

AUDIT AND GOVERNANCE COMMITTEE

AGENDA



24th September 2024

at 5.00pm

**in Council Chamber
Civic Centre, Hartlepool**

MEMBERS: AUDIT AND GOVERNANCE COMMITTEE

Councillors Boddy, Buchan, Darby, Hall, Holbrook, Jorgeson, Moore, Morley, Roy and Thompson.

Standards Co-opted Independent Members: - Mr Martin Slimings.

Standards Co-opted Parish Council Representatives: Parish Councillor Kane Forrester (Wynyard) and Parish Councillor Patricia Andrews (Headland)

Local Police Representative

1. APOLOGIES FOR ABSENCE

2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS

3. MINUTES

3.1 To confirm the minutes of the meeting held on 16th July 2024.

4. AUDIT ITEMS

- 4.1 Auditor's Annual Report Year Ended 31 March 2023 - *Director of Finance, IT and Digital*
- 4.2 Auditor's Strategy Memorandum - *Director of Finance, IT and Digital*
- 4.3 Internal Audit Plan 2024/25 Update - *Head of Audit and Governance*
- 4.4 Internal Audit Annual Report and Opinion 2023/24 - *Head of Audit and Governance*

CIVIC CENTRE EVACUATION AND ASSEMBLY PROCEDURE

In the event of a fire alarm or a bomb alarm, please leave by the nearest emergency exit as directed by Council Officers. A Fire Alarm is a continuous ringing. A Bomb Alarm is a continuous tone.

The Assembly Point for everyone is Victory Square by the Cenotaph. If the meeting has to be evacuated, please proceed to the Assembly Point so that you can be safely accounted for.

- 4.5 New Global Internal Audit Standards Effective January 2025 - *Head of Audit and Governance*
- 4.6 Treasury Management Strategy Update 2024/25 - *Director of Finance, IT and Digital*

5. STANDARDS ITEMS

- 5.1 None

6. STATUTORY SCRUTINY ITEMS

Crime and Disorder Issues

- 6.1 Draft Community Safety Plan 2024 – 2027 - *Executive Director of Development, Neighbourhoods and Regulatory Services*

Health Issues

- 6.2 Setting of the Scrutiny Work Programme 2024/25 and Scoping of Investigation – Report – *Statutory Scrutiny Manager*

7. OTHER ITEMS FOR DECISION

- 7.1 Crustacean Deaths Working Group

8. MINUTES FROM RECENT MEETINGS FOR RECIEPT BY THE COMMITTEE

- 8.1 Health and Wellbeing Board – 8th July 2024
- 8.2 Finance and Policy Committee relating to Public Health issues – None
- 8.3 Tees Valley Health Scrutiny Joint Committee – None
- 8.4 Safer Hartlepool Partnership – 15th July 2024
- 8.5 Tees Valley Area Integrated Care Partnership – None
- 8.6 Regional Health Scrutiny – None
- 8.7 Durham, Darlington and Teesside, Hambleton, Richmondshire and Whitby STP Joint Health Scrutiny Committee - None

9. ANY OTHER BUSINESS WHICH THE CHAIR CONSIDERS URGENT

For information: - forthcoming meeting dates: -

Tuesday 15 October, 2024 at 5.00 pm
Tuesday 5 November, 2024 at 5.00 pm
Tuesday 10 December, 2024 at 5.00 pm
Tuesday 28 January, 2025 at 5.00 pm
Tuesday 4 March, 2025 at 5.00 pm
Tuesday 1 April, 2025 at 5.00 pm



AUDIT AND GOVERNANCE COMMITTEE

MINUTES AND DECISION RECORD

16 JULY 2024

The meeting commenced at 5.00 pm in the Civic Centre, Hartlepool.

Present:

Councillor: Buchan (In the Chair).

Councillors: Boddy, Darby, Hall, Jorgeson, Morley and Thompson.

Standards Co-opted Members:

Mr Martin Slimmings – Independent Member.

Parish Councillors Kane Forrester (Wynyard) and Parish Councillor Patricia Andrews (Headland).

Also Present: In accordance with Council Procedure Rule 4.2, Councillor Male was in attendance as substitute for Councillor Roy.

Karen Oliver, Chair of the Neighbourhood Services Committee

Superintendent Martin Hopps, Cleveland Police

Jonathan Rose, People & Performance Manager, People First
Independent Advocacy

Kellie Woodley, North East and North Cumbria Director, People
First Independent Advocacy

Officers: Craig Blundred, Director of Public Health
Tony Hanson, Executive Director of Development,
Neighbourhoods and Regulatory Services
Sylvia Pinkney, Assistant Director, Regulatory Services
Noel Adamson, Head of Audit and Governance
Joan Stevens, Statutory Scrutiny Manager
Gemma Jones, Scrutiny and Legal Support Officer

17. Apologies for Absence

Apologies for absence were received from Councillors Moore, Holbrook and Roy.

18. Declarations of Interest

None

19. Minutes of the meeting held on 11 June 2024

Confirmed.

20. Derelict Land and Buildings in Hartlepool – Final Report *(Statutory Scrutiny Manager)*

The Statutory Scrutiny Manager presented the final report of the Derelict Land and Buildings Investigation and asked Members to approve the report for submission to the Neighbourhood Services Committee and Finance and Policy Committee.

Members were also asked to identify any additional views or comments they would like to be brought to the attention of the Neighbourhood Services Committee (NSC) and Finance and Policy Committee during consideration of the report's conclusions / recommendations. Comments and concerns were expressed in relation to:

- The need to investigate further the concentration, and impact, of poor quality housing in areas of deprivation across the town; and
- The need for further exploration of the role for a Landlord Licensing Scheme, or other possible measures, in the town in reducing levels of derelict land and buildings and associated issues.

The potential of an ongoing role for the Audit and Governance Committee in aspects of the implementation of the Derelict Land and Buildings investigation's recommendations was discussed. Concern was, however, expressed regarding the potential for duplication of activity and it was suggested that the NSC progress the recommendations allocated to it. The Audit and Governance Committee could then be given the opportunity to comment on the NSC's findings in relation to the consideration of a landlord licensing scheme and other possible approaches in Hartlepool. This would be over and above the process already in place for the monitoring of investigation recommendations by the Audit and Governance Committee.

The Chair of NSC commended the report and requested the inclusion of an additional recommendation for the NSC to explore the work of the 'in-house' Quality Homes Agency and how it could be used to help reduce the number of empty properties in the town. The Executive Director of Development advised that exploration of the work of the 'in-house' Quality Homes Agency would report to the Economic Growth and Regeneration Committee and a piece of work to consider the future of the agency was already being undertaken.

Recommended

- i) That the Derelict Land and Buildings Investigation report be approved for submission to the Neighbourhood Service Committee.

- ii) That the Audit and Governance Committee be given the opportunity to comment on any recommendations that result from consideration of the Derelict Land and Buildings investigation.

21. People First – Teesside Advocacy Service Update (Statutory Scrutiny Manager)

Representatives from People First Independent Advocacy Service presented their Annual report to the Committee. The presentation gave a service overview and outlined the launch of a new database as a better way to manage caseloads and share information. Referrals into the service from Hartlepool residents were increasing with 4 new referrals in the 1st quarter of 2024/25 alongside an existing caseload of 50.

A discussions was held regarding how Members could promote the service amongst their wards. Representatives confirmed they work closely with Healthwatch Hartlepool.

Representatives were thanked for their annual report and overview of their service.

Recommended

- i) That the report be noted.
- ii) That the information will be used by the Audit and Governance Committee to assist in the development of its Work Programme for 2024/25.

22. Statutory Scrutiny Work Programme 2024/25 (Statutory Scrutiny Manager)

The Statutory Scrutiny Manager outlined the process for the determination of the Overview and Scrutiny Work Programme and sought consideration of potential topics for inclusion into the Statutory Scrutiny Work Programme for the 2024/25 Municipal Year.

The report outlined the Health and Crime and Disorder scrutiny topics suggested by Elected Members and partners. Members were asked to consider each of the suggested topics and, in doing so, to be mindful of retaining capacity to consider any ad hoc or mandatory issues that arise during the course of the year. To assist in this, an appendix to the report mapped this year's Committee meetings alongside issues which had already been identified for consideration.

Crime and Disorder Topics

A presentation by Superintendent Hopps, District Commander for Cleveland Police supported consideration of 3 potential crime and disorder topics (arson, retail theft and night time economy related serious violence). A detailed overview was provided for these areas in terms of:

- the number of recorded crimes in the last 12 months in Hartlepool
- solved crime rates and comparisons to the national average
- what has been done to tackle these issues
- the impact of these issues on communities
- trend analysis

Assurance was given that any topics not selected for investigation would still be taken forward by Cleveland Police as areas of focus. It was, however, highlighted that retail crime had not been identified as a priority under the THRIVE incident grading model.

Health Topics

Looking at potential health topics for investigation, the Committee sought clarification from the Director of Public Health of the service area(s) within the Public Health budget, and other topics in the report that could be most timely to investigate and would add the most value. The Director of Public Health identified the substance misuse service and sexual health services as areas that could be influenced on a local level and where an investigation would have the most impact.

In relation to the potential topics put forward by Tees Esk and Wear Valley, the Committee acknowledged the importance of not duplicating activity and agreed that consideration of Community Mental Health Transformation, Health Inequalities and Progress on Wider Improvements would most appropriately be via the Tees Valley Joint Health Scrutiny Committee.

In the lengthy discussion that followed Members debated issues arising from the presentation, the Director of Public Health's guidance and raised two potential additional topics for investigation:

- The impact of off road bikes, and bike theft. To explore what is being done to tackle the issue, including the use of drones to detect crime.
- An evaluation of Cleveland Police / Police and Crime Commissioner organisational strategies and council priorities. To look at how they could be aligned to ensure effective collaboration and prevent duplication of work.

Members agreed that retail theft, night time economy related serious violence and substance misuse were all key areas to be considered and that the additional topics, identified above, could also warrant investigation. The Committee was reminded of the need to consider capacity in the setting of its work programme and it was suggested that a maximum of one (detailed investigation), or two (light touch) investigations would be the way forward. Emphasis was also placed on the need to complete investigations

by the end of the municipal year and the importance of confirming the Committee's work programme as early as possible.

The Committee felt that additional information was required and it was agreed that a scoping report be produced for the three topics selected from the report, to enable Members to finalise the work programme at the next Audit and Governance Committee meeting. The aim being to prevent any further delay in the conduct of the chosen investigation(s), allowing completion by the end of the municipal year.

The Director of Public Health and Superintendent Hopps were thanked for their detailed and interesting presentations.

Recommended

That scoping reports for retail theft, night time economy related serious violence and substance misuse be brought to the next meeting to allow Members to agree on the committee's work programme for 2024/25.

23. Dedicated Overview and Scrutiny Budget 2023/24 - Outturn (*Statutory Scrutiny Manager*)

The Statutory Scrutiny Manager reported that details of funding from the dedicated budget during the course of each year were reported to this Committee. The Committee is advised that during 2023/24 the following request was agreed for funding from the available £5,000 budget:

- Printing costs – £12.18
 - Social Media (post promotion) - £100
 - Accessibility Investigation – Easy Read Survey - £400
- Total spend = £512.18

Recommended

That the report be noted.

24. Youth Justice Strategic Plan (*Executive Director Children's and Joint Commissioning Services*)

The Youth Justice Plan for 2024/25 was presented to the Committee. In the discussion that followed Members were informed about how youth crime is counted and recorded and that the town has seen an increase in people being in possession of a blade. However, this could be due to the increase in the use of stop and search tactics to an attempt to take knives off the streets.

Questions were raised about the exclusion rates amongst young people and what could be done about this. Members were advised that work is ongoing around exclusions rates including the introduction of a duty on schools and academies to notify Social Services and the Youth Justice service of unauthorised absences.

Members commended the service regarding the support they are providing to young people.

Recommended

That the report be noted.

25. Crustacean Deaths Working Group – Verbal Update (*Councillor Creevy*)

There were no updates in relation to this.

26. Minutes from Recent Meetings for Receipt by the Committee

The following minutes were presented to the Committee for information, with a view to identifying any issues Members may wish to discuss in greater detail:

- Health and Wellbeing Board – 11 March 2024.
- Finance and Policy Committee relating to Public Health Issues – No Issues.
- Tees Valley Health Scrutiny Joint Committee – No Issues.
- Safer Hartlepool Partnership – 26 February 2024
- Tees Valley Area Integrated Care Partnership – 8 July 2024
- Regional Health Scrutiny – No Issues
- Durham, Darlington and Teesside, Hambleton, Richmondshire and Whitby STP and Joint Health Scrutiny Committee – No Issues.

Recommended

The minutes were noted.

27. Any Other Items which the Chairman Considers are Urgent

The Chairman ruled that the following items of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

The meeting concluded at 7.15pm.

AUDIT AND GOVERNANCE COMMITTEE

24 September 2024



Report of: Director of Finance, IT and Digital

Subject: AUDITORS ANNUAL REPORT YEAR ENDED 31
MARCH 2023

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 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Forvis-Mazars to be in attendance at this meeting, to present the content of the Auditors Annual Report for year ended 31 March 2023.

3. BACKGROUND

- 3.1 This report updates the Audit and Governance Committee on the work Forvis-Mazars have undertaken as the auditor for the Council for the year ended 31 March 2023, in the following areas:

- Audit of the financial statements;

- Value for Money arrangements; and
- Other reporting responsibilities.

4. FINDINGS OF FORVIS-MAZARS

- 4.1 Details of key messages are included in the main body of the report is attached as **Appendix 1**. It is a positive report, but does include one recommendation in respect of Value for Money:

“The Council should ensure that the February 2025 Medium Term Financial Strategy includes a medium-term savings plan sufficient to balance the budget in each year and fully address any underlying deficit deferred by applying one-off resources.”

- 4.2 Members will be aware of the significant financial challenges facing the Council and the report presented to Finance and Policy on the 16 September points to further in year overspend. This in year position will likely have a further detrimental impact on the medium term financial strategy and, unless fully addressed in year, our useable reserves. As such complying with this recommendation may not be possible. However, it does reinforce the need to make difficult decisions to ensure financial sustainability is achieved and reliance on reserves is eliminated over the period.

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
FINANCIAL CONSIDERATIONS	There are no specific financial implications of the report, but the wider financial considerations arising from the recommendations made are addressed in section 4.2 above.
SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
CHILD AND FAMILY POVERTY CONSIDERATIONS	No relevant issues.
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT	No relevant issues.

CONSIDERATIONS	
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No consultation required.

6. RECOMMENDATIONS

- 6.1 It is recommended that Members note the contents of the report, including the recommendation made by Forvis-Mazars in relation to Value for Money.

7. REASON FOR RECOMMENDATIONS

- 7.1 To ensure that the Audit and Governance Committee meets its remit and is updated on the work of the external auditor.

8. BACKGROUND PAPERS

- 8.1 Audit Completion Report 2022/23 – report to the Audit and Governance Committee, 12 March 2024.

9. CONTACT OFFICER

James Magog
 Director of Finance, IT and Digital
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Auditor's Annual Report

Hartlepool Borough Council – year ended 31 March 2023

28 June 2024

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- 02 Audit of the financial statements
- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities

- A Appendix A: Further information on our audit of the financial statements

01

Introduction

Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Hartlepool Borough Council (‘the Council’) for the year ended 31 March 2023. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 28 June 2024. Our opinion on the financial statements was unqualified.



Value for Money arrangements

In our audit report, issued on 28 June 2024, we reported that we had completed our work on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Authority’s arrangements.



Wider reporting responsibilities

The NAO, as group auditor, requires us to complete the Whole of Government Accounts (WGA) Assurance Statement in respect of its consolidation data. We will issue our report in the next few days. As in previous years, we anticipate a significant delay before we will be able to issue our 2022/23 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.

Audit of the financial statements

Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2023 and of its financial performance for the year then ended. Our audit report, issued on 28 June 2024, gave an unqualified opinion on the financial statements for the year ended 31 March 2023.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Significant matters discussed with management

Our audit completion report issued on 7 March 2024 explained that the 2022/23 audit was substantially complete but there would be a delay issuing our opinion because we were unable to conclude our work addressing the significant risk arising from the defined benefit pension scheme until the audit of the Teesside Pension Fund (TPF) was substantially complete. We received the requisite assurance from the TPF auditor on 22 April 2024.

We discussed issues raised in the letter with the TPF auditor and estimated their impact on Hartlepool Borough Council's financial statements. As the impact was immaterial the Council opted not to amend the statements in respect of these issues. However, some minor amendments were agreed arising from the audit closing procedures and these were reported in our follow up letter to the audit completion report before we issued our opinion.

Reporting responsibility	Outcome
Annual Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 10.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - We make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	Yes
 Governance	14	No	No	No
 Improving economy, efficiency and effectiveness	17	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council, Finance and Policy Committee and Audit and Governance Committee reports, the Annual Governance Statement, and the Annual Report and Accounts for 2022/23. These confirm that the Council appropriately undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council's service users.

The Council receives assurance on all aspects of financial management and operational performance through reports to the Finance and Policy Committee. This includes:

- overseeing and assuring financial and operational performance;
- considering the risks associated with any material financial transactions;
- considering the financial and operational risks involved in the Council's business and how they are controlled and monitored by management; and
- taking action needed to address issues raised or to make improvements.

Our review of supporting papers confirmed that it did so effectively throughout 2022/23.

The Council's financial planning and monitoring arrangements

The Medium-Term Financial Strategy (MTFS) covers a rolling three-year programme and is designed to maintain the general reserve at the minimum level determined by the Section 151 Officer's risk assessment, after allowing for savings and council tax increases approved for the first year of the strategy. Budget gaps in the second and third years of the MTFS are initially covered by the planned use of a Budget Support Fund built up from previous underspends, whilst work continues to identify further savings to balance these budgets without the use of reserves. However, since the Council froze council tax in 2021/22 there has also been a budget gap in the first year of the MTFS, which has been plugged through using some of the Budget Support Fund and deferring a deficit to the following year. In February 2022, the Council approved a budget for 2022/23, which was balanced using £1M of the Budget Support Fund assuming £2.6M of savings were fully delivered.

Audited accounts show that although savings were fully delivered there was a small overspend of £1M (0.8%). This was after using one-off resources prudently set aside in the 2022/23 budget to offset short-term cost and income pressures including a £1M Inflation Reserve. Despite the overspend and planned use of reserves the Council was able to increase the Budget Support Fund from £8M to £10.5M following a year-end review of

earmarked reserves to establish if they were still required.

The Finance and Policy Committee received management accounts providing detailed commentary of performance against budget, including explanations of significant variances, quarterly during 2022/23. The financial position was also summarised in four updates to the MTFS. The forecasts were accurate, the latest at quarter three being a £1.4M overspend.

Budget Preparation commences in the Autumn prior to the relevant financial year. Heads of Finance complete detailed work for their departments and the results are collectively assessed by the Executive Leadership Team (ELT). ELT discuss pressures, growth and savings and the Section 151 Officer updates for assumptions regarding funding, inflation and the council tax increase.

The Council's arrangements and approach to Financial Planning for 2023/24 and 2024/25

The 2023/24 Budget was set in the context of the highest inflation for forty years, peaking at 11% in October 2022 and remaining stubbornly high well into 2023/24. The 2023/24 local government pay award wasn't agreed until November 2023 and equated to an average increase of six per cent in the Council's payroll expenditure, compared to a budgeted increase of five per cent. Moreover, a lack of capacity to meet rising demand for children's social care resulted in more reliance on expensive external placements.

The Council approved the 2023/24 Budget as part of a new MTFS in February 2023, which included a plan to maintain the general reserves at £4.4M by using £1.5M of the Budget Support Fund and £1M of other one-off resources in 2024/25 and delivering £1.8M of savings. The budget gaps in 2024/25 and 2025/26 were an aggregate of £5M and it was anticipated that most of the residual Budget Support Fund would need to be used, whilst savings plans were developed and phased in.

The Council is currently preparing the 2023/24 accounts and expect them to show a small overspend of £0.6M, which was significantly improved on the mid-year forecast of a £4M overspend and reflects effective remedial action and some one-off windfalls. The £1.8M savings were over-achieved as the take-up of the new garden waste delivery service was twice the level expected and these additional savings outweighed the impact of smaller savings schemes being deferred.

The latest update of the MTFS was approved by the Council in February 2024. This reflected a decision taken to increase council tax by two per cent less than the level recommended by the Section 151 Officer, which created an additional 2024/25 budget gap of £1M to add to the £3.8M use of the Budget Support Fund in the draft budget. The 2025/26 and 2026/27 budget gaps amounted to £9M, which exceeded the remaining support available from the Budget Support Fund, and actions are progressing to seek to close the gap. The MTFS assumed a £4M overspend for 2023/24, so the £3.4M reduction in that overspend largely reduces the first-year budget gap and the gap for years two and three are reduced to a similar level to that in the February 2023 MTFS.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Council’s arrangements and approach to Financial Planning for 2023/24 and 2024/25 (continued)

Although the medium-term financial position is manageable it relies on the full utilisation of the £5M expected to be left in the Budget Support Fund at 31 March 2025. In view of the Council’s dependency on this reserve to bridge budget gaps and phase in savings for many years it remains imperative that the ongoing savings exercise continues and delivers far greater savings than the annual exercises of recent years, which have tended to identify and deliver savings of between £1.5M and £3M per annum.

Simultaneously, the Council have commissioned consultants to estimate the increased government funding that would arise should the funding formula be revised to adequately reflect deprivation and the resultant demand for services. Although the Council’s financial position would improve significantly under this formula there remains considerable uncertainty over future government policy on local government funding and the need to address central government deficits could see overall funding reduce even if the way it is distributed benefits Hartlepool. Accordingly, it is reassuring that the Council are not proposing to wait and see what happens to government funding after the next election before implementing savings plans.

The Council has an excellent track record of delivering savings and keeping within budget. For the period 2013/14 to 2023/24 the Council’s grant funding (excluding ring-fenced grants) reduced by 48% (£22M), but compensating savings were achieved to maintain reserves without compromising performance, as evidenced by the inspection findings on page 18. Previous savings plans have delivered a 20% reduction in the workforce over 10 years without industrial action and through mainly voluntary redundancies and retirements. In 2022/23 and 2023/24 savings of £2.6m and £1.8M respectively were fully delivered and 80 per cent of the £1.8M savings in the 2024/25 budget have already been secured through fees and charges and deleting vacant posts.

The Council is also taking action to mitigate the paramount risk to the MTFS. In 2023/24 the only department that overspent was Childrens Social Services where a combination of rising demand and rising prices led to a £5M overspend. The 2024/25 budget adds a further £4.5M to the 2023/24 outturn and then assumes that increases will level off to about £0.5M per annum. The Council is converting the Star Centre building into a children’s home expected to open in November 2024 and allow increased capacity for complex, expensive out-of-area placements within Hartlepool. It is also introducing a new block-booking system to improve efficiency.

Accordingly, we do not regard the Council’s reliance on reserves in years two and three of the MTFS as a significant weakness. Work to identify savings necessary to phase out reliance on dwindling reserves is sufficiently advanced to give confidence that even if there is no improvement in the allocation of government funding the Council will continue to provide essential services and maintain its General Reserve at the required level. However, the Council needs to avoid a repeat of the situation in February 2024 where it set a three-year MTFP without sufficient savings and budget support funds to bridge deficits. Accordingly, we have raised a recommendation in this report (see below).

The Council undertakes substantial work to understand possible future impacts on the budget. The medium-term budget projections consider various budget pressures, such as pay and price increases, the revenue implications of the capital programme and other pressures. The risk register contains a critical risk and remedial action regarding the financial position and is monitored quarterly. The general reserve covers inherent risks such as demographic changes impacting on demand for social care and inflation not returning to normal levels during 2024/25. Earmarked reserves cover specific local risks such as the loss of business rates from the expected closure of the power station in 2025/26.

We have critically assessed the underlying assumptions used in the MTFS and consider them to be appropriate. The MTFS is underpinned by workforce planning and capital programmes and considers risks arising during the year and planning assumptions within the Council Plan. We have not identified any inconsistency between the various plans in prior years or from our review of the Council Plan.

Conclusion

We have not identified any significant weaknesses in the Council’s arrangements in relation to the financial sustainability reporting criteria. We do, however, make an ‘Other’ recommendation.

	Other Recommendation
R1	The Council should ensure that the February 2025 Medium Term Financial Strategy includes a medium-term savings plan sufficient to balance the budget in each year and fully address any underlying deficit deferred by applying one-off resources.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Council's governance structure

The Council has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Council's Constitution and scheme of delegation. Executive Directors have clear responsibilities linked to their roles and the structure in place at the Council allows for effective oversight of the Council's operations and activity. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Council's arrangements in place and were fully operational.

There is a standard report format, including sections to cover the legal and financial implications and reports are signed off by the Managing Director, Director of Finance, Digital and IT and Monitoring Officer. The constitution defines key decisions (i.e. decision which will result in income, expenditure or savings with a gross full year effect of £100k or greater, or any decision which may have a significant impact on communities living or working in an area comprising two or more wards) in addition to limits for virement between budgets.

We attended several Audit and Governance Committee meetings in the year and found that members were appropriately skilled to undertake their role and provided appropriate challenge to Management and Internal and External Audit. All members are provided training on their responsibilities and duties. Where gaps are identified further training is provided.

The Council expects the highest standards of conduct from both its members and officers. The Council has approved and adopted a code of corporate governance applicable to Members, which is consistent with good practice set out by the Chartered Institute of Public Finance (CIPFA) and Society of Local Authority Chief Executives (SOLACE). Management are committed to integrity and ethical behaviour, and this is evident from our attendance of Committee's and meetings with management. In 2023 a councillor was sanctioned for the inappropriate use of e-mails and the Council approved a new Anti-Fraud and Corruption Strategy, which includes a whistleblowing policy. The Audit and Governance Committee recently commissioned an independent review into allegations of councillors contributing to misleading publicity.

Registers of interests are maintained and published and codes of conduct, updated to reflect the most recent Local Government Association models. We reviewed the declarations of interest during the financial statements audit. We have confirmed that all relevant declared interests have been appropriately reported within the 2022/23 financial statements.

The Council's risk management and monitoring arrangements

The Council has a comprehensive risk management system in place which is embedded into the governance structure of the organisation. The processes are supported by the Council's Risk Management Framework and the Council leadership plays a key role in implementing and monitoring the risk management process.

The Finance and Policy Committee have overarching responsibility for risk management and considers the content of the Strategic Risk Register regularly when monitoring implementation of the Council Plan. The Strategic Risk Register is reviewed quarterly at Executive Leadership Team (ELT) and takes account of any changes in the entity's internal and external environments. We are satisfied that the ELT have appropriate industry and regulatory knowledge.

The Strategic Risk Register articulates each individual risk, quantifies its likelihood and potential impact and names the senior officer who owns the risk. Risks and control measures relating to the Council Plan are analysed within performance reports to help ensure that risk and performance reporting are linked. The Risk Management Framework and an Officer Toolkit are available to all staff via the intranet. Key staff have undergone appropriate training and departmental risk champions lead on communicating the process to all relevant staff in their departments.

The Council's arrangements for internal control

An effective internal audit function is resourced and maintained in accordance with Public Sector Internal Audit Standards (PSIAS). Compliance is independently verified cyclically. Work plans are agreed with management in advance of the start of the financial year and reviewed by the Audit and Governance Committee prior to final approval.

We have reviewed the Internal Audit Plans for 2022/23 and 2023/24 and confirmed planned work addresses the expected areas with annual coverage of key financial controls. Progress reports are presented quarterly to Audit and Governance Committee meetings including follow up reporting of recommendations not fully implemented by agreed due dates. This allows the Committee to effectively hold management to account on behalf of the Council.

Our attendance at Audit and Governance Committees throughout the period confirms the significance and importance placed on internal audit findings. Members of the Committee actively request management attendance at committees to discuss findings from internal audit reports.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

The Council's arrangements for internal control (continued)

Internal audit gave a satisfactory assurance opinion on the Council in their 2022/23 Annual Report with no significant governance weaknesses identified for reporting in the Annual Governance Statement. None of the limited assurance opinions given by Internal Audit related to material financial systems.

The Council's arrangements for budget setting and budgetary control

The Council's Medium Term Financial Strategy includes the identification and evaluation of risks to the Council's finances and is developed in parallel to the budget for the following year and setting of council tax.

We examined the assumptions behind the 2022/23 budget, and we have confirmed the assumptions were reasonable based on the information available when the budget was set, the main ones being:

- Grant funding increasing in line with the Local Government Finance Settlement;
- Council tax income (including the deferred Adult Social Care Precept) increasing by about 5% per annum, in line with the relevant limits for increases without a referendum;
- Pay awards of 3% in 22/23, increased to 4% in June 2022 when extra funding was announced to address rising inflation;
- Non-pay inflation increasing by variable amounts given the widely different forecasts for some categories (e.g. energy) but a minimum of 2%; and
- A 1.1% increase in the council tax base.

The latest MTFP includes headroom between allowances for inflation and the expected 2024/25 increase in pay and prices based on the latest Office of Budget Responsibility forecasts and the 2024/25 local government pay offer, which equates to about four per cent. We confirmed that sensitivity analysis and scenario plans are in place to identify the potential financial impact of financial risks occurring and minimise the lead-time for implementing savings. The closeness of outturn to the budget suggests budget setting is adequate.

Monthly budgetary control reports are sent to budget managers within five days of month-end, before departmental management teams consider financial reports presented by each Head of Finance. Budget reports show the actual expenditure and income compared to what was budgeted and highlight any variances. Finance support the budget holders in updating their year-end forecasts and identifying any remedial action required. Reports contain a RAG (Red / Amber / Green) assessment so remedial action can be initiated swiftly and emerging risks fed back to the Director of Resources and Development. High level monthly budget monitoring reports are discussed at ELT, and the results are summarised in regular updates on the Financial Position to the Finance and Policy Committee.

We found that explanations for budget variances were detailed and clear and in most years forecasts in budget monitoring reports have been very accurate. In 2022/23, management accounts consistently forecast overspends of just over one per cent and the audited accounts showed an actual overspend just under one per cent.

The Council's arrangements for performance management

Progress against the Council Plan is reviewed through dedicated ELT Performance and Challenge Clinics three times a year, and this is followed by reports to Finance and Policy Committee. The first Annual Report was produced in July 2022 and shared with all elected members and the public through the website.

The 2022/23 Annual Report was published in July 2023 and summarised the Council's vision, milestones and achievements in a user-friendly, six-page document.

Conclusion

We have not identified any significant weaknesses in the Council's arrangements in relation to the governance reporting criteria.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

The Council's arrangements for assessing performance and evaluating service delivery

The Council Plan 2021/22 to 2023/24 clearly articulates the Council's vision that Hartlepool will be a place:

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

The Council Plan is a brief, easy-read document published on the website, but it is supported by action plans that incorporate remedial action against recommendations made by inspectors, auditors and scrutiny reviews. It is monitored bi-annually by the Finance and Policy Committee. A July 2023 report found that in 2022/23 performance improved for around half of the performance indicators. The indicators where performance had declined mirrored national and regional trends. Following a recommendation arising from a Local Government Association (LGA) Peer Review in December 2022, the Council is developing a new 5-year Council Plan to start in 2024/25.

The Council subscribes to LG Future Financial Intelligence Toolkits and uses CIPFA's Financial Resilience Index and the LGA's Value for Money profiles to provide comparative benchmarking. The Council's net expenditure per head in 2022/23 was just below the national average for unitary councils, although the high levels of deprivation increases demand for services and due to a relatively small population Hartlepool does not have the economies of scale available to larger councils. We found that the areas of higher and lower spending per head than other single-tier authorities mirrored the Council's priorities and the higher level of deprivation, especially child poverty in Hartlepool. Over one third of children in Hartlepool live in poverty, which is one of the highest rates in the country and the child poverty rate has increased by 10% since 2010. Accordingly, the Council spends significantly more than average on education and social services and less on housing, economic regeneration and environmental services.

The Audit and Governance Committee meets almost monthly and has a detailed scrutiny role. In 2022/23, a

review of drug and alcohol abuse was chosen due to benchmarking showing Hartlepool performed badly in these areas and the Council Plan identified healthy living and community safety as priorities. Hartlepool has the tenth highest hospital admission rate from drug abuse in the country and the second highest rate of crime and anti-social behaviour.

HBC's unemployment rate has remained stable at about 5% for several years, which is slightly above the national average of 4.3% but the gap has narrowed, and most similarly deprived authorities have higher unemployment rates.

The Council's regulator assessments and independent reviews

In December 2022, the LGA published their peer review report on the Council, the first such report in a decade. The report was positive and included the opening statement that *"the Council has much to be proud of, described internally and by partners as punching above its weight"*. There were nine key recommendations for further improvement and the Council agreed an action plan to address each recommendation in March 2023.

In May 2024 OFSTED rated the Council's Children's Services Department 'Outstanding', compared to 'Good' in the previous report in 2018 noting:

"consistently good practice across all parts of the service with exceptionally strong management oversight".

OFSTED also commended:

- Providing help early to children in need;
- Thorough child protection arrangements;
- Listening to children and valuing their views; and
- Supporting children leaving care.

Improving services and securing the highest possible rating in the context of the pandemic increasing the complexity of need, the demand for services and the need for external placements is an excellent achievement.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

The Council's regulator assessments and independent reviews (continued)

The results from the most recent inspections of council departments and service providers are consistently positive, as indicated in the table below:

Inspection Pillar	Inspection rating	Date of last inspection
Children's Social services	Outstanding	2024
Adult Social Services	Good	2019
Pupil Referral Unit	Outstanding	2023
Youth Justice Services	Good	2022
Special Educational Needs	Not scored but very positive	2023
Schools	89% rated Good or Outstanding	2022/23
Adult Social Care Homes	98% rated Good or Outstanding	2022/23

The Council's arrangements for effective partnership working

Working with partners is a recurring theme across all priorities in the Council Plan and was identified as a strength by the LGA's Peer review. Their report stated that the Council:

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

The Council received £17M Levelling Up Funding to improve skills and learning as a long-term solution to deprivation and child poverty. This followed previous successful bidding for the Towns Deal and the funds to build a new £35M leisure centre, due to open in 2025/26. These initiatives involve significant partnerships with

central government, the Tees Valley Development Corporation (TVDC) and the private sector. In 2023/24 the Council transferred responsibility for planning to a Mayoral Development Corporation in those areas of the town targeted for TVDC investment.

The Council has an ongoing programme of monitoring and reviewing arrangements in place in respect of the operation of its key partnerships. A framework of reporting by exception to ELT operates and Internal Audit provides audit coverage of partnership arrangements

The Council's arrangements for commissioning services

The Council has an in-house procurement team with suitable qualifications and experience that are responsible for implementing the Procurement Procedures in the Constitution. The team is managed by the Chief Solicitor in order to ensure legal requirements are met. The website includes a Sustainable Procurement Strategy and a Standards and Partners document, highlighting the Council's transition to e-procurement and the standards required of contractors.

The procurement team use established national and regional procurement frameworks such as the North-East Purchasing Organisation to maximise purchasing power. A new IT contract was awarded in 2022/23 and the successful tender was within the budget provision. Within the ELT the Director of Children's and Joint Commissioning Services is responsible for commissioning and procurement across Children's Social Care, Adult Social Care and Public Health. The good inspection ratings for commissioned social care referred to earlier in this report illustrate how effective the commissioning arrangements in Hartlepool are..

There is no evidence that procurement is likely to expose the Council to significant financial loss or failure to deliver efficiency and performance improvements.

Conclusion

We have not identified significant weaknesses in the Council's arrangements in relation to the improving economy, efficiency and effectiveness reporting criteria.

Other reporting responsibilities and our fees

Other reporting responsibilities and our fees

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We will issue our report in the next few days. As in previous years, we anticipate a significant delay before we will be able to issue our 2022/23 audit certificate, as we await NAO clearance on whether we will be required to undertake additional procedures as a sampled component.

The NAO timetable for 2022/23 WGA is for completion by the end of November 2024, so we anticipate receiving the clearance which will enable us to issue our audit certificate by this date.

Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum dated 6 July 2023. Now we have completed the 2022/23 audit, we can confirm our final fees, which include additional fees relating to issues arising this year. All additional fees are subject to Public Sector Audit Appointments (PSAA approval). All fees are exclusive of VAT.

Area of work	2022/23 fees *	2021/22 fees
Planned work in respect of our work under the Code of Audit Practice (scale audit fee published by PSAA)	£96,506	£83,882
Recurring increases in the base audit fee arising from regulatory pressures (as originally agreed in the 2019/20 audit); note that £12,624 of the fee in 2021/22 has been incorporated into the 2022/23 scale audit fee by PSAA	£3,156	£15,780
Additional fees in respect of the new VFM approach (recurring, as agreed from the 2020/21 audit)	£10,000	£10,000
Additional fees in respect of the revised ISA 540 (recurring, as agreed from the 2020/21 audit)	£4,400	£4,400
Additional fees in respect of the Council's infrastructure and triennial pensions issue – specific issues relating to the 2021/22 audit, and non-recurring	£nil	£15,000
ISA 315 revised –additional work in relation to understanding the entity, including documenting risks, risk assessments, and an additional focus on IT general controls (new standard applied from 2022/23 for the first time)	£7,500	£nil
Additional work in relation to review of the LGPS pension asset ceiling calculations – not recurring	£4,000	£nil
Total fees	£125,562 *	£129,062

* The 2022/23 fee is subject to a 5.2% inflationary increase, not included in the table above. As set out in the PSAA's 'Consultation on 2022/23 audit fee scale' published in August 2022, PSAA will fund the inflationary increase using "surplus funds not required for PSAA's operations, which would otherwise be distributed to opted-in bodies" (p8 of the consultation).

Other reporting responsibilities and our fees

Fees for other work

In 2022/23 the Council engaged Mazars for the following audit-related assurance services:

- Housing Benefit Assurance - £15,260 plus VAT (£13,810 in 2021/22); and
- Teachers' Pension Assurance - £5,000 plus VAT (£4,200 in 2021/22).

Appendices

A: Further information on our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p>Management override of controls</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements. <p>Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There is no indication of management override of controls.</p>
<p>The Valuation of the Defined Benefit Pension Liability / Asset</p> <p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. Moreover, in 2022/23 the actuary undertook a triennial revaluation of the local government pension fund and the net valuation moved from a net liability to a net asset for the first time. This results in an increased risk of material misstatement.</p>	<p>We discussed with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we evaluated the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally.</p> <p>We reviewed the appropriateness of the key assumptions included within the valuations, compared them to expected ranges and reviewed the methodology applied in the valuation. We considered the adequacy of disclosures in the financial statements.</p> <p>We also considered the pension asset disclosed for the first time and whether a cap was required on the pension asset by considering the pension asset ceiling calculation.</p> <p>We obtained assurance from the audit of Teeside Pension Fund.</p> <p>Our work has provided the assurance sought. The Council's share of errors and uncertainties arising from the pension fund audit was immaterial, so the accounts have not been adjusted in respect of these issues.</p>

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings - continued

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p>Valuation of land and buildings</p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land and buildings. Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land and buildings due to the significant judgements and number of variables involved in providing revaluations. In addition, In addition, there was significant building cost inflation in 2022/23, which increases the risk that assets not revalued in 2022/23 may no longer be valued appropriately. We have therefore identified the valuation of land and buildings to be an area of significant risk.</p>	<p>We addressed this risk by considering the Council's arrangements for ensuring that land and building values are reasonable and we used data on valuation trends and relevant indices to assess the reasonableness of the valuations provided by the external valuer. We also assessed the competence, skills and experience of the valuer.</p> <p>We discussed methods used with the valuer and tested their calculations. We used indices provided by NAO's valuation expert (Montagu Evans) to confirm the assets not revalued were unlikely to have materially changed in value.</p> <p>We tested the revaluations in year to valuation reports and supporting calculation sheets and ensure that the calculations were correct and source data agreed with floor plans and indices.</p> <p>Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention.</p>

Appendix A: Further information on our audit of the financial statements

Summary of uncorrected misstatements

At the time of drafting our Audit Completion Report there was one unadjusted misstatement.

The Council received a new Towns Deal grant in 2022/23, which was spent across the 2022/23 and 2023/24 financial years. It recognised the income in the year the grant was spent, although in the absence of unmet performance conditions the full amount should have been recognised as income in 2022/23. Given the error was immaterial and will have no impact on usable reserves now available to the Council, the accounts have not been adjusted. If an adjustment were made Taxation and Non-Specific Grant and Usable Reserves in 2022/23 would increase by £3,365,000 and there would be a corresponding decrease in Capital Grants Received in Advance.

The Teesside Pension Fund auditor subsequently reported to us that their audit had identified that assets in the draft financial statements used by the actuary were overstated. This was due to one known misstatement and one potential misstatement, the aggregate of which was immaterial to the Pension Fund. When apportioned to Hartlepool Borough Council to reflect the Council's share of the Pension Fund's assets the maximum misstatement of £4,195,000 was also immaterial to the Council. The misstatement was estimated and part of it was a potential misstatement rather than a known one. It also had no impact on the Council's usable reserves.

Internal control recommendations

Our Audit Completion Report contained one low priority internal control recommendation, which is summarised below.

Low priority internal control recommendation – in our view internal control should be strengthened when practicable

Description of deficiency.

Our payroll testing found that the Council could not locate signed employment contracts for four of the fifteen employees in our sample. Although we were able to identify other evidence that the employees had been paid correctly and there is no legal requirement for written contracts of employment we regard the absence of such contracts as an internal control weakness.

Potential effects

There is a risk that the Council will encounter more employment disputes and greater difficulty resolving them without employment tribunals if a signed employment contract is not available.

Recommendation

The Council should ensure that during 2024/25 it identifies all employees without a signed employment contract and prepares a plan for preparing, issuing and signing new contracts confirming the applicable terms and conditions for these employees. In future, a signed employment contract should be retained for every employee.

Management response

The Council introduced a new digital recruitment system in October 2018, and as such holds a digital confirmation that new employees confirmed they accepted the terms in conditional offer and employment letters. This was further strengthened in October 2020 to comply with new legal obligations. The Council acknowledges the risk but considers it to be both low and diminishing. We will consider an approach during 2024/25 to address any gaps, recognising the additional resources that would be required to correct all historic records

Contact

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AUDIT AND GOVERNANCE COMMITTEE

24 September 2024



Report of: Director of Finance, IT and Digital

Subject: AUDITORS STRATEGY MEMORANDUM

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 To inform Members of the Audit and Governance Committee that arrangements have been made for representatives from Forvis-Mazars to be in attendance at this meeting, to present the content of the Auditors Audit Strategy Memorandum.

3. BACKGROUND

- 3.1 This report sets out Forvis-Mazars audit plan in respect of the audit of the financial statements for the year ending 31 March 2024. The plan sets out the proposed audit approach and is prepared to assist the Audit and Governance Committee in fulfilling its governance responsibilities.

4. FINDINGS OF FORVIS-MAZARS

- 4.1 Details of key messages are included in the main body of the report is attached as **Appendix 1**.

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
FINANCIAL CONSIDERATIONS	No relevant issues.
SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
CHILD AND FAMILY POVERTY CONSIDERATIONS	No relevant issues.
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No consultation required.

6. RECOMMENDATIONS

- 6.1 It is recommended that Members note the contents of the report.

7. REASON FOR RECOMMENDATIONS

- 7.1 To ensure that the Audit and Governance Committee meets its remit and is updated on the work of the external auditor.

8. BACKGROUND PAPERS

- 8.1 None

9. CONTACT OFFICER

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Director of Finance, IT and Digital
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Email: james.magog@hartlepool.gov.uk



Audit Strategy Memorandum

Hartlepool Borough Council – Year ending 31 March 2024

Audit and Governance Committee

Hartlepool Borough council

Civic Centre
Victoria Road
Hartlepool
TS24 8AY

12 September 2024 (for meeting 24 September 2024)

Forvis Mazars

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

Dear Sirs / Madams,

Audit Strategy Memorandum – Year Ending 31 March 2024

We are pleased to present our Audit Strategy Memorandum for Hartlepool Borough Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Hartlepool Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 07881 283 527.

Yours Faithfully,



James Collins

Forvis Mazars

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Engagement and responsibilities summary

Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of Hartlepool Borough Council for the year to 31 March 2024. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined overleaf.

At the time of presenting our Audit Strategy Memorandum, there are a series of active consultations in place that could impact upon both the Council's financial statements and the work we are required to undertake. Appendix C summarises the proposals under each of the consultations and further details can be found on the Financial Reporting Council's [website](#). Should the outcome of these consultations affect the risks we have identified or the scope of our work, we will provide further information to the Audit and Governance Committee in due course.

Engagement and responsibilities summary

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Council as Those Charged With Governance, of their responsibilities.

The Director of Finance is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management, internal audit and other key individuals, where relevant, as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hartlepool Borough Council's internal control.

Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

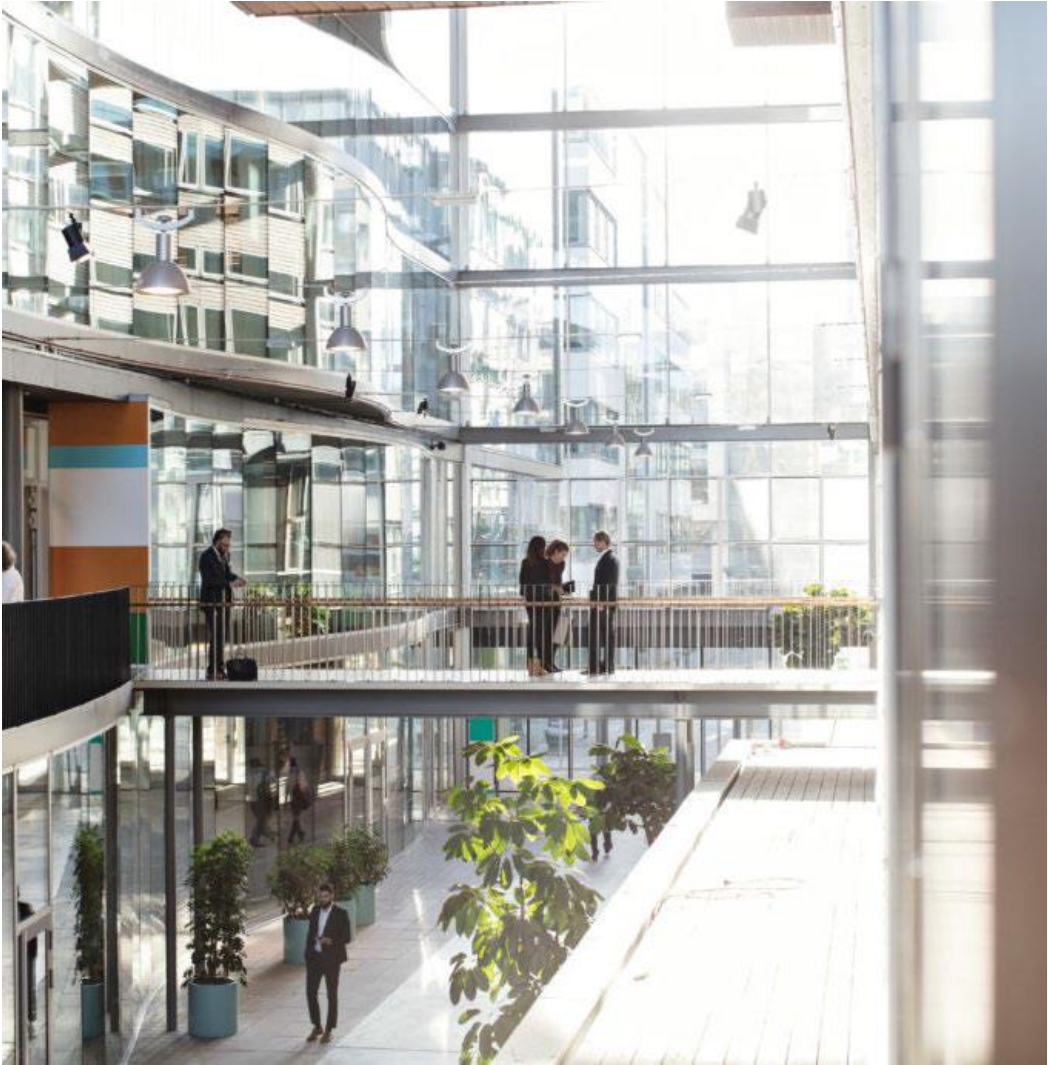


Your audit engagement team

Your audit team

.Your external audit service will continue to be led by Gavin Barker

Who	Role	Contact
James Collins, CIPFA	Engagement Lead	James.Collins@mazars.co.uk 07881 283 527.
Naser Alkobir, ACA	Engagement Manager	Naser.Alkobir@mazars.co.uk 07977 261 903.
Ian Rutter, ACCA	Engagement Team Leader	Ian.Rutter@mazars.co.uk 07881 283 347



03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

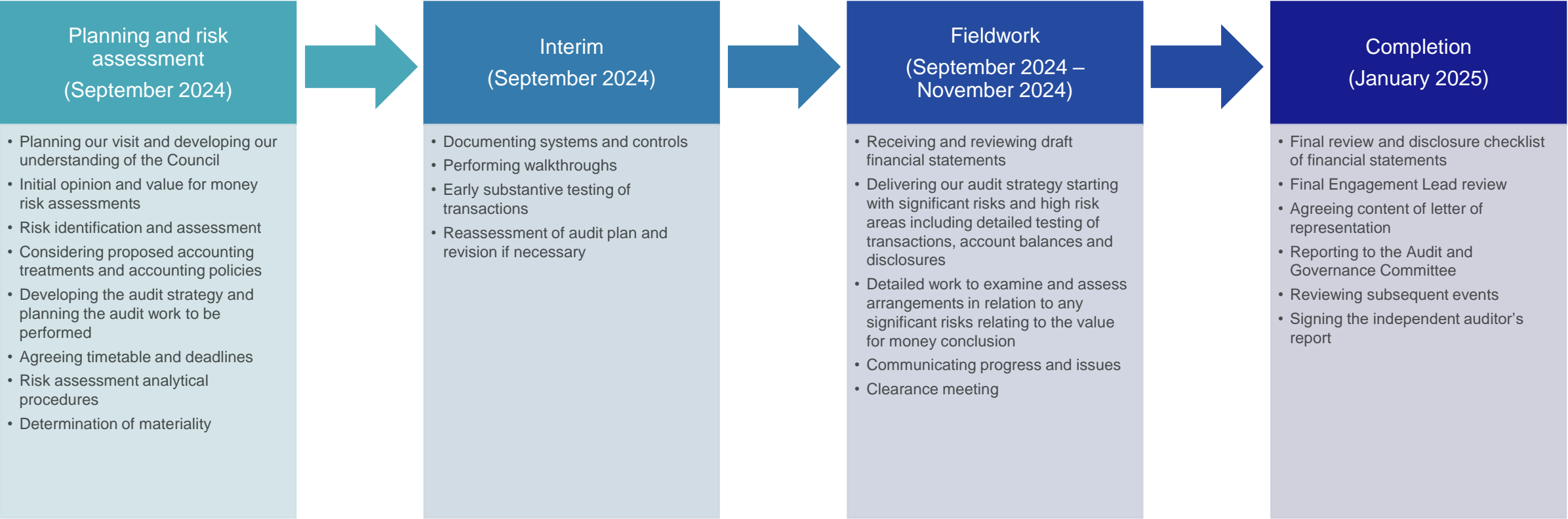
Audit scope, approach, and timeline

Risk-based approach



Audit scope, approach, and timeline

Audit timeline



Audit scope, approach, and timeline

Management’s experts and our experts

Management makes use of experts in specific areas when preparing the Council’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management’s expert	Our expert
Defined Benefit Asset / Liability	Hymans Robertson	NAO’s Consulting Actuary (PWC)
Property, plant and equipment valuation	Internal valuer from the Council	We will consider the valuation and will engage our own internal valuation expert if required.
Financial Instruments	Link Asset Services	We will consider the valuation of financial instruments and if deemed necessary engage our own internal experts.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have not identified any service organisations with a role in the production of the financial statements, which have an impact on our audit.

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

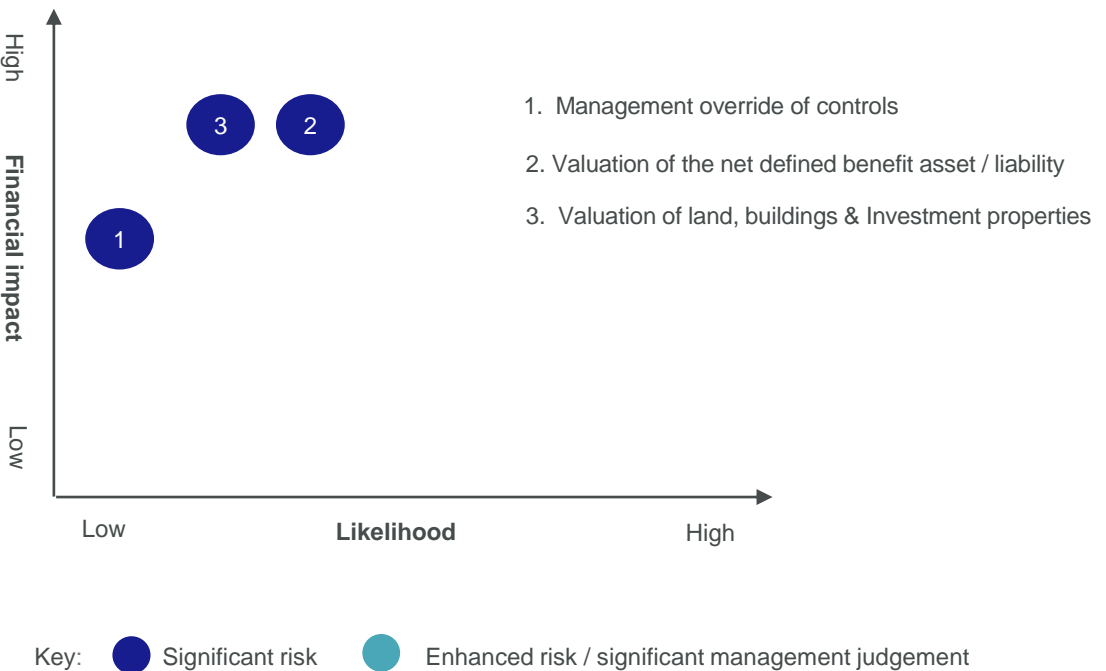
- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



Significant risks and other key judgement areas

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Governance Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	●	●	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	Net defined benefit asset / liability valuation The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.	●	●	●	<p>We will discuss with key contacts any significant changes to the pension estimates. In addition to our standard programme of work in this area, we will evaluate the management controls you have in place to assess the reasonableness of the figures provided by the Actuary and consider the reasonableness of the Actuary's output, referring to an expert's report on all actuaries nationally.</p> <p>We will review the appropriateness of the key assumptions included within the valuations, compare them to expected ranges and review the methodology applied in the valuation. We will consider the adequacy of disclosures in the financial statements.</p> <p>We will also seek assurance from the auditor of Teesside Pension Fund.</p>
3	Valuation of land, buildings, housing and investment property The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land, buildings, council housing and investment properties. Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land, buildings and investment properties due to the significant judgements and number of variables involved in providing revaluations.	●	●	●	<p>We plan to address this risk by considering the Council's arrangements for ensuring that land, buildings, housing and investment property values are reasonable and we will use data on valuation trends and relevant indices to assess the reasonableness of the valuations provided by the external valuer. We will also assess the competence, skills and experience of the valuer.</p> <p>We plan to discuss methods used by the valuer and substantively test valuations. Where assets have not been revalued in the year we will consider available market data to challenge managements judgement they are not materially misstated.</p> <p>We will test the revaluations in year to valuation reports and supporting calculation sheets and ensure that the calculations are correct and source data agrees with floor plans and indices.</p>

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether Those Charged with Governance has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to the Audit Governance Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to the Audit Governance Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Based on our assessment of the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors, the level of competence of the internal audit function, and whether the internal audit function applies a systematic and disciplined approach, including quality control, we do not expect to use the work of the internal audit function for the purpose of our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit determine whether any findings will have an impact on our risk assessment and planned audit procedures.

Value for money arrangements

Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

2023/24 will be the fourth audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

- 1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
- 2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
- 3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Planning and risk assessment	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources include: <ul style="list-style-type: none">• NAO guidance and supporting information;• information from internal and external sources including regulators;• knowledge from previous audits and other audit work undertaken in the year; and• interviews and discussions with officers and Members.
Additional risk-based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements. This will form part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• significant weaknesses identified and our recommendations for improvement; and• emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Value for money arrangements

Identified risks of significant weaknesses in arrangements

The NAO's guidance requires us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, we have not identified any risks of significant weaknesses in arrangements in our planning to date. This has included meetings with senior management, a review of the latest Medium Term Resource Strategy and a review of the savings plan for 2024/25. We will also consider the progress on 'other recommendations' we identified in our 2023/24 Auditor's Annual Report.

We will report any further identified risks to the Audit and Governance Committee on completion of our planning and risk identification work.

Audit fees and other services

Audit fees and other services

Fees for audit and other services

Our fees (exclusive of VAT) for the audit of Hartlepool Borough Council for the year ended 31 March 2024, are outlined below. The significant increase between 2022/23 and 2023/24 reflects the results of the national procurement exercise undertaken by Public Sector Audit Appointments (PSAA) Limited and to which the Authority was a party. At this stage of the audit we are not planning any divergence from the scale fees set by PSAA Limited.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Planned work in respect of our work under the Code of Audit Practice (scale audit fee published by PSAA)	£295,332	£96,506
Recurring increases in the base audit fee arising from regulatory pressures (as originally agreed in the 2019/20 audit); note that £12,624 of the fee in 2021/22 has been incorporated into the 2022/23 scale audit fee by PSAA	-	£3,156
Additional fees in respect of the new VFM approach (recurring, as agreed from the 2020/21 audit)	-	£10,000
Additional fees in respect of the revised ISA 540 (recurring, as agreed from the 2020/21 audit)	-	£4,400
ISA 315 revised –additional work in relation to understanding the entity, including documenting risks, risk assessments, and an additional focus on IT general controls (new standard applied from 2022/23 for the first time)	-	£7,500
Additional work in relation to review of the LGPS pension asset ceiling calculations (not recurring)	-	£4,000
Total	£295,332	£125,562*

* The 2022/23 fee is subject to a 5.2% inflationary increase, not included in the table above. As set out in the PSAA’s ‘Consultation on 2022/23 audit fee scale’ published in August 2022, PSAA will fund the inflationary increase using “surplus funds not required for PSAA’s operations, which would otherwise be distributed to opted-in bodies” (p8 of the consultation).




Fees for non-PSAA work

There is no 2023/24 non-audit fee work planned at this stage. In 2022/23 we were engaged by the Council to complete Housing Benefits Assurance Procedures (HBAP) and charged £15,260. We have not been engaged to complete HBAP in 2023/24.

Before agreeing to carry out any additional work, we would consider whether there were any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Confirmation of our independence

Confirmation of our independence

	Requirements	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	Compliance	We are not aware of any relationship between Forvis Mazars and Hartlepool Borough Council that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of Hartlepool Borough Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	Non-audit and Audit fees	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to Hartlepool Borough Council in Section 6, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC’s Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Hartlepool Borough Council in the first instance.

Prior to the provision of any non-audit services, James Collins will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2018/19 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit and Governance Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that gross expenditure is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross expenditure.

As set out in the table below, based on currently available information we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £6.981m (£6,430m in the prior year), and performance materiality to be in the region of £5.585m (£5,144m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2023/24 £'000s	2022/23 £'000s
Overall materiality	£6,981	£6,430
Performance materiality	£5,585	£5,144
Clearly trivial	£209	£193
Specific Materiality: Senior Officer Remuneration	10% of total senior management remuneration	10% of total senior management remuneration
Specific Materiality: Exit packages	100	100

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit and Governance Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £0.209m, based on 3% of overall materiality. If you have any queries about this, please raise these with James Collins. Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit and Governance Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Audit and Governance Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

C: Consultations on measures to tackle the local government financial reporting and audit backlog

Appendix A: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Audit strategy memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none">• Uncorrected misstatements and their effect on our audit opinion;• The effect of uncorrected misstatements related to prior periods;• A request that any uncorrected misstatement is corrected; and• In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none">• Enquiries of the Audit and Governance Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and• A discussion of any other matters related to fraud.	Audit completion Report and discussion at the Audit and Governance Committee Audit planning and clearance meetings

Appendix A: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit and Governance Committee in the context of fulfilling their responsibilities. 	Audit Completion Report

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report and Audit and Governance Committee meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of the Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Governance Committee may be aware of.	Audit Completion Report and Audit and Governance Committee meetings
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	Audit Completion Report
<p>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm's ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.) • Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality • Evaluate responses to identify and remediation process / control gaps <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p>	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an 'unconditional right'; whether to determine classification based on an entity's right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

Amendments to IAS 16 Leases: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: [Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback](#)

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity's liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity's exposure to liquidity risk.

For further information, please refer to our blog article: [IASB publishes final amendments on supplier finance arrangements](#)

Appendix B: Current year updates, forthcoming accounting & other issues

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

IFRS 17 Insurance Contracts has not yet been adopted by the FReM. Adoption in the FReM is expected to be from April 2025; early adoption is not permitted.

Appendix C: Consultations on measures to tackle the local government financial reporting and audit backlog

As we outline in the introduction to this report, there are a number of consultations currently taking place that may have implications for: the format and content of the Council's financial statements, the work we are required to undertake under the Code of Audit Practice and the timetable for the publication of the audited statements of account.

In this Appendix, we summarise the proposals in each of the consultations for information.

CIPFA/LASAAC consultation on short-term measures to aid the recovery of local authority reporting and audit

This [consultation](#) proposes amendments to the Code of Practice on Local Authority Accounting (the Accounting Code), applicable only to relevant bodies in England. The proposals are to:

- Extend the current temporary solution for accounting for infrastructure assets beyond 2024/25;
- Remove some disclosure requirements relating to a body's net defined benefit liabilities / assets; and
- Simplify the measurement for operational property, plant and equipment in specific circumstances up to 2025/26.

DLUHC consultation on addressing the local audit backlog in England

This [consultation](#) proposes a range of measures aimed at 'clear the backlog and put the system on a sustainable footing' and outlines two key phases of recovery up to 2027/28. A key aspect of the proposals is to require Category 1 bodies, such as the Council, to publish audited financial statements by a series of backstop dates. This proposal will be put in place by amending the Accounts and Audit Regulations 2015. For statements of account for financial years up to and including 2022/23, this would mean audited accounts will need to be published by 30 September 2024 unless a pre-defined exemption criteria has been met (such as there being an outstanding objection to the accounts at the backstop date).

The consultation sets out other proposals including:

- Publishing a list of bodies and audit firms which do not meet the statutory deadline for publishing audited statements of account; and

- Setting out 'backstop' dates for each financial year up to and including 2027/28.

In including a statutory backstop date for the publication of audited statements of account, the consultation makes it clear that the DLUHC expects that this will give rise to auditors issuing modified audit reports where they have not been able to complete their work on the financial statements.

NAO consultation on draft amendments to the Code of Audit Practice

This [consultation](#) has been launched alongside DLUHC's consultation on amendments to the Accounts and Audit Regulations 2015 and seeks to introduce measures that support more timely auditor reporting. The principle changes to the Code of Audit Practice being proposed are to:

- Require the auditor to issue an opinion on the financial statements by the 'backstop' date outlined in the amended Accounts and Audit Regulations 2015, whether this opinion is modified or not (subject to a number of exemptions);
- Allow the auditor to apply a reduced scope of work in relation to VFM arrangements work for outstanding audits up to and including 2022/23; and
- Require the auditor to publish the Auditor's Annual Report by 30 November each year from the 2023/24 audit year, and for this report to provide a summary of progress on the audit at the time of issue (even if the audit is not complete).

Contact

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AUDIT AND GOVERNANCE COMMITTEE

24th September 2024



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT PLAN 2024/25 UPDATE

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- 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 To inform Members of the progress made to date completing the internal audit plan for 2024/25.

3. BACKGROUND

- 3.1 In order to ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan. Regular updates allow the Committee to form an opinion on the controls in operation within the Council. This in turn allows the Committee to fully review the Annual Governance Statement, which will be presented at this meeting of the Committee, and after review, will form part of the statement of accounts of the Council.

4. PROPOSALS

- 4.1 That members consider the issues within the report in relation to their role in respect of the Councils governance arrangements. In terms of reporting internally at HBC, Internal Audit produces a draft report which includes a list of risks currently faced by the client in the area audited. It is the responsibility of the client to complete an action plan that details the actions proposed to mitigate those risks identified. Once the action plan has been provided to Internal Audit, it is the responsibility of the client to provide Internal Audit with evidence that any action has been implemented by an agreed date. The

level of outstanding risk in each area audited is then reported to the Audit and Governance Committee.

- 4.2 The benefits of this reporting arrangement are that ownership of both the internal audit report and any resulting actions lie with the client. This reflects the fact that it is the responsibility of management to ensure adequate procedures are in place to manage risk within their areas of operation, making managers more risk aware in the performance of their duties. Greater assurance is gained that actions necessary to mitigate risk are implemented and less time is spent by both Internal Audit and management in ensuring audit reports are agreed. A greater breadth of assurance is given to management with the same Internal Audit resource and the approach to risk assessment mirrors the corporate approach to risk classification as recorded corporately. Internal Audit can also demonstrate the benefit of the work it carries out in terms of the reduction of the risk faced by the Council.
- 4.3 Table 1 of the report detailed below, sets out the school's audit that has been completed and the recommendations made. Recommendations to mitigate the risks identified have been agreed and a follow up audit will be carried out to ensure satisfactory implementation.

Table 1

Audit	Objectives	Recommendations	Agreed
Throston Primary	Ensure school finance and governance arrangements are in line with best practice.	-Governor records have now been uploaded to the current school website. The school will be launching a new school website in autumn 2024. The head teacher will ensure the information is easily accessible on the new website.	Y
		-A new School Financial Value Standard has now been submitted to the LA and signed by the Chair of Governors. Governors will approve the SFVS at the next full governing body meeting on Tuesday 21st May 2024.	Y
		-A risk register based on the template provided by the audit team will be developed. This will then be shared with the school governing body for feedback in the autumn term.	Y
		-To obtain information from the LA, about how they support schools with Emergency Planning, in order that the plan can be tested. This may require a new SLA.	Y
		-The current mobile phone contract ends on 21/11/2025. A new plan will be implemented after this date.	Y
		-Ensure the office is made aware of all staff purchases in a timely manner. Consider a summer holiday invoice payment strategy. Discuss with the school bursar service, whether they can support with testing purchase	Y

Audit	Objectives	Recommendations	Agreed
		transactions.	
		-Purchase card transaction logs to be authorised.	Y
		-At the next governing body governors will agree the scale of charges for 2024/2025. This will be clearly minuted. Charges will relate to: Breakfast/Afterschool Club, Hall Hire and Educational Visits.	Y
		-The school business manager will ensure data received from NEREO in relation to DBS checks is transferred to the online software program – SCR Tracker. This will be now reviewed on a half-termly basis.	Y
		-The school will liaise with Veritau, over the latest Freedom of Information Policy, and then adapt and bring to governors for approval.	Y
		-The school will liaise with Veritau, over the latest ICO Model Publication Scheme, and then personalise and bring to governors for approval.	Y
		-The school has created an action plan based on the Data Protection compliance report, this has been shared with governors. All actions will be completed prior to the next compliance report due early Autumn 2024.	Y

4.4 Table 2 summarises the assurance placed on those audits completed with more detail regarding each audit and the risks identified and action plans agreed provided in Appendix A.

Table 2

Audit	Assurance Level
Local Council Tax Support Scheme	Satisfactory
Sexual Health Services	Satisfactory
Child and Adults Transport Provision	Satisfactory
Cash Bank Reconciliations	Satisfactory
Housing Benefits	Satisfactory
Incident Management Policy	Satisfactory
IT Network Access Controls	Satisfactory
Insurances	No Assurance
Supporting Families Claim	Satisfactory
Carefirst IT Application	Satisfactory
Controcc IT Application	Satisfactory
Domiciliary Care Contract	Satisfactory
Health and Safety	No Assurance
Disabled Facilities Grant	Satisfactory
IT Annual Review of Risk	Satisfactory

IT Cyber Security	Satisfactory
Salaries and Wages	Satisfactory
Disaster Recovery	Satisfactory
Drug and Alcohol Contract	No Assurance
IT Training and Awareness	Satisfactory

- 4.5 For Members information, Table 3 below defines what the levels of assurance Internal Audit places on the audits they complete and what they mean in practice:

Table 3

Assurance Level	Meaning
Satisfactory Assurance	Controls are operating satisfactorily, and risk is adequately mitigated.
Limited Assurance	A number of key controls are not operating as intended and need immediate action.
No Assurance	A complete breakdown in control has occurred needing immediate action.

- 4.6 Members will have noted that Insurances, Health and Safety and the Drug and Alcohol Services Contract were assessed as no assurance. I have outlined in the paragraphs below the reasons for these assessments.
- 4.7 The purpose of the Insurances audit was to establish if adequate arrangements are in place for the management of insurance services to the Council. The audit was assessed as no assurance due to issues identified in the following areas:
- No up-to-date insurance strategy or more regular review of full insurance cover with broker.
 - No recent review of departmental recharge calculations.
 - No process for identifying new areas of insurance cover, new or changes to assets and disposal.
 - Process for monitoring of claims.
 - Reporting lines to ensure the relevant managers, senior officers and/or Members have the required information to enable decision making.
 - Evaluate if Figtree application is fit for purpose and if not arrange for the development or purchase of suitable alternative information storage.
- 4.8 In order to mitigate the risks identified, comprehensive actions have been agreed with the Assistant Director (Corporate and Finance). The agreed actions are detailed in Appendix A and cover the following areas:
- An annual review of insurance coverage specifics is already carried out with departments i.e. premises in ownership, employees' numbers, numbers/types of vehicles, etc. In addition to this an annual check will be carried out with Assistant Directors moving forward, to understand if there

are any new areas of insurance cover required, likely changes during the year, significant (£2m+) capital projects and any areas no longer required.

- Review and action data cleanse in line with retention policies on all insurance related systems and documentation stores.
- Procure new insurance management system. Expand access on Figtree system. Admin support currently being arranged to support insurance operation during long-term sickness of insurance manager.
- Annual check will be carried out with Assistant Directors moving forward, to understand if there are any new areas of insurance cover required, likely changes during the year, significant (£2m+) capital projects and any areas no longer required. In addition, a review of the Risk Registers developed as part of the Corporate Risk Management Framework would also be carried out annually to identify if any risk areas need further consideration.
- Full review of charging mechanism to be carried out by central finance time to inform 2025/2026 budget setting process.
- Admin support currently being arranged to support insurance operation during long-term sickness of insurance manager. New support will allow system records to be brought up to date.
- Claims summary information to be reported on a quarterly basis into Directorate Management Teams (or other appropriate forum).
- In-year forecasting to be introduced for 2024/25. Timely providing of relevant information to finance team to assess budget position on a quarterly basis.
- HBC Insurance provider, Marsh, engaged to support an actuarial assessment of the insurance fund level.

4.9 The purpose of the Health and Safety audit was to establish if adequate arrangements are in place for the management and monitoring of health and safety at the Council. The audit was assessed as no assurance due to issues identified in the following areas:

- Health & Safety not currently part of the corporate induction process, meaning that new staff may be unaware of their roles and responsibilities and so unable to comply with the policy as required.
- There is currently no method of identifying and recording which posts require H&S training to ensure that the right staff have had the right training and are therefore able to comply with the requirements of the policy.
- There is an inconsistent approach to Departmental H&S committee meetings. There is no evidence of discussion of H&S risk and/or risk assessments to ensure compliance with the policy and effective risk management.
- There is an inconsistent approach to risk assessments being completed in departments. This could lead to H&S risks being unidentified, unassessed and unmitigated by effective controls, resulting in potential harm to staff and/or customer/service users.
- Non-compliance with the policy is not currently reported to ELT.

4.10 In order to mitigate the risks identified, comprehensive actions have been agreed with the Assistant Director (Regulatory Services). The agreed actions are detailed in Appendix A and cover the following areas:

- The current 2024 H&S Policy has been reviewed and revised will be sent to the MD to be signed. Once signed it will be rolled out to staff and put on the intranet. The new policy has also been added onto the corporate Health and Safety Meeting scheduled for the 25th of April. Moving forward, a recommendation will be put in place and the policy will have a long stop formal review date or will be reviewed and revised following any organisational management changes that will affect the policy. Each year the Health, Safety and Risk Manager will do a version control check and if no significant changes are required it will be published with the version control information.
- The draft Terms of Reference for the Corporate H&S Committee Meeting will be added on to the agenda for the next scheduled Corporate Health and Safety meeting on the 25th of April. An agreement will be sought on the TOR and will be added onto the minutes. The TOR and minutes documenting the agreement will be added to the Intranet and added to a folder in the H&S drive.
- Manager training has been provided to date in 2 formats – face to face via the workforce development programme and an e-learning ROSPA approved Health and Safety for Managers tutor led training on the Skillgate platform. Explore the provision of H&S accredited courses. If funding is available, it is proposed that budget is allocated to allow accredited management courses, such as IOSH managing safely to be added onto the Workforce Development Programme. H&S will recommend and work with HR and managers to ensure that H&S qualifications, experience and training is identified on the person specification for the post. Work with HR to include H&S on the induction process
- Raise the profile of health & safety across the Authority. A report will be taken to ELT recommending a number of changes to Health & Safety arrangements including
 - requiring that at least once per quarter Health & Safety is a standard agenda item on all DMT and departmental SMT meetings.
 - That either the AD (Regulatory Services) or Health, Safety & Risk Manager attend the quarterly DMT meetings to discuss health & Safety including audits carried out in that department and progress on actions.
 - The Health, Safety & Risk Manager will also attend departmental SMT meetings as required.
 - Update reports on Health & Safety to be taken to Finance & Policy Committee.
 - Changes to Health & Safety Committee arrangements (to be agreed by unions).
 - If there is a no assurance audit The Health, Safety & Risk Manager and AD (Regulatory Services) will meet with the

relevant AD and Strategic Manager to discuss and agree the action plan. A report will then be presented to ELT.

- The H&S team is also going to update an info pack to include with each audit report that sets out the process and responsibility for completing actions including carrying out risk assessments and consulting with workers online managers on the findings of the report.
- Explore the use of Computer system to assist in tracking progress with audit actions.

4.11 The purpose of the Drug and Alcohol Services Contract audit was to establish if adequate arrangements are in place for the management and monitoring of the delivery of the contract in line with terms and conditions. The audit was assessed as no assurance due to issues identified in the following areas:

- Contract monitoring.
- Performance measurement.

4.12 In order to mitigate the risks identified, comprehensive actions have been agreed with the Assistant Director (Joint Commissioning). The agreed actions are detailed in Appendix A and cover the following areas:

- A contract amendment was agreed that monthly performance reports were quarterly which was an oversight when the contract was issued 4 years ago. Amendment to be reported in the next meeting. Foundations partners and Clinical lead present performance data quarterly to the START Performance Management meeting. These meetings will now be minuted by the Assistant Directors PA. Contract review meetings between HBC & Foundations are intended to be informal – no official minutes will be taken.
- All data has now migrated over to SystmOne which enables data reports to be produced by HBC Data analyst once they receive the NDTMS data return. This then allows the reports to be produced. The reports are stored securely and can be referenced against when required. HBC have a dedicated SystmOne development team in place to support any SystmOne related issues for START.

4.13 Table 4 below details the audits that were ongoing at the time of compiling the report.

Table 4

Audit	Objectives
Choice Based Lettings, Housing Aid, Homelessness and Landlord Accreditation	Ensure landlord services are provided in line with statutory requirement sand best practice.
National Fraud Initiative (NFI)	Manage NFI process.
Special Guardianship Allowances	Ensure adequate procedures are in place to meet statutory duties.

Highways - Repairs and Maintenance	Adequate arrangements are in place for the management and monitoring of the function.
Social Care – Safeguarding/Referral system	Ensure adequate procedures are in place to meet statutory duties.
Members Allowances	Ensure systems are in place to manage and monitor claims in line with scheme.
Gladstone IT system	Ensure IT application controls in place
NEC Revenues and Benefits IT system	Ensure IT application controls in place
Creditors	Ensure adequate procedures are in place to meet statutory duties.
ICS Liquidlogic IT application	Ensure IT application controls in place
Non Domestic Rates	Ensure adequate procedures are in place to meet statutory duties.

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
FINANCIAL CONSIDERATIONS	No relevant issues.
SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
CHILD AND FAMILY POVERTY CONSIDERATIONS	No relevant issues.
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No consultation required.

6. RECOMMENDATIONS

- 6.1 It is recommended that Members note the contents of the report.

7. REASON FOR RECOMMENDATIONS

- 7.1 To ensure that the Audit and Governance Committee meets its remit, it is important that it is kept up to date with the ongoing progress of the Internal Audit section in completing its plan.

8. BACKGROUND PAPERS

- 8.1 Internal Audit Reports.

9. CONTACT OFFICER

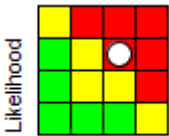

- 9.1 Noel Adamson
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Appendix A

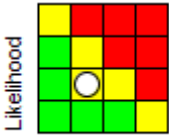
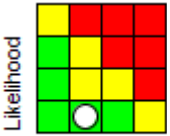
Audit	Objective			Assurance Level
Local Council Tax Support Scheme	Adequate processes are in place to ensure compliance with corporate and legislative requirements.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				



Audit	Objective			Assurance Level
Sexual Health Services	Risks to service delivery are understood and mitigated.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
It does not appear that all KPIs defined on Contract documentation have been reported to the Collaborative Commissioning Group. As a result HBC is not provided with all relevant Performance Information to assure itself that Service Priorities may be achieved.		 <p>Likelihood</p> <p>Impact</p>	KPIs and reporting are being reviewed as part of the recommissioning of sexual health services.	 <p>Likelihood</p> <p>Impact</p>



Audit	Objective			Assurance Level
Child and Adults Transport Provision	Provide assurance on the controls in place to mitigate risks regarding; Legislation & Guidance, Dynamic Purchasing System, Local School Travel Policy, Operator Payments, Service Level Agreements, Monitoring and Evaluation of the Service Provision, GDPR/Information Governance.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented

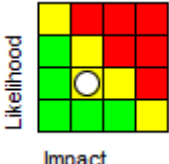
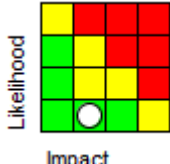
In the event that all operators withdrew from the contract, the Authority would be unable to fulfil their statutory duties. At the time of the audit, it was not clear as to whether this risk has been identified and included on the departmental risk register.		Risks to the service have been identified and added to the Strategic Risk Register. Information has been sent to relevant officer.	
Data sharing agreements were issued in 2018 to all operators in use at that point in time. At the time of the audit, it was not clear as to whether operators added to the DPS providers record/listing since this date have completed agreements.		All privacy notices associated with the service have been reviewed. Data sharing agreements require review.	

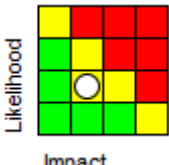
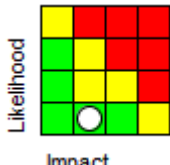
Audit	Objective		Assurance Level
Cash Bank Reconciliations	Provide assurance that formal procedures are in place and followed for collecting and processing income received, income is posted accurately onto the Integra FMS and regular reconciliation with the Authority's bank is undertaken, with outstanding values followed up. Ensure that returned payments are promptly identified and processed.		Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Observation of the reconciliation of Emergency Monies confirmed that the value held agrees to the imprest, however review of records found that reconciliation does not appear to have been undertaken since May 2023. The auditor accepts that there are robust controls in place to ensure the security of cash held, however, the service should consider regular (monthly) reconciliation of cash to expected balance.		Monthly reconciliation with supporting documentary evidence will commence with immediate effect.	

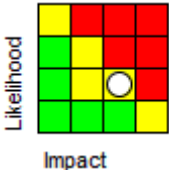
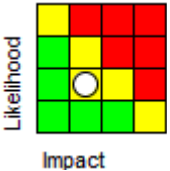
Of the 10 bank reconciliations selected for review, there was no evidence of checks by an independent person and sign off by a Senior Officer on 3 occasions.		Manager to ensure checks and sign off actioned.	
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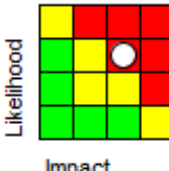
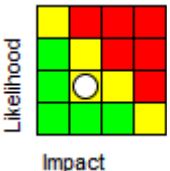
Audit	Objective		Assurance Level
Housing Benefits	Adequate processes are in place to ensure compliance with legislative requirements.		Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Performance Management arrangements have not been established to enable effective monitoring of Fraud and Data Quality processes.		This is still ongoing, we have started to discuss change with the individuals and are still looking at a Best Practice for future checking.	

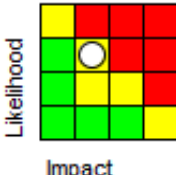
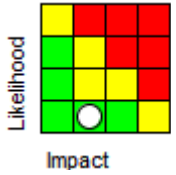
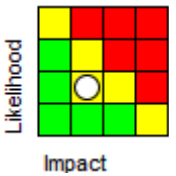
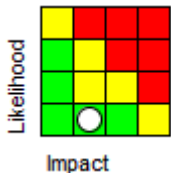
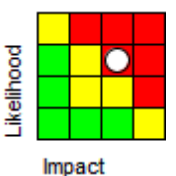
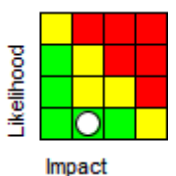
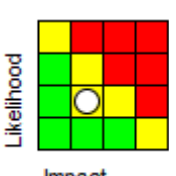
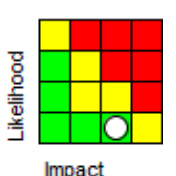
Audit	Objective		Assurance Level
Incident Management Policy	Ensure adequate controls are in operation ensuring compliance with best practice.		Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Failure to comply with HBC Information Governance Policies and Procedures leading to non-compliance with the Data Protection Act resulting in a fine from the ICO.		The Data Breach Notification Response Plan will be reviewed in line with the other Information Governance Policies.	

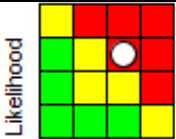


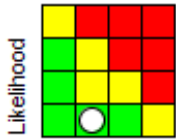

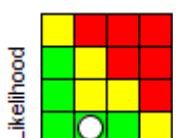



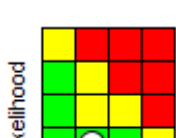
Failure to comply with HBC Information Governance Policies and Procedures leading to non-compliance with the Data Protection Act resulting in a fine from the ICO.		The Corporate Retention Policy will be updated to include the retention period for documents relating to Information Security Incidents.	
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Audit	Objective			Assurance Level
IT Network Access Controls	Ensure adequate IT controls are in operation.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
<p>There are either:</p> <ul style="list-style-type: none"> - no access controls in place, or - unauthorised access to the network may result in unauthorised access to information and software/applications which could lead to fraudulent transactions, malicious or accidental amendment or deletion of data or a data security breach, this could in turn lead to fines or sanctions, - unauthorised access to a software application may result in unauthorised access to information which could lead to fraudulent transactions, malicious or accidental amendment or deletion of data or a data security breach, this could in turn lead to fines or sanctions, - unauthorised access to c drives or removable media may result in unauthorised access to information which could lead to fraudulent transactions, malicious or accidental amendment or deletion of data or a data security breach, this could in turn lead to fines or sanctions. 			Once the intranet is replaced, MS365 is rolled out and new procedures have been drafted, they will be documented and made available as required.	

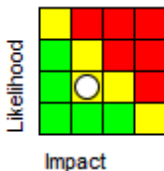
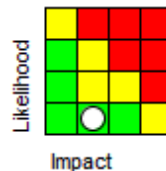
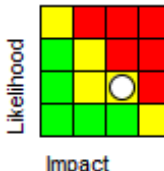

Audit		Objective		Assurance Level
Resource Link Application		Ensure adequate IT controls are in operation.		Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
The Corporate Retention Policy is not complied with leading to data being retained which no longer should be, data could be available to users which is incorrect or which breaches compliance with GDPR/Data Protection legislation, all of which could result in reputational damage and fines/sanctions if there is a data breach.			Information retention arrangements to be reviewed and implemented to ensure only required information retained.	

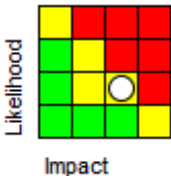
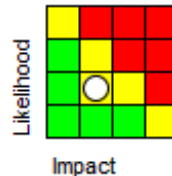
Audit		Objective		Assurance Level
Insurances		Ensure adequate Insurance Strategy; Risk Management; Use of Resources; Insurance Policies; Claims Processing; Claims Monitoring; Benchmarking and GDPR controls are in operation.		No Assurance
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
The council does not have an Insurance Strategy that considers the insurance needs of the council, leading to a lack of awareness of the overall level of risk resulting in inadequate insurance cover.			An annual review of insurance coverage specifics is already carried out with departments i.e. premises in ownership, employees numbers, numbers/types of vehicles, etc. In addition to this an annual check will be carried out with Assistant Directors moving forward, to understand if there are any new areas of insurance cover required, likely changes during the year, significant (£2m+) capital projects and any areas no longer required.	

Failure to comply with HBC Information Governance Policies and Procedures leading to non-compliance with the Data Protection Act resulting in a fine from the ICO.		Review and action data cleanse in line with retention policies on all insurance related systems and documentation stores.	
Operating system access controls may enable application access controls to be bypassed leading to unauthorised access to personal / sensitive information that may result in the data being used fraudulently or maliciously. No or ineffective controls in place around access to the system parameters could lead to unauthorised/incorrect changes being made to system parameters which could result in incorrect payments/services/data.		A) Procure new insurance management system. B) Expand access on Figtree system. Admin support currently being arranged to support insurance operation during long-term sickness of insurance manager.	
The council has not used a broker or completed a thorough assessment of insurance requirements leading to insufficient level/cover of insurance resulting in insufficient transfer of financial risks associated with the Council's activities.		Annual check will be carried out with Assistant Directors moving forward, to understand if there are any new areas of insurance cover required, likely changes during the year, significant (£2m+) capital projects and any areas no longer required. In addition a review of the Risk Registers developed as part of the Corporate Risk Management Framework would also be carried out annually to identify if any risk areas need further consideration.	
Ineffective arrangements for recharging departmental budgets may lead to incorrect costings and the costs of provision of insurance cover may not be recovered from third parties resulting in financial loss.		Full review of charging mechanism to be carried out by central finance time to inform 2025/2026 budget setting process.	
The council does not have a Risk Management Framework or Toolkit which is used by the Insurance Department to determine new areas or gaps in insurance cover, leading to inaccurate insurance cover and lack of risk		Annual check will be carried out with Assistant Directors moving forward, to understand if there are any new areas of insurance cover required, likely changes during the year, significant (£2m+) capital projects and any areas no longer required. In addition a review of the	

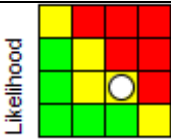

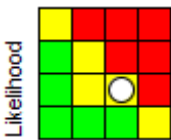
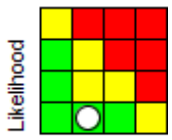
awareness of the Council's requirements within the council, resulting in adverse risk culture.	 <p>Likelihood</p> <p>Impact</p>	Risk Registers developed as part of the Corporate Risk Management Framework would also be carried out annually to identify if any risk areas need further consideration.	 <p>Likelihood</p> <p>Impact</p>
Formal arrangements for processing claims may not be in place leading to insufficient evidence required to 'defend' against fraudulent/malicious claims resulting in claims not settled in most economic, efficient and effective manner.	 <p>Likelihood</p> <p>Impact</p>	Expand access on Figtree system. Admin support currently being arranged to support insurance operation during long-term sickness of insurance manager. New support will allow system records to be brought up to date.	 <p>Likelihood</p> <p>Impact</p>
Inadequate reporting and monitoring of the number and costs of claims which could lead to inappropriate action taken to reduce future potential claims resulting in financial loss and reputational damage.	 <p>Likelihood</p> <p>Impact</p>	Claims summary information to be report on a quarterly basis in to Directorate Management Teams (or other appropriate forum – TBC).	 <p>Likelihood</p> <p>Impact</p>
There is no or insufficient review of the Self Insurance Fund to ensure its value is proportionate and reasonable to cover potential excesses, leading to either insufficient/too much money being held to cover costs, resulting in adverse impact on budget position.	 <p>Likelihood</p> <p>Impact</p>	In-year forecasting to be introduced for 2024/25. Timely providing of relevant information to finance team to assess budget position on a quarterly basis.	 <p>Likelihood</p> <p>Impact</p>
There is no or insufficient review of the Self Insurance Fund to ensure its value is proportionate and reasonable to cover potential excesses, leading to either insufficient/too much money being held to cover costs, resulting in adverse impact on budget position.	 <p>Likelihood</p> <p>Impact</p>	Insurance provider, Marsh, engaged to support an actuarial assessment of the insurance fund level.	 <p>Likelihood</p> <p>Impact</p>

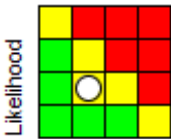
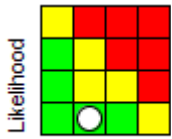
Audit	Objective	Assurance Level
Supporting Families Grant	Grant is managed in line with terms and conditions.	Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed
No unmitigated risk identified.		

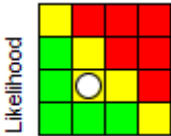
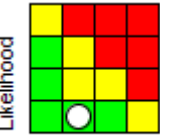
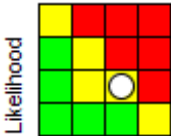
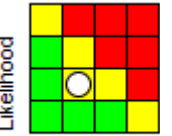

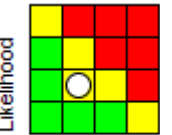
Audit	Objective			Assurance Level
Carefirst IT Application	Ensure adequate IT controls are in operation.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
Password parameters are not in line with corporate access policy requirements (passwords being weaker than corporate requirements) which could lead to a greater risk of weak passwords being guessed or targeted by hackers or ransomware attackers resulting in a greater risk of a security breach or data leak.		Password criteria/details for external users will be updated in the DPIA to reflect the fact that this has been double checked with CICT and the password criteria are acceptable.		
The Corporate Retention Policy is not complied with leading to data being retained which no longer should be, data could be available to users which is incorrect or which breaches compliance with GDPR/Data Protection legislation, all of which could result in reputational damage and fines/sanctions if there is a data breach.		A) Due to technical restrictions in a number of current IT systems, e.g. CareFirst and Controccc, we are currently unable to delete records from the main system without impacting other records, e.g. a client may have a related person (such as a wife or brother) recorded in the system and if the record was deleted, the link to the other record would potentially be lost or cause an error. We will put this reference/restriction into the corporate 'Retention & Destruction Policy' for these adult based systems, and the corporate policy will be reviewed to incorporate this scenario. B) The relevant IT companies are being contacted to see how these changes can be made without the potential loss/error occurring.		



Audit	Objective			Assurance Level
Controcc IT Application	Ensure adequate IT controls are in operation.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
The Corporate Retention Policy is not complied with leading to data being retained which no longer should be, data could be available to users which is incorrect or which breaches compliance with GDPR/Data Protection legislation, all of which could result in reputational damage and fines/sanctions if there is a data breach.			A) Due to technical restrictions in a number of current IT systems, e.g. CareFirst and Controcc, we are currently unable to delete records from the main system without impacting other records, e.g. a client may have a related person (such as a wife or brother) recorded in the system and if the record was deleted, the link to the other record would potentially be lost or cause an error. We will put this reference/restriction into the corporate 'Retention & Destruction Policy' for these adult based systems, and the corporate policy will be reviewed to incorporate this scenario. B) The relevant IT companies are being contacted to see how these changes can be made without the potential loss/error occurring.	


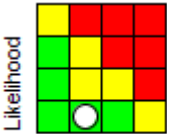
Audit	Objective			Assurance Level
Domiciliary Care	Ensure adequate assessment of need has been undertaken and domiciliary care is an identified need and, a financial assessment has identified the local authority contribute to the cost of care and the individual has elected for the Local Authority to manage the Personal Budget and provide care.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Insufficient checks on invoices leading to incorrect payments being made resulting in additional budget pressures.			Implementation of a more robust process to ensure that all information is checked on a more regular basis, and any amendments needed are highlighted more promptly – then corrected/updated in file. This is now checked on every 4 week submission of data from care providers –	

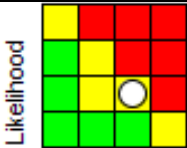







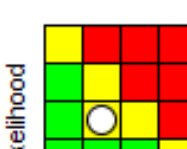

	 <p>Likelihood</p> <p>Impact</p>	all content is checked.	 <p>Likelihood</p> <p>Impact</p>
Insufficient checks on invoices leading to incorrect payments being made resulting in additional budget pressures.	 <p>Likelihood</p> <p>Impact</p>	Rolling scale for checking being implemented – based on % amount - this will be uploaded on Power Bi (which will allow a lot more flexibility in both identifying the amount of hours and the ‘allowable differential’ in any particular person care. This Power Bi interactive differential tool will be introduced by the end of May, but the standard/initial approach (where care hours are 3 hours or above) is in place now.	 <p>Likelihood</p> <p>Impact</p>

Audit	Objective			Assurance Level
Health and Safety	Ensure adequate controls are in operation to mitigate risks in the following areas: Policies and procedures; Training; Risk Assessments; and Monitoring and Reporting.			No Assurance
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
The Authority does not have an effective H&S Framework in place which sets out responsibilities or complies with Health & Safety legislative requirements resulting in significant financial penalties and reputational damage.		 <p>Likelihood</p> <p>Impact</p>	The current 2024 Policy has been reviewed and revised will be sent to the MD to be signed. Once signed it will be rolled out to staff and put on the intranet. The new policy has also been added onto the corporate Health and Safety Meeting scheduled for the 25th April. Moving forward a recommendation will be put in place and the policy will have a long stop formal review date or will be reviewed and revised following any organisational management changes that will affect the policy. Each year the Health, Safety and Risk Manager will do a version control check and if no significant changes are required it will be published with the version control information.	 <p>Likelihood</p> <p>Impact</p>

<p>The Authority does not have an effective H&S Framework in place which sets out responsibilities or complies with Health & Safety legislative requirements resulting in significant financial penalties and reputational damage.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>The draft Terms of Reference for the Corporate H&S Committee Meeting will be added on to the agenda for the next scheduled Corporate Health and Safety meeting on the 25th April. An agreement will be sought on the TOR and will be added onto the minutes. The TOR and minutes documenting the agreement will be added to the Intranet and added to a folder in the H&S drive.</p>	 <p>Likelihood</p> <p>Impact</p>
<p>Lack of suitable training for staff appropriate to the level of requirements to manage health & safety leading to staff not being aware of their responsibilities resulting in non-compliance with policy or legislative requirements.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Manager training has been provided to date in 2 formats – face to face via the workforce development programme and an e-learning ROSPA approved Health and Safety for Managers tutor led training on the Skillgate platform.</p> <p>Explore the provision of H&S accredited courses. If funding is available it is proposed that budget is allocated to allow accredited management courses, such as IOSH managing safely to be added onto the Workforce Development Programme.</p> <p>H&S will recommend and work with HR and managers to ensure that H&S qualifications, experience and training is identified on the person specification for the post.</p> <p>Work with HR to include H&S on the induction process</p>	 <p>Likelihood</p> <p>Impact</p>
<p>Health & Safety risk assessments are not undertaken by departments or reviewed on a regular basis leading to ineffective management of potential hazards resulting in non-compliance with the organisational Health & Safety Policy, Health & Safety legislation/regulations and/or potential accident, injury or loss of life.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>Raise the profile of health & safety across the Authority. A report will be taken to ELT in April 2024 recommending a number of changes to Health & Safety arrangements including</p> <ul style="list-style-type: none"> <input type="checkbox"/> Requiring that at least once per quarter Health & Safety is a standard agenda item on all DMT and departmental SMT meetings. <input type="checkbox"/> That either the AD (Regulatory Services) or Health, Safety & Risk Manager attend the quarterly DMT meetings to discuss health & Safety including audits carried out in that department and progress on actions. <input type="checkbox"/> The Health, Safety & Risk Manager will also attend departmental SMT meetings as required. <input type="checkbox"/> Update reports on Health & Safety to be taken to Finance & Policy Committee. <input type="checkbox"/> Changes to Health & Safety Committee arrangements 	 <p>Likelihood</p> <p>Impact</p>

		<p>(to be agreed by unions)</p> <p>□ If there is a no assurance audit The Health, Safety & Risk Manager and AD (Regulatory Services) will meet with the relevant AD and Strategic Manager to discuss and agree the action plan. A report will then be presented to ELT.</p> <p>The H&S team is also going to update an info pack to include with each audit report that sets out the process and responsibility for completing actions including carrying out risk assessments and consulting with workers on line managers on the findings of the report.</p>	
Ineffective monitoring and reporting throughout the Authority of potential hazards leading to accidents, incidents, injury or loss of life resulting in non-compliance with legislation.	 <p>Likelihood</p> <p>Impact</p>	Explore the use of Computer system to assist in tracking progress with audit actions.	 <p>Likelihood</p> <p>Impact</p>

Audit	Objective			Assurance Level
Disabled Facilities Grant	Ensure adequate arrangements are in place to comply with best practice and statutory guidance.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
Ineffective communication of the availability of the types of assistance available means that potential eligible applicants do not have appropriate access to information resulting in failure to provide appropriate assistance to those who are entitled to it.		 <p>Likelihood</p> <p>Impact</p>	Two New Policies to be uploaded to HBC website Current DFG info held on HBC website to be reviewed and updated	 <p>Likelihood</p> <p>Impact</p>
No checks on the eligibility of applicants, assessment of need or relevant works means that funds used are not targeted at people who			Gill Bailey to discuss with John Lovatt and Neil Harrison	

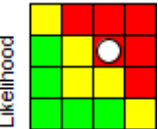
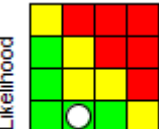
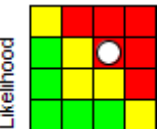

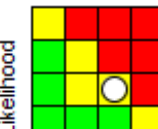
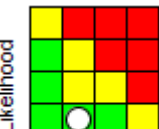
require assistance most resulting in ineffective use of resources and failure to identify contributions to be received.	 <p>Likelihood</p> <p>Impact</p>		 <p>Likelihood</p> <p>Impact</p>
Failure to follow laid down procedures for procuring works resulting in a failure to achieve value for money or quality of works undertaken leading to increased financial costs to the Council and reduction in available DFG for other applicants	 <p>Likelihood</p> <p>Impact</p>	Procedure for reclaiming contributions to be created.	 <p>Likelihood</p> <p>Impact</p>
Failure to follow laid down procedures for procuring works resulting in a failure to achieve value for money or quality of works undertaken leading to increased financial costs to the Council and reduction in available DFG for other applicants	 <p>Likelihood</p> <p>Impact</p>	Procedure for when applicants use their own contractor and HBC pays cheques direct to applicant to be created.	 <p>Likelihood</p> <p>Impact</p>
Local land charges are not applied to properties when appropriate as a result of not complying with the Housing Assistance Policy resulting in grants not being effectively used in the event of changes in circumstances	 <p>Likelihood</p> <p>Impact</p>	Charges procedure to be created in relation to HBC working practises.	 <p>Likelihood</p> <p>Impact</p>
Planning and building regulations are not obtained for relevant applications leading to breach of legislation	 <p>Likelihood</p> <p>Impact</p>	Currently Building Control are invited to all final inspections that are completed by the special needs team in relation to builds that require a completion certificate. Procedure to be created in relation to Building Control / completion certificate sign off.	 <p>Likelihood</p> <p>Impact</p>
Inadequate performance management leading to failure to deliver adaptations within prescribed timescales resulting in undue delays		The above performance management is already reported to the North East Adaptations Group on a 1/4ly basis. This information will be reported internally at	

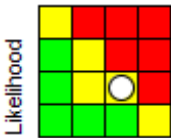
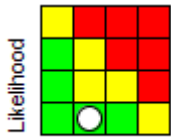

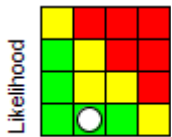
in assistance to eligible applicants.		HBC.	
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Audit	Objective			Assurance Level
IT Annual Review of Risk	Ensure adequate IT controls are in operation.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective			Assurance Level
IT Cyber Security	Ensure adequate IT controls are in operation.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective			Assurance Level
Salaries and Wages	Adequate processes are in place to ensure compliance with legislative requirements.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

Audit	Objective	Assurance Level		
Disaster Recovery	Grant is managed in line with terms and conditions.			Satisfactory
Risk Identified	Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented	
There is no Business Continuity Group established leading to the Business Continuity Plan not regularly reviewed and relevant exercises undertaken to ensure the plan is valid, resulting in adverse effects on services in the event of a failure.	 <p>Likelihood</p> <p>Impact</p>	Arrangements are made for minutes to be taken at all meetings. Discussion will take place with ELT to stress importance of taking minutes at this meeting	 <p>Likelihood</p> <p>Impact</p>	
Lack of or no training and awareness campaigns may lead to staff being unaware or unable to complete their roles and responsibilities effectively during an incident which is disrupting services, resulting in adverse effect on service provision.	 <p>Likelihood</p> <p>Impact</p>	Officers are looking at recording all training and CPD. List produced of all officer requiring BC training and as courses are available they will be offered places Options for wider training for other staff being explored.	 <p>Likelihood</p> <p>Impact</p>	
There is no Business Continuity Group established leading to the Business Continuity Plan not regularly reviewed and relevant exercises undertaken to ensure the plan is valid, resulting in adverse effects on services in the event of a failure.	 <p>Likelihood</p> <p>Impact</p>	Terms Of Reference for group located. These have been circulated and are to be reviewed at next meeting.	 <p>Likelihood</p> <p>Impact</p>	

Audit	Objective			Assurance Level
Drug and Alcohol Services Contract	Contract delivered and monitored in line with terms and conditions.			No Assurance
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
The monitoring of the contract is not undertaken or reported timely and accurately to the LA leading to under delivery of drug and alcohol treatment provision resulting in non-compliance with legislation and possible financial loss.		 Likelihood Impact	A contract amendment was agreed that monthly performance reports were actually quarterly which was an oversight when the contract was issued 4 years ago. Amendment to be reported in the next meeting. Foundations partners and Clinical lead present performance data quarterly to the START Performance Management meeting. These meetings will now be minuted by the Assistant Directors PA. Contract review meetings between HBC & Foundations are intended to be informal – no official minutes will be taken.	 Likelihood Impact
Data is added incorrectly within the software system or not checked for accuracy leading to incorrect data reported resulting in the failure to supply contract requirements.		 Likelihood Impact	All data has now migrated over to SystmOne which enables data reports to be produced by HBC Data analyst once they receive the NDTMS data return. This then allows the reports to be produced. The reports are stored securely and can be referenced against when required. HBC have a dedicated SystmOne development team in place to support any SystmOne related issues for START.	 Likelihood Impact

Audit	Objective			Assurance Level
IT Training and Awareness	Adequate arrangements in place to ensure relevant employees receive adequate and effective IT training.			Satisfactory
Risk Identified		Risk Level prior to action implemented	Action Agreed	Risk Level after action implemented
No unmitigated risk identified.				

AUDIT AND GOVERNANCE COMMITTEE

24th September 2024



Report of: Head of Audit and Governance

Subject: INTERNAL AUDIT ANNUAL REPORT AND
OPINION 2023/24

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- 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 This report provides members with the Head of Audit and Governance assurance opinion on the adequacy and effectiveness of the Council's internal control environment.
- 2.2 The report also informs members of the outcomes of audit work covering the period April 2023 to March 2024.

3. BACKGROUND

- 3.1 This report summarises the work carried out by internal audit during the financial year 2023/24 and provides assurance on the effectiveness of the Council's internal control environment, risk management and corporate governance arrangements in place during the year.
- 3.2 The requirement for an internal audit function is contained within Section 151 of the Local Government Act 1972 which requires Local Authorities 'make arrangements for the proper administration of their financial affairs and ensure that one of its officers has responsibility for

the administration of those affairs”. Authority has been delegated to the Director of Finance IT and Digital to fulfil this function.

- 3.3 Part 2, Regulation 5 of the Accounts and Audit Regulations 2015 requires that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 3.4 The Public Sector Internal Audit Standards (PSIAS) established in 2013 (revised in 2016 and 2017) are the agreed professional standards for internal audit in local government. PSIAS was the Code under which the Internal Audit Service operated during 2023/2024. It sets out the requirement for the Head of Audit and Governance (“Chief Audit Executive”) to report to officers and the Audit Committee (“The Board”) to help inform their opinions on the effectiveness of the Internal Control environment in operation within the Council.
- 3.5 The Annual Internal Audit Report should therefore be considered in the context of fulfilling the above requirement. The annual internal audit opinion contributes to the completion of the Annual Governance Statement (AGS).
- 3.6 Internal Audit has a professional duty to provide an unbiased and objective view of the Council’s Internal Control environment. Internal Audit is independent of the processes that it evaluates.
- 3.7 No system of internal control can provide absolute assurance against material misstatement or loss, nor can internal audit give absolute assurance. This report provides accountability for internal audit delivery and performance and allows Members to monitor the application of the delegated authority for ensuring an effective and satisfactory internal audit function.
- 3.8 All auditors are instructed to declare if they have any links to the subject matter of any audits undertaken or relationships with auditees that could compromise the impartiality or objectivity of the work undertaken. If a declaration is made arrangements are in place to ensure the independence of internal audit and that individuals are protected.
- 3.9 Information for Members on the standards of financial administration and management arrangements operating within the Authority is detailed in this report, together with a progress report on the extent of implementation of audit action plans. The consideration and effective implementation of audit action plans is fundamental in ensuring effective financial stewardship and robust financial systems, controls and procedures.

- 3.10 This report also details the performance of internal audit in 2023/24 on a range of key performance indicators.
- 3.11 Hartlepool Borough Council also provides audit services to Cleveland Fire Authority. In addition to the audits detailed in **Appendix A**, internal audit completed 12 major systems and probity reviews for the CFA during 2023/24.
- 3.12 Staffing resources were as anticipated and a balanced program of work covering all Council departments was achieved for 2023/24.

4 ROLES AND RESPONSIBILITIES

- 4.1 The council is accountable collectively for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The AGS is an annual statement by the council setting out:
- how the responsibilities of the council are discharged with regards to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives
 - the purpose of the governance arrangements as evidenced by a description of the risk management and review processes
 - the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising
- 4.2 The council's framework of assurance should bring together all the evidence required to support the AGS. In addition to the assurances provided by both internal audit and external audit over the adequacy of the controls in place to manage key risks, there are numerous internal mechanisms through which management can provide their own assurances that the risks that they have ownership of are being managed effectively. In addition, there are also assurances provided by various external bodies which are independent of the organisation.

5 THE OBJECTIVES AND SCOPE OF INTERNAL AUDIT

- 5.1 The objectives and scope of internal audit are set out in the Internal Audit Charter. In accordance with the PSIAS, the Internal Audit Charter is reviewed by the Audit & Governance Committee on an annual basis. Internal Audit work during 2023/24 was performed in accordance with the Internal Audit Charter approved by the Audit & Governance Committee. The Charter defines the mission, scope, roles, and responsibilities of the internal audit function.

- 5.2 The opinion does not imply that internal audit has reviewed all risks and assurances relating to the council. The purpose of the opinion is to contribute to the assurances available to the council which underpin the council's own assessment of the effectiveness of the organisation's governance arrangements and system of internal control.

6. HEAD OF INTERNAL AUDIT OPINION ON THE EFFECTIVENESS OF INTERNAL CONTROL

- 6.1 Based on the audit work undertaken for the 2023/24 internal audit plan, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice.
- 6.2 Where audits have resulted in 'Limited/No Assurance' opinions, and we have highlighted weaknesses that may present risk to the council, we have agreed actions to further improve the arrangements in place. Although significant to the control environment in place for the individual system areas that have been audited, these weaknesses are not material enough to have a significant impact on the overall opinion on the adequacy of the Council's governance, risk management and control arrangements at the year end.

7 THE PROCESS OF ARRIVING AT THE OPINION

- 7.1 The basis for forming my opinion is as follows:
- ongoing support and review of the design and operation of the governance arrangements including supporting processes, the Code of Corporate Governance and the process for producing the Annual Governance Statement
 - an assessment of the risk management arrangements and the framework of assurance
 - an assessment of the range of individual opinions arising from risk-based audit assignments, contained within the internal audit risk-based plan, that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses (this is summarised in Section 8 below)
- 7.2 In addition to these considerations, I have also considered the work of Internal Audit in previous years, particularly around key financial systems. There have been no significant changes to these systems and the council's external auditors have issued unqualified opinions on the financial statements and the value for money conclusion.

- 7.3 Taking all these considerations into account, I have concluded that I am able to issue an opinion for 2023/24 without any limitations of scope.

8 SUMMARY OF THE INTERNAL AUDIT WORK USED TO INFORM THE OPINION

- 8.1 **Appendix A** details the status and assurance level placed on planned audits in 2023/24. Table 1 below summarises completed coverage over the year.

Table 1 – Audit Plan Coverage

Number of Planned Audits	74	%
Number of audits completed	61	82%
Number of audits ongoing	2	3%
Number of audits at draft	2	3%
Number of audits deferred to 24/25	7	9%
Number of audits cancelled	2	3%

Table 2 below summarises the levels of assurance placed on the completed audits over the course of the year.

Table 2 – Assurance level of completed audits

Number of audits Completed	61	%
Satisfactory Assurance	53	87%
Limited Assurance	2	3%
No Assurance	4	7%
Report issued without an assurance level	2	3%

- 8.2 **Fundamental Financial Systems**
The internal audit plan included reviews of the fundamental financial systems in 2023/24. The volume of work undertaken in this area was structured to ensure all major risks are covered on a rolling programme basis. The fundamental financial systems benefit from established and stable system procedures and audit testing found no high priority issues.
- 8.3 **ICT Governance**
Internal audit has covered high risk Council IT application systems in 2023/24 and works with CICT to champion the move to new technology platforms. Audit testing in these areas found no high priority issues.
- 8.4 **Risk Management Arrangements**
The corporate risk register is populated with risks to the achievement of the council's corporate objectives and all risks are categorised and allocated to a responsible Officer. Risk management arrangements provide a key source of assurance for the Council. As part of the

development of the corporate risk register, Internal Audit continue to provide support and guidance to senior management in its development.

8.5 Grant Assurance

Internal Audit continue to provide assurance on the processes in place to manage grant expenditure in line with grant terms and conditions in the following areas:

- Levelling Up Fund and Town Deal Fund
- Youth Employment Initiative
- Highways Capital Grant

9 FOLLOW UP

9.1 Internal Audit reports are issued to auditees following a discussion of any audit findings and risks. Each report includes an Action Plan developed by management and agreed with Internal Audit, recording:

- Action taken to revise systems, procedures and operating arrangements.
- A timescale for introducing the action plan improvements.

9.2 In accordance with PSIAS, a system of follow up of agreed action plans is in operation to monitor what action has been taken by management in response to audit work. During 2023/24, all audits completed, that had reached the date when a follow up was due, have been the subject of follow up activity. Table 3 below details the status of follows as at the end of June 2024.

Table 3 – Follow Up Status

Actions agreed in completed audits	170
Actions implemented	47
Actions not yet due	88
Actions being actively followed up by Audit team	35

This position is positive and indicates a commitment by management to further improve controls and financial systems throughout the Authority. Further follow up work is planned in 2024/25 for those actions not yet implemented.

10 INTERNAL QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

10.1 Internal Audit's Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the Internal Audit activity that Internal Audit:

- Performs its work in compliance with its Charter, which is consistent with PSIAS, the PSIAS definition of Internal Auditing and Code of Ethics
- operates in an effective and efficient manner
- is perceived by stakeholders as adding value and improving internal Audit's operations

10.2 Internal Audit is committed to the delivery of a quality service, which accords with the UK PSIAS, and to being responsive to the needs of service departments. In common with other central service providers, a number of core performance indicators for Internal Audit Services have been determined for 2023/24. Performance against these targets is detailed in Table 4 below:

Table 4 - Internal Audit Performance Indicators

Indicator	Target Set for 2023/24	Actual Performance 2023/24
Completion of fundamental systems audits provides assurance that financial procedures are operating effectively.	90%	100%
In addition to managing auditor reviews, quality reviews of Teammate working paper files and evidence by the Head of Audit and Governance to ensure compliance with the standards laid down in Codes of Practice and adopted in the Internal Audit Manual.	10%	10%
Percentage of Final Audit Reports issued within 10 working days of draft audit completion.	90%	100%
Annual Report to Members by 30 th July following year-end.	30.07.24	24.09.24

10.3 As well as audit plan completion, a number of service improvement targets were identified in the section's development plan. Table 5 below details targets set and their achievement during 2023/24.

Table 5 – Service Improvements

Target	Activity	Outcome
Provide a robust training plan for Internal Audit staff	1 Identify standards required at each level and corporately for all of the audit team 2 Undertake assessment of competencies 3 Use the competency assessment plus corporate requirements to develop a training plan for staff 4 Implement training plan 5 Measure performance in relation to meeting training plan.	PSIAS compliant training plans now in place for all staff.

	Build on QAIP competency framework to include risk, control, ethics, fraud and three line assurance training. Address each of the areas of IA such as planning, annual planning, reporting, follow up and ethics, standards, our document like the strategy.	Ethics, risk and controls training provided to all internal audit staff.
	Include as a priority Teammate admin training, NFI admin training.	Teammate updates provided to all staff. NFI training ongoing.
	Review Coaching Note and 1-2-1's developing process for what information goes to 1-2-1's creating reports where necessary in insights or dashboards.	1-2-1s linked to individual development process.
Improve reporting to clients.	Review planning document, draft, final and follow up reports to ensure they capture and communicate all relevant information to ensure link between IA work and corporate objectives and risks are clear, demonstrating added value of IA work, promoting risk management and controls throughout audit process.	Planning documents refocussed on risk mitigation. Draft and final report format changed to highlight link between audit testing, corporate risks and risk mitigation.
Maintain an effective process for recording, managing and reporting internal audit work.	Get up to date and test out the new functions and updated releases, need plan noting to test items and need a test database to be able to complete this – to look into who will provide – need test data base year-round so can test procedures and effect they have on other areas of database and reporting.	Teammate software updated to most recent release. Test database used for updates; further work needed to ensure can use when needed.

- 10.4 As per PSIAS requirements, an External Assessment of HBC Internal Audit must be completed once every five years. The PSIAS has six core standards with three hundred areas of compliance across these standards. A self-assessment was undertaken in 2019 and then externally peer reviewed by Stockton and Darlington Internal Audit Service. The external assessment concluded:

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

- 10.5 The external assessment is once again due in 2024 and will be completed in the coming year.

11 OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
FINANCIAL CONSIDERATIONS	No relevant issues.
SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
CHILD AND FAMILY POVERTY CONSIDERATIONS	No relevant issues.
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No consultation required.

12. RECOMMENDATION

- 12.1 That Members note the contents of the report.

13. REASONS FOR RECOMMENDATIONS

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

14. BACKGROUND PAPERS

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

15. CONTACT OFFICER

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Appendix A

Summary of Internal Audit Planned Work Undertaken for 2023/24

Audit	Assistant Director	Assurance Level	Status
IT Disaster Recovery	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Insurances	Paul Dixon, Corporate and Financial Services	None	Final Report
Integrated Transport Unit - Highways Capital Grant	Kieron Bostock, Neighbourhoods	Satisfactory	Final Report
Tourism - Town Hall Theatre/Borough Hall	Gemma Ptak, Prev & Comm Servs	None	Final Report
Integrated Transport Unit - Child and Adult Provision	Kieron Bostock, Neighbourhoods	Satisfactory	Final Report
Sexual Health Services	Craig Blundred, Director of Public Health	Satisfactory	Final Report
Disaster Recovery / Business Continuity	Sylvia Pinkney, Regulatory Services	Satisfactory	Final Report
BIS	Bev Bearne, Development & Growth	Satisfactory	Final Report
Throston Primary School	Amanda Whitehead, Education	Satisfactory	Final Report
Eden Academy Trust	Kirsty Whitehouse, Eden Academy Trust	Satisfactory	Final Report
Eskdale Academy	Kirsty Whitehouse, Eden Academy Trust	Satisfactory	Final Report
Stranton Primary School Academy	Kirsty Whitehouse, Eden Academy Trust	Satisfactory	Final Report
Jesmond Gardens Primary Academy	Kirsty Whitehouse, Eden Academy Trust	Satisfactory	Final Report
Bluebell Meadow Primary School Academy	Kirsty Whitehouse, Eden Academy Trust	Satisfactory	Final Report
IT Access Controls	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
IT Annual Review of Risk	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
IT Cyber Security	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
IT Policies - Incident Management Policy	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Health and Safety	Sylvia Pinkney, Regulatory Services	None	Final Report
Benefits - Housing	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Budgetary Control	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Cash/Bank	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Council Tax	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Creditors	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Debtors	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Loans & Investments	Paul Dixon, Corporate and	Satisfactory	Final Report

	Financial Services		
Local Council Tax Support Scheme	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Main Accounting	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
NNDR	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Officers Expenses	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Salaries and Wages	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
V.A.T.	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Supporting Families Grant - Claim 1	Jane Young, Children & Families	Satisfactory	Final Report
Youth Employment Initiative Grant 1 -	Gemma Ptak, Prev & Comm Servs	Satisfactory	Final Report
Adult Education	Gemma Ptak, Prev & Comm Servs	Satisfactory	Final Report
Libraries - Spydus System	Gemma Ptak, Prev & Comm Servs	Satisfactory	Final Report
Social Care - Day Services	John Lovatt, Adult Social Care	Satisfactory	Final Report
Disabled Facilities Grant	John Lovatt, Adult Social Care	Satisfactory	Final Report
Domiciliary Care (External)	Danielle Swainston, Joint Commissioning	Satisfactory	Final Report
Drugs and Alcohol Services Contract	Craig Blundred, Director of Public Health	None	Final Report
Highways - Utility Permits	Kieron Bostock, Neighbourhoods	Satisfactory	Final Report
Local Authority Delivery Scheme/Housing Upgrade Scheme	Sylvia Pinkney, Regulatory Services	Satisfactory	Final Report
Public Health Services for children and young people aged 5-19	Craig Blundred, Director of Public Health	Satisfactory	Final Report
Money Laundering Policy Review	Paul Dixon, Corporate and Financial Services	Limited	Final Report
Staff Lottery	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Housing Upgrade Scheme	Sylvia Pinkney, Regulatory Services	Satisfactory	Final Report
Catalysing Hartlepool's Screen Industries Production Village LUF Grant	Bev Bearne, Development & Growth	Limited	Final Report
Enterprise	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Firmstep	Laura Griffiths, Customer Services and IT	Satisfactory	Final Report
Integra	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
NEC Revenues and Benefits - formally known as IWorld	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
ResourceLink & MyView	Paul Dixon, Corporate and Financial Services	Satisfactory	Final Report
Controcc	Danielle Swainston, Joint Commissioning	Satisfactory	Final Report

Carefirst	Danielle Swainston, Joint Commissioning	Satisfactory	Final Report
Supporting Families Grant - Claim 2	Jane Young, Children & Families	Satisfactory	Final Report
Supporting Families Grant - Claim 3	Jane Young, Children & Families	Satisfactory	Final Report
Supporting Families Grant - Claim 4	Jane Young, Children & Families	Satisfactory	Final Report
Youth Employment Initiative Grant 2	Gemma Ptak, Prev & Comm Servs	Satisfactory	Final Report
Youth Employment Initiative Grant 3	Gemma Ptak, Prev & Comm Servs	Satisfactory	Final Report
Social Care - Direct Payments Fraud Arrangement Review	John Lovatt, Adult Social Care		Deferred 2425
Integrated Transport Unit - Private Hire/Fleet Hire	Kieron Bostock, Neighbourhoods		Cancelled
Cemeteries & Crematoriums	Gemma Ptak, Prev & Comm Servs		Deferred 2425
Members Allowances /Travel/Subsistence	Hayley Martin, Chief Solicitor		Deferred 2425
Employee Protection/Violence Register	Sylvia Pinkney, Regulatory Services		Deferred 2425
Risk Management	Bev Bearne, Development & Growth		Deferred 2425
Pharmacy Contract	Craig Blundred, Director of Public Health		No Assurance Level
IT Business Continuity Plan	Laura Griffiths, Customer Services and IT		No Assurance Level
Performance Management Systems	Bev Bearne, Development & Growth		Cancelled
Fraud Awareness	Paul Dixon, Corporate and Financial Services		Deferred 2425
Procurement	Bev Bearne, Development & Growth		Deferred 2425
NFI	Paul Dixon, Corporate and Financial Services		Fieldwork Ongoing
Housing Advice and Homelessness	Danielle Swainston, Joint Commissioning		Fieldwork Ongoing
Special Guardianship Allowances	Jane Young, Children & Families		Draft
Highways - Repairs and Maintenance	Kieron Bostock, Neighbourhoods		Draft

AUDIT AND GOVERNANCE COMMITTEE

24th September 2024



Report of: Head of Audit and Governance

Subject: NEW GLOBAL INTERNAL AUDIT STANDARDS
EFFECTIVE JANUARY 2025

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- 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 To inform Members of the new International Professional Practices Framework 2024 (IPPF 2024), consisting of the Global Internal Audit standards, Topical Requirements and Guidance that become effective from 9th January 2025.
- 2.2 To inform Members of their responsibilities regarding the transition from the previous IPPF 2017 to the new IPPF 2024.
- 2.3 To inform Members of their roles and responsibilities under the new IPPF 2024 Domain 3 – Audit Committees and Senior Management.

3. BACKGROUND

- 3.1 The International Professional Practices Framework (IPPF) 2017, and the Public Sector Internal Audit Standards (PSIAS) 2017 which helped apply the International Standards to the UK Public Sector, have been updated to a new structure which includes: the new Global Internal Audit Standards, new Topical Requirements, and Guidance.

- 3.2 This new structure (IPPF 2024) becomes effective from 9th January 2025. Hartlepool Borough Council's Internal Audit Service is required to transition from the IPPF 2017/PSIAS 2017 to the new IPPF 2024 no later than April 2025. Conformance with the IPPF 2024 will be examined in the next External Quality Assessment (EQA) due within 5 years from the last EQA.

4. PROPOSALS

New IPPF 2024

- 4.1 The International Professional Practices Framework (IPPF) 2024 consists of:
- Global Internal Audit Standards;
 - Topical Requirements; and
 - Guidance.

Table 1 below shows how the new Global Internal Audit Standards 2024 is structured.

Table1 – slide from the Institute of Internal Auditors



- 4.2 There are 5 domains and 15 principles, with Standards under each principle. The first 2 domains are the foundations, and the remaining 3 domains are focused on key areas of Internal Audit delivery. Domains 1 and 3 are most relevant to the Audit and Governance Committee. Domain 1 is Purpose of Internal Auditing and Domain 3 is Audit Committee and Senior Management.

- 4.3 Table 2 shows the mandatory Topical Requirements

Table 2 – Topical Requirements

Topic
Cyber Security
Sustainability: ESG
Third Party Management
Information Technology Governance
Assessing Organisational Governance
Fraud Risk Management
Privacy Risk Management
Public Sector: Performance Audits

- 4.4 Topical Requirements documentation must be completed where an audit in that area has been included in the Audit Plan, or where an audit included in the Audit Plan includes elements in its scope that relate to the topic's risk area. This does not mean that these topics must be covered in the Audit Plan.
- 4.5 Mandatory and Implementation Guidance from the IPPF 2017 has been incorporated into the new Global Internal Audit Standards 2024. Other Supplemental and Recommended Guidance will continue to be issued and should be taken account of by the Head of Audit and Governance.

Transition to IPPF 2024

- 4.6 The Head of Audit and Governance is responsible for ensuring Internal Audit practices successfully transition from the IPPF 2017/PSIAS 2017 standards to conform with the new IPPF 2024 standards. The Audit and Governance Committee is responsible for overseeing that successful transition.
- 4.7 As part of the transition between the standards, the Head of Audit and Governance should perform a gap analysis using the Global Internal Audit Standards self-assessment tool. Any gaps identified should be noted by the Head of Audit and Governance in an action plan, along with action implementation dates. Successful completion of the action plan should be reported to the Audit and Governance Committee, and any areas of potential non-conformance flagged for discussion.
- 4.8 Conformance with the new IPPF 2024 will be assessed at the next External Quality Assessment which for HBC Internal Audit will be due on or before December 2029.
- 4.9 Audit Committee Responsibilities under the new IPPF Global Internal Audit Standards 2024

The Chartered Institute of Internal Auditors recommends that Audit Committees should be provided with the following knowledge to help develop an understanding of the new Global Internal Audit Standards:

- Global IIA's 15-minute interview with CEO of Global IIA;
- 30-minute power point presentation; and

- Two-page document Domain 3: Governing the Internal Audit Function and the Three Lines Model.

These documents and links will be provided to all members of the committee and training can be provided on these topics if it is felt necessary.

4.10 Domain 3 requires that the Audit and Governance Committee:

- establishes, approves and supports the mandate of the Internal Audit function (by authorising the Internal Audit Mandate (NEW) and the Internal Audit Charter);
- establishes and protects the Internal Audit function's independence and qualifications (by appointing and retaining a qualified Head of Audit and Governance, ensuring the Head of Audit and Governance reports to an appropriate senior officer, and ensures that Internal Audit can deliver their services without interference from management); and
- oversees the Internal Audit function to ensure the function's effectiveness (by the Audit and Governance Committee ensuring the Head of Audit and Governance has sufficient resources to fulfil the Internal Audit Mandate, and by the Audit and Governance Committee receiving regular assurances from the Head of Audit and Governance around the delivery of the Internal Audit Plan, the Quality Assurance & Improvement Program, and the External Quality Assessment results).

4.11 The Chartered Institute of Internal Auditors has produced a recommended Annual Agenda Schedule so that all required items are discussed at Audit Committee meetings to ensure conformance with the IPPF 2024. Table 3 sets out the recommended schedule.

Table 3 Annual Agenda Schedule

Standard	Agenda Item	Suggested Frequency			
		Other/ TBD	Annually	Every Meeting	Before 2025
NEW Domain III	Discussion of Domains I and III	✓			✓
NEW 6.1	Discussion and Approval of Internal Audit Mandate (included in the Charter)		✓		✓
6.1 & 6.2	Discussion and Approval of the Internal Audit Charter		✓		✓
6.3	Discuss and review the Audit Committee's effectiveness in championing and supporting the internal audit function to achieve its purpose.	✓			
7.1 & 7.2	Discussion of the Chief Audit Executive's qualifications, position, reporting lines and	✓			✓

	performance.				
7.1	Private discussion with Chief Audit Executive			✓	
8.1, 8.2, 9.1, 9.4 10.1, 10.2, 10.3	Discussion of the priorities and approval of the Internal Audit Plan (including resourcing)		✓		
8.1	Discuss and approve the communication framework between the Chief Audit Executive and Audit Committee.	✓			
8.1 & 8.2	Receive and discuss Chief Audit Executive Reports (regular and annual) and agree any actions as appropriate.		✓ (highly recommended)	✓ (highly recommended)	
11.3, 11.4 & 11.5	Receive and discuss internal audit engagement results, including acceptance of risks.			✓	
8.3	Discussion and Approval of Quality Assurance and Improvement Programme.	✓			
NEW 8.3 & 12.2	Discuss and approve the Internal Audit's performance objectives.		✓ (required)		✓
8.3	Assess the effectiveness and efficiency of the internal audit function.		✓		✓
8.4	Review and approve the plan for the external quality assessment, receive the report and action plan for review and approval.	✓ (max 5 years)			
NEW 9.2	Discussion and Approval of Internal Audit Strategy.	✓			
NEW 9.2	Review of progress of Internal Audit Strategy.		✓		

5. OTHER CONSIDERATIONS/IMPLICATIONS

RISK IMPLICATIONS	There is a risk that Members of the Audit and Governance Committee do not receive the information needed to enable a full and comprehensive review of governance arrangements at the Council, leading to the Committee being unable to fulfil its remit.
FINANCIAL CONSIDERATIONS	No relevant issues.

SUBSIDY CONTROL	No relevant issues.
LEGAL CONSIDERATIONS	No relevant issues.
CHILD AND FAMILY POVERTY CONSIDERATIONS	No relevant issues.
EQUALITY AND DIVERSITY CONSIDERATIONS	No relevant issues.
STAFF CONSIDERATIONS	No relevant issues.
ASSET MANAGEMENT CONSIDERATIONS	No relevant issues.
ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS	No relevant issues.
CONSULTATION	No consultation required.

6. RECOMMENDATIONS

- 6.1 It is recommended that Members note the contents of the report.

7. REASON FOR RECOMMENDATIONS

- 7.1 To ensure that the Audit and Governance Committee meets its remit, and to ensure conformance with the new IPPF 2024, it is important that it is kept up to date with the changes being made and the time frame for conformance.

8. BACKGROUND PAPERS

- 8.1 Global Internal Audit Standards.
International Professional Practices Framework 2024.

9. CONTACT OFFICER

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AUDIT AND GOVERNANCE COMMITTEE

24th September 2024



Report of: Director of Finance, IT and Digital

Subject: TREASURY MANAGEMENT STRATEGY UPDATE
2024/25

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 purposes of the report is to:

- i) Provide a review of Treasury Management activity for 2023/24 including the 2023/24 outturn Prudential Indicators; and
- ii) Provide the first quarter update of the 2024/25 Treasury Management activity.

3. BACKGROUND

3.1 The Treasury Management Strategy covers:

- the borrowing strategy relating to the Council's core borrowing requirement in relation to its historic capital expenditure (including Prudential Borrowing);
 - the borrowing strategy for the use of Prudential Borrowing for capital investment approved as part of the Medium Term Financial Strategy; and
 - the annual investment strategy relating to the Council's cash flow.
- 3.2 The Treasury Management Strategy needs to ensure that the loan repayment costs of historic capital expenditure do not exceed the available General Fund revenue budget. Similarly, for specific business cases the Treasury Management Strategy needs to ensure loan repayment costs do not exceed the costs built into the business cases. As detailed later in the report these issues are being managed successfully.
- 3.3 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code and to set prudential indicators for the next three years to ensure capital investment plans are affordable, prudent and sustainable.
- 3.4 The Act also requires the Council to set out a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State has issued Guidance on Local Government Investments which came into force on 1st April, 2004, with subsequent updates.
- 3.5 The Council is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to full Council. This responsibility has been allocated to the Audit and Governance Committee.
- 3.6 This report covers the following areas:
- Economic background and outlook for interest rates;
 - Treasury management outturn position for 2023/24; and
 - Treasury Management Strategy 2024/25 first quarter review.

4. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES

- 4.1 **UK** –The Bank of England's Monetary Policy Committee (MPC) voted 5-4 to cut the Bank Rates by 0.25% to 5.0% in August. However, monetary policy will need to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term dissipates further. The Committee will closely monitor the risks of inflation persistence and will decide the appropriate degree of monetary policy restrictiveness at each meeting.
- 4.2 The Autumn budget will be held on 30th October, where the MPC will learn more about the Government's fiscal policies which will further inform the

MPC's next Quarterly Monetary Policy Report in November. If there are some tax rises and expenditure cuts, they can be included in a fuller and more complete analysis of how the economy is going to be positioned in 2025 and 2026.

- 4.3 The latest Consumer Price Index data for shows that the UK CPI measure of inflation had fallen back to the MPC's 2% target in May and had remained at that level in June. Inflation is expected to increase to 2.75% over the second half of the year, owing largely to a small expected drag from domestic energy bills.
- 4.4 The Office for Budget Responsibility's revised growth forecast up to 2028 are set out in the following table, however, these will be revised at the next budget.

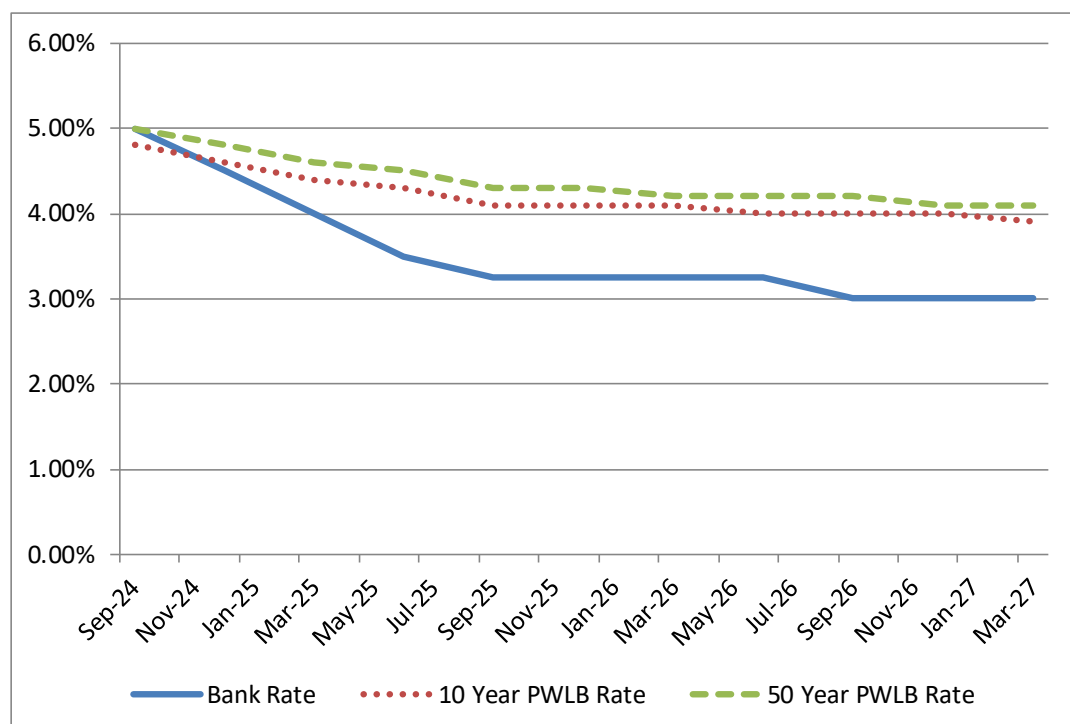
Year	March 2023 Growth Forecast	March 2024 Growth Forecast
2024	1.8%	0.8%
2025	2.5%	1.9%
2026	2.1%	2.0%
2027	1.9%	1.8%
2028		1.7%

- 4.5 **European Union (EU)** – Annual inflation rate in the Eurozone unexpectedly edged up to 2.6% in July from 2.5% in June, compared to forecasts it would slow to 2.4%. The annual core inflation rate in the Eurozone, excluding volatile items such as energy, food, alcohol and tobacco, remained steady in July for the 3rd consecutive month, while analysts had expected it to ease to 2.8%. The unemployment rate in the Eurozone increased to 6.5% in June, from an all-time low of 6.4% in the prior month and above market forecasts of 6.4%.
- 4.6 **Other Economies** – The Federal Reserve maintained the federal fund rates at a 23-year high of 5.25%-5.5% for the 8th consecutive meeting in July, in line with expectations. A September cut could be on the table if inflation moves down in line with expectations. The People's Bank of China surprised markets by lowering its one-year medium term lending facility by 20bps to 2.3%. The move followed cuts to other key lending rates in July and was the first time this rate has been lowered in almost one year. The inflation rate went down from 2.3% to 2.2%, as rising energy inflation (following the cessation of government subsidies) was offset by a sharp fall in fresh food inflation.

Interest Rate Forecasts

- 4.7 Link Asset Services (the Council's Treasury Management advisors) continue to update their interest rate forecasts to reflect statements made by the Governor of the Bank of England and changes in the economy.

- 4.8 In August the MPC reduced the Base Rate by 0.25% to 5.0%, voting 5-4 for a cut in the Bank Rate. The cut was finely balanced, with the minutes referencing that was indeed the view of some of those voting for the cut.
- 4.9 The MPC has chosen to cut rates whilst the headline CPI measure of inflation is at 2%, but with services inflation still at 5.7% and the labour market remaining tight, there is possibility that the path of inflation in the coming months may not necessarily be in one direction. Link Asset Services suggest that November still looks a reasonable estimate for when the next Bank Rate cut will occur.
- 4.10 Economic and interest rate forecasting remains difficult with so many influences impacting on the economy. UK gilt yields (i.e. Government borrowing) and PWLB rates forecasts made by Link Asset Services may be liable to further amendment depending on how the political and economic developments transpire over the next year.
- 4.11 Link Interest Rate Forecast up to March 2027 are shown below:



- 4.12 Since the late 1990s Base Rate averaged 5% until 2009 when the Bank of England reduced it to historically low levels. Over the same period PWLB rates have been significantly higher than they are at present.

5. TREASURY MANAGMENT OUTTURN POSITION 2023/24

Capital Expenditure and Financing 2023/24

- 5.1 The Council's approved capital programme is funded from a combination of capital receipts, capital grants, revenue contributions and prudential borrowing.
- 5.2 Part of the Council's treasury management activities is to address the prudential borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activity also includes managing the Council's day to day cash flows, previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then to optimise performance.
- 5.3 Actual capital expenditure forms one of the required prudential indicators. As shown at **Appendix A**, the total amount of capital expenditure for the year was £24.640m, of which £3.608m was funded by Prudential Borrowing.
- 5.4 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is the accumulated value of capital expenditure which has yet to be expensed or paid for through revenue or capital resources. Each year the Council is required to apply revenue resources to reduce this outstanding balance (termed Minimum Revenue Provision).
- 5.5 Whilst the Council's CFR sets a limit on underlying need to borrow, the Council can manage the actual borrowing position by either;
- borrowing externally to the level of the CFR; or
 - choosing to use temporary internal cash flow funds instead of borrowing; or
 - a combination of the two.
- 5.6 The Council's CFR for the year was £112.670m as shown at **Appendix A** comprising:
- £74.622m relating to the core CFR,
 - £25.049m relating to business cases and
 - £12.999m relating to the Housing Revenue Account (HRA).

The actual CFR is lower than the approved estimate of £127.746m owing to rephasing of capital expenditure into 2024/25.

- 5.7 The total borrowing remains below the CFR and there continued to be an element of netting down investments and borrowing i.e. using cash backed reserves to delay borrowing. The Council needs to carefully manage the timing of new borrowing to fund forecast capital expenditure to secure affordable interest rates.

Prudential Indicators and Compliance Issues 2023/24

- 5.8 Details of each Prudential Indicator are shown at Appendix A. Some of the prudential indicators provide either an overview or specific limits on treasury

activity. The key Prudential Indicators to report at outturn are described below.

- 5.9 The Authorised Limit is the “Affordable Borrowing Limit” required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. Appendix A demonstrates that during 2023/24 the Council has maintained gross borrowing within its Authorised Limit.
- 5.10 **Gross Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council’s external borrowing, must only be for capital purposes. Gross borrowing should not exceed the CFR for 2023/24 plus the expected changes to the CFR over 2024/25 and 2025/26. The Council has complied with this Prudential Indicator.

The Treasury position 31st March 2024

- 5.11 The table below shows the treasury position for the Council as at the 31st March 2024 compared with the previous year:

Treasury position	31st March 2023		31st March 2024	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt				
- PWLB	£27.7m	3.42%	£26.9m	3.44%
- Market Loans (Annuity)	£16.6m	2.31%	£16.3m	2.31%
- Market Loans (Maturities)	£25.0m	3.92%	£25.0m	3.92%
- Non Market Loans (Maturities)	£5.4m	4.05%	£0.4m	0.00%
- Market Loans (LOBOs)	£20.0m	4.12%	£15.0m	3.71%
Total Long Term Debt	£94.7m	3.54%	£83.6m	3.39%
Total Investments	£57.1m	4.10%	£52.8m	5.54%
Net borrowing Position	£37.6m		£30.8m	

- 5.12 At the time the LOBOs were taken out the prevailing PWLB rates were between 4.25% and 4.55%. The LOBOs have therefore allowed the Council to achieve annual interest savings between 0.13% and 0.43% compared to prevailing PWLB loans.
- 5.13 A key performance indicator shown in the above table is the low average rate of external debt of 3.39% for debt held as at 31st March 2024. This is a historically low rate for long term debt and the resulting interest savings have already been built into the Medium Term Financial Strategy.
- 5.14 The Council’s investment policy is governed by the Ministry of Housing, Communities and Local Government (MHCLG), which has been implemented in the annual investment strategy approved by Council.
- 5.15 The Council continues to keep under review the most opportune approach to borrowing. Given the increase in interest rates experienced since 2022, no

long term borrowing has been entered into to ensure that the Council was not exposed to increased costs at a time of volatility and relatively high interest rates.

- 5.16 As the Capital programme progresses, coupled with anticipated significant use of reserves both to support capital expenditure and the in-year position, the approach to borrowing may need to adapt. Whilst the aim will be to take out shorter term borrowing should rates remain high, we may need to mitigate risk by taking out some longer term borrowing at a higher rate than we would have originally anticipated. This will be kept under close review. The aim will continue to be to minimise the borrowing cost to the revenue budget.
- 5.17 The Council continues to actively manage cash flows on a day to day basis to maximise returns. Investments of a year duration have been made to achieve the best rate available, however, this is unlikely to be sustainable beyond the short term given the potential for significant use of reserves and the progress anticipated on the capital programme.
- 5.18 The principals and hierarchy of security / liquidity / rate of return continue to be closely adhered to.

Regulatory Framework, Risk and Performance 2023/24

- 5.19 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions have been made since this power was introduced);
 - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act, and requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
 - The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
 - Under the Act the DLUHC has issued Investment Guidance to structure and regulate the Council's investment activities;
 - Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.
- 5.20 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its Treasury Management activities

6. TREASURY MANAGEMENT STRATEGY 2024/25 1st QUARTER REVIEW

- 6.1 The Treasury Management Strategy for 2024/25 was approved by Council on 30th January 2024. The Council's borrowing and investment position as at 30th June 2024 is summarised as follows:

	£m	Average Rate
PWLB Loans	26.8	3.44%
Market Loan (Annuity)	16.3	2.31%
Market Loans (Maturities)	25.0	3.92%
Non-Market Loans (Maturities)	0.4	0.00%
Market Loans (LOBOs)	15.0	3.71%
Gross Debt	83.5	3.39%
Investments	51.1	5.54%
Net Debt as at 31 May 2023	32.4	

- 6.2 Net Debt has increased since 31st March 2024 owing to cash flows as funding is expended on day to day revenue activity and the capital programme progresses.
- 6.3 No new borrowing has been entered into during 2024/25.
- 6.4 As at the 30th June, the funds managed by the Council's in house team amounted to £51.1m. All investments complied with the Annual Investment Strategy and are shown on the table below.

Borrower	Duration	Value of Loan (£m)	Rate (%)	Start Date	Maturity Date
Call Accounts*					
Svenska Handelsbanken	On Call	0.006	2.100		Call
NatWest Bank	On Call	0.034	1.150		Call
		0.040	1.906		
Fixed term Deposits					
Lloyds	1 year	15.000	5.910	06/10/23	04/10/24
Goldman Sachs	1 year	5.000	5.810	22/09/23	20/09/24
NatWest Markets Plc	1 year	5.000	5.690	22/09/23	20/09/24
NatWest Markets Plc	6 months	10.000	5.370	05/01/24	05/07/24
Debt Management Office	<2 month	0.947	5.195	24/06/24	26/07/24
Debt Management Office	<1 month	1.635	5.195	20/06/24	19/07/24
Debt Management Office	<1 month	1.229	5.195	21/06/24	02/07/24
Debt Management Office	<1 month	1.070	5.200	26/06/24	09/07/24
Debt Management Office	<1 month	1.161	5.200	27/06/24	11/07/24
Debt Management Office	<1 month	0.455	5.200	28/06/24	18/07/24
		41.497	5.630		
Money Market Funds					
Blackrock	On Call	9.616	5.172		Call
		9.616	5.172		
Total Deposits		51.153	5.540		

*On Call interest rate can vary on a day to day basis. The figure quoted here is as at 30/6/24

- 6.5 There are no changes to the counter party investment limits as agreed as part of the Investment strategy and set out in the table below.

Category	Fitch	Moody's	Standard & Poor's	Proposed Counterparty Limit	Proposed Time Limit
A	F1+/AA-	P-1/Aa3	A-1+/AA-	£20m	1 Year
B	F1/A-	P-1/A3	A-1/A-	£15m	1 Year
C	Debt Management Office/Treasury Bills/Gilts			£40m	1 Year
D	Part Nationalised Banks			£15m	1 Year
E	Other Local Authorities Individual Limits per Authority: - £8m County, Metropolitan or Unitary Councils - £3m District Councils, Police or Fire Authorities			£40m	1 Year
F	Three Money Market Funds (AAA) with maximum investment of £10m per fund			£20m	Liquid (instant access)

- 6.6 As part of the Treasury Strategy for 2024/25 the Council set a number of prudential indicators. Compliance against these indicators is monitored on a regular basis and there are no breaches to report.

7. CIPFA Treasury Management Code of Practice

- 7.1 The Council has adopted the current CIPFA Treasury Management Code of Practice, effective from December 2021.

Treasury Management Advisors

- 7.2 The Council uses Link Asset Services – Treasury as its external treasury management advisors.
- 7.3 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 7.4 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

8. RISK CONSIDERATIONS

- 8.1 There is a risk in relation to the level of interest rates the Council is able to secure for long term borrowing and the proposals detailed in this report are designed to manage these risks.
- 8.2 There are also risk implications in relation to the investment of surplus cash and these are addressed in the strategy recommended in the Counterparty limits.

9. OTHER CONSIDERATIONS

Financial Considerations	As set out in report.
Legal Considerations	The report details how the Council will comply with the relevant legal and regulatory requirements in relation to Treasury Management activities.
Child and Family Poverty	None
Equality and Diversity Considerations	None
Staff Considerations	None
Asset Management Considerations	None
Environment, Sustainability and Climate Change Considerations	None
Consultation	Not applicable

10. RECOMMENDATIONS

- 10.1 It is recommended that Members note the following:
- i) the 2023/24 Treasury Management Outturn detailed in section 5 and Appendix A.
 - ii) the 2024/25 Treasury Management 1st Quarter Position detailed in section 6.

11. REASON FOR RECOMMENDATIONS

- 11.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy

12. BACKGROUND PAPERS

Treasury Management Strategy, report to Audit and Governance Committee
30th January 2024.

13. CONTACT OFFICER

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Appendix A

Prudential Indicators 2023/24 Outturn**1. Ratio of Financing Costs to Net Revenue Stream**

This indicator shows the proportion of the total annual revenue budget that is funded by the local tax payer and Central Government, which is spent on servicing debt.

2023/24 Estimate		2023/24 Outturn
4.40%	Ratio of Financing costs to net revenue stream	3.97%

2. Capital Expenditure

This indicator shows the total capital expenditure for the year.

2023/24 Estimate £'000		2023/24 Outturn £'000
32,381	Capital Expenditure	24,640

The actual is lower than estimated owing to the phasing of capital expenditure between years.

3. Capital Expenditure Financed from Borrowing

This shows the borrowing required to finance the capital expenditure programme, split between core expenditure and expenditure in relation to business cases.

2023/24 Estimate £'000		2023/24 Outturn £'000
610	Core Capital Expenditure Financed by Borrowing	1,384
3,745	Business Case Capital Expenditure Financed by Borrowing	1,485
2,109	HRA Capital Expenditure Financed by Borrowing	739
6,464	Total Capital Expenditure Financed by Borrowing	3,608

The actual is lower than estimated owing to the delay in the building of the START Centre, the supply of DSO Vehicle Procurement and the delay of HRA Capital Expenditure financed by Borrowing.

4. Capital Financing Requirement

The CFR is used to determine the minimum annual revenue charge for capital expenditure repayments (net of interest). It is calculated from the Council's Balance Sheet and is shown below. Forecasts for future years are directly influenced by the capital expenditure decisions taken and the actual amount of revenue that is set aside to repay debt.

2023/24 Estimate £'000		2023/24 Outturn £'000
80,826	Core Capital Financing Requirement	74,622
33,826	Business Case Capital Financing Requirement	25,049
13,094	HRA Capital Financing Requirement	12,999
127,746	Total Capital Financing Requirement	112,670

The capital financing requirement is lower than estimated owing to the phasing of capital expenditure.

5. Authorised Limit for External Debt

The authorised limit determines the maximum amount the Council may borrow at any one time. The authorised limit covers both long term borrowing for capital purposes and borrowing for short term cash flow requirements. The authorised limit is set above the operational boundary to provide sufficient headroom for operational management and unusual cash movements. In line with the Prudential Code, the level has been set to give the Council flexibility to borrow up to three years in advance of need if more favourable interest rates can be obtained.

2023/24 Limit £'000		2023/24 Peak £'000
146,000	Authorised limit for external debt	94,745

The above Authorised Limit was not exceeded during the year. The level of debt as at 31st March 2024, excluding accrued interest was £83.673m. The peak level during the year was £94.745m.

6. Operational Boundary for External Debt

The operational boundary is the most likely prudent, but not worst case scenario, level of borrowing without the additional headroom included within

the authorised limit. The level is set so that any sustained breaches serve as an early warning that the Council is in danger of overspending or failing to achieve income targets and gives sufficient time to take appropriate corrective action.

2022/23 Limit £'000		2022/23 Peak £'000
153,000	Operational boundary for external debt	94,745

The operational limit was not exceeded in the year. The peak level of debt was £94.745m.

7. Interest Rate Exposures

This indicator is designed to reflect the risk associated with both fixed and variable rates of interest, but must be flexible enough to allow the Council to make best use of any borrowing opportunities.

2023/24 Limit %	Upper limits on fixed and variable interest rate exposure	2023/24 Peak %
100%	Fixed Rates	79%
75%	Variable Rates	21%

The figures represent the peak values during the period.

8. Maturity Structure of Borrowing

This indicator is designed to reflect and minimise the situation whereby the Council has a large repayment of debt needing to be replaced at a time of uncertainty over interest rates, but as with the indicator above, it must also be flexible enough to allow the Council to take advantage of any borrowing opportunities.

	Upper Limit	Lower Limit	Actual by Maturity Date	Actual by soonest call date
	£000	£000	£000	£000
Less than one year	131,000	0	1,113	1,113
Between one and five years	141,000	0	5,122	20,122
Between five and ten years	141,000	0	5,898	5,898
Between ten and fifteen years	141,000	0	4,664	4,664
Between fifteen and twenty years	141,000	0	4,328	4,328
Between twenty and twenty-five years	141,000	0	4,913	4,913
Between twenty-five and thirty years	141,000	0	6,136	6,136
Between thirty and thirty-five years	141,000	0	9,518	9,518
Between thirty-five and forty years	141,000	0	1,764	1,764
Between forty and forty-five years	141,000	0	217	217
More than forty-five years	141,000	0	40,000	25,000

9. Investments Maturing over One Year

This sets an upper limit for amounts invested for periods longer than 364 days. The limit was not exceeded as a prudent approach to investment has been taken owing to uncertainties in the economy this is in line with the Treasury Management Strategy. Consequently all investments made during the year were limited to less than one year.

	1 year £000	2 year £000	3 year £000
Maximum Limit	20,000	0	0
Actual	0	0	0

AUDIT AND GOVERNANCE COMMITTEE

24TH SEPTEMBER 2024



Subject: DRAFT COMMUNITY SAFETY PLAN 2024 - 2027

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

Decision Type: BUDGET & POLICY FRAMEWORK

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

- where people will be safe and protected from harm.

2. PURPOSE OF REPORT

- 2.1 Budget and Policy Framework -To consider and comment on the Safer Hartlepool Partnership Draft Community Safety Plan 2024-27

3. BACKGROUND

- 3.1 Under the Crime and Disorder Act 1998 and the Crime and Disorder Regulations 2007, Community Safety Partnerships (CSPs) have a statutory responsibility to develop and implement a Community Safety Strategy setting out how it intends to address crime and disorder, substance misuse, and re-offending issues in Hartlepool.
- 3.2 CSP's are made up of representatives from the 'responsible authorities'. These include the Local Authority, Police, Fire Brigade, National Probation Service, and Clinical Commissioning Group. CSP's have a number of statutory duties which include:

- Producing a **Community Safety Strategy** that details how the CSP will tackle the crime, disorder, anti-social behaviour, substance misuse and re-offending priorities in its local area;
- Producing an annual partnership **strategic assessment** to help identify and better understand local community safety priorities;
- **Consulting** with local residents and organisations on community safety priorities.

3.3 At its meeting on 26th February 2024, the Safer Hartlepool Partnership agreed the draft plan attached in **(Appendix A)** to the commencement of a consultation period from 20th September 2024.

4. DRAFT COMMUNITY SAFETY PLAN 2024 - 2027

- 4.1 The Community Safety Plan 2024-27 will provide an overview of some of the recent activities undertaken to improve community safety in Hartlepool, along with key findings from the Partnership's Strategic Assessment and consultation with the public.
- 4.2 The proposed strategic objectives and priorities for the 2024-27 Plan as recommended in the annual strategic assessment are as follows:

Strategic Objective	Priorities 2024 - 2027
To make Hartlepool a safe, prosperous and enjoyable place to live, work and visit.	<p>Anti-social Behaviour</p> <p>Drugs and Alcohol</p> <p>Domestic Violence and Abuse</p> <p>Serious Violence</p>

5. CONSULTATION

- 5.1 As approved by the Safer Hartlepool Partnership on 26th February, the draft Community Safety Plan will be subject to an six week consultation period with the consultation exercise comprising of the following:
- An online consultation survey – with links published on the Safer Hartlepool Partnership web page, Hartlepool Borough Council website, Hartlepool Borough Council Facebook page and Hartlepool Borough

Council Twitter page. The use of local media mechanisms including but not limited to Hartlepool Mail.

- Targeted emails to a range of public, private, community and voluntary sector representatives and groups containing a link to the online consultation survey.
- Presentation of the draft Plan to the Council's Audit & Governance Committee on 24th September 2024, Finance and Policy Committees on 16th September 2024 and the Health & Wellbeing Board.

6. PERFORMANCE MONITORING

- 6.1 The delivery of the Community Safety Plan will be monitored by the Safer Hartlepool Partnership, through the Safer Hartlepool Partnership Action Plan 2024-25 to demonstrate progress against the agreed priorities.

7. RISK IMPLICATIONS

- 7.1 No relevant issues

8. FINANCIAL CONSIDERATIONS

- 8.1 No relevant issues

9. LEGAL CONSIDERATIONS

- 9.1 In accordance with the Crime and Disorder Act 1998 and the Crime and Disorder Regulations 2007 the Safer Hartlepool Partnership is required to produce a Community Safety Strategy to set out how it intends to address crime and disorder, substance misuse, and re-offending issues

10. CHILD AND FAMILY POVERTY CONSIDERATIONS (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE.)

- 10.1 No relevant issues

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

- 11.1 The consultation process will ensure that the needs of all sections of the community are considered when formulating and implementing the Community Safety Plan 2024 – 2027.

12. STAFF CONSIDERATIONS

- 12.1 No relevant issues

13. ASSET MANAGEMENT CONSIDERATIONS

- 13.1 No relevant issues

14. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS

- 14.1 No relevant issues

15. SECTION 17 CONSIDERATIONS

- 15.1 Failure to develop a Community Safety Strategy would undermine the Safer Hartlepool Partnerships ability to fulfil its statutory responsibilities around reducing crime and disorder, substance misuse, and re-offending in Hartlepool.

16. RECOMMENDATIONS

- 16.1 As part of the Safer Hartlepool consultation process, it is recommended that the Audit and Governance Committee consider and comment on the draft Community Safety Plan 2024-2027 in accordance with its statutory crime and disorder scrutiny function.

17. REASON FOR RECOMMENDATIONS

- 17.1 Audit and Governance Committee has the statutory crime and disorder scrutiny function for the Authority.

18. BACKGROUND PAPERS

- 18.1 Safer Hartlepool Partnership Strategic Assessment 2022 – 2023

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Safer Hartlepool Partnership



Community Safety Plan

2024 - 2027

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1. FOREWORD

As Chair, I am pleased to present the Community Safety Partnership (CSP) Plan for 2024 – 2027 on behalf of The Safer Hartlepool Partnership (SHP).

The Partnership Plan brings together our aims, ambitions and priorities for the next three years. We will work in Partnership to tackle the issues which impact on, and matter to local people.

The Community Safety Plan retains the strategic objective and priorities of the 2021/24 plan, with an additional priority of serious violence, reflecting the outcomes of the 2022 - 2023 SHP Strategic Assessment and ongoing analysis of emerging issues across the Town. Utilising this data and information enables the SHP to deliver a holistic approach to address the priorities, with a greater emphasis on prevention and reducing harm.

In recent years, there has been a significant change in issues that are presented to partners to address, whilst also tackling substantial resource pressures. Important matters such as anti-social behaviour, serious violence, substance misuse, domestic violence and responding to those members of our communities with specific vulnerabilities understandably take priority.

The SHP will continue to look at new and innovative ways of working collaboratively to reduce crime and disorder, substance misuse and re-offending, and most importantly, improving the quality of life for the people who live and work in and visit Hartlepool.

Chair, Safer Hartlepool Partnership

2. INTRODUCTION

The Safer Hartlepool Partnership (SHP) brings together a number of agencies and organisations concerned with tackling crime and disorder in Hartlepool. As defined by the Crime and Disorder Act 1998, the Partnership comprises members from each of the “responsible authorities”; Hartlepool Borough Council, Cleveland Police, Cleveland Fire and Rescue Service, The Probation Service and Hartlepool and Stockton Clinical Commissioning Group. In addition, a range of other stakeholders from the public and voluntary sectors are also represented and include Thirteen Group, Safe In Tees Valley and the Police and Crime Commissioner for Cleveland.

Our key role is to understand the kind of community safety issues Hartlepool is experiencing; decide which of these are the most important to deal with; and then decide what actions we can take collectively, adding value to the day-to-day work undertaken by our individual agencies and organisations.

We detail these actions in our Community Safety Plan. To help us do that we undertake a Strategic Assessment which analyses a range of detailed information that exists about crime, disorder, substance misuse, re-offending and other community matters that are affecting Hartlepool.

The outcomes of the assessment form recommendations about how to keep the Community Safety Plan priorities relevant.

In producing our plan we are also mindful of the pledges of the Police and Crime Commissioner in the Police and Crime Plan and the requirement to ‘have regard’ to the priorities established by this plan.

The community safety landscape continues to evolve and partners continue to face challenges in having to adapt the way services and initiatives are delivered. Since the introduction of the Crime and Disorder Act 1998, legislative changes have amended our focus, and also the statutory partners we work with, but the principles of working together remain at the heart of tackling crime and disorder.

The strategic objective of the Safer Hartlepool Partnership remains unchanged and is still as important as it ever has been:

“To make Hartlepool a safe, prosperous and enjoyable place to live, work and visit”

3. LOCAL CONTEXT

Hartlepool is the smallest unitary authority in the North East region with a population of approximately 93,663 people; 51% female and 49% male.

There are approximately 40,434 households with 58% of homes owned outright / owned with a mortgage.

The average age in Hartlepool is 40 with 7% of the population aged 55-59.

The largest ethnic group is White British (98%).

Low educational attainment, high unemployment and poor physical health place Hartlepool in a deprived status and amongst the top 10% in England (ONS, 2021).

4. SUMMARY OF THE 2021/24 PLAN

Over the last 3 years we have focused on ensuring Hartlepool is a safe, prosperous and enjoyable place to live, work and visit by undertaking activity to address the issues that are likely to have most effect on people during their day to day lives.

Community Safety Priority: Anti-social Behaviour

- **Operation Endurance** is an ongoing campaign which tackles anti-social behaviour caused by off-road bikes in local communities. Responding to community intelligence, numerous targeted operations have resulted in offenders being identified and off-road bikes subsequently seized and destroyed
- **Effective use of Anti-Social Behaviour Tools and Powers** including obtaining premise closure orders, issuing of Community Protection Warnings, engaging young people in Acceptable Behaviour Contracts and undertaking reviews of ASB cases through the Community Trigger process
- **Publicity campaigns** to increase awareness of environmental crime, such as fly-tipping and deliberate fires, and encourage the reporting of these issues.
- **Robust enforcement** in relation to individuals illegally dumping waste in the Town

Community Safety Priority: Drugs and Alcohol

- **Drug and Alcohol Needs Assessment** undertaken to identify any gaps in treatment and support services.
- **Development of a Drug and Alcohol Strategy** which focuses on prevention and early intervention, reducing drug and alcohol related harms, supporting wider health needs and reducing drug and alcohol related crime
- **Execution of warrants** under the Misuse of Drugs Act resulting in the recovery of controlled drugs amounting to millions of pounds in street value
- **Presentations and targeted interventions** delivered in schools and colleges across Hartlepool on key themes including County Lines and anti-social behaviour and drink spiking



Community Safety Priority: Domestic Violence and Abuse

- **Domestic Abuse Needs Assessment** undertaken and Domestic Abuse Strategy developed.
- **Improved provision** of safe accommodation for victims of Domestic Abuse
- **Re-commissioned** specialist domestic abuse services based on lived experiences
- **Publicity campaigns to raise awareness** of domestic abuse and promote initiatives including “ask for ANI”, a code word scheme that enables victims of domestic abuse to discreetly ask for immediate help in participating pharmacies, and “ask for Angela”, a code word scheme for women to seek help from staff in pubs and bars if they are feeling unsafe on a night out.

5. STRATEGIC ASSESSMENT

The Partnership conducts an annual assessment of the levels and patterns of crime and disorder, substance misuse and re-offending in Hartlepool to identify and address the community safety issues that impact upon and really matter to the local community. The following provides an overview of the key findings from the assessment which covers the period from October 2022 to September 2023.

Recorded crime during the period increased by 11% (+1,471 offences) in Hartlepool when compared to the previous assessment period.

Increases were experienced in violence against the person offences (+315; 5%), sexual offences (+46; 12%) and criminal damage offences (+232; 14%)

Acquisitive crime offences increased overall by 34%, predominantly due to an increase in recorded shoplifting offences:

- Residential Burglary (-83; -12%)
- Vehicle Crime (+103; +20% offences)
- Shoplifting (+722; +66%)

Community Safety Partnerships are arranged in “Most Similar Groups¹” with 14 other CSPs, determined by various measures including population figures and deprivation levels. Positions in these groups are ranked with 1 being the lowest (fewest offences) and 15 the highest (most offences).

The crime rate in Hartlepool is above the Most Similar Group (MSG) average of 118 per 1,000 population, standing at 154. (July 2023). (Table 1)

¹ Most Similar Group (MSG) Community Safety Partnerships – I-Quanta: Walsall, Sunderland, South Tyneside, Halton, Barrow-in-Furness, Rochdale, St Helens, Newport, Knowlesley, Stoke-on-Trent, Middlesbrough, North East Lincolnshire, Bradford, Thanet, Hartlepool.

Crime Type	Hartlepool	MSG Average	Hartlepool Position	MSG Comparison
All Crime	154.006	117.497	15	Above
Violence against the Person				
Homicide	0.054	0.013	15	Above
Violence with Injury	13.492	12.661	11	Above
Violence without Injury	21.130	17.855	13	Above
Sexual Offences				
Rape	1.577	1.286	12	Above
Other Sexual Offences	3.025	2.461	15	Above
Acquisitive Crime				
Burglary Residential*	10.404	6.418	15	Above
Burglary Bus & Com	1.707	1.513	9	Above
Bicycle Theft	1.113	0.967	11	Above
Theft from the Person	0.0605	0.574	9	Above
Robbery - Personal	1.145	0.858	12	Above
Robbery - Business	0.162	.0125	13	Above
Vehicle Crime	6.449	6.040	11	Above
Shoplifting	17.576	8.159	15	Above
Other Acquisitive	10.208	8.290	13	Above
Criminal Damage				
All Criminal Damage	16.938	12.309	15	Above
Arson	1.015	0.804	13	Above

6. PUBLIC CONSULTATION

To follow

7. STRATEGIC OBJECTIVE 2021-2024

Based on the findings of the 2022 - 2023 Strategic Assessment and consultation with the local community and other stakeholders, the Safer Hartlepool Partnership's Strategic Objective 2024-2027 is: -

**To make Hartlepool a safe, prosperous and enjoyable
place to live, work and visit**

8. PRIORITIES 2024 - 2025

As with any town, Hartlepool faces many challenges and must work within an environment of conflicting demands and limited resources.

The Partnership recognises that there are many issues that impact on the lives of some, or all, of Hartlepool's residents and continued efforts will be made by all Partnership members to address these in a focussed and effective manner.

Issues such as violence (particularly serious violence) and exploitation are significant in both the local and national context and the Partnership recognises the need to work both individually and collectively to address them.

However, the Partnership also recognises the benefits of identifying those issues that have the greatest impact on the town and the need to target resources and efforts to deal with them effectively and efficiently.

To do this, the Safer Hartlepool Partnership will focus activity on four key priority areas:

Anti-Social Behaviour

By adopting an intelligence led problem solving approach, the Partnership will work to tackle anti-social behaviour (ASB) across the town by deploying resources and undertaking targeted activity to address the issues that cause concern for our residents and communities and negatively impact on their quality of life.

Drugs and Alcohol

Through targeted partnership working, focussed efforts will be made to reduce both the demand for, and the supply of, illegal drugs in Hartlepool.

The Partnership will also work together to reduce the negative social, personal and health consequences caused by the misuse of alcohol in the town.



Domestic Violence and Abuse

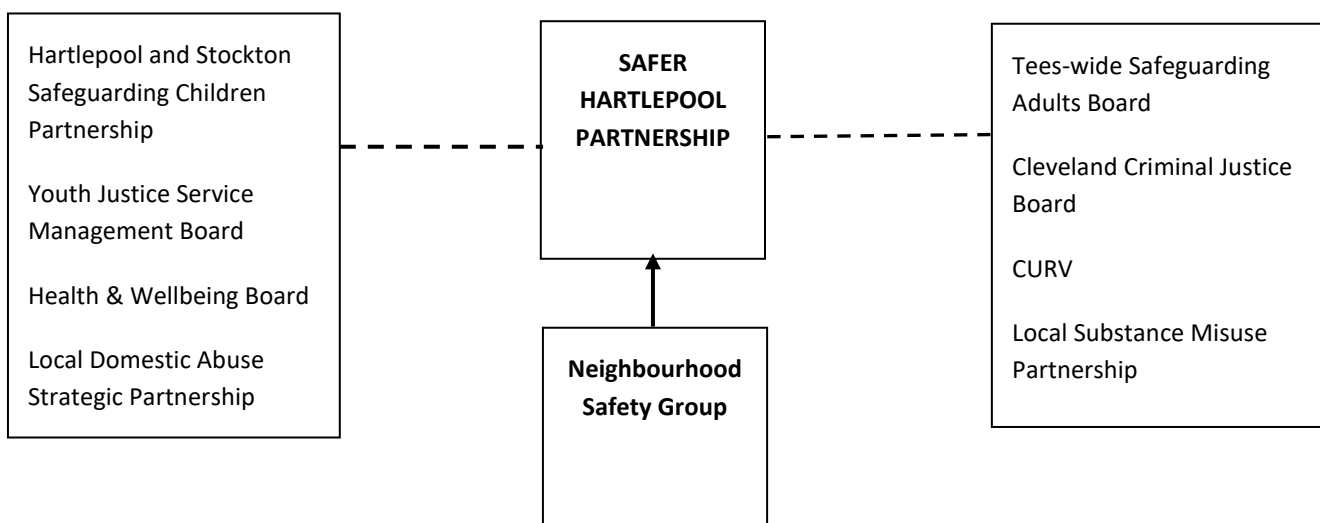
The Partnership will work together to safeguard individuals and their families from domestic violence and abuse. Working with the Office and the Police and Crime Commissioner, the development of a perpetrator strategy is a key priority for 2024/25.

Serious Violence

The Partnership will continue to work with the Cleveland Unit for the Reduction of Violence (CURV) to deliver the objectives contained in its Response Strategy at a local level.

9. DELIVERING THE PLAN

The Safer Hartlepool Partnership has the responsibility to deliver the priorities that are set out within this plan. The governance structure is outlined below. This chart outlines the Partnership delivery and reporting structure. Recognising its responsibility to reduce re-offending, the SHP sub groups will include re-offending as a specific area of focus. Performance monitoring will be undertaken on a quarterly basis to assess progress against key priorities drawn from the strategic assessment and identify any emerging issues.





10. MONITORING PERFORMANCE

Performance reporting will be in the form of an action plan covering each priority with the Community Safety Plan. The action plan will outline the work being carried out by partners and updates will be reported to the Safer Hartlepool Partnership every six months. The action plan is a living document which will allow partners to include new initiatives to fully reflect the work being carried out.

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AUDIT AND GOVERNANCE COMMITTEE

24th September 2024



Report of: Statutory Scrutiny Manager/Scrutiny and Legal Support Officer

Subject: SETTING OF THE SCRUTINY WORK PROGRAMME 2024/25 AND SCOPING OF INVESTIGATION

1. COUNCIL PLAN PRIORITY

Hartlepool will be a place*:

where people will be safe and protected from harm.

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

2. PURPOSE OF REPORT

2.1 To:-

- i) Reaffirm the process for the determination of the Overview and Scrutiny Work Programme; and
- ii) Seek further consideration of topics for inclusion in the Statutory Scrutiny Work Programme for the 2024/25 Municipal Year.

3. BACKGROUND INFORMATION

3.1 The Council's Audit and Governance Committee has responsibility for two areas of statutory scrutiny:

- Health. Matters relating to the planning, provision and operation of health services at a local and regional level; and
- Crime and Disorder. Activities of the Safer Hartlepool Partnership, as the local authority's Crime and Disorder Committee.

3.2 To fulfil these responsibilities, the Audit and Governance Committee establishes an annual work programme that includes:

- i) Proactive investigations;
- ii) Policy Framework Items, as detailed below.

BUDGET AND POLICY FRAMEWORK ITEMS	TIMETABLE FOR CONSIDERATION
Youth Justice Strategic Plan	July 2024
Joint Health and Wellbeing Strategy	September / October 2024
Community Safety Plan	March 2025

- iii) Reactive issues of local concern that arise during the year with the potential for bespoke ‘one off’ meetings; and
- iv) Mandatory topics (e.g. substantial variations / changes in service provision or those agreed by the Committee in previous years).

4. PROCESS FOR IDENTIFICATION AND SELECTION OF POTENTIAL TOPICS

4.1 In considering the development of the Committee’s work programme, topic suggestions were sought from a range of sources:

- Hartlepool Borough Council Directors, Policy Committee Chairs and Elected Members;
- Partner organisations e.g. Cleveland Police, the Integrated Care Board, North Tees and Hartlepool Foundations Trust, Tees Esk and Wear Valleys Foundation Trust;
- Healthwatch and the Voluntary and Community Sector (e.g. Hartlepower Community Trust and Hartlepool CIC); and
- The membership of the Health and Wellbeing Board and Safer Hartlepool Partnership.

4.2 As part of the process for identification of each year’s work programme, it is important for the Committee to balance the conduct of proactive investigations and consideration of Policy Framework items against the need to retain capacity to respond to reactive and mandatory topics that could arise during the year. It is also important to make the most effective use of resources, and available committee time and, to assist the Committee in achieving this:

- **Appendix A** illustrates the items already scheduled for consideration in 2024/25.
- As a guide to the Committee in identifying a suitable topic(s) for investigation, the provision of a PICK scoring system has also provided beneficial in previous years. An explanation of the scoring system is attached as **Appendix B**.

4.3 As a means of balancing the Committees work programme in the previous year’s, consideration has also been given to focusing on single ‘detailed’ investigations or in some instances two ‘lighter touch’ investigations. Members are asked to bear this in mind in the selection of a topic(s) for this year. It is suggested that the application of a standard template for time allocations should be treated with caution as when scoping a subject a number of complexities may arise, therefore the anticipated duration should be allocated on an individual basis. Consideration should also be given to the range of options available for consideration of topics, including:

- Full year (in depth) investigations;

- Time limited (focused / lighter touch) investigations;
- Amalgamation of topics where appropriate;
- One off briefing sessions / reports; and
- Timing of investigations (potentially to later in the year) or rolling forward for consideration as part of the Work Programming process for the following year. This may help investigations fit better with other work being undertaken in terms of topics.

5. IDENTIFICATION OF POTENTIAL INVESTIGATION TOPICS FOR 2024/25

5.1 The Audit and Governance Committee at its meeting on the 16th July 2024 gave initial consideration to the development of its work programme for 2024/25. A range of potential topics were considered, and a decision taken to focus further discussions on three potential areas:

- Night-time Economy related Serious Violence;
- Retail Crime; and
- Public Health Budget (allocation and outcomes in relation to the provision of substance misuse services and sexual health services).

5.2 In recognition of the need to prevent any further delay in the commencement of the Committee's investigation(s), a Working Group consisting of members of the Audit and Governance Committee was held on the 10th September 2024 to help inform discussions at today's meeting. Following reconsideration of the information provided at the Audit and Governance Committee meeting on the 16th July 2024, the Working Group was of the view that whilst all three issues merited investigation, the Committee should focus its activities on the conduct of one investigation.

5.3 On this basis, in considering each of the topics, the views of the Working Group for consideration at today's meeting are detailed below.

Potential Topic	Working Group Comments / Recommendations	PICK Matrix Score
- Night-time Economy related Serious Violence	Attention as drawn to the range of work currently being undertaken by the Cleveland Unit for the Reduction of Violence (CURVE). In light of this work, it was felt that it was not timely to undertake this as an investigation for the coming year.	Public Interest – 3 Impact – 3 Council performance – 2 Keeping Context – 2 Total - 10
- Retail Crime	This was identified as a significant opportunity for partnership working with Cleveland Police (including support for ongoing prevention and detection activities). It was felt that an investigation to look at	Public Interest – 2 Impact – 3 Council performance – 2 Keeping Context – 2 Total - 9

	<i>‘ways of designing out and reducing incidents of retail crime’ would be the best use of the Committees time and resources. With the potential for the Committees recommendations to add real value.</i>	
- Public Health Budget (allocation and outcomes in relation to the provision of substance misuse services and sexual health services)	Reference was made to Substance Misuse work previously undertaken by the Audit and Governance Committee and whilst the current proposal related to the allocation and spend of the Public health Budget, it was felt that it was not timely to undertake this as an investigation for the coming year.	

5.4 The Committee is asked to consider the Working Group recommendations, as outlined above, that this year's overview and scrutiny investigation focus on Retail Crime. To support consideration of this proposal, the potential scope and process for conduct of an investigation is outlined in **Appendix C**.

6. RECOMMENDATION

6.1 That the Committee considers the recommendation if the Working Group and agrees the focus of its Work Programme for 2024/25; and

6.2 That Members consider the Scoping proposal attached at **Appendix C**.

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01429 284171

BACKGROUND PAPERS

The following background paper(s) was/were used in the preparation of this report:-

- Presentation by Superintendent Hopps at the Audit and Governance Committee Meeting on 16th July 2024 (**Appendix D**)
- Report and minutes of the A&G meeting held on the 16th July 2024

The above items can be viewed at [Agendas, reports and minutes | Hartlepool Borough Council](#)

TIMETABLE 2024/25		11 JUNE 2024	16 JULY 2024	24 SEPT 2024	15 OCT 2024	5 NOV 2024	10 DEC 2024	28 JAN 2025	4 March 2025	1 April 2025
General Items										
Statutory Scrutiny Work Programme Selection										
Scoping and Conduct of investigation(s)										
Appointment to other Committees and Outside Bodies										
Dedicated O&S Budget / Introduction to O&S										
Scrutiny Investigation update Report (annual)										
Crustacean Deaths Working Group										
Derelict Land and Buildings in Hartlepool Investigation (Closing the loop – Progress report)										
Youth Justice Strategic Plan 2024-2025										
Crime and Disorder items										
Input in to work programming process										
Community Safety Partnership – Performance										
Community Safety Plan 2024/25 (B&PF) – Consultation										
Health items										
Director of Public Health – Annual Report										
Health Inequalities Update (Director of Public Health)										
Healthwatch Work Programme										
Tees, Esk & Wear Valleys NHS FT – Quality Account (via TVHSC – March 2025)										
North Tees & Hartlepool NHS FT – Quality Account (QA) and Regular General Update										
North Tees and Hartlepool Foundation Trust (NTHFT)/North East Ambulance Service (NEAS) Hospital Admissions Avoidance Scheme (to clinical outcomes) (TBC)										
Independent Complaints Advocacy Annual Update										
North Tees and South Tees Foundation Trusts - Group Model Update (TBC)										
Pharmacy First / Pharmacy Provision in Hartlepool (DPHILPC) (TBC)										
Pharmaceutical Needs Assessment Refresh										
Care Quality Commission Update (CQC) (TBC)										
Joint Health and Wellbeing Strategy										
Audit / Standards items										
2023/24 financial report (including 2023/24 statement of accounts)***	Final Accounts									
Joint Declarations from Management and those Charged with Governance ***	Final Accounts									
Annual Audit Letter	Final Accounts									
Auditors Annual Report	Final Accounts									
Audit Completion Report	Final Accounts									
Treasury Management Strategy Update - Review of activity 2023/24 and Quarter update 2024/25	Treasury Management Strategy									
Treasury Management Strategy 2025/26										
Quarterly Internal Audit Plan Update	Internal Audit									
Audit Strategy Memorandum (tbc – Mazars))	Final Accounts									
24/25 Internal Audit Plan	Internal Audit									
Internal Audit Outcome Report 2022/23	Internal Audit									
Annual Governance Statement 2023/24	Final Accounts									
Audit Progress Report (to be slotted in to meetings already frequented)	Governance									
Letter to those charged with governance?	Final Accounts									
Regulation of Investigation Powers Act 2000 (RIPA)										
Complaint Investigation (as and when required) / O&S meeting process										
Independent Remuneration Panel (as and when required)										
Appointment Independent Persons (approval to begin the recruitment process)										

Appendix B**P for Public Interest**

Members' representative roles are an essential feature of Scrutiny. They are the eyes and ears of the public, ensuring that the policies, practice and services delivered to the people of the District, by both the Council and external organisations, are meeting local needs and to an acceptable standard. The concerns of local people should therefore influence the issues chosen for scrutiny. This could include current issues. For example, dignity is consistently cited as a high priority for service users (e.g. Mid Staffordshire Enquiry, care in Winterbourne hospital) and scrutiny committees are well placed to influence the agenda locally and drive forward better quality services). Members themselves will have a good knowledge of local issues and concerns. Surgeries, Parish Councils, Residents Associations and Community Groups are all sources of resident's views. Consultation and Surveys undertaken by the Council and others can also provide a wealth of information.

I for Impact

Scrutiny is about making a difference to the social, economic and environmental well-being of the area. Not all issues of concern will have equal impact on the well-being of the community. This should be considered when deciding the programme of work, giving priority to the big issues that have most impact. To maximise impact, particularly when scrutinising external activity, attention should also be given to how the committee could influence policy and practice. Sharing the proposed programme of reviews with Members, officer and key partners will assist this process.

C for Council Performance

Scrutiny is about improving performance and ensuring the Council's customers are served well. With the abolition of external inspection regimes, scrutiny has an even more important role to play in self regulation. Members will need good quality information to identify areas where the Council, and other external organisations, are performing poorly. Areas where performance has dropped should be our priority. As well as driving up Council performance, scrutiny also has an important role in scrutinising the efficiency and value for money of Council services and organizational development.

K for Keep in Context

To avoid duplication or wasted effort priorities should take account of what else is happening in the areas being considered. Is there another review happening or planned? Is the service about to be inspected by an external body? Are there major legislative or policy initiatives already resulting in change? If these circumstances exist Members may decide to link up with other approaches or defer a decision until the outcomes are known or conclude that the other approaches will address the issues. Reference should also be made to proposed programmes of work in the Council's plans and strategies

PICK Scoring System

- **P**ublic Interest: the concerns of local people should influence the issues chosen

Score	Measure
0	no public interest
1	low public interest
2	medium public interest
3	high public interest

- **I**mpact: priority should be given to the issues which make the biggest difference to the social, economic and environmental well-being of the area

Score	Measure
0	no impact
1	low impact
2	medium impact
3	high impact

- **C**ouncil Performance and efficiency: priority should be given to the areas in which the Council, and other agencies, are not performing well or proposals which will support the current Efficiency, Improvement and Transformation Programme.

Score	Measure
0	'Green' on or above target performance
1	'Amber',
2	low performance 'Red'

- **K**eep in Context: work programmes must take account of what else is happening in the areas being considered to avoid duplication or wasted effort.

Score	Measure
0	Already dealt with/ no priority
1	Longer term aspiration or plan
2	Need for review acknowledged and worked planned elsewhere
3	Need for review acknowledged

Each topic will be scored under each category as indicated above. Where a category is not applicable, no score will be given.

Appendix C

RETAIL CRIME - SCOPING

1. INTRODUCTION

1.1 This topic was brought to the attention of the Committee by Superintendent Hopps, District Commander for Cleveland Police. As part of the work programme setting process, a presentation on this issue (attached at **Appendix D**) was delivered to Members at the Audit and Governance Committee on the 16th July 2024. Members discussed this as a potential topic based on the information provided below:

- Retail crime is defined here as any criminal act (intended and unintended) against the retail industry i.e. a store, a company, their properties as well as their employees and customers.
- Rises in retail crime also observed in other forces but Cleveland has one of the highest rates per 1000 population in the country and the highest rate for shoplifting.
- Key driver funding drugs habits, no evidence to suggest a link to the cost of living crisis.
- Identifying trends and problem solving across the force area:
 - Top 5 offenders and top 10 stores for each LPA identified by POP coordinators.
 - Information and intelligence used by LPA retail crime leads to inform problem solving activity and engagement with retailers via local retail forums.
- A breakdown of reported and solved retail crime rates is outlined below.

Table 1. Retail Crime recorded over the last 12 months (7922)

Crime type	Direction of Travel							Performance Gap (difference from average) 12 months to March 2024	
	6 months to May 2024	12 months to May 2024	Dec	Jan	Feb	Mar	Apr	May	National average
Shoplifting	+1.6%	+3.7%					EH		+79.3%
									MSG average
									+42.7%

Table 2. Solved Retail Crime

Crime type	Direction of Travel							National Comparisons 12 months to March 2024	
	Last 6 months to May 2024	Last 12 months to May 2024	Dec	Jan	Feb	Mar	Apr	May	MSG average
Shoplifting	27.7%	27.7%							23.6%
									21.4%

- 1.2 Following consideration of the information provided, the Committee requested additional time / information in relation to the potential topics identified, to allow confirmation of the Scrutiny Work Programme at the Audit and Governance Committee meeting on the 15th October 2024.

2. OVERALL AIM OF THE SCRUTINY INVESTIGATION/ENQUIRY

- 2.1 The proposed aim of the investigation being to 'Identify ways of designing out and reducing incidents of retail crime'.

3. PROPOSED TERMS OF REFERENCE FOR THE SCRUTINY INVESTIGATION/ENQUIRY

- 5.1 The following Terms of Reference for the investigation/review are proposed:-

- (a) To gain an understanding of the issue and its impact on residents, employees and businesses;
- (b) To explore the factors that drive retail crime;
- (c) To examine existing approaches used to tackle the issue and investigate their effectiveness (preventative and reactive). E.g.
 - i) Are we encouraging retailers to maximise the use of new technologies for the prevention and detection of retail crime, including the facilitation of digital CCTV evidence?
 - ii) Are we encouraging Community Safety Partnership to direct investment to design out crime to areas they perceive to be a problem, including reducing opportunities to sell stolen goods?
 - iii) Are we actively encouraging the use of appropriate funding to invest in local retailers?
 - iv) Are there sufficient support pathways for those who use retail theft to fund substance misuse?
 - v) Are there sufficient food banks, advertised, accessible and with ongoing funding for those use retail theft as a means during the cost of living crisis?
 - vi) Are there sufficient out of court resolution pathways available to residents of Hartlepool?
- (d) To seek the views of residents, stakeholders and businesses on the issue and what could / should be done to tackle it.

- (e) To gain an understanding of the impact of current and future budget pressures on the way in which services are provided.
- (f) To identify potential *ways of designing out and reducing incidents of retail crime*.

4. POTENTIAL AREAS OF ENQUIRY / SOURCES OF EVIDENCE

- 4.1 Members of the Committee can request a range of evidential and comparative information throughout the Scrutiny review. The Committee can also invite a variety of people to attend to assist in the forming of a balanced and focused range of recommendations as follows (to be added to / amended the meeting – suggestions welcomed):-

- a) Member of Parliament for Hartlepool;
- b) Cleveland Police and the Police and Crime Commissioner;
- c) Chair of Neighbourhood services Committee;
- d) Executive Director of Development, Neighbourhoods and Regulatory Services;
- e) Director of Public Health
- f) Local residents / shop worker / employers;
- g) Chair of the Safer Hartlepool partnership;
- h) Ward Councillors;
- i) Business Forum / wider businesses.
- j) Providers of welfare support.
- k) Health Partners including; North Tees and Hartlepool NHS Foundation Trust, North East Ambulance Service and Tees Esk and Wear Valley NHS Foundation Trust.

5. COMMUNITY ENGAGEMENT / DIVERSITY AND EQUALITY

- 5.1 Community engagement plays a crucial role in the Scrutiny process and diversity issues have been considered in the background research for this enquiry under the Equality Standards for Local Government. Based upon the research undertaken, paragraph 4.2 includes suggestions as to potential groups which the Committee may wish involve throughout the inquiry (where it is felt appropriate and time allows).

6. REQUEST FOR FUNDING FROM THE DEDICATED OVERVIEW AND SCRUTINY BUDGET

- 6.1 Consideration has been given, through the background research for this scoping report, to the need to request funding from the dedicated Overview and Scrutiny budget to aid Members in their enquiry. At this stage no additional funding has been identified as being necessary to support Members in their investigation. Members, however, may wish to seek additional funding over the course of the investigation.

7. PROPOSED TIMETABLE OF THE SCRUTINY INVESTIGATION

- 7.1 Detailed below is the proposed timetable for the review to be undertaken, which may be changed at any stage. The following meetings have been identified.

15th October 2024

- To gain an understanding of the issue and its impact on residents, employees and businesses.
- Agree process to seek the views of residents, stakeholders and businesses on the issue and what could / should be done to tackle it (Survey / face to face session / potential task and finish).

5th November 2024

- To explore the factors that drive retail crime.
- Feedback views of residents, stakeholders and businesses on the issue and what could / should be done to tackle it.
- Views of Member of Parliament for Hartlepool, Cleveland Police and the Police and Crime Commissioner and Chair of Neighbourhood services Committee.

10th December 2024

- To examine existing approaches used to tackle the issue and investigate their effectiveness (preventative and reactive). E.g.
 - vii) Are we encouraging retailers to maximise the use of new technologies for the prevention and detection of retail crime, including the facilitation of digital CCTV evidence?
 - viii) Are we encouraging Community Safety Partnership to direct investment to design out crime to areas they perceive to be a problem, including reducing opportunities to sell stolen goods?
 - ix) Are we actively encouraging the use of appropriate funding to invest in local retailers?
 - x) Are there sufficient support pathways for those who use retail theft to fund substance misuse?
 - xi) Are there sufficient food banks, advertised, accessible and with ongoing funding for those use retail theft as a means during the cost of living crisis?
 - xii) Are there sufficient out of court resolution pathways available to residents of Hartlepool?

28th January 2024

- To gain an understanding of the impact of current and future budget pressures on the way in which services are provided.
- To identify potential ways of designing out and reducing incidents of retail crime'.

4th March 2024 – Approval of Final report

HEALTH AND WELLBEING BOARD

MINUTES AND DECISION RECORD

8 July 2024

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

Present:

Councillor Harrison, Leader of Council (In the Chair)

Prescribed Members:-

Elected Members, Hartlepool Borough Council - Councillors Boddy, Darby and Roy
Representatives of NHS North East and North Cumbria Integrated Care Board -
Karen Hawkins

Director of Public Health, Hartlepool Borough Council – Craig Blundred

Executive Director of Children's and Joint Commissioning Services, Hartlepool
Borough Council - Sally Robinson

Executive Director of Adult and Community Based Services, Hartlepool Borough
Council - Jill Harrison

Representatives of Healthwatch - Margaret Wrenn and Stephen Thomas (substitute
for Christopher Akers-Belcher)

Other Members:-

Managing Director, Hartlepool Borough Council – Denise McGuckin

Representative of Hartlepool Voluntary and Community Sector – Carl Jorgeson

Representative of Tees, Esk and Wear Valley NHS Trust – Dominic Gardner
(substitute for Brent Kilmurray)

Representative of North Tees and Hartlepool NHS Trust – Michael Houghton

Representative of Headteachers - Sonya Black

Observer – Statutory Scrutiny Representative, Hartlepool Borough Council –
Councillor Jorgeson

Also in attendance:-

Julian Penton - Co-Lead Officer, Hartlepower Community Trust

Dr. Pamela Graham - Assistant Professor, Northumbria University

Katie McLeod - Commissioning Manager, NHS North East and North Cumbria
Integrated Care Board

Philippa Walters, Pharmacy Lead

Officers:-

Joan Stevens - Statutory Scrutiny Manager

1. Apologies for Absence

Apologies for absence were received from Levi Buckley, Christopher Akers-Belcher, Tony Hanson, Danielle Swainston, Christine Fewster, Brent Kilmurray, Supt Martin Hopps, Fiona Adamson and Claire Robinson.

2. Declarations of interest by Members

None

3. Minutes of meetings

- (i) The minutes of the meeting held on 11th March 2024 were confirmed.
- (ii) The minutes of the Tees Valley Area Integrated Care Partnership meeting held on 2 February 2024 were received.

4. Hartlepool Food Partnership – Progress Update (Partnership Steering Group)

The Board was updated on progress made by the Hartlepool Food Partnership (HFP) in bringing together the local authority, food-related businesses, the voluntary & community sector, NHS and educational institutions to address multiple aspects of the locality's food system.

Of the food partnerships across the UK, around 100 are members of the Sustainable Food Places (SFP) network. Becoming a member of the SFP required that food partnerships demonstrate a whole system approach to the local food system, based upon multi-sector collaboration, across 6 areas of work.

- Food governance and strategy;
- Good food movement;
- Healthy food for all;
- Sustainable food economy;
- Catering and procurement; and
- Food for the planet.

Details of how the HFP performs against each of the areas required to qualify for membership of the SFP were presented to the Board and attention drawn to the food-related drivers of ill health within Hartlepool. It was recognised that a considerable amount of work was being undertaken to address the issue of food poverty which included the conduct and oversight of partnership activities through an open, multi-sector steering group. The membership of which included the PFC Trust, Hartlepool Healthwatch, Hartlepool Foodbank, the Thirteen Group, Joseph Rowntree Foundation and some council departments.

The Board was impressed by the range of services provided, the level of involvement across all areas of the Council and activities to involve young people. In addition, attention was drawn to the importance of reflecting the needs of older people (e.g. the benefits of gardening to people with dementia), the distribution of excess allotment produce and addressing the issue of ultra-processed foods in the town.

Building on the work already undertaken, the Board was asked to consider the progression of three further actions:

- The conduct of a benchmarking exercise to explore how Hartlepool Borough Council's services align with the objectives of the Food Partnership objectives. The information obtained to be used to inform further cross-departmental working within the council;
- The exploration of opportunities to reintroduce the Hartlepool Show, in collaboration with the Food Partnership; and
- Discussions with the appropriate tier of the regional NHS infrastructure regarding NHS engagement with Hartlepool's Food Partnership.

The Board was supportive of the above actions and it was agreed by the ICB representative on the Board that an appropriate individual(s) would be identified to represent the NHS on the working group going forward.

Decision

1) The Board endorsed:

- i) Conduct of a benchmarking exercise to explore how Hartlepool Borough Council's services align with the objectives of the Food Partnership objectives;
- ii) Opportunities to reintroduce the Hartlepool Show, in collaboration with the Food Partnership; be explored with appropriate officers from the Adult and Community Based Services Department;

2) It was agreed that an appropriate individual(s) would be identified by the ICB to sit on the Hartlepool Food Partnership Working Group going forward.

5. 'Pathways to Brighter Hartlepool' – Residents' views about Hartlepool *(Northumbria University and Multi-Agency Project Group)*

The Board received an update on the outcome of the online survey and discussion-based focus-groups undertaken by Northumbria University to identify the perception of Hartlepool citizens' on the town's strengths and challenges.

Dr. Pamela Graham, Assistant Professor from Northumbria University, outlined the background to the piece of work, participants and findings in relation to:

- Local amenities
- Transport infrastructure
- Coast, history and green space
- Family and community support
- Healthcare services
- Crime, anti-social behaviour and drugs
- Cost of living and austerity

- Education, aspirations and opportunities
- Youth services
- Community
- Sport
- Public services
- Schools and education

The results of the piece of work reflected national concerns about hospital / health care, mental health, substance misuse and crime. It was noted that many of the findings of the children and young people's focus groups aligned with those expressed at the adults' focus groups. In relation to the provision of health services, support for access to local services was a strong theme. The Board was concerned that the lack of awareness of the services available in Hartlepool also applied to the provision of health services and it was agreed that details of services provided from the University Hospital of Hartlepool would be recirculated to the members of the Board.

Specific pastoral challenges were, however, raised via the children and young people's focus groups in relation to behaviour policies, mental health and restricted access to drinking water and restrooms. Emphasis was placed on the need to take in to consideration the limitations that schools face when exploring the issues raised by the Northumbria University work.

This also applied to the Mental Health Transformation Programme which is provided in some, but not all, schools with recognition of the need to consider how a consistent offer could be provided for all pupils. It was recognised that the differentiation between academies and maintained schools added to the complexity of providing a consistent offer and it was suggested that the potential of working with the Primary School Council be explored.

Emphasis was placed on the need to consider the Northumbria University's findings alongside the range of other pieces of work that have / are being undertaken, including the Big Conversation and the Hartlepool Healthwatch work programme. It was also important to consider the activities of existing groups alongside the findings and how they could contribute to the work that stems from Northumbria University's work.

Decision

The report was noted and approval given for the further exploration of the relationship between Northumbria University and the council, in respect of Hartlepool citizens' views and engagement.

6. Pharmaceutical Needs Assessment (PNA) 2022 – Maintenance Report *(Director of Public Health)*

The Board was updated in accordance with the process for statutory maintenance of the Pharmaceutical Needs Assessment (PNA) 2022.

The Board noted the below applications, decisions and notices of change to pharmaceutical services, received since production of the last maintenance report (11th March 2024):

- Notice of changes to opening hours (and thereby availability of necessary pharmaceutical services) at Winterbottom Pharmacy and Tesco Pharmacy, Belle Vue. These changes did not require the issue of supplementary statements to the PNA and no change to the map.
- New distance selling pharmacy, opened in Hartlepool on the 22 April 2024, had been included in the Pharmaceutical List.

Hartlepool's Pharmaceutical Needs assessment (PNA) was published in 2022 and the deadline for publication of a revised PNA is the 30th September 2025. The Board approved the initiation of the process for the revision of the PNA, including the publication of a statement of intent to review on the Hartlepool Borough Council's web site.

Decision

The Health and Wellbeing Board:-

- 1) Noted:
 - i) That no supplementary statements to the Hartlepool PNA 2022 had been issued since the last report of changes on 11 March 2024.
 - ii) The changes to opening hours (and thereby availability of necessary pharmaceutical services) at Winterbottom Pharmacy and Tesco Pharmacy, Belle Vue.
 - iii) The inclusion in the Pharmaceutical List of a new distance selling pharmacy located in Hartlepool which opened 22 April 2024.
- 2) Authorised and acknowledged the initiation of the process towards publication of the next Pharmaceutical Needs Assessment by the statutory due date in 2025.
- 3) Approved publication of the below statement of intent on the Hartlepool Borough Council website to initiate the PNA review process.

"Hartlepool Health and Wellbeing Board understands its statutory duties in relation to the Pharmaceutical Needs Assessment (PNA) and intends to publish its next full revised assessment within the required timeframe. Notwithstanding any changes to pharmaceutical services and related, or other NHS services that have taken place since first publication and without prejudice to the assessment of need described in the existing PNA, the HWB for Hartlepool formally reports that the Pharmaceutical Needs Assessment 2022 is under review. Hartlepool HWB has commenced its process leading to publication of a revised

assessment and fourth PNA, with a publication date on or before 30th September 2025.”

7. Better Care Fund Update *(Executive Director of Adult and Community Based Services)*

Board members were advised that performance reports were routinely submitted to NHS England on a quarterly basis however, reporting had been suspended in 2020/21 due to COVID19 and a single year end return was now required.

The year-end return for 2023/24 had been submitted in May 2023 and had confirmed that all national conditions continued to be achieved, as well as confirming that BCF contributions were in line with national guidance. The 2023/24 return had required local systems to submit performance data against a revised set of metrics and local areas had been asked to record their views regarding a number of statements and the responses provided for Hartlepool were set out in the report.

In relation to the metrics against which performance is measured, the Board agreed that an additional local metric in relation to mental health hospital discharges should be monitored going forward.

Decision

The Health and Wellbeing Board:

- i) Retrospectively approved the Hartlepool Better Care Fund 2023/24 return, submitted in line with the national timescales.
- ii) Agreed that an additional local metric in relation to mental health hospital discharges would be monitored going forward.

8. Joint Local Health and Wellbeing Board Strategy 2025-2030 *(Director of Public Health)*

The Board was updated on the proposed draft structure of the refreshed Health and Wellbeing Board (HWBB) Strategy.

The HWBB was responsible for the development of the Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy (now known as the Joint local Health and Wellbeing Strategy 2018-25 (JLHWS)).

The point at which to review the JLHWS was at the discretion of the Board and at its meeting on the 5th September 2022, a refresh of the current 2018-2025 strategy was approved. Following this, a stocktake of the previous strategy was undertaken in 2022/23, consideration was given to the refresh process and questions were included in the council's 'Big Conversation' consultation (December 2023 - January 2024).

The Board was now in a position to develop a refreshed JLHWS and building on the results of the stocktake, and consultation results, a workshop had been organised to further inform the identification of draft the priorities. The agreed priorities to be set out in the strategy for the next five years, with a detailed action plan and outcome framework which the HWBB was to oversee and monitor.

A suggested structure for the refreshed strategy was approved by the Board and support expressed for the provision of the 'plan on a page' format and opportunity for the HWBB to work with the ICB Place Based Committee. In response to queries about the data contained in the draft document, it was confirmed that indicative data had been included and would be updated in the finalised strategy. A number of suggestions were made in relation to potential data for inclusion in the final strategy:

- Clarification of unemployment rates (differentiation between those who can, and cannot, claim out of work benefits);
- Levels of underweight children (6 years and under); and
- Levels of absolute poverty as a measure of the challenge facing the Board.

Emphasis was placed on the importance of partner contributions to the development and implementation of the strategy, and its priorities.

Decision

The proposed structure of the strategy was approved and the joint development of the strategy and associated priorities supported.

9. Public Health Priorities 2024/25 – Director of Public Health Board Forward Plan *(Director of Public Health)*

The Board received an update on Hartlepool Council's, Public Health Team priorities, commissioning programmes, research interests and programme of spend on other public health initiatives for 2024/25. The aim of the document being to summarise activity and priorities, to support joint working and planning of future activities.

The Public Health Overview and Planning document for 2024/25 was welcomed by the Board. Its contents to be cross referenced with the ICB work plan.

Decision

The Board noted the report and supported its use to inform partnership working with the Public Health team.

10. Board Forward Plan *(Director of Public Health)*

The Board received a report outlining the proposed work programme for the Health and Wellbeing Board, which provided a forward plan of items

to facilitate report writing and an opportunity to consider any additional items for discussion. The Board agreed the content of the forward plan and was asked to consider what other reports should be add to the forward plan.

Decision

The Board agreed that the content of the forward plan with no further additions.

Meeting concluded at 12noon

CHAIR

SAFER HARTLEPOOL PARTNERSHIP

MINUTES AND DECISION RECORD

15 July 2024

The meeting commenced at 5.00pm in the Civic Centre, Hartlepool.

Present:

Responsible Authority Members:

Councillors Oliver, Elected Member, Hartlepool Borough Council (Chair)
Tony Hanson, Director of Neighbourhoods and Regulatory Services
Hartlepool Borough Council
Sylvia Pinkney, Assistant Director, Regulatory Services, Hartlepool Borough Council
Superintendent Martin Hopps, Community Safety, Cleveland Police
Jo Heaney, Chair of Youth Offending Board
Karen Hawkins, Director of Place, North East and North Cumbria Integrated Care Board (NENC ICB)
Ann Powell, Head of Stockton and Hartlepool Probation Delivery Unit
Darren Lane, Cleveland Fire Authority

Other Members:

Craig Blundred, Director of Public Health, Hartlepool Borough Council
Matthew Storey, Office of Police and Crime Commissioner for Cleveland
Joanne Hodgkinson, Hartlepool Voluntary and Community Sector
Representative, Chief Executive, Safer Communities
Sally Robinson, Director of Children's and Joint Commissioning Services,
Hartlepool Borough Council

Also Present:

Councillor Jorgeson, Non-Voting Observer, Representative of Audit and Governance Committee, Hartlepool Borough Council

Officers:

Sylvia Pinkey, Assistant Director, Regulatory Services, Hartlepool Borough Council
Steve Hilton, Senior Public Relations Officer, Hartlepool Borough Council
Ronnie Checksfield, YOS Team Manager, Hartlepool Borough Council
Philip Hepburn, Enforcement & Car Parking Services Manager
Anna Waddington, Anna Waddington, Cleveland Violence Reduction Unit (CURV)
Sarah Wilson, Office of Police and Crime Commissioner for Cleveland
Olivia Highley, Domestic Abuse Coordinator, Hartlepool Borough Council
Joan Stevens, Statutory Scrutiny Officer

1. Apologies for Absence

Councillor Brash, Elected Member, Hartlepool Borough Council
Denise McGuckin, Managing Director, Hartlepool Borough Council
Jill Harrison, Director of Adult and Community Based Services, Hartlepool Borough Council
John Lovatt, Assistant Director Adult Social Care
Susan Hurst, Head Of Service - Promoting Independence
Carl Pattinson, Cleveland Fire Authority
Angela Corner, Head of Community Resilience, Thirteen Group

2. Declarations of Interest

None.

3. Minutes of the meeting held on 26 February 2024

Confirmed.

4. Fire Brigade District Performance (*Community Liaison Officer, Cleveland Fire Brigade*)

Purpose of report

To provide the Safer Hartlepool Partnership with an update on Cleveland Fire Brigade performance during May 2024, focusing specifically on the Hartlepool District.

Issue(s) for consideration

The Hartlepool District Manager, Cleveland Fire Brigade, provided a performance update for May 2024, which allowed the Partnership to compare incident levels from May 2023 and May 2024, across a range of fire indicators.

A 40% reduction in the total number of fires had been recorded in May 2024, compared to May 2023. Whilst fire brigade preventative activities had been a factor in reducing overall levels of fires, Members were interested in the impact of increased rainfall. Details of weather patterns, and their correlation with reduced levels of fires were requested.

Decision

The update report was received.

5. Neighbourhood Policing Verbal Update (*Superintendent, Cleveland Police*)

Purpose of report

The purpose of the report was to provide members of the Safer Hartlepool Partnership an update in respect of general policing duties within Hartlepool.

Issue(s) for consideration

The Superintendent, Cleveland Police, provided the Partnership with an update on the work of the Neighbourhood Policing Team and refresh of the Neighbourhood Policing Strategy (NPS).

Emphasis within the NPS on engagement and building effective relationships with community safety partners was noted, alongside its focus on targeted prevention, enforcement activity, collaborative problem-solving, protecting communities, tackling criminals, managing offenders. Specifically in relation to the NPS's focus on identifying and addressing problems at a local level, attention was drawn to the creation of 70 designated appointments a day with Neighbourhood officers across the district, of which 2 a day were provided in Hartlepool based on demand. It was, however, noted that a potential increase in the number of appointments available across the division, and the provision of ring-fenced Neighbourhood Officer(s), was being looked in to.

Attention was also drawn to the:

- Results of the recent staff consultation on shift patterns which had shown that 87% of officers supported a move to a 4 on 4 off pattern. It was hoped that this could be introduced in late November, with no impact on the number of officers on neighbourhood teams.
- Success of the Hartlepool Proactive Team in effectively disrupting serious harm, since its introduction in May 2024. The first four weeks of which had seen 47 arrests (robbery, rape and threats to kill, along with high-risk domestic abuse) and 20 stop searches that resulted in the seizure of drugs and suspected stolen property.
- The return of Operation Artemis and roll out of the Right Care Right Person (RCRP) initiative to ensure that vulnerable people get the right support from the right emergency services.

It was noted that off-road bikes (ORB's) continued to be a problem for communities across Hartlepool and was also a priority for the Police and Crime Commissioner. Hartlepool specific ORB data had been unavailable at the meeting, however, it was agreed that it would be circulated to the members of the partnership (including the number of seizures).

Decision

The Neighbourhood Policing update be noted.

6. Domestic Abuse Strategy and Progress *(Executive Director of Children's and Joint Commissioning Services)*

Purpose of report

To update members on the progress of the Domestic Abuse Local Strategic Partnership Board (DALSPB) in delivering the Domestic Abuse Strategy in the last year 2023 – 2024 and the proposed delivery plan for 2024 – 2025.

Issue(s) for consideration

The Domestic Abuse Local Strategic Partnership Board (DALSPB) meets the requirements of the Domestic Abuse Act 2021 and consists of representatives from the local authority, health services, policing and criminal justice, voluntary organisations and representatives for the voice of both child and adult victims of domestic abuse.

The Executive Director of Children's and Joint Commissioning Services reported that over the last financial year the DALSPB had been implementing an action plan, with a focus on the key strategic priorities within the Domestic Abuse Strategy. Details of actions taken were outlined in the report and it was confirmed that the key strategic priorities for 2023 – 2024 would remain the same, with a DALSP focus on:

- Refreshing the Needs Assessment and Strategy for 2025;
- Continuing to incorporate the voice of victims and survivors, both adults and children;
- Promotion of the domestic abuse support services offer and key awareness raising campaigns with a communication strategy;
- Continuing the outcome monitoring of commissioned services;
- Implementation of the Safe and Together model and development of training packages;
- Supporting the strategic review of MARAC to ensure that it is fit for purpose, delivers appropriate outcomes and is reflected within operational MARAC arrangements;
- Exploring options of safe accommodation and ensuring housing systems and applications are trauma-informed and victim-led; and
- Continuing to develop accommodation pathways for perpetrators and a perpetrator strategy.

The Chair took the opportunity to thank the DALSPB for all the work that had been, and continued to be, undertaken.

Decision

That progress on implementation of the strategy, and proposed delivery plan for 2024 – 2025, be noted.

7. Youth Justice Strategic Plan (*Executive Director of Children's and Joint Commissioning Services*)

Purpose of report

To present the Youth Justice Strategic Plan for 2024-2025 and seek comments for incorporation in the report back to the Children's Services Committee, prior to adoption of the plan by full Council.

Issue(s) for consideration

The Director of Children's and Joint Commissioning Services reported that the meeting of Hartlepool Borough Council on 3rd October 2024 would be requested to adopt the Youth Justice Strategic Plan for 2024-2025, a copy

of which was appended to the report. The recommendations made by Safer Hartlepool Partnership, Finance and Policy Committee, Children's Services Committee and Audit and Governance would be considered in the final plan presented to Council. The final version of the Strategic Plan would also be sent to National Youth Justice Board.

Decision

That the report be noted.

8. 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 9 – Domestic Homicide Review – *Executive Director of Development, Neighbourhoods and Regulatory Services* (Para 2) – 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 2) Information which is likely to reveal the identity of an individual.

- 9. Domestic Homicide Review** (*Executive Director of Development, Neighbourhoods and Regulatory Services*) 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 2) Information which is likely to reveal the identity of an individual.

Purpose of report

To consider the report into a recent death as part of the Safer Hartlepool Partnerships Statutory duty to commission Domestic Homicide Reviews under Section 9 of the Domestic Violence, Crime and Victims Act (2004).

Issue(s) for consideration

Under section 9 of the Domestic Violence, Crime and Victims Act (2004) Community Safety Partnerships have a statutory duty to undertake Domestic Homicide Reviews and a detailed report was considered by the Partnership, details of which are set out in the exempt section of the minutes.

Decision

The Safer Hartlepool Partnership Executive considered the Domestic Homicide Review Report and agreed that the final report be sent to the Home Office to be quality assessed.

10. Any Other Items which the Chairman Considers are Urgent

The Chairman ruled that the following item of business should be considered by the Committee as a matter of urgency in accordance with the provisions of Section 100(B) (4)(b) of the Local Government Act 1972 in order that the matter could be dealt with without delay.

- 1) Police and Crime Plan Consultation – Attention was drawn to the start of the consultation process in relation to the Police and Crime Plan and participation was encouraged.

Date and Time of Next Meeting

The Chair reported that the date of the next meeting was to be confirmed.

The meeting concluded at 6.30pm.

CHAIR