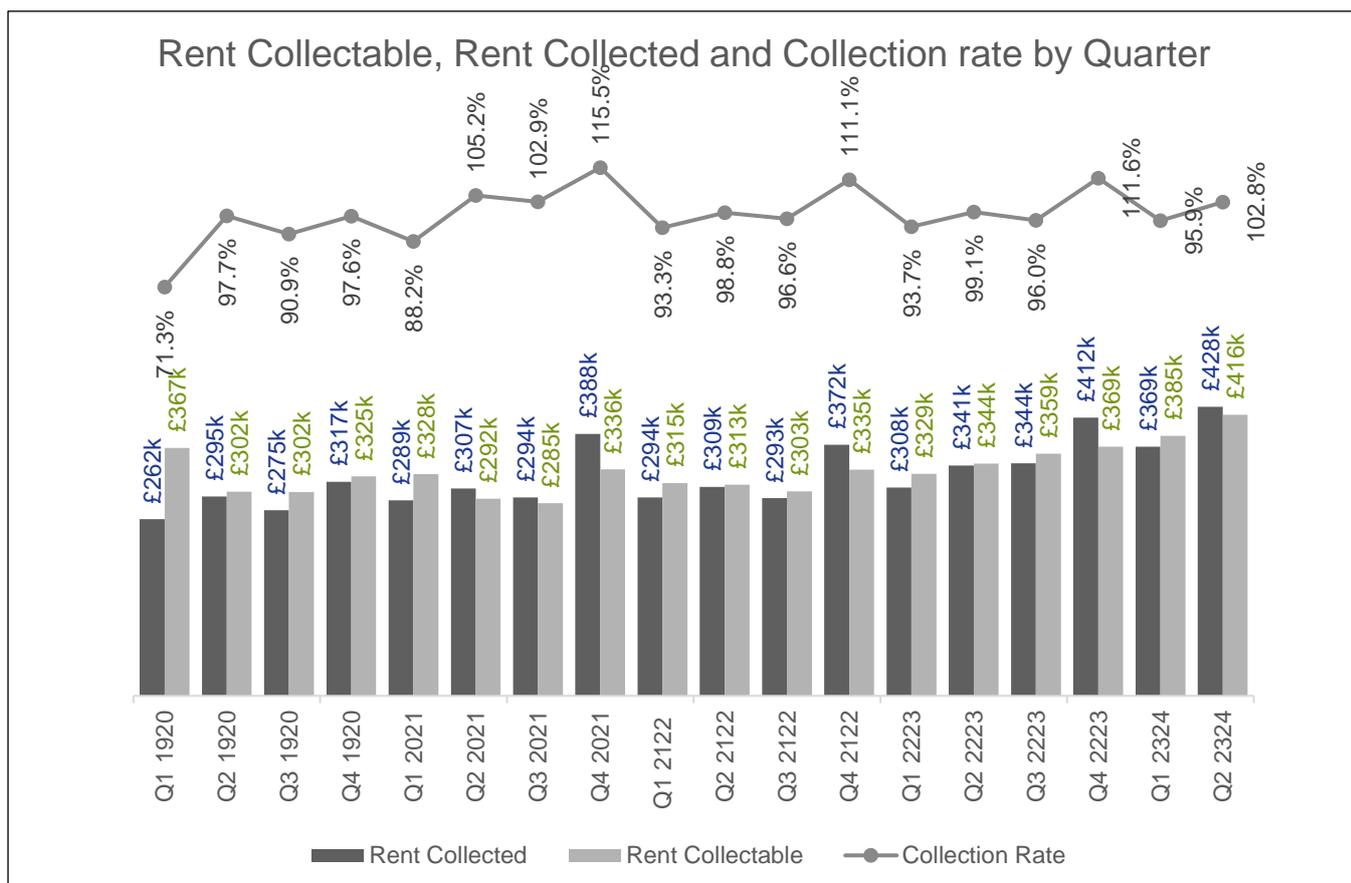
10.14 The team collects data on the average number of days it takes to relet our homes in each quarter. This data is dependent on which properties were let in the quarter and how long they’ve been empty, low demand properties being generally vacant for longer. We average 200 days void at present but this is impacted by the more recent letting of some long term empty properties. One of the key challenges for the HRA is to reduce the number of void properties through tenancy management, improve the void repairs process to speed up repair timescales and advertise properties at the earliest possible opportunity.

10.15 In order to improve the occupancy rate of low demand properties the Council has established a Discretionary Housing Payment (DHP) fund (approved by Regeneration Services Committee in June 2018). This fund allows single persons access to low demand two bedroom properties by paying the under

occupation (bedroom tax) charge for the duration of the tenancy. While uptake of this fund is limited, it does assist in letting some low demand properties and therefore this fund is vital to contribute to the reduction of void properties.

Increasing Income to the HRA

10.16 Effective rent collection is essential to the financial health of the HRA. The rents from tenants must pay for all services and maintenance so that the HRA is self-sustaining. The table below demonstrates the rent collected each quarter since 2019. As can be seen rent collection has been consistently above 95% since 2021 (102.8% in Q2 of 2023/24). The team implement a tenant focused approach to rent collection with enforcement only used as a last resort. The aim of the team is to increase rent collected whilst preventing evictions over the coming year. Rent collection is impacted by the financial position of each of our residents and we work closely to understand their situation and provide the right advice and support where necessary. We also provide a variety of payment methods to increase the ability of residents to pay including online and phone payments. For those in arrears we negotiate affordable repayment plans.



Rent collection over 100% reflects collection of weekly rent plus arrears payments.

Effective complaint handling

- 10.17 The existing complaints framework for housing management makes use of the corporate complaints process. The Council's housing complaints policy and procedure is currently in the process of being updated as a result in recent Government changes in legislation to establish a stand-alone procedure for dealing with complaints about housing management services. This will be brought to Members for information before the end of 2023/24.

Growing the HRA

- 10.18 One of the key principles of the HRA is to grow the stock, increasing the number of good quality homes and improving the financial robustness of the HRA. The Council has delivered a number of new build schemes in recent years and the team are exploring opportunities to purchase and build new homes in Hartlepool. Any new housing development proposed by the Council must be approved individually by Finance and Policy Committee and is subject to a robust business case identifying a surplus of £500 per unit per annum. This ensures that new developments contribute positively to the health and viability of the HRA in the longer term. The house type and quality must meet an identified housing need and to reduce the long term maintenance liability. Homes England grant for new properties will be sought on an individual scheme basis to ensure scheme viability.

Loss of Properties through Right to Buy

- 10.19 Our homes are subject to 'Right to Buy' legislation which in recent years has been easier to qualify for and the amount of discount available increasing with occupation duration. The Council is in the unique position of having two significantly different types of housing stock, with half being new build which will be very attractive to potential homeowners when discounts are applied.
- 10.20 The growth of the number of HRA properties is impacted by sales of properties through tenants exercising their Right to buy. Since reopening the HRA there has been four right to buy sales. The discounted price is limited by a 'cost floor' for a period of 15 years for properties built after 1st April, 2012 and 10 years for properties build before this date. This ensures that the purchase price cannot be lower than costs incurred by the Council during this period. The effect of this is that when the cost floor runs out the house will be subject to a significant discount 'cliff'. The Business Plan has assumed that there will be four Right to Buy sales annually.
- 10.21 The impact of each RTB sale will be detrimental to the HRA, with a typical average loss of net rent income of approximately £2,300 per house and an average overhanging debt of £38,000 i.e. the HRA is left with outstanding debt without rental income to cover the cost of borrowing. This is particularly challenging for Hartlepool as these properties cross subsidise the empty properties. The HRA is able to absorb the loss of four properties a year when the cost floor periods end. The risk of properties being lost through right to buy is closely monitored and this includes discussion with our tenants around

their future intentions in our annual inspection visits. Within the HRA model there is now a reserve to cover exactly these circumstances and to manage this increasingly crystallising risk.

11. HRA BUSINESS PLAN FINANCIAL MODEL

- 11.1 Income into the HRA mainly comes from tenant rents, with other income received from government grant for development. HRA income is used to provide services to council housing tenants such as housing management services, repairs and maintenance and a capital investment programme. The HRA is a separate ring fenced account and all costs have to be met from rental income. There can be no cross subsidy between the HRA and General Fund Revenue Budget, and vice versa. The health of the HRA is thus paramount and is subject to specific Government regulations.

Revised Business Case

- 11.2 The Council has implemented a sophisticated financial model to facilitate the budgeting and business planning process over a 40 year period and is a member of a 'HRA User Group' with 26 other Councils. This has been beneficial for ensuring key assumptions used in the model are reasonable and up to date. A considerable amount of work has been undertaken to update the original business case assumptions in line with the actual experience and updating variables for rent levels and inflation experienced in 2023/24.
- 11.3 In recent years there have been a number of factors which have put our model under extreme pressure. To date this had been managed to withstand and absorb the resulting financial shocks due to the prudent and resilient business case model which underpins it. However it is becoming increasingly difficult and some changes to the business plan will be necessary to ensure its continued sustainability. These factors include new Government policies and an increasingly challenging operating environment. The factors have been summarised above but include:
- Cost inflation out of sync with retail price index (RPI);
 - Cost inflation out of sync with consumer price index (CPI);
 - Right to Buy levels;
 - Cost of repairs;
 - Rent arrears and the impact of benefit changes;
 - Void Levels which impact on rent and repairs;
 - Interest rate changes; and
 - Requirements around Decent Homes plus including safeguarding against damp and mould within our properties.

Rent Setting for 2024/25

- 11.4 Government rent policy introduced from 2020/21 allowed for rents to increase by a maximum of 1% plus CPI inflation. Council took a decision to approve a

rent freeze at that time and rents remained at their 2019/20 level. In April 2023 Members approved a rent increase of 5% which was below the maximum level of 7%. The impact of this reduced rental income and negatively affected the health of the HRA.

- 11.5 Three scenarios have been modelled to demonstrate the impact on the HRA business plan of various increases.

% RENT INCREASE	FORECAST (SURPLUS)/DEFICIT		
	2024/25	2025/26	2026/27
	£'000	£'000	£'000
7.70%	(28)	(40)	(64)
6.70%	(10)	(2)	(8)
5.00%	21	29	23

- 11.6 The above table shows that if 5% rent increase is approved for 2024/25 this would create a deficit within the HRA annually. Where a 6.7% increase generates a small operating surplus over the three year period.
- 11.7 Given that both the 5% and 6.7% rent increase scenarios result in a reduction in the baseline rent and impact on future rent increases, it is therefore proposed that the maximum rent increase of 7.7% is approved in line with the 'best case' scenario. This will strengthen the resilience of the HRA to address the challenging issues outlined in section 10 and allowing additional investment, thus reducing the impact of previous rent cuts and rent freeze.
- 11.8 Although the best case scenario includes the greatest average weekly rent increase for tenants, the Government will provide additional funding for those tenants receiving housing benefit and Universal Credit to meet this demand. Approximately two thirds of HRA tenants will therefore have all or part of their rent increase funded by the Government. This increase would also likely be in line with other social housing providers operating in Hartlepool. Maximising the rent increase will fund some of the measures being introduced to address the policy changes highlighted above such as meeting the decent homes plus standard, improving energy efficiency and tackling damp and mould.
- 11.9 **Appendix 1** shows the full HRA expenditure budget for 2024/25.

12. HRA RESERVE

- 12.1 The HRA ring-fence means that the HRA reserve can only be used for the purposes of the HRA. It is also the only source of funding available to fund deficits and therefore must be kept at a level which ensures the HRA remains viable. The Local Government and Housing Act 1989 section 76 requires that

Councils must ensure that the HRA budget does not allow for the HRA Reserve to become ‘overdrawn’.

- 12.2 In 2018/19 there was a £0.190m depletion of the HRA reserve, which was a significant reduction in a single financial year and not sustainable. This position was stabilised in 2019/20 and 2020/21, when the HRA reserve was largely reinstated. The current HRA reserve at 1st April 2023 is £500,000 and is forecasted to rise to £508,000 at 1st April 2024 and £528,000 by 31st March 2024 if the 7.7% rent increase is approved. This is required to provide financial resilience to withstand future potential shocks.

Robustness Advice

- 12.3 The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become ‘overdrawn’.
- 12.4 To ensure this position does not arise a robust approach is taken to assess forecast HRA income and costs. On this basis the recommended 7.7% rent increase provides the most robust and sustainable basis for the HRA and the continued delivery of the Council’s housing objectives.

13. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	All risks are set out within section 10.
FINANCIAL CONSIDERATIONS	Outlined in sections 10, 11 and 12.
LEGAL CONSIDERATIONS	No relevant issues
CHILD AND FAMILY POVERTY	Issues of affordability and fuel poverty outlined in section 10. The Housing team support vulnerable families as set out in section 8.
EQUALITY AND DIVERSITY CONSIDERATIONS	The team supports refugee families as set out in section 9.
STAFF CONSIDERATIONS	No further staff are required at present to implement the changing workload set out in the report. The housing team has all positions currently filled following the restructure in 2022.
ASSET MANAGEMENT CONSIDERATIONS	All housing related asset management considerations have been detailed in the report.

ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	The SHDF work detailed in section 10 contributes towards the Council's newly adopted Net Zero Strategy.
CONSULTATION	None

14. RECOMMENDATIONS

- 14.1 Members are asked to agree to the recommended rent increase of 7.7% for 2024/25 and refer the decision to Council on 1st February 2024 for approval, noting the overall contents and strategy of the HRA Business Plan 2023/24.
- 14.2 Members are also asked to approve the full HRA expenditure budget for 2024/25 detailed in **Appendix 1**.

15. REASONS FOR RECOMMENDATIONS

- 15.1 To ensure the financial health of the Council's HRA is maintained as effectively as possible.

16. BACKGROUND PAPERS

- 16.1 Finance and Police Committee report and minutes of 21st November 2022 and 13th March 2023.

17. CONTACT OFFICERS

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Sign Off:-

Managing Director	Date: 11 January 2024
Director of Finance, IT and Digital	Date: 11 January 2024
Director of Legal, Governance and HR	Date: 11 January 2024

APPENDIX 1

Housing Revenue Account (HRA) 2024/25

	2024/25 BUDGET £'000
Income	
Dwelling Rents	(1,962)
Non-dwelling Rents - Other Income	(24)
Charges for services and facilities	(5)
Income sub total	(1,991)
Expenditure	
Repairs and maintenance	498
Supervision and management (Note 3)	454
Rents, rates, taxes and other charges	27
Right to Buy Reserve	50
Depreciation (Major Repairs Allowance, Note 2)	529
Discretionary Housing Payments	5
Debt Management	12
Expenditure sub total	1,575
Interest payable	410
HRA investment income	(22)
(Surplus) / Deficit for the year	(28)
HRA Balance B/F (Note 4)	(508)
HRA Balance C/F	(536)

Note 1 – Recommended Rent increase of Max 7.7% to be approved by Council.

Note 2 - This relates to amounts set aside to fund capital expenditure on major repairs.

Note 3 - Includes staffing costs, insurance, IT and support services.

Note 4 - as per forecasted 2023/24 closing balance

FINANCE AND POLICY COMMITTEE
22 January 2024



Subject: ADDITIONAL NATIONAL INVESTMENT TO PROCURE STOP SMOKING SERVICES AND ADDITIONAL GRANT FUNDING TO DELIVER A VAPE PATHFINDER PROJECT

Report of: Director of Public Health

Decision Type: Key Decision, test (i), Ref CJCS 145/23

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people are enabled to live healthy, independent and prosperous lives.
- where those who are vulnerable will be safe and protected from harm.

2. PURPOSE OF REPORT

- 2.1 To share the recent Prime Minister announcement to increase the investment into local stop smoking services and to seek approval from the Finance and Policy Committee to agree the procurement of a stop smoking service set out in section four.
- 2.2 To also share additional grant funding available for Hartlepool to deliver a national vape pathfinder project to add to the stop smoking offer across Hartlepool.

3. BACKGROUND

- 3.1 On the 4th October 2023, the Prime Minister announced new measures to create the first ‘smokefree generation’. This will be one of the most significant public health interventions in a generation, saving tens of thousands of lives and saving the NHS billions of pounds.

- 3.2 One of the proposals set out is to help current smokers to quit. Nationally there will be an increase in funding for stop smoking services locally investing an additional £70 million a year over the next five years (2024/25-2028/29).

The aim of this additional funding is to ensure there is a nationwide comprehensive offer to help people stop smoking across England and to increase the number of smokers engaging with effective interventions to quit smoking. Additional funding will be provided to local authorities with the highest smoking rates to level up the communities who need the support the most and to address health disparities.

This will be achieved by:

- stimulating more quit attempts by providing more smokers with advice and swift support
- linking smokers to the most effective interventions to quit
- boosting existing behavioural support schemes designed to encourage smokers to quit (for example the ‘swap to stop’ scheme)
- building capacity in local areas to respond to increased demand
- strengthening partnerships in local healthcare systems

- 3.3 Early indications are that Hartlepool will receive the following additional investment for stop smoking services:

Local Authority	Average 3-year smoking prevalence (2020 to 2022)	Estimated number of smokers (2021 populations)	Current annual spend	Confirmed additional allocation	Initial estimate	Change
Hartlepool	16.44%	11,949	-	£142,389	£128,833	£13,556

As this is a five year approach there are indications that further funding will be available for the remaining five years until March 2029

3.4 Vape offer

Hartlepool has been part of a vape pilot project delivered through the Navigators service which includes access to vapes and behavioural support. Individuals are identified through the GP NHS Health checks, Waiting well project and respiratory health work being delivered in primary care.

Hartlepool submitted a bid to be part of an extended national vape pathfinder project and was successful. Hartlepool will receive the following:

Allocated funding, and permission to order the following for the purchase of vape five quit kits £20,446.40 for period 23/24 24/25.

4. PROPOSALS/OPTIONS FOR CONSIDERATION

4.1 The current provision of services across Hartlepool are set out in **Appendix 1** (this excludes the new investment). This is a fragmented approach and a new service would align the services to a more comprehensive and evidenced based approach as outlined in **Fig 1**.

- Fresh contracted to deliver media campaigns across the region and promotion and information for self-support
- Brief advice provided by the Navigator service
- Maternal, NHS staff and in patient support pathways
- Adult Vape pilot – GP’s targeting patients through the NHS Health Check
- New Adult Vape Pathfinder project outlined in section 3

4.2 The proposal is to use the following new annual investment set out below to procure a targeted approach to stop smoking support services, which will enhance the current stop smoking support currently available across Hartlepool set out in section 4.1 and will include the vape offer.

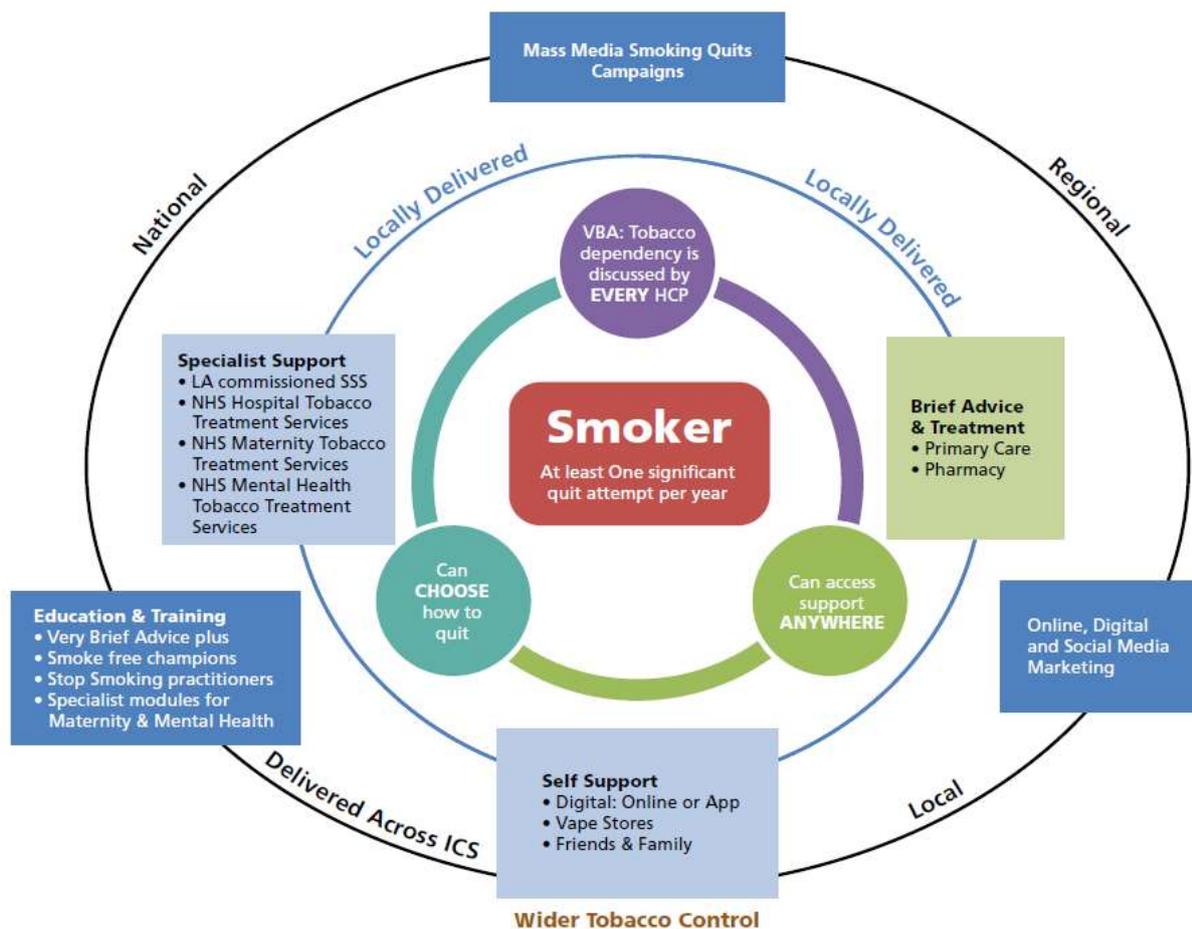
4.3 Although 2024/25 funding has been confirmed we do not have the confirmation of funding for the remaining years although indications are funding will be committed to a five year plan. The proposal is therefore to commission a service based on a three year + one + one basis. However to offset any financial risk we will include clauses in any contracts notifying a provider that we may terminate the contract in year one and allow include a three month cancellation period.

	2024-25	2025-26	2026-27	2027-28	2028-29	Total
National investment	142,389	TBC	TBC	TBC	TBC	TBC
Public Health core grant	25,000					

4.4 The new investment will specifically provide Nicotine Replacement Therapy (NRT) for people (this will exclude vapes).

The service model will provide dedicated advisors, targeted, and tailored to specific groups in need as identified by data (for example, those living with severe mental illness, co-morbid substance misuse issues or learning disability/autism groups)

4.5 The current and new investment proposed sets out Hartlepool’s vision for delivery of stop smoking support and compliments the vision set out in fig 1.
Fig 1 – new proposed model



The vision for holistic support to quit smoking across the North East and North Cumbria ICS

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	We do not get a provider through the procurement process Financial risks as set out in section 4
FINANCIAL CONSIDERATIONS	As set out above this is new investment which has been ring fenced for stop smoking support noting financial risks set out in section 4
LEGAL CONSIDERATIONS	Procurement and contractual input
CHILD AND FAMILY POVERTY	Completed as part of the development of the Tobacco Control Strategy
EQUALITY AND DIVERSITY CONSIDERATIONS	Completed as part of the development of the Tobacco Control Strategy

STAFF CONSIDERATIONS	None noted
ASSET MANAGEMENT CONSIDERATIONS	None noted
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	None Noted
CONSULTATION	<p>This was completed as part of the development of the Tobacco Control Strategy which includes the vision for stop smoking support</p> <p>There will also be a public survey in January 2024 and a stakeholder consultation in February 2024</p>

6. RECOMMENDATIONS

- 6.1 To seek approval from Finance and Policy Committee to agree funding proposals set out in section four and the agreement to commission a stop smoking service.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To increase the range of support services available to existing smokers across Hartlepool to support them to quit.

Focuses on reducing inequalities by providing a range of targeted provision across Hartlepool

Builds the capacity and capability across our workforce to reduce the harms related to smoking

8. BACKGROUND PAPERS

- 8.1 None

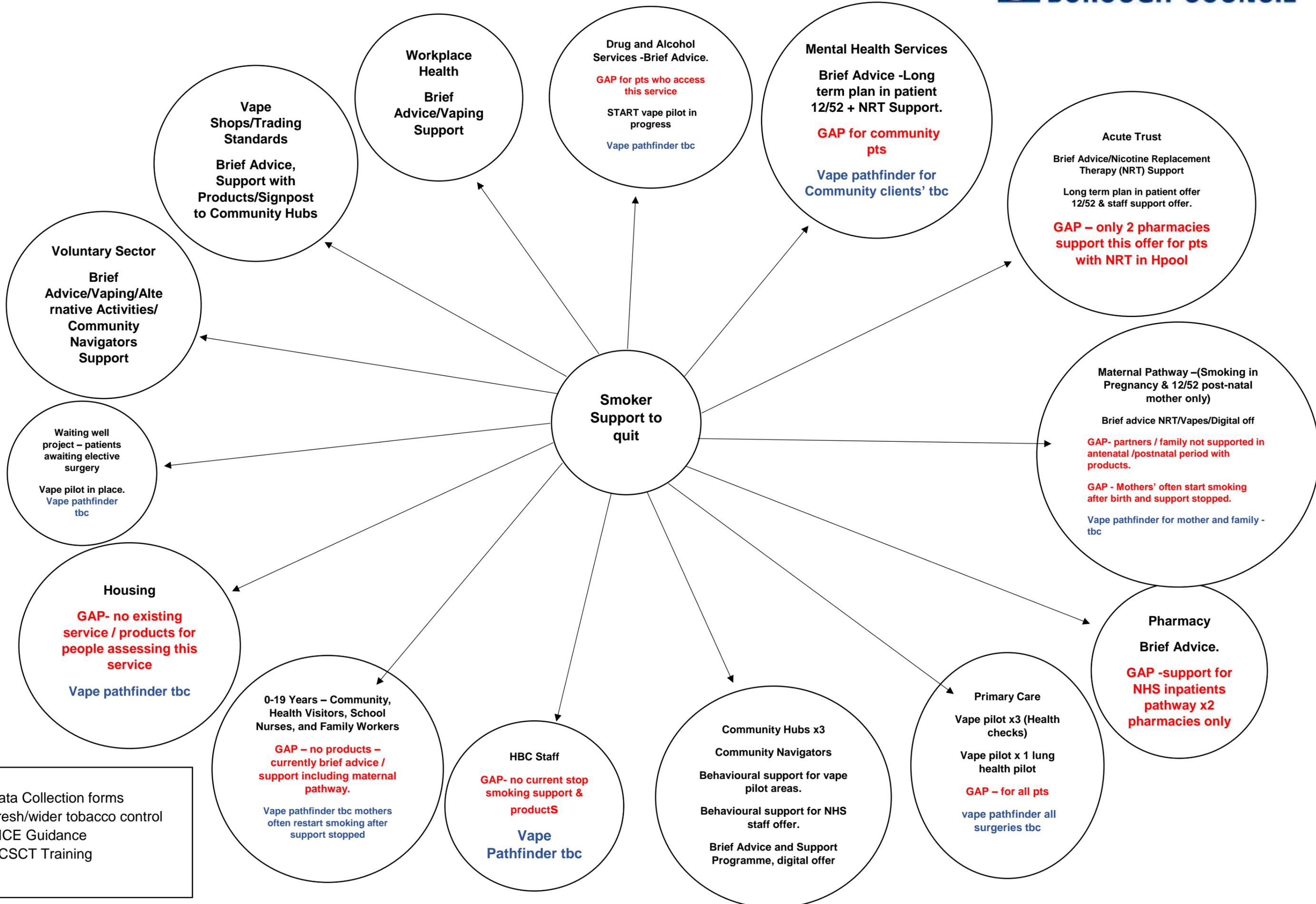
9. CONTACT OFFICERS

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Sign Off:-

Managing Director	Date: 06/12/23
Director of Finance, IT and Digital	Date: 07/12/23
Director of Legal, Governance and HR	Date: 06/12/23



- Data Collection forms
- Fresh/wider tobacco control
- NICE Guidance
- NCSCT Training

FINANCE AND POLICY COMMITTEE
22ND JANUARY 2024



Subject: FUTURE OF HARTLEPOOL ENTERPRISE CENTRE

Report of: Executive Director of Development, Neighbourhoods and Regulatory Services

Decision Type: Key Decision – General Exception Notice Applies

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- of resilient and resourceful communities with opportunities for all.
- that has an inclusive and growing economy.

2. PURPOSE OF REPORT

2.1 To provide an update as to progress made in relation to a proposed Community Asset Transfer (CAT) of the Hartlepool Enterprise Centre (HEC) in comparison to the possibility of marketing with a view to achieving a freehold sale.

3. BACKGROUND

3.1 The 2023/24 Medium Term Financial Strategy (MTFS) included a proposed savings of £23k under the heading ‘*Closure HEC*’ with the description of the saving ‘*aiming to achieve asset transfer*’. It’s to be noted that such saving is at an operational level to the Council in being able potentially to cease its subsidy going forward.

3.2 A key rational for the saving proposal was the identified need for significant capital expenditure which cannot be funded from existing grant regimes, which are available to third sector organisations, but are not accessible to

Councils. Additionally, the Council could not fund the capital expenditure from either:

- Borrowing as the resulting interest and repayment costs would increase the budget deficit; or
- By borrowing and increasing rents to meet the resulting interest and repayment costs as this would undermine the ability to provide low rents for start-up businesses.

- 3.3 In October 2022 the Council had received an unsolicited approach from a third sector organisation to purchase the HEC. The organisation already operates another business centre / business incubator facility in the Borough. The proposal was for an “asset transfer” (not a Community asset Transfer) as they indicated they would require the freehold interest to secure grant funding. They suggested a significant indicative purchase price and subsequent investment in the Centre, which they indicated would both be eligible for grant funding. They also confirmed the intended use was as a Business Centre.
- 3.4 On the basis of the identified capital investment required in the Centre and interest expressed by one organisation the proposal was included in the MTFs. Once the MTFs was approved the property was then marketed on the basis of what was considered the most appropriate way to secure more than one interest party and the continued operation of the Centre.
- 3.5 Four initial enquiries were received prior to the pause requested by Council on 23rd March 2023 as Members were led to believe this was a Community Asset Transfer and would not result in a significant potential capital receipt.
- 3.6 Therefore an investigation was undertaken into the above and a further report was presented to Members at Finance and Policy Committee on 3rd July 2023 who subsequently agreed that the potential for a Community Asset Transfer for the Hartlepool Enterprise Centre be fully explored and that the feedback from that process be reported to the Committee.
- 3.7 Consequently expressions of interest in leasing the HEC were invited from community groups and enterprises with a specific condition that it must continue to be used as a business centre. Parties interested in leasing the centre were asked to state their preferred term, which should be between 10 and 35 years. Such expressions of interest were to be received no later than 12 noon on Friday 15th December 2023. This resulted in 4 bids being submitted.
- 3.8 Under the Council’s CAT policy the 4 bids received were then “scored” by officers, the details of which are set out in **Confidential Appendix 1 (This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information).**

- 3.9 The Council's policy on Community Asset Transfers enables them to take different forms – long lease, short lease, management agreement or licence to occupy – and are usually at less than market value, either at reduced cost or free of charge, although the policy states this to be assessed on a case by case basis. The level of subsidy is determined by the social, economic, or environmental benefits generated by the transfer. The policy is designed to be as flexible as possible when designing lease clauses to maximise the benefit achieved for both the third sector organisation and the Council. Lease periods are also based on the anticipated requirements of charitable funders and only in exceptional cases would a lease for longer than 35 years be granted where the business case demonstrates special circumstances or requirements from funders/lenders.
- 3.10 While this outcome pays regard to the Social Value criteria of such operations, it does not have regard to the revenue implications for the Council going forward, especially in view of the extremely challenging financial position facing the Council in 2024/25 and beyond.
- 3.11 Therefore a second “scoring” approach was undertaken whereby the bids were assessed by including the financial contribution in relation to the rents being offered to the Council, the details of which are set out in **Confidential Appendix 2** to this report (**This item contains exempt information under Schedule 12A Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information)**), and it is worth noting that this impacts on the outcome of the preferred bidder. It's also to be noted that the rents offered will be subject to a 5 yearly rent review mechanism. However, whether or not such mechanism results in the rent increasing is subject to market factors and indeed may not be warranted.
- 3.12 While the CAT bids are to be welcomed, there is a realisation that in the short to medium term, at lease expiry, the building, its operation and thus the originally identified capital expenditure strain would revert to the Council.
- 3.13 Therefore it is considered necessary for members to examine the possibility of whether they wish to market the building once more on a non-CAT freehold basis. As previously advised to Members, this would be marketed as a going concern business centre and restrictive covenants at the point of sale would ensure Council consent was needed to any use outside that of a business centre.
- 3.14 Such freehold sale would not only draw a complete line under the Council's exposure to the operation, but also produce a tangible capital receipt. The following sections consider the advantages and disadvantages of such options including the “do nothing” scenario of continued Council operation of the business centre.

4. PROPOSALS/OPTIONS FOR CONSIDERATION

4.1 The following table sets out options for consideration by Finance and Policy Committee to determine the most appropriate course of action.

Options	Advantages	Disadvantages
1. Progress with CAT under the original scoring policy ignoring rental return.	Continuation of HEC as a business centre Centre more attractive to Third sector as less importance placed on rental payment to Council	Less rent being paid to the Council Significant risk of the property returning to the Council at lease expiry and with it substantial financial liabilities
2. Progress with CAT under the original scoring policy but also taking into account rental return.	Continuation of HEC as a business centre More rent being paid to the Council	Significant risk of the property returning to the Council at lease expiry and with it substantial liabilities Centre less attractive to Third sector as more importance placed on rental payment to Council
3. Recommence previous freehold sale process	Continuation of HEC as a business centre Potential to achieve capital receipt Ability for Council to permanently end any future financial liability Potential for third sector to secure investment and improvement of the centre	Third sector required to secure higher level of funding to cover purchase cost and investment in centre
4. The Council retains HEC and continues to operate	Continuation of HEC as a business centre Short to medium term certainty for the centre's operation	Centre requires investment and existing funding routes not open to councils MTFS Saving is not achieved and open-ended financial liability

- 4.2 For the reasons set out above, and in section 3.11 and 3.12 of the report, Members are recommended to proceed with option 3. The outcome of option 3 can then be considered alongside options 1 and 2 at a future F&P meeting.

5 OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a financial risk associated with not delivering the budget savings as well as with a leasehold CAT where the premises will revert to the Council at lease end and with it the liability. There is a reputational risk also if the Council is not seen to achieve best value for an asset.
FINANCIAL CONSIDERATIONS	The recommended option enables the Council to implement the approved recommendation in a way that achieves the best outcome for the Council, including achieving best value, limiting future risk and aiding the continuation of the HEC as an operating managed workspace business centre, while also supporting the Council's MTFS.
LEGAL CONSIDERATIONS	The recommended option to advertise the freehold property for sale provides the opportunity for full exposure and thus to achieve Best Value. It is important to note that any transfer/sale would include a restrictive covenant to ensure its continued use as a Business Centre.
CHILD AND FAMILY POVERTY,)	No relevant issues
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues
STAFF CONSIDERATIONS	This recommended option will protect the staff employed within the centre as TUPE regulations would apply.
ASSET MANAGEMENT CONSIDERATIONS	The recommended option would remove an asset from the Councils register in terms of maintenance liabilities, while also generating a capital receipt.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	There is an identified need for significant capital expenditure which cannot be funded from existing grant regimes, which are available to third sector organisations, but are not accessible to Councils.

CONSULTATION	Internal consultation has been undertaken with those members of staff potentially affected by these proposals and the businesses who occupy the building.
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6. RECOMMENDATIONS

6.1 It is recommended that Members:

- (i) Note that the expressions of interest for a Community Asset Transfer of the Hartlepool Enterprise Centre resulted in 4 bids being received.
- (ii) Note the details of the scoring associated with those bids which can be found in **Confidential Appendix's 1 and 2**.
- (iii) Approve the proposal that **Option 3** (detailed in the table in paragraph 4.1 of the report) is progressed to determine if the sale option is more appropriate and beneficial to the Council than a Community Asset Transfer. The outcome of option 3 can then be considered alongside options 1 and 2 at a future F&P meeting.
- (iv) However, Members may wish to consider one of the other 3 options proposed as alternatives.

7. REASONS FOR RECOMMENDATIONS

- 7.1 To comply with the previous recommendation of this Committee and determine the most appropriate option for the Council to consider.
- 7.2 Freehold marketing of the HEC enables the Council to implement the approved recommendation in a way that achieves a capital receipt, while drawing a line under future financial liability and the continuation of the HEC as a Business Centre.

8. BACKGROUND PAPERS

- 8.1 Finance and Policy Committee reports and minutes of 21st November 2022, 13th March 2023 and 3rd July 2023.

Council – 23rd February 2023 – Medium Term Financial Strategy 2023/24 to 2025/26.

Council – 23rd March 2023 – Minutes.

9. CONTACT OFFICERS

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Sign Off:-

Managing Director	Date: 19/01/2024
Director of Finance, IT and Digital	Date: 19/01/2024
Director of Legal, Governance and HR	Date: 19/01/2024