



Civic Centre  
HARTLEPOOL

11 FEBRUARY 2025

Councillors Allen, Bailey-Fleet, Boddy, Buchan, Clayton, Cook, Cranney, Creevy, Darby, Dodds, Dunbar, Feeney, Hall, Hargreaves, Harrison, Holbrook, Jorgeson, Leedham, Lindridge, Little, Male, Martin-Wells, Moore, Morley, Nelson, Oliver, Reeve, Riddle, Roy, Scarborough, Sharp, Smith, Thompson, C Wallace, S Wallace and Young.

Madam or Sir,

You are hereby summoned to attend the COUNCIL meeting to be held on THURSDAY, 20 FEBRUARY 2025 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

D McGuckin  
Managing Director

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# COUNCIL AGENDA



**Thursday 20 February 2025**

**at 7.00 pm**

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

- (1) To receive apologies from absent Members;
- (2) To receive any declarations of interest from Members;
- (3) To deal with any business required by statute to be done before any other business;
- (4) To approve the minutes of the last meetings of the Extraordinary Council meeting held on 28 November 2024 and the Council meeting held on 12 December 2024 as the correct record;
- (5) To answer questions from Members of the Council on the minutes of the last meeting of Council;
- (6) To deal with any business required by statute to be done;
- (7) To receive any announcements from the Chair, or the Head of Paid Service;
- (8) To dispose of business (if any) remaining from the last meeting and to receive the report of any Committee to which such business was referred for consideration;
- (9) To consider reports from the Council's Committees and to receive questions and answers on any of those reports;
  - (a) Strengthening the Standards and Conduct Framework for Local Authorities in England – Consultation – *Report of Audit and Governance Committee*
  - (b) Periodic Review of the Constitution – Requests and Requisitions for an Extraordinary meeting of Council – *Report of Constitution Committee*
  - (c) Treasury Management Strategy 2025/26 – *Report of Audit and Governance Committee*

## 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.

- (10) To consider any other business specified in the summons to the meeting, and to receive questions and answers on any of those items;
- (11) To consider reports from the Policy Committees:
- (a) proposals in relation to the Council's approved budget and policy framework;
  - (i) Capital Programme 2025/26 to 2028/29 – *Report of Finance and Policy Committee*
  - (ii) MTFS 2025/26 – Statutory Budget and Council Tax Determination – *Report of Finance and Policy Committee*
  - (iii) Community Safety Plan 2024-2027 – *Report of Finance and Policy Committee*
  - (iv) Housing Revenue Account Business Plan 2024/25 – *Report of Finance and Policy Committee*
  - (b) proposals for departures from the approved budget and policy framework;
- (12) To consider motions in the order in which notice has been received;

**(a) Supporting Public Transport in Hartlepool and across the Tees Valley**

Council notes:

- The Labour government has pledged the biggest overhaul to buses in a generation, pledging £1 billion for bus services, and supporting local authorities to place bus services under public control in the 2024 Bus Services Bill.
- The Mayor of Greater Manchester Andy Burnham has provided a model for placing buses under public control with the Bee Network, a franchised bus network introduced by Burnham and operating across Greater Manchester. Burnham has capped fares at £2 for a single adult fare, £1 for a single child fare, and £5 for a full day fare, placing local people at the heart of public transport in the region.

Council recognises:

- The Mayor of Liverpool City Region Steve Rotheram has also used his powers to franchise local bus services, and the Mayors of the North East, South Yorkshire, the West Midlands, and West Yorkshire are looking at using these same powers.
- Tees Valley Mayor Ben Houchen and the Tees Valley Combined Authority (TVCA) can exercise such powers under the 2017 Bus Services Act, and by doing so, they would make a real difference to the residents of Hartlepool and people across the Tees Valley, allowing residents to travel easily across the region in order to access education, employment opportunities, healthcare, and more.

Council resolves to:



- Write to the Tees Valley Mayor Ben Houchen and the TVCA, urging them to:
  - o Franchise local bus services using the powers afforded to the Mayor by the 2017 Bus Services Act to ensure quality public transport for the residents of Hartlepool and the Tees Valley
  - o Fund a maximum £2 bus fare across the Tees Valley, and maintain the £1 bus fare cap on under 21's
  - o Reinstate a regular and reliable bus service to areas with unreliable links to buses and public transport, such as, but not limited to, Burbank, Dalton Piercy, Elwick, and Hart village.

Signed by: Councillors Allen, Bailey-Fleet, Boddy, Clayton, Cook, Creevy, Dodds, Dunbar, Feeney, Hall, Hargreaves, Harrison, Holbrook, Jorgeson, Male, Nelson, Oliver, Riddle, Scarborough, Sharp and C Wallace

### **(b) Council Motion: Reforming Council Tax for Hartlepool**

Council Tax is placing an unacceptable burden on the residents of Hartlepool. It is fundamentally unfair and unjust, and it is imperative that we pursue comprehensive change on this issue.

Currently, a Band H property in Hartlepool incurs a charge that is £3,000 higher than an equivalent property in Westminster. To put this into perspective, a homeowner in Hartlepool with a property valued at £90,000 is paying more in Council Tax than someone who owns a £3 million property in Wandsworth.

Such stark inequality is simply unacceptable.

The Council welcomes the initiative by Hartlepool's MP, Jonathan Brash, in forming a cross-party group of MPs and Peers dedicated to advocating for change on this critical issue. However, we express our disappointment that while Labour, Conservatives, Lib Dems, and Greens have all accepted the invitation to join, the Reform Party has declined.

Council also notes that there is a public petition being raised and urges all residents to sign it, before Jonathan Brash presents it to Parliament on Hartlepool's behalf.

Additionally, the Council acknowledges and appreciates the £9.8 million in additional grants for Hartlepool issued by the Labour government. Many have been involved in lobbying process over the years, with a significant contribution from our current MP. This marks a positive step towards reversing the damage inflicted by the Conservative government over the past 14 years.

Therefore, Council resolves to:



- Write to Jonathan Brash, extending our unwavering support and cooperation in the ongoing efforts to secure meaningful change to the inequitable Council Tax system.
- Endorse the public petition and carry copies in Council buildings.
- Share details of the public petition in Hartbeat and other media outlets to raise awareness of the regressive and unfair nature of the Council Tax system.
- Encourage Elected Members to sign the petition individually and actively engage with residents, community groups, and stakeholders to promote awareness of the petition and the benefits of reforming the system.
- Write to the Deputy Prime Minister to demand action on changing the council tax system.

Together, we can strive for a fairer and more just system for all residents of Hartlepool.

Signed by: Councillors Feeney, Hargreaves, Harrison, Oliver, Allen, Creevy, Holbrook, Dunbar, Clayton, Male, Boddy, Cook, Nelson, Hall, Jorgeson, Sharp, Bailey-Fleet, C Wallace, Scarborough, Riddle and Dodds.

### **(c) Supporting WASPI Women**

#### **Council Notes:**

- The 1995 Pensions Act increased the State Pension age for women from 60 to 65, with a further rise to 66 in the 2011 Pensions Act.
- These changes were not adequately communicated to 3.8 million women born in the 1950s, with many receiving as little as one year's notice of a six-year delay in their anticipated retirement age.
- The Parliamentary and Health Service Ombudsman (PHSO) has found the Department for Work and Pensions guilty of maladministration in handling these changes.
- The All-Party Parliamentary Group on State Pension Inequality for Women concluded that this maladministration caused devastating emotional, physical, and financial harm to those affected.
- Despite the Ombudsman's findings, the previous government did not act, and the current government has decided not to pay compensation as proposed by the PHSO.

#### **Council Recognises:**

- That the current Labour Government has inherited a dire economic picture, with severe financial constraints stemming from years of mismanagement by successive Conservative governments, including a



£22 billion black hole in public finances identified in a recent Treasury audit.

- That despite these constraints, the moral case for a fair and proportionate resolution to the WASPI injustice remains overwhelming.
- Council recognises and welcomes the stance of our Leader, Brenda Harrison in supporting the WASPI women for many years, alongside our MP, Jonathan Brash in opposing the government position.

#### Council Supports:

- The findings of the All-Party Parliamentary Group on State Pension Inequality, which highlight the gross injustice faced by 1950s-born women and the severe consequences on their emotional, physical, and financial wellbeing.
- A reconsideration of the government's decision not to pay compensation, in light of the Ombudsman's findings and the compelling evidence of the profound hardship caused.
- A fair and proportionate resolution that provides appropriate compensation to those affected, acknowledging the financial constraints facing the nation but also recognising the urgency of this issue.

#### Council Resolves to:

- Write to the Secretary of State for Work and Pensions and the Chancellor of the Exchequer, urging them to:
  - Recognise the profound impact of this injustice on Hartlepool's communities.
  - Reconsider the government's decision on compensation, exploring a fair and affordable resolution in line with the PHSO's recommendations.
  - Commit to preventing similar injustices in future by improving transparency and communication around significant changes to pensions policy.
  - Reaffirm Hartlepool Borough Council's commitment to standing in solidarity with 1950s-born women in their fight for justice.

Signed by: Councillors Allen, Bailey-Fleet, Boddy, Clayton, Cook, Creevy, Dodds, Dunbar, Feeney, Hall, Hargreaves, Harrison, Holbrook, Harrison, Jorgeson, Male, Nelson, Oliver, Riddle, Scarborough, Sharp and C Wallace

- (13) To receive the Managing Director's report and to pass such resolutions thereon as may be deemed necessary;
- (14) To receive questions from and provide answers to the public in relation to matters of which notice has been given under Rule 9;
- (15) To answer questions of Members of the Council under Rule 10;
  - a) Questions to the Chairs about recent decisions of Council Committees and Forums without notice under Council Procedure Rule 10.1



- b) Questions on notice to the Chair of any Committee or Forum under Council Procedure Rule 10.2
- c) Questions on notice to the Council representatives on the Police and Crime Panel and Cleveland Fire Authority
- d) Minutes of the meetings held by the Cleveland Fire Authority held on 18 October 2024 and the Police and Crime Panel held on 12 November 2024.

#### FOR INFORMATION

Date of next meeting – to be confirmed.



# EXTRAORDINARY COUNCIL

## MINUTES OF PROCEEDINGS

**28 November 2024**

The meeting commenced at 7.00 pm in the Civic Centre

The Ceremonial Mayor (Councillor Thompson) presiding:

### COUNCILLORS:

Allen	Bailey-Fleet	Boddy
Brash	Buchan	Clayton
Creevy	Darby	Dodds
Dunbar	Feeney	Hall
Harrison	Holbrook	Jorgeson
Little	Male	Martin-Wells
Morley	Nelson	Reeve
Roy	Sharp	Smith
Thompson	C Wallace	

Officers: Denise McGuckin, Managing Director  
Hayley Martin, Director of Legal, Governance and Human Resources  
Sarah Scarr, Head of Service (Heritage and Open Spaces)  
Angela Armstrong, Principal Democratic Services and Legal Support Officer

### 55. APOLOGIES FOR ABSENT MEMBERS

Councillors Cook, Cranney, Darby, Hargreaves, Leedham, Lindridge, Oliver, Scarborough, S Wallace and Young.

### 56. DECLARATIONS OF INTEREST FROM MEMBERS

None.

### 57. BUSINESS REQUIRED BY STATUTE TO BE DONE BEFORE ANY OTHER BUSINESS

None.

## 58. REQUISITION CALLING EXTRAORDINARY COUNCIL MEETING

Full Council was advised that the meeting had been convened to consider the following:-

“We the undersigned request an extraordinary meeting of Full Council to debate the Conservation Area Management Plans that were approved by the Adult and Community Based Services Committee on 7 November 2024 and pass any motions that may arise as part of the discussion.

Signed: Councillor Moore, Darby, Young, Smith, Little and Cranney.”

Councillor Moore explained the reasons for the submission of the requisition for an Extraordinary meeting of Council and presented the case for the requisition. The presentation referred to the restrictions imposed by the Conservation Area Management Plans on the type of materials that can be used for replacement windows and doors within the Headland and Seaton Conservation Areas. It was suggested that the decision taken by the Adult and Community Based Services Committee to approve the Conservation Area Management Plans be reconsidered. In response, the Chair of the Adult and Community Based Services Committee, Councillor Allen stressed the importance of protecting and preserve the heritage and character within conservation areas and confirmed that the decision had been taken by the Committee on 7 November 2024 with no dissent. It was noted that the Conservation Area Management Plans encouraged the retention of original doors and windows but that all applications for replacement windows and doors would be considered by the Planning Department.

The Monitoring Officer confirmed that decisions taken by Policy Committees and Council could not be revisited within six months of the original decision.

It was moved by Councillor Moore and seconded by Councillor Little:-

That the Conservation Area Appraisal documents be amended to allow the use of modern materials for replacement windows and doors.

A recorded vote was taken on the Motion:-

Those for:- Councillors Buchan, Darby, Little, Moore and Smith.

Those against:- Councillors Allen, Bailey-Fleet, Boddy, Clayton, Creevy, Dodds, Dunbar, Feeney, Hall, Harrison, Holbrook, Male, Morley, Nelson, Riddle, Roy, Sharp, Thompson and C Wallace.

It was announced that the Motion was not carried.

Members of the public interjected during the meeting and the Chair informed them that Councillors would remain in the Chamber at the conclusion of the meeting if anyone wished to discuss anything.

It was moved by Councillor Creevy and seconded by Councillor Harrison:-

That the Conservation Area Appraisal Documents be considered by the Adult and Community Based Services Committee at a future meeting.

A vote was taken by a show of hands and the motion was approved unanimously.

It was moved by Councillor Moore and seconded by Councillor Buchan:-

That the Planning Delegation Scheme be amended to include that any planning application received in a conservation area for replacement windows and/or doors be automatically called into Planning Committee.

The Monitoring Officer confirmed that any proposed amendments to the Planning Delegation Scheme must be considered by Constitution Committee.

A vote was taken by a show of hands and the motion was approved for submission to Constitution Committee for consideration.

The meeting concluded at 7.40pm

CEREMONIAL MAYOR

# COUNCIL

## 20 February 2025



**Report of:** Audit and Governance Committee

**Subject:** STRENGTHENING THE STANDARDS AND CONDUCT FRAMEWORK FOR LOCAL AUTHORITIES IN ENGLAND - CONSULTATION

### 1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:

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

### 2. PURPOSE OF REPORT

- 2.1 To present the recommendations of the Audit and Governance Committee in response to the 'Strengthening the Standards and Conduct Framework for Local Authorities in England' consultation.
- 2.2 To agree a response to the consultation for submission to the Ministry of Housing, Communities and Local Government (MHCLG).

### 3. BACKGROUND

- 3.1 The Localism Act 2011<sup>1</sup> established the current standards and conduct framework for local authorities, requiring every local authority to:
- Adopt a code of conduct that is consistent with the 7 'Nolan' principles of standards in public life<sup>2</sup> (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
  - Have in place a local code of conduct and arrangements for the investigation of allegations of breaches of the code.
  - In December 2020, the Local Government Association (LGA) developed and published a Model Councillor Code of Conduct in association with key partners and following extensive consultation with the sector. This was in response to the recommendation of the Committee of Standards in Public Life Local Government Ethical Standards 2019.<sup>3</sup> The code was part of the work on supporting all tiers of local government to continue to aspire to

<sup>1</sup> Localism Act - <https://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7/enacted>

<sup>2</sup> <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

<sup>3</sup> <https://www.gov.uk/government/publications/local-government-ethical-standards-report>

high standards of leadership and performance, and our civility in public life programme.

- Hartlepool Borough Council adopted the model code of conduct in 2021 and a copy of the Code and investigation arrangements are outlined Part 5 of the Constitution<sup>4</sup>:

- 3.2 Under current arrangements<sup>5</sup>, sanctions for member code of conduct breaches are limited to measures such as recommending to a Group Leader that a member be removed from a committee, a requirement to issue an apology or undergo code of conduct training, or censure/public criticism. They do not include suspension or the withholding of allowances.
- 3.3 In response to concerns that the current standards regime is in certain key aspects ineffectual, inconsistently applied, and lacking in adequate powers to sanction, the government has launched a consultation on wide-ranging reforms to the local government standards system. The ten-week consultation was launched on the 18<sup>th</sup> December 2024, closes on the 26<sup>th</sup> February 2025. Members are asked to formulate a response to the consultation for submission to the Ministry of Housing, Communities and Local Government (MHCLG).

#### 4. THE CONSULTATION

- 4.1 The consultation seeks views on introducing measures to strengthen the standards and conduct regime in England and ensure consistency of approach amongst councils investigating serious breaches of their member codes of conduct, including the introduction of the power of suspension.
- 4.2 The consultation looks specifically at legislative change including:
- i) The introduction of a mandatory minimum code of conduct for local authorities in England.
  - ii) A requirement that all principal authorities convene formal standards committees to make decisions on code of conduct breaches, and publish the outcomes of all formal investigations;
  - iii) The introduction of the power for all local authorities (including combined authorities) to suspend councillors or mayors found in serious breach of their code of conduct and, as appropriate, interim suspension for the most serious and complex cases that may involve police investigations; and
  - iv) A new category of disqualification for gross misconduct and those subject to a sanction of suspension more than once in a 5-year period a role for a national body to deal with appeals.
- 4.3 In addition, the consultation also seeks views on how to empower victims affected by councillor misconduct to come forward and what additional support would be appropriate to consider.

<sup>4</sup> [file:///C:/Users/CEADJW/Downloads/MASTER\\_All\\_Parts\\_of\\_Constitution\\_2024\\_25%20\(1\).pdf](file:///C:/Users/CEADJW/Downloads/MASTER_All_Parts_of_Constitution_2024_25%20(1).pdf)

<sup>5</sup> [https://www.hartlepool.gov.uk/downloads/download/244/complaining\\_about\\_a\\_councillor\\_or\\_parish\\_councillor](https://www.hartlepool.gov.uk/downloads/download/244/complaining_about_a_councillor_or_parish_councillor)

- 4.4 Council is requested to formulate a view in relation to each of the consultation questions, further information in relation to each question is provided in **Appendix A**.

## 5. CONSULTATION RESPONSE

- 5.1 As the Committee responsible for Member Standards, the Audit and Governance Committee at its meeting on the 28<sup>th</sup> January 2025 formulated a proposed response to each of the consultation questions. Details of the Committees recommended response is outlined in Table 1 below.

**Table 1 – Recommended Consultation Response**

<b>(a)Mandatory Minimum Prescribed Code of Conduct</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Do you think the government should prescribe a mandatory minimum code of conduct for local authorities in England?	Yes: - <i>A mandatory code would provide a consistent baseline of ethical behaviour for all local authorities and residents.</i> - <i>There should be further consultation on the detail of the mandatory code.</i>
Do you agree there should be scope for local authorities to add to a mandatory minimum code of conduct to reflect specific local challenges?	Yes  <i>Suggested local arrangements - There needs to be flexibility for local authorities to add to the prescribed code to reflect individual circumstances.</i>
Do you think the government should set out a code of conduct requirement for members to cooperate with investigations into code breaches?	Yes - <i>This is essential.</i>
<b>(b)Standards Committee</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Should all principal authorities be required to form a standards committee?	Yes: - <i>Clear guidance on the responsibilities of Standards Committees is required with discretion for local authorities to allocate responsibilities within local governance structures.</i>  <i>Suggested local arrangements - A Standards Committee should be separate from the Audit and</i>

	<i>Governance Committee. Its membership mirroring that of the Audit and Governance Committee.</i>
Should all alleged code of conduct breaches which are referred for investigation be heard by the relevant principal authority's standards committee?	Yes
Do you agree that the Independent Person and co-opted members should be given voting rights?	No – <i>This would remove their independence.</i>
Should standards committees be chaired by the Independent Person?	No – <i>This would remove their independence.</i>
<b>(c) Publishing investigation outcomes</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Should local authorities be required to publish annually a list of allegations of code of conduct breaches, and any investigation outcomes?	<p><b>Allegations of code of conduct breaches - No</b></p> <p><i>Not all allegations progress to investigation and may be unfounded / unproved.</i></p> <p><b>Investigation outcomes –</b> Not all outcomes should be published.</p> <p><i>Publication of investigation outcomes should be at the discretion of the Standards Committee.</i></p>
Should investigations into the conduct of members who stand down before a decision continue to their conclusion, and the findings be published?	Not as a matter of course. <i>Publication should be at the discretion of the Standards Committee.</i>
<b>(d) Introducing the power of suspension with related safeguards</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Do you think local authorities should be given the power to suspend elected members for serious code of conduct breaches?	Yes
Do you think that it is appropriate for a standards committee to have the power to suspend members, or should this be the role of an independent body?	Yes – <i>The Standards Committee should have the power to suspend members.</i>
Where it is deemed that suspension is an appropriate response to a code of conduct breach, should local authorities be required to nominate an alternative point of contact for constituents during their absence?	Yes – <i>From the other Councillors within their Ward.</i>

<b>The length of suspension</b>	
If the government reintroduced the power of suspension, do you think there should be a maximum length of suspension?	Yes – 3 months at the end of which a review should be built in to allow an extension (should it be required).
If yes, how frequently do you consider councils would be likely to make use of the maximum length of suspension?	Unable to say
<b>(e) Withholding allowances and premises and facilities bans</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Should local authorities have the power to withhold allowances from suspended councillors in cases where they deem it appropriate?	Yes  <i>Clear guidance would be needed to ensure that suspensions, and the withholding of allowances, is undertaken consistently across local authorities.</i>
Do you think it should be put beyond doubt that local authorities have the power to ban suspended councillors from council premises and to withdraw the use of council facilities in cases where they deem it appropriate?	Yes
Do you agree that the power to withhold members' allowances and to implement premises and facilities bans should also be standalone sanctions in their own right?	Yes
<b>(f) Interim suspension</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Do you think the power to suspend councillors on an interim basis pending the outcome of an investigation would be an appropriate measure?	Yes  <i>Payment of allowances should continue to be paid</i>
Do you agree that local authorities should have the power to impose premises and facilities bans on councillors who are suspended on an interim basis?	Yes
Do you think councils should be able to impose an interim suspension for any period of time they deem fit?	No - <i>Interim suspensions should be for a fixed period (4 weeks)</i>
Do you agree that an interim suspension should initially be for up to a maximum of 3 months, and then subject to review?	No - <i>Interim suspensions should be for a fixed period (4 weeks) and subject to review.</i>
If following a 3-month review of an interim suspension, a standards committee decided to extend, do you think there should be safeguards to ensure a period of	Yes

interim extension is not allowed to run on unchecked?	
If you answered yes to above question, what safeguards do you think might be needed to ensure that unlimited suspension is not misused?	A review.
<b>(g) Disqualification for multiple breaches and gross misconduct</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Do you think councillors should be disqualified if subject to suspension more than once?	No
Is there a case for immediate disqualification for gross misconduct, for example in instances of theft or physical violence impacting the safety of other members and/or officers, provided there has been an investigation of the incident and the member has had a chance to respond before a decision is made?	Yes
<b>(h) Appeals</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Should members have the right to appeal a decision to suspend them?	Yes
Should suspended members have to make their appeal within a set timeframe?	Yes
Do you consider that a complainant should have a right of appeal when a decision is taken not to investigate their complaint?	Yes
Do you consider that a complainant should have a right of appeal when an allegation of misconduct is not upheld?	No
<b>(i) Potential for a national appeals body</b>	
<i>Question</i>	<i>Response / Comment(s) to consultation</i>
Do you think there is a need for an external national body to hear appeals?	No
If you think there is a need for an external national appeals body, do you think it should: <ul style="list-style-type: none"> <li>• Be limited to hearing elected member appeals</li> <li>• Be limited to hearing claimant appeals</li> <li>• Both of the above should be in scope</li> </ul>	N/A

- 5.2 Council is asked to consider the Audit and Governance Committee's recommended response to each of the questions as the basis for the formal Hartlepool Borough Council consultation response. The finalised response to be submitted to the Ministry of Housing, Communities and Local Government (MHCLG) in accordance with the 26 February 2025 deadline.

**6. OTHER CONSIDERATIONS/IMPLICATIONS**

<b>RISK IMPLICATIONS</b>	N/A
<b>FINANCIAL CONSIDERATIONS</b>	N/A
<b>SUBSIDY CONTROL</b>	N/A
<b>LEGAL CONSIDERATIONS</b>	N/A
<b>CHILD AND FAMILY POVERTY</b>	N/A
<b>EQUALITY AND DIVERSITY CONSIDERATIONS</b>	N/A
<b>STAFF CONSIDERATIONS</b>	N/A
<b>ASSET MANAGEMENT CONSIDERATIONS</b>	N/A
<b>ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS</b>	N/A

**7. RECOMMENDATIONS**

- 7.1 That Council approve the Audit and Governance Committee's recommended response to the consultation (as detailed in Table 1) for submission to the Ministry of Housing, Communities and Local Government (MHCLG).

**8. REASONS FOR RECOMMENDATIONS**

- 8.1 To produce a response to the consultation and inform the development of measures to strengthen the standards and conduct regime in England.

**9. BACKGROUND PAPERS**

- <https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england>
- Hartlepool Borough Council Constitution
- Hartlepool Borough Code of Conduct

**10. CONTACT OFFICERS**

Hayley Martin  
 Director of Legal, Governance and Human Resources and Senior  
 Hayley.martin@hartlepool.gov.uk  
 01429 523003

## Consultation Questions

## Strengthening the Standards and Conduct framework

**a) Mandatory minimum prescribed code of conduct**

The government proposes to legislate for the introduction of a mandatory minimum code of conduct which would seek to ensure a higher minimum standard of consistency in setting out the behaviours expected of elected members. The government will likely set out the mandatory code in regulations to allow flexibility to review and amend in future, this will also provide the opportunity for further consultation on the detail.

Codes of conduct play an important role in prescribing and maintaining high standards of public service, integrity, transparency, and accountability. At their best, they establish clear guidelines for behaviour and expectations that members always act ethically in the public's best interest. Currently, there is significant variation between adopted codes, ranging from those who choose to adopt the LGA's full model code to those who simply conform with the minimum requirement of restating the Nolan principles.

A prescribed model code which covers important issues such as discrimination, bullying, and harassment, social media use, public conduct when claiming to represent the council, and use of authority resources could help to uphold consistently high standards of public service in councils across the country and convey the privileged position of public office. It could also provide clarity for the public on the consistent baseline of ethical behaviour they have a right to expect.

We would be interested in understanding whether councils consider there should be flexibility to add to the prescribed code to reflect individual authorities' circumstances. They would not be able to amend the mandatory provisions.

**b) Standards Committees**

Currently, there is no requirement for local authorities to constitute a formal standards committee. The only legal requirement is for local authorities to have in place 'arrangements' to investigate and make decisions on allegations of misconduct.

The government believes that all principal authorities should be required to convene a standards committee. Formal standards committees would support consistency in the handling of misconduct allegations, applying the same standards and procedures to all cases and providing a formal route to swiftly identify and address vexatious complainants. Furthermore, having a formal standards committee in place could support the development of expertise in handling allegations of misconduct, leading to more informed decision-making. Removing the scope for less formal and more ad hoc arrangements would also enhance transparency and demonstrate to the public that standards and conduct issues will always be dealt with in a structured and consistent way.

This section of the consultation seeks views on two specific proposals to enhance the fairness and objectivity of the standards committee process. Firstly, it considers

whether standards committee membership would be required to include at least one Independent Person, as well as (where applicable) at least one co-opted member from a parish or town council. Secondly, it seeks views on whether standards committees should be chaired by the Independent Person.

### **c) Publishing investigation outcomes**

To enhance transparency, local authorities should, subject to data protection obligations, be required to publish a summary of code of conduct allegations, and any investigations and decisions. This will be accompanied with strong mechanisms to protect victims' identity to ensure complainants are not dissuaded from coming forward for fear of being identified,

There may be a range of views on this, as publishing the outcome of an investigation that proves there is no case to answer could still be considered damaging to the reputation of the individuals concerned, or it could be considered as helpful in exposing instances of petty and vexatious complaints.

### **d) Requiring the completion of investigations if a member stands down**

In circumstances where a member stands down during a live code of conduct investigation, councils should be required to conclude that investigation and publish the findings. The government is proposing this measure to ensure that, whilst the member in question will no longer be in office and therefore subject to any council sanction, for the purposes of accountability and transparency there will still be full record of any code of conduct breaches during their term of office.

### **Introducing the power of suspension with related safeguards**

The government believes that local authorities should have the power to suspend councillors for serious code of conduct breaches for a maximum of 6 months, with the option to withhold allowances and institute premises and facilities bans where deemed appropriate. This section of the consultation explores these proposed provisions in greater detail.

While the law disqualifies certain people from being, or standing for election as, a councillor (e.g. on the grounds of bankruptcy, or receipt of a custodial sentence of 3 months or more, or it subject to the notification requirements of the Sexual Offences Act 2003 - meaning on the sex offenders register) councillors cannot currently be suspended or disqualified for breaching their code of conduct.

Feedback from the local government sector in the years since the removal of the power to suspend councillors has indicated that the current lack of meaningful sanctions means local authorities have no effective way of dealing with more serious examples of member misconduct.

The most severe sanctions currently used, such as formally censuring members, removing them from committees or representative roles, and requiring them to undergo training, may prove ineffective in the cases of more serious and disruptive misconduct. This may particularly be the case when it comes to tackling repeat offenders.

The government recognises that it is only a small minority of members who behave badly, but the misconduct of this small minority can have a disproportionately negative impact on the smooth running of councils. We also appreciate the frustration members of the public and councillors can feel both in the inability to deal decisively with cases of misconduct, and the fact that offending members can

### **a) The length of suspension**

The Committee on Standards in Public Life recommended in their 2019 Local Government Ethical Standards<sup>[footnote 31](#)</sup> (CSPL) report that the maximum length of suspension, without allowances, should be 6 months and the government agrees with this approach. The intent of this proposal would be that non-attendance at council meetings during a period of suspension would be disregarded for the purposes of section 85 of the Local Government Act 1972, which states that a councillor ceases to be a member of the local authority if they fail to attend council meetings for 6 consecutive months.

The government believes that suspension for the full 6 months should be reserved for only the most serious breaches of the code of conduct and considers that there should be no minimum length of suspension to facilitate the proportionate application of this strengthened sanction.

### **b) Withholding allowances and premises and facilities bans**

Giving councils the discretion to withhold allowances from members who have been suspended for serious code of conduct breaches in cases where they feel it is appropriate to do so could act as a further deterrent against unethical behaviour. Holding councillors financially accountable during suspensions also reflects a commitment to ethical governance, the highest standards of public service, and value for money for local residents.

Granting local authorities, the power in legislation to ban suspended councillors from local authority premises and from using council equipment and facilities could be beneficial in cases of behavioural or financial misconduct, ensuring that suspended councillors do not misuse resources or continue egregious behaviour. Additionally, it would demonstrate that allegations of serious misconduct are handled appropriately, preserving trust in public service and responsible stewardship of public assets.

These measures may not always be appropriate and should not be tied to the sanction of suspension by default. The government also recognises that there may be instances in which one or both of these sanctions is appropriate, but suspension is not. It is therefore proposed that both the power to withhold allowances and premises and facilities bans represent standalone sanctions in their own right.

### **c) Interim suspension**

Some investigations into serious code of conduct breaches may be complex and take time to conclude, and there may be circumstances when the misconduct that has led to the allegation is subsequently referred to the police to investigate. In such cases, the government proposes that there should be an additional power to impose interim suspensions whilst and until a serious or complex case under investigation is resolved.

A member subject to an interim suspension would not be permitted to participate in any council business or meetings, with an option to include a premises and facilities ban.

We consider that members should continue to receive allowances whilst on interim suspension and until an investigation proves beyond doubt that a serious code of conduct breach has occurred, or a criminal investigation concludes. The decision to impose an interim suspension would not represent a pre-judgement of the validity of an allegation.

We suggest that:

- Interim suspensions should initially be for up to a maximum of 3 months. After the expiry of an initial interim suspension period, the relevant council's standards committee should review the case to decide whether it is in the public interest to extend.
- As appropriate, the period of time spent on interim suspension may be deducted from the period of suspension a standards committee imposes.

#### **d) Disqualification for multiple breaches and gross misconduct**

When councillors repeatedly breach codes of conduct, it undermines the integrity of the council and erodes public confidence. To curb the risk of repeat offending and continued misconduct once councillors return from a suspension, the government considers that it may be beneficial to introduce disqualification for a period of 5 years for those members for whom the sanction of suspension is invoked on more than one occasion within a 5-year period.

This measure underlines the government's view that the sanction of suspension should only be used in the most serious code of conduct breaches, because in effect a decision to suspend more than once in a 5-year period would be a decision to disqualify an elected member. However, we consider this measure would enable councils to signal in the strongest terms that repeated instances of misconduct will not be tolerated and would act as a strong deterrent against the worst kind of behaviours becoming embedded.

Currently a person is disqualified if they have been convicted of any offence and have received a sentence of imprisonment (suspended or not) for a period of 3 months or more (without the option of a fine) in the 5-year period before the relevant election. Disqualification also covers sexual offences, even if they do not result in a custodial or suspended sentence.

#### **e) Appeals**

The government proposes that:

- A right of appeal be introduced for any member subject to a decision to suspend them.
- Members should only be able to appeal any given decision to suspend them once.
- An appeal should be invoked within 5 working days of the notification of suspension; and

- Following receipt of a request for appeal, arrangements should be made to conduct the appeal hearing within 28 working days.

The government believes that were the sanction of suspension to be introduced (and potentially disqualification if a decision to suspend occurs a second time within a 5-year period) it would be essential for such a punitive measure to be underpinned by a fair appeals process.

A right of appeal would allow members to challenge decisions that they believe are unjust or disproportionate and provides a safeguard to ensure that the sanction of suspension is applied fairly and consistently.

#### **f) Potential for a national appeals body**

There is a need to consider whether appeals panels should be in-house within local authorities, or whether it is right that this responsibility sits with an independent national body. Whereas an in-house appeals process would potentially enable quicker resolutions by virtue of a smaller caseload, empowering a national body to oversee appeals from suspended members and complainants could reinforce transparency and impartiality and help to ensure consistency of decision-making throughout England, setting precedents for the types of cases that are heard.



**Report of:** Constitution Committee

**Subject:** PERIODIC REVIEW OF THE CONSTITUTION -  
REQUESTS AND REQUISITIONS FOR  
EXTRAORDINARY COUNCILS

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**1. PURPOSE OF REPORT**

To consider the following amendments to the process for requests or requisitions for an Extraordinary meeting of Council.

**2. ISSUES FOR CONSIDERATION**

At its meeting on the 27 January 2025, Members considered a report seeking Members views on proposed amendments to the Constitution, see Appendix 1.

One of the issues for consideration was for Members to consider the inclusion of the following wording to the Council Procedure Rules at Part 4 of the Constitution in relation to requisitions for Extraordinary Council meetings:

*Any request or requisition for an Extraordinary Meeting of the Council shall specify the reason for the calling of the meeting and give notice of a motion/motions to be debated (unless the purpose is to receive reports or adoption of recommendations of Committees or Officers or any resolutions following from them).*

*The purpose of an Extraordinary Meeting is to enable business to be transacted, or a matter to be debated, that is urgent and cannot wait until the next ordinary Full Council meeting.*

The Committee agreed the wording set out above and referred the matter to Full Council for approval.

**3. RECOMMENDATIONS**

That Members consider the referral from Constitution Committee to include in the Council Procedure Rules the wording set out at section 2 of this report in relation to Extraordinary Meetings of Council.

**4. CONTACT OFFICER**

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# CONSTITUTION COMMITTEE

27 January 2025



**Report of:** Monitoring Officer/Director of Legal, Governance and Human Resources

**Subject:** CONSTITUTION REVIEW

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## 1. PURPOSE OF REPORT

- 1.1 To review and consider changes to the Constitution prior to consideration of the changes by Council.

## 2. BACKGROUND

- 2.1 The Council's Constitution at Article 14 ("Review and Revision of the Constitution") requires that the Monitoring Officer "will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect."

This report sets out details of issues which have been referred to the Committee for consideration since the last meeting of the Committee.

## 3. PART 3 - DELEGATION SCHEME

- 3.1 Committee Delegations – Members have questioned the remit of the Finance and Policy Committee. It has been suggested that changes are made to the current arrangements as follows:
- Rename Finance and Policy Committee 'Finance and Corporate Affairs Committee' and change its functions/service areas as follows:
    - a) Remove all Public Health and housing related services and establish a new 'Public Health and Housing Committee' where these service areas would report to
    - b) Move Facilities Management (Catering and Cleaning) to within the remit of Neighbourhood Services Committee
    - c) Move Safer Hartlepool Partnership to within the remit of Neighbourhood Services Committee

Members are also asked to consider:

- 3.2 Planning Delegations – Government have recently released a Working Paper which includes their policy for reform of planning. This includes a proposal to have a national scheme of delegation. Members are asked to consider whether to propose any changes to the current arrangements at this time or wait to see which of the Working Paper proposals are taken forward.
- 3.3 Other changes – Members are asked to consider whether any other changes are to be considered to Part 3?

#### **4. EXTRAORDINARY MEETINGS OF FULL COUNCIL**

- 4.1 Members are asked to consider the inclusion of the following to the Council Procedure Rules at Part 4 of the Constitution:

*Any request or requisition for an Extraordinary Meeting of the Council shall specify the reason for the calling of the meeting and give notice of a motion/motions to be debated (unless the purpose is to receive reports or adoption of recommendations of Committees or Officers or any resolutions following from them).*

*The purpose of an Extraordinary Meeting is to enable business to be transacted, or a matter to be debated, that is urgent and cannot wait until the next ordinary Full Council meeting.*

#### **5. RECOMMENDATIONS**

- 5.1 That the Committee consider the report and formulates its recommendations for submission to Full Council

#### **6. REASONS FOR RECOMMENDATIONS**

- 6.1 It is the responsibility of the Monitoring Officer to monitor the Constitution to ensure that the aims and principles of the Constitution are given full effect.

#### **7. BACKGROUND PAPERS**

Hartlepool Borough Council's Constitution  
[Planning Reform Working Paper: Planning Committees](https://www.gov.uk/government/publications/planning-reform-working-paper-planning-committees/planning-reform-working-paper-planning-committees) -  
<https://www.gov.uk/government/publications/planning-reform-working-paper-planning-committees/planning-reform-working-paper-planning-committees>

#### **8. CONTACT OFFICERS**

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# **CONSTITUTION COMMITTEE**

## **MINUTES AND DECISION RECORD**

27 January 2025

The meeting commenced at 2.00pm in the Civic Centre, Hartlepool

**Present:**

Councillor Brenda Harrison (In the Chair)

Councillors: Moss Boddy, Bob Buchan, Sue Little, Corine Male, John Nelson and Carole Thompson

Officers: Denise McGuckin, Managing Director  
Hayley Martin, Director of Legal, Governance and Human Resources  
Angela Armstrong, Principal Democratic Services and Legal Support Officer

### **26. Apologies for Absence**

Apologies for absence were received from Councillors Quewone Bailey-Fleet and Matthew Dodds.

### **27. Declarations of interest by Members**

None.

### **28. Confirmation of the minutes of the meeting held on 17 September 2024**

Confirmed.

### **29. Appointment of Vice Chair**

The Director of Legal, Governance and Human Resources sought nominations for the position of Vice Chair of the Constitution Committee as this appointment had not been filled at Annual Council last year. A nomination was received and seconded for Councillor Moss Boddy to take up this position and this nomination was accepted.

**Decision**

Councillor Moss Boddy be appointed as Vice Chair of the Constitution Committee with immediate effect.

**30. Constitution Review** (*Monitoring Officer/Director of Legal Governance and Human Resources*)

The Monitoring Officer/Director of Legal, Governance and Human Resources presented a report which included proposed changes to Part 3 – Delegation Scheme within the Constitution along with a proposed amendment to the required content for a request or requisition for an Extraordinary Meeting of the Council.

There were several proposals relating to Committee delegations and there were varying views across Members. It was therefore indicated that further discussion was required on the detail of those proposals. It was suggested that consideration of these proposals be deferred to an additional meeting of the Committee prior to being submitted to Council for decision.

It was highlighted that in view of the Government's Working Paper that was currently being considered, a future discussion on the Planning delegations be delayed until the publication of the White Paper.

A discussion ensued on the information needed as part of a request or requisition for an Extraordinary meeting of Council. A Member noted that it would be beneficial for Members to have as much information in advance of an Extraordinary meeting for clarity, including the purpose of the motion and to inform the discussions and any subsequent decisions.

**Decision**

- (1) That an additional meeting of the Constitution Committee be arranged to enable further discussion on the suggested changes to the Committee Delegations in Part 3 of the Constitution.
- (2) That consideration of the Planning Delegations be deferred to a future Constitution Committee once the Government's White Paper which includes their policy for reform of planning was published.
- (3) That the proposed changes to the request or requisition of an Extraordinary meeting of Council be agreed and submitted to the next meeting of Council for consideration.

The meeting concluded at 2.40pm

CHAIR



**Report of:** Audit and Governance Committee

**Subject:** TREASURY MANAGEMENT STRATEGY 2025/26

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## 1. COUNCIL PLAN PRIORITY

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

## 2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to agree the Treasury Management Strategy for 2025/26 following referral from Audit and Governance committee.

## 3. BACKGROUND

- 3.1 The Local Government Act 2003 requires the Council to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.
- 3.2 The Act therefore requires the Council to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Council's policies for managing its 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. This guidance recommends that all Local

Authorities produce an Annual Investment Strategy that is approved by full Council, which is also included in this report.

- 3.3 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 Council. This responsibility has been allocated to the Audit and Governance Committee.

#### **4. ISSUES CONSIDERED BY AUDIT AND GIVERNANCE ON 28 JANUARY 2025**

- 4.1 The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 28 January 2025 and this report is attached as **Annex A**. Regulatory information and prudential indicators are included at **Annex A - Appendix A**.
- 4.2 The Audit and Governance Committee scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Council.

#### **5. RISK IMPLICATIONS**

- 5.1 As detailed in report at Annex A.

#### **6. FINANCIAL CONSIDERATIONS**

- 6.1 As detailed in report at Annex A.

#### **7. LEGAL CONSIDERATIONS**

- 7.1 As detailed in report at Annex A.

#### **8. CHILD AND FAMILY POVERTY CONSIDERATIONS**

- 8.1 None.

#### **9. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 9.1 None.

#### **10. STAFF CONSIDERATIONS**

- 10.1 None.

#### **11. ASSET MANAGEMENT CONSIDERATIONS**

- 11.1 None.

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

12.1 None.

**13. RECOMMENDATIONS REFERRED BY AUDIT AND GOVERNANCE COMMITTEE FOR COUNCIL'S CONSIDERATION AND APPROVAL**

13.1 The recommendations to be considered by Council as recommended by Audit and Governance Committee:

13.1.1 That the Treasury Management Strategy for 2025/26 be approved, including

- i) The borrowing strategy for 2025/26;
- ii) The investment strategy for 2025/26;
- iii) The prudential indicators; and
- iv) The minimum revenue provision statement.

**14. REASONS FOR RECOMMENDATIONS**

14.1 To allow Members to fulfil their responsibility for scrutinising the Treasury Management Strategy.

**15. BACKGROUND PAPERS**

N/A

**16. CONTACT OFFICER**

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# AUDIT AND GOVERNANCE COMMITTEE

28 January 2025



**Report of:** Director of Finance, IT & Digital

**Subject:** TREASURY MANAGEMENT STRATEGY 2025/26  
AND THIRD QUARTER REVIEW 2024/25

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## 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 the third quarter update of the 2024/25 Treasury Management activity; and

- ii. Enable the Audit and Governance Committee to scrutinise the recommended 2025/26 Treasury Management Strategy before it is referred to Council for approval.

### **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, including interest, do not exceed the costs factored into business case appraisals. 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 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 issued Guidance on Local Government Investments which came into force on 1<sup>st</sup> April 2004, and has subsequently been updated, most recently in 2021.**

#### **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 environment and outlook for interest rates;
- Treasury Management Strategy 2024/25 3<sup>rd</sup> Quarter review;
- Treasury Management Strategy 2025/26; and
- Minimum Revenue Provision and Interest Cost and Other Regulatory Information 2025/26.

**4. ECONOMIC ENVIRONMENT AND OUTLOOK FOR INTEREST RATES**

**4.1 UK** – The Bank of England's (BoE) Monetary Policy Committee (MPC) opted to hold the Bank Rate at 4.75% in its December 2024 meeting. At the November meeting it implemented a 0.25% interest reduction, lowering rates from 5.0% to 4.75%. The BoE Monetary policy stated interest rates 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 have dissipated further. The BoE will closely monitor the risks of inflation persistence and will decide the appropriate degree of monetary policy restrictiveness at each meeting.

**4.2** CPI inflation rose to 2.6% in November, up from 2.3% reported in October. Core inflation (which strips out volatile categories like energy, food, alcohol and tobacco), also rose from 3.5% to 3.6%. Services inflation remained higher at 5%, partly driven by a large decrease in airfares. November's CPI figure was slightly lower than the 2.7% analysts were forecasting.

**4.3** The Office for Budget Responsibility's revised GDP growth forecast up to 2028 is set out in the following table:

Year	March 2023 Growth Forecast	November 2024 Growth Forecast
2024	1.8%	1.1%
2025	2.5%	2.0%
2026	2.1%	1.8%
2027	1.9%	1.5%
2028	n/a	1.5%

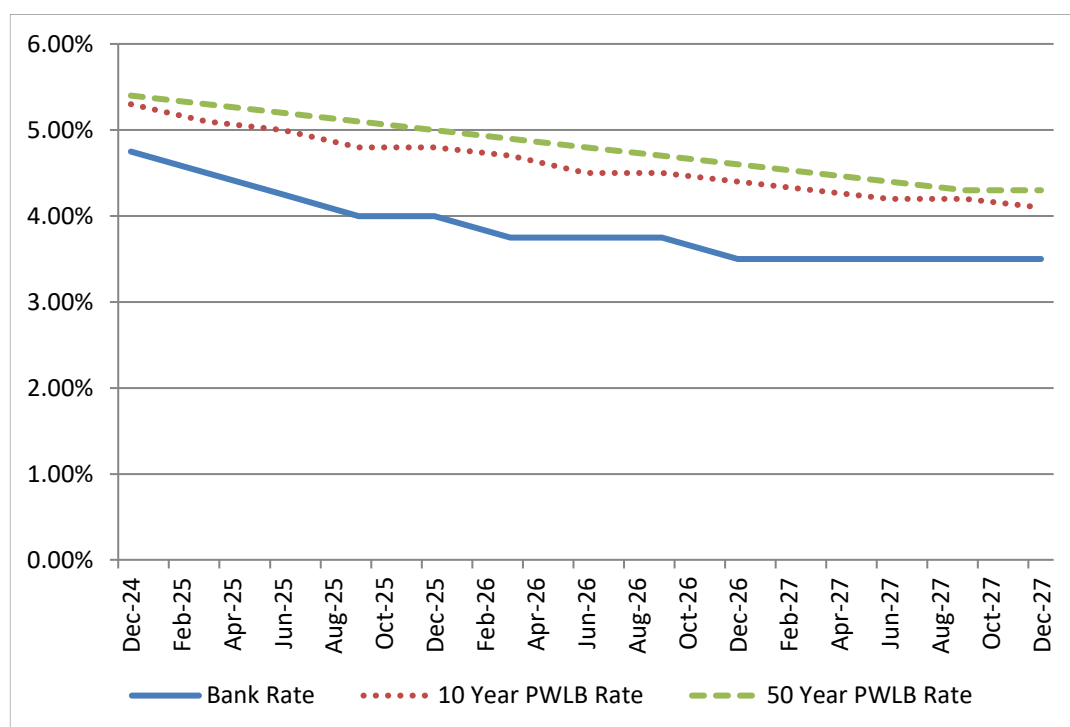
**4.4 European Union (EU)** – Annual inflation rates in the Eurozone rose to 2.4% in December, compared with November's rate of 2.2%. This marks the third rise in as many months and damping hopes of a big rate cut by the European Central Bank. The annual core inflation rate in the Eurozone, excluding volatile items such as energy, food, alcohol and tobacco, remained steady at 2.7%. The unemployment rate in the Eurozone was unchanged in November from the prior month at 6.3% in October, holding at its lowest on record, and in line with Market expectations.

**4.5 USA** – The Federal Reserve made their third and final rate cut of 2024 in December by 0.5% to 4.25%. They also forecast two fewer rate reductions in 2025 than they had previously expected, as inflation lingers and the economy holds up.

**4.6 Other Economies** – The People's Bank of China (PBoC) held the one-year medium term lending facility at 2.0% in December 2024. Previously, the central bank introduced its most comprehensive economic stimulus measures since 2015 to revive the economy and restore market confidence and ongoing economic headwinds, including weak domestic demands and deflation risks.

**Interest Rate Forecasts**

- 4.7 Link Group (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 Following the 30<sup>th</sup> October budget, the outcome of the US Presidential election on 6<sup>th</sup> November, and the 25bps Bank Rate cut undertaken by the MPC on 7<sup>th</sup> November, Link Group have significantly revised the central forecasts for the first time since May 2024. The Bank Rate forecast is now 50bps-75bps higher than was previously the case and PWLB forecasts have been materially lifted to reflect concerns over the future path of inflation and the increased level of government borrowing over the term of the current Parliament.
- 4.9 Link Group's view is that monetary policy is sufficiently tight at present to cater for some moderate loosening, the extent of which, however, will continue to be data dependent. Link Group forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Reports (February, May, August and November).
- 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 may be liable to further amendment depending on how the political, economic and international developments transpire over the next year.
- 4.11 Interest Rate Forecasts up to December 2027



**5. TREASURY MANAGEMENT 2024/25 3<sup>rd</sup> QUARTER REVIEW**

- 5.1 The Treasury Management Strategy for 2024/25 was approved by Council on 22<sup>nd</sup> February 2024. The Council's borrowing and investment position as at 31<sup>st</sup> December 2024 is summarised as follows:

	£m	Average Rate
PWLB Loans	26.4	3.42%
Market Loan (Annuity)	16.2	2.31%
Market Loans (Maturities)	25.0	3.92%
Non-Market Loans (Maturities)	0.5	0.00%
Market Loans (LOBOs)	15.0	3.71%
<b>Gross Debt</b>	<b>83.1</b>	<b>3.39%</b>
Investments	51.1	4.70%
<b>Net Debt as at 31-12-24</b>	<b>32.0</b>	

- 5.2 Net Debt has increased since 30<sup>th</sup> September 2024 (£30.1m as at second quarter review), due to day to day revenue activity and capital programme delivery.
- 5.3 No new borrowing during 2024/25 has been entered into as at 31<sup>st</sup> December 2024.
- 5.4 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.
- 5.5 As at 31<sup>st</sup> December 2024, the funds managed by the Council's in house team amounted to £51.055m. All investments complied with the Annual Investment Strategy and are shown below. The average return of 4.7% has provided an important revenue stream to support the council's revenue position again this financial year.

Borrower	Duration	Value of Loan (£m)	Rate (%)	Start Date	Maturity Date
<b>Call Accounts*</b>					
NatWest Bank	On Call	0.035	1.150		Call
		<b>0.035</b>	<b>1.150</b>		
<b>Money Market Funds</b>					
Blackrock	On Call	0.836	4.730		Call
		<b>0.836</b>	<b>4.730</b>		
<b>Fixed term Deposits</b>					
Natwest Markets Plc	1 year	10.000	5.120	05/07/24	04/07/25
SMBC Bank International Plc	1 year	5.000	4.470	18/09/24	18/09/25
Natwest Markets Plc	1 year	5.000	4.560	20/09/24	19/09/25
Lloyds Bank Corporate Market	1 year	15.000	4.550	04/10/24	03/10/25

Debt Management Office	<2 month	0.759	4.700	29/11/24	29/01/25
Debt Management Office	<1 month	5.045	4.700	04/12/24	28/01/25
Debt Management Office	<1 month	2.000	4.700	09/12/24	03/01/25
Debt Management Office	<2 month	2.000	4.700	09/12/24	17/01/25
Debt Management Office	<2 month	1.879	4.695	09/12/24	21/01/25
Debt Management Office	<1 month	0.384	4.700	16/12/24	02/01/25
Debt Management Office	<1 month	0.250	4.700	17/12/24	07/01/25
Debt Management Office	<2 month	2.208	4.700	18/12/24	20/01/25
Debt Management Office	<1 month	0.659	4.700	19/12/24	07/01/25
		<b>50.184</b>	<b>4.700</b>		
<b>Total Deposits</b>		<b>51.055</b>	<b>4.701</b>		

- 5.6 There are no changes to the counter party investment limits as agreed as part of the Investment Strategy.

## 6. TREASURY MANAGEMENT STRATEGY 2025/26

- 6.1 Prudential Indicators and other regulatory information in relation to the 2025/26 Treasury Management Strategy are set out in **Appendix A**.
- 6.2 The key elements of the Treasury Management Strategy which Members need to consider are the Borrowing and Investment Strategies, detailed in sections 7 and 8 below.

## 7. BORROWING STRATEGY 2025/26

- 7.1 Borrowing strategies are needed for the core borrowing requirement and the borrowing requirement related to specific business cases, as outlined in the following paragraphs.

### Core Borrowing Requirement

- 7.2 The continuing objective of the Council's Treasury Management Strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate.
- 7.3 Historically owing to the low Base Rate the Treasury Management Strategy has been to delay borrowing by temporarily utilising cash balances available for investment. The existing Treasury Management Strategy has always recognised that this approach was not sustainable in the longer term as the one-off resources which have been used to temporarily avoid long term borrowing would be used up.
- 7.4 Total borrowing remains below the Capital Financing Requirement (CFR) and the strategy continues an element of delaying borrowing by temporarily utilising cash balances available for investments. Whilst this is currently sustainable it will become necessary to take out further borrowing and the position will be kept under constant review. A decision to borrow up to the

CFR may be taken by the Director of Finance, IT and Digital if it is in the best interests of the Council to do so. It is recommended that the Director of Finance, IT and Digital is authorised to implement Treasury Management arrangements which minimise the short and long term cost to the Council.

- 7.5 Given the financial pressures of the Councils wider budget, flexibility on the financing options for the Capital Programme may be considered from time to time as required. Should this result in any increase to the approved borrowing level, Council approval will be sought as necessary.

#### **Borrowing Requirement Business Cases (including the Housing Revenue Account)**

- 7.6 The financial viability of each business case is assessed on an individual basis reflecting the specific risk factors. This includes the repayment period for loans and fixed interest rates for the duration of the loan. This assessment is designed to ensure the business case can be delivered without a General Fund budget pressure.
- 7.7 Historically the strategy was to fully fund the borrowing for business cases. However, given the current interest rate forecasts and in order to consider borrowing requirement holistically for the Council the strategy is now aligned to that of the core borrowing requirement.

#### **Borrowing in Advance of Need**

- 7.8 The Council has some flexibility to borrow funds for use in future years for the approved capital programme. The Director of Finance, IT and Digital may do this under delegated power, for instance, where the forecast increase in interest rates over the coming years is not expected to reduce as highlighted earlier in the report. In these circumstances borrowing early at fixed interest rates may be undertaken where this will secure lower fixed interest rates; or to fund future debt maturities (i.e. if the remaining LOBOs were called). Any borrowing taken out will be reported to Council in the next Treasury Management report.

### **8. INVESTMENT STRATEGY 2025/26**

- 8.1 The Department of Levelling Up, Housing and Communities (DLUHC), now Ministry of Housing, Communities and Local Government (MHCLG), issued investment guidance in 2010, updated in 2021 and this forms the structure of the Council's policy. The key intention of the Guidance is to maintain the current requirement for authorities to invest prudently and that priority is given to security and liquidity before interest return. This Council has adopted the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and applies its principles to all investment activity. In accordance with the Code, the Director of Finance, IT and Digital has produced Treasury Management Practices covering investment counterparty policy which requires approval each year.

8.2 The primary objectives of the Council's investment strategy in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time;
- ensuring adequate liquidity; and
- investment return.

### **Counterparty Selection Criteria**

8.3 The Council's criteria for providing a pool of high quality investment counterparties uses the credit rating information produced by the three major ratings agencies (Fitch, Moody's and Standard & Poor's) and is supplied by our treasury consultants, Link. All active counterparties are checked against criteria outlined below to ensure that they comply with the criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered on a daily basis before investments are made. For instance, a negative rating watch applying to a counterparty at the minimum criteria will be suspended from use, with all others being reviewed in light of market conditions.

8.4 The lowest common denominator method of selecting counterparties and applying limits is used. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria

8.5 The Director of Finance, IT and Digital will continue to adopt a vigilant approach resulting in what is effectively a 'named' list. This consists of a select number of counterparties that are considered to be the lowest risk.

8.6 The use of Local Authority counterparties will be considered and due diligence carried out on an individual basis. The media often describes issuing a section 114 notice as 'bankruptcy', but in fact, a section 114 notice means the Authority cannot make new spending commitments. Local authorities are regarded as very low credit risk investment counterparties and as such are included on our counter party list.

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)

### Specified and Non-Specified Investments

- 8.7 MHCLG regulations classify investments as either Specified or Non-Specified. A Non-Specified Investment is any investment not meeting the Specified definition.
- 8.8 The investment criteria outlined above is different to that used to define Specified and Non-Specified investments. This is because it is intended to create a pool of high quality counterparties for the Council to use rather than defining what its investments are.
- 8.9 Specified Investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within twelve months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These would include investments with:
- The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity);
  - Other Councils;
  - Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating (AAA) by a credit rating agency; and
  - A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). This covers bodies with a minimum rating of A- (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.

8.10 Non-specified Investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

- Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings; and
- Any bank or building society that has a minimum long term credit rating of A- for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

## **9. MINIMUM REVENUE PROVISION AND INTEREST COSTS AND OTHER REGULATORY INFORMATION 2025/26**

- 9.1 There are two elements to the Councils annual loan repayment costs – the statutory Minimum Revenue Provision and interest costs. The Council is required to pay off an element of the CFR each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 9.2 MHCLG Regulations require the Council to approve an MRP Statement in advance of each year. This will determine the annual loan repayment charge to the revenue account.
- 9.3 To provide a consistent approach across all schemes funded by borrowing it is proposed to update the approach to the MRP from 2025/26. This change will move all future charges from 2025/26 (including for outstanding MRP on previously completed schemes) to an annuity-based approach. No backdated adjustments will be carried out.
- 9.4 Whilst the revised MRP charges for those schemes currently charged on a straight-line basis (i.e. equal annual charges) will be lower in the early years and higher in the later years, the year of final charge will remain unchanged. This move to an annuity repayment profile provides a fairer real terms cost over time to the budget and Council Tax payers.
- 9.5 The proposed discount rate to be applied for the MRP revision is the treasury green book rate of 3.5%. The use of a rate at this low discounting level is deemed prudent as it provides a flatter profile of MRP charges over time.
- 9.6 Taking account of the amendment noted above, the budget strategy is based on the following MRP statement and Council is recommended to formally approve this statement:
- For capital expenditure incurred before 1<sup>st</sup> April 2008 the Council's MRP policy is to calculate MRP based on a 50 year annuity repayment.

- i. Where MRP has been overcharged in previous years, the recovery of the overcharge will be implemented by reducing the MRP in relation to this capital expenditure by reducing future MRP charges that would otherwise have been made. It should be noted that this will ensure the debt will be paid off by 2056/57 whereas the previous 4% reducing balance MRP charge would have left debt of £9.4m at this date;
  - ii. The total MRP after applying the adjustment will not be less than zero in relation to this capital expenditure; and
  - iii. The cumulative amount adjusted for will never exceed the amount of the overpayment.
- From 1<sup>st</sup> April 2025, the outstanding balance in relation to capital expenditure incurred **after** 1<sup>st</sup> April 2008, the Council will make MRP repayments using the annuity method with the interest rate used to profile MRP being set at 3.5%, or where prudential borrowing by specific annuity loan, MRP will be calculated according to the actual annuity loan repayments. The estimated useful life of an asset will be assessed in consultation with appropriate officers. The MRP charge will commence in the financial year following the one in which the capital scheme the borrowing relates to is complete and the asset has come into service.
  - MHCLG revised its MRP guidance in 2017, which would impact on any future changes to the Council's MRP policy, however the guidance is not retrospective. The approved MRP policy implemented prior to the MHCLG changes is therefore compliant with these revisions and will be carried forward in future years, until such time as an alternative approach is considered to be appropriate.

### **CIPFA Treasury Management Code of Practice**

- 9.7 The Council is adopting the updated CIPFA Treasury Management Code of Practice published 20<sup>th</sup> December 2021.
- 9.8 The revised Treasury Management Code required the implementation of the following:
  - Adopt a liability benchmark treasury indicator to support the financing risk management of the capital financing requirement, with material differences between the liability benchmark and actual loans explained, this is detailed in the following paragraphs;
  - A knowledge and skills register for officers and Members involved in the treasury function;
  - Reporting to Members on a quarterly basis; and
  - Have consideration for Environmental, Social and Governance (ESG) issues.
- 9.9 The current loans are above the liability benchmark and the excess will be invested.

**Treasury Management Advisors**

- 9.10 The Council uses Link Asset Services – Treasury as its external treasury management advisors.
- 9.11 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.
- 9.12 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.

**Markets in Financial Instruments Directive (MIFID II)**

- 9.13 On 3<sup>rd</sup> January 2018 an updated version of the European Union’s Markets in Financial Instruments Directive (known as MIFID II) came into effect. It is designed to offer greater protection for investors and inject more transparency into financial markets. Under MIFID II all local authorities will be classified as “retail” counterparties and will have to consider whether to opt up to “professional” status and for which type of investments.
- 9.14 Local authorities that choose not to opt up or do not meet the minimum criteria for opting up (i.e. minimum investment balances of £10m) may face a reduction in the financial products available to them, a reduction in the number of brokers and asset managers that they will be able to engage with and may face increased fees.
- 9.15 Local authorities that choose to opt up must be able to satisfy some quantitative tests, and each Financial Institution will independently determine whether the Authority meet the qualitative test of being appropriately knowledgeable, expert and experienced. Financial Institutions also need to satisfy themselves that the Authority can make its own investment decisions and understands the risks involved.
- 9.16 The Council chose to opt up, in order to maintain the Council’s ability to operate effectively under the new regime.

**10. OTHER CONSIDERATIONS**

<b>Risk Implications</b>	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. There are also risk implications in relation to the investment of surplus cash and these are addressed in the strategy recommended in section 8.
<b>Financial Considerations</b>	As set out in report.
<b>Legal Considerations</b>	The report details how the Council will comply with the relevant legal and regulatory requirements in relation to Treasury Management activities.
<b>Child and Family Poverty</b>	None
<b>Equality and Diversity Considerations</b>	None
<b>Staff Considerations</b>	None
<b>Asset Management Considerations</b>	None
<b>Environment, Sustainability and Climate Change Considerations</b>	None
<b>Consultation</b>	Not applicable

**11. RECOMMENDATIONS**

- 11.1 That Members note the 2024/25 Treasury Management 3<sup>rd</sup> Quarter Position detailed in Section 5.
- 11.2 That Members recommend to Council for approval, the Treasury Management Strategy 2025/26, including;
- i) The borrowing strategy for 2025/26;
  - ii) The investment strategy for 2025/26;
  - iii) The prudential indicators as outlines in **Appendix A**; and
  - iv) The minimum revenue provision statement.

**12. REASON FOR RECOMMENDATIONS**

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

**13. BACKGROUND PAPERS**

Treasury Management Strategy Update 2024/25, report to Audit and Governance Committee 24<sup>th</sup> September 2024.

Treasury Management Strategy Quarter 2 Update 2024/25, report to Audit and Governance Committee 5<sup>th</sup> November 2024.

**14. CONTACT OFFICER**

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**TREASURY MANAGEMENT STRATEGY 2025/26 REGULATORY INFORMATION  
AND PRUDENTIAL INDICATORS**

**1. INTRODUCTION**

- 1.1 The regulatory information and prudential indicators for the 2025/26 Treasury Management Strategy are set out below.

**2. PRUDENTIAL INDICATORS**

- 2.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and set prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity.
- 2.2 The first prudential indicator is confirmation that the Council has adopted the CIPFA Treasury Management Code of Practice, which the Treasury Management Strategy report confirms.
- 2.3 Details of the proposed prudential limits are set out in the following sections.

**3. CAPITAL EXPENDITURE AND FINANCING REQUIREMENT**

- 3.1 The Council's Borrowing Strategy is driven by the Capital Financing Requirement (CFR) and the Council's view of interest rates. The CFR is the amount the Council needs to borrow to fund capital expenditure incurred in previous financial years and forecast capital expenditure in the next three years which is funded from borrowing.
- 3.2 Government borrowing approvals are authority to fund capital expenditure from loans. Prior to the introduction of the prudential borrowing system in the Local Government Act 2003 Councils could only borrow for capital expenditure authorised by a Government borrowing approval.
- 3.3 Following the introduction of the prudential borrowing systems Councils can determine their own borrowing levels, subject to revenue affordability. The Council has managed this flexibility carefully owing to the ongoing revenue commitment of taking on new additional borrowing. The Council has only approved specific self-funding business cases, for example affordable housing schemes and a limited amount of General Fund capital expenditure where the resulting loan repayment and interest costs have been funded as a revenue budget pressure.

- 3.4 Councils ultimately need to fund the CFR by borrowing money from the Public Works Loan Board (PWLB), banks or other financial institutions. The CFR is then repaid over a number of years reflecting the long term benefits of capital expenditure. In simple terms the CFR represents the Council's outstanding mortgage, although the legislation and accounting requirements are significantly more complex.
- 3.5 The estimated Capital Finance & Borrowing Requirement is shown in the following table:

Capital Financing & Borrowing Requirement	2024/25 Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
<b>CFR at 1st April</b>	<b>112,670</b>	<b>115,306</b>	<b>135,246</b>	<b>133,397</b>
Capital Expenditure Financed by New Borrowing	5,331	22,564	680	16,243
Less Repayment of CFR	(2,695)	(2,623)	(2,530)	(2,328)
<b>CFR at 31st March</b>	<b>115,306</b>	<b>135,246</b>	<b>133,397</b>	<b>147,312</b>
Less assets held under Finance Lease	(0)	(0)	(0)	(0)
<b>Borrowing Requirement</b>	<b>115,306</b>	<b>135,246</b>	<b>133,397</b>	<b>147,312</b>
Corporate Borrowing Requirement	77,480	95,715	94,608	93,545
Business Case Borrowing Requirement	24,812	25,749	25,006	39,984
Housing Revenue Account Borrowing Requirement	13,013	13,783	13,783	13,783
<b>Borrowing Requirement</b>	<b>115,306</b>	<b>135,246</b>	<b>133,397</b>	<b>147,312</b>

- 3.6 As part of the Medium Term Financial Strategy the Council is required to approve the 2025/26 capital programme summarised as follows:

Capital Expenditure	2024/25 Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
New Approved Capital Expenditure	51,625	74,424	9,712	22,891
<b>Capital Expenditure for the Year</b>	<b>51,625</b>	<b>74,424</b>	<b>9,712</b>	<b>22,891</b>
<b>Financed by:</b>				
Capital grants and contributions	41,387	47,951	8,791	6,648
Other Capital Funding	4,907	3,909	241	0
Capital Expenditure to be funded from New Prudential Borrowing	5,331	22,564	680	16,243
<b>Total Funding</b>	<b>51,625</b>	<b>74,424</b>	<b>9,712</b>	<b>22,891</b>
Non-HRA Capital Expenditure	50,376	72,648	9,712	22,891
HRA Capital Expenditure	1,249	1,776	0	0
<b>Total Capital Expenditure</b>	<b>51,625</b>	<b>74,424</b>	<b>9,712</b>	<b>22,891</b>

#### 4. AFFORDABILITY PRUDENTIAL INDICATORS

- 4.1 The affordability of the approved Capital Investment Programme was assessed when the capital programme was approved and revenue costs are built into the Medium Term Financial Strategy or individual business cases.

The 'Affordability Prudential Indicators' are detailed below and are intended to give an indication of the affordability of the planned capital expenditure financed by borrowing in terms of the impact on Council Tax and the Net Revenue Stream.

### Incremental Impact of Capital Expenditure on Housing Rent Levels

- 4.2 This indicator shows the revenue impact on any newly proposed changes to HRA capital expenditure. At present there will be no impact on housing rent levels as these have been set taking into account the existing HRA capital programme.

	Forward Projection	Forward Projection	Forward Projection	Forward Projection
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Weekly Housing Rent Levels	£0.00	£0.00	£0.00	£0.00

### Ratio of Financing Costs to Net Revenue Stream

- 4.3 This shows the cost of capital borrowing as a percentage of the net budget. The increased ratio reflects the additional revenue budget for capital costs.

	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA financing cost to General Fund Net Revenue Stream	6.24%	6.52%	7.14%	7.31%

### Ratio of Finance Costs to HRA Net Revenue Stream

- 4.4 This shows the net cost of capital borrowing as a percentage of the net HRA budget arising from the phased implementation of the business case.

	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
HRA financing cost to HRA Net Revenue Stream	21.06%	23.40%	22.87%	22.34%

- 4.5 This reflects the profile of funding used to finance the HRA, including delaying the use of borrowing.

**5. BORROWING PRUDENTIAL INDICATORS****Debt Projections 2024/25 – 2027/28**

- 5.1 The following table sets out the Council's projected Capital Financing Requirement (CFR) and level of debt:

<b>Debt and Investment Projections</b>	<b>2024/25 Revised £'000</b>	<b>2025/26 Estimated £'000</b>	<b>2026/27 Estimated £'000</b>	<b>2027/28 Estimated £'000</b>
Long Term Borrowing 1 April	83,673	83,673	108,468	113,501
Expected change in Long Term Debt	0	24,795	5,033	15,837
<b>Debt at 31 March</b>	<b>83,673</b>	<b>108,468</b>	<b>113,501</b>	<b>129,338</b>
<b>Borrowing Requirement</b>	<b>115,306</b>	<b>135,246</b>	<b>133,397</b>	<b>147,312</b>
<b>Under Borrowing</b>	<b>(31,633)</b>	<b>(26,778)</b>	<b>(19,896)</b>	<b>(17,974)</b>
Non-HRA Debt	70,660	94,685	99,718	115,555
HRA Debt	13,013	13,783	13,783	13,783
<b>Total Debt</b>	<b>83,673</b>	<b>108,468</b>	<b>113,501</b>	<b>129,338</b>

- 5.2 The table reflects the borrowing that is currently forecast to be needed in future years.

**Limits to Borrowing Activity**

- 5.3 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits.
- 5.4 The Council needs to ensure that total borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/2026 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The following table demonstrates that borrowing will not exceed the CFR.

<b>External Debt</b>	<b>2024/25 Revised £'000</b>	<b>2025/26 Estimated £'000</b>	<b>2026/27 Estimated £'000</b>	<b>2027/28 Estimated £'000</b>
Gross Borrowing	83,673	108,468	113,501	129,338
Other Long Term Liabilities	0	0	0	0
<b>Total Gross Borrowing</b>	<b>83,673</b>	<b>108,468</b>	<b>113,501</b>	<b>129,338</b>
<b>Borrowing Requirement</b>	<b>115,306</b>	<b>135,246</b>	<b>133,397</b>	<b>147,312</b>

- 5.5 The following table shows two key limits for the monitoring of debt. The Operational Limit is the likely limit the Council will require and is aligned closely with the actual CFR on the assumption that cash flow is broadly

neutral. The Authorised Limit for External Debt is a further key prudential indicator to control the overall level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Council. In practice it needs to take account of the range of cash flows that might occur for the Council in addition to the CFR. This also includes the flexibility to enable advance refinancing of existing loans.

Borrowing Limits	2024/25 Revised £'000	2025/26 Estimated £'000	2026/27 Estimated £'000	2027/28 Estimated £'000
Operational Limit	125,000	146,000	145,000	158,000
Authorised limit	135,000	156,000	155,000	168,000

## 6. INVESTMENT PRUDENTIAL INDICATORS AND OTHER LIMITS ON TREASURY ACTIVITY

### Investment Projections 2024/25 – 2027/28

- 6.1 The following table sets out the estimates for the expected level of resource for investment or use to defer long term borrowing.

2023/24 Outturn £'000	Year End Resources	2024/25 Revised £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
65,673	Balances and Reserves	35,142	22,289	15,407	13,485
984	Collection Fund Adjustment Account	0	0	0	0
2,589	Provisions	2,589	2,589	2,589	2,589
<b>69,246</b>	<b>Total Core Funds</b>	<b>37,731</b>	<b>24,878</b>	<b>17,996</b>	<b>16,074</b>
5,602	Working Capital	8,900	8,900	8,900	8,900
<b>74,848</b>	<b>Resources Available for Investment</b>	<b>46,631</b>	<b>33,778</b>	<b>26,896</b>	<b>24,974</b>
(28,997)	(Under)/over borrowing	(31,633)	(26,778)	(19,896)	(17,974)
<b>45,851</b>	<b>Expected Investments</b>	<b>14,998</b>	<b>7,000</b>	<b>7,000</b>	<b>7,000</b>

### Sensitivity to Interest Rate Movements

- 6.2 Sensitivity to Interest Rate Movements is a prudential indicator that the Authority is required to disclose. The following table highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. These forecasts are based on a prudent view of a +/- 1% change in interest rates for the borrowing requirement that has not yet been fixed (i.e. under borrowing). Equally for investments they are based on a prudent view of the total amount invested. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by short interest rate changes.

Impact on Revenue Budgets	2025/26 Estimated 1% £'000	2025/26 Estimated -1% £'000
Interest on Borrowing	268	(268)
Investment income	(70)	70
<b>Net General Fund Borrowing Cost</b>	<b>198</b>	<b>(198)</b>

6.3 There are four further treasury activity limits and the purpose of these are to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates.

6.4 The limits are:

- i) Upper limits on variable interest rate exposure – This identifies a maximum limit for the percentage of the Council's borrowing and investments that are held with variable interest rates. The proposed limits are detailed in the following table.

Limits on Variable Interest Rates	2024/25 Upper £'000	2025/26 Upper £'000	2026/27 Upper £'000
Borrowing	75%	75%	75%
Investments	100%	100%	100%

- ii) Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit for the percentage of the Council's borrowing and investments that are held with fixed interest rates.

Limits on Fixed Interest Rates	2024/25 Upper £'000	2025/26 Upper £'000	2026/27 Upper £'000
Borrowing	100%	100%	100%
Investments	100%	100%	100%

- iii) Maturity structure of borrowing – Limits for the 'Maturity Structure of Borrowing' are intended to reduce exposure to large fixed rate sums falling due for refinancing. Previous experience has shown that it is possible to move from a position of predominantly fixed rate borrowing to variable rate borrowing and then back to fixed rate borrowing over a period of two years. In the Director of Finance, IT and Digital's professional opinion this proactive management of investments and borrowing continues to provide the most cost effective strategy for the Council, whilst not exposing the Council to unnecessary risk. The Council

should ensure maximum flexibility to minimise costs to the revenue budget in the medium term. These limits are detailed in the following table:

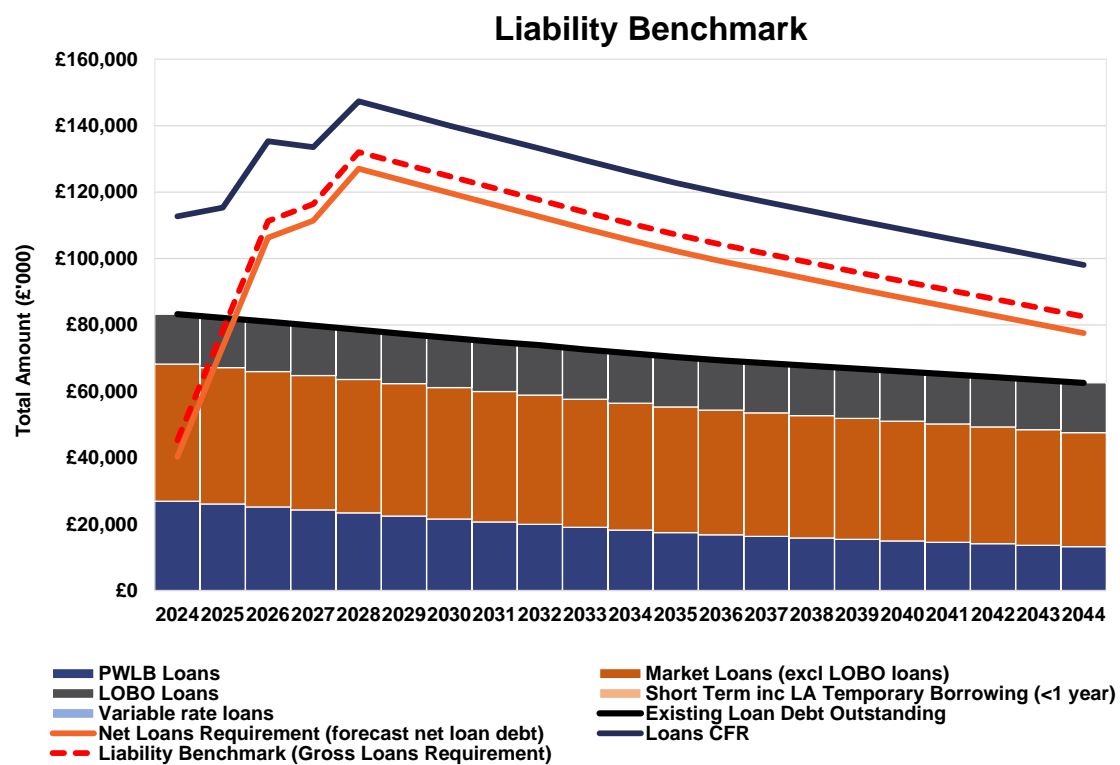
<b>Maturity Structure of fixed interest rate borrowing 2023/24</b>				
	<b>2024/25 £000 Lower Limit</b>	<b>2024/25 £000 Upper Limit</b>	<b>2025/26 £000 Lower Limit</b>	<b>2025/26 £000 Upper Limit</b>
Under 12 months	0	90%	0	90%
12 months to 2 years	0	100%	0	100%
2 years to 5 years	0	100%	0	100%
5 years to 10 years	0	100%	0	100%
10 years to 20 years	0	100%	0	100%
20 years to 30 years	0	100%	0	100%
30 years to 40 years	0	100%	0	100%
40 years to 50 years	0	100%	0	100%
50 years to 60 years	0	100%	0	100%
60 years to 70 years	0	100%	0	100%

- iv) Maximum principal sums invested – Total principal funds invested for greater than 364 days – These limits are set with regard to the Council's liquidity requirements and reflect the current recommended advice that investments are limited to short term investments i.e. up to one year.

<b>Limit for Maximum Principal Sums Invested &gt; 364 days</b>			
	<b>1 year £000</b>	<b>2 years £000</b>	<b>3 years £000</b>
Maximum	20,000	0	0

### Liability Benchmark

- 6.5 The liability benchmark treasury indicator is to support the financing risk management of the capital financing requirement, with material differences between the liability benchmark and actual loans. The liability benchmark is a long-term forecast of the Authority's gross loan debt based on its current capital programme and other forecast cash flow movements.
- 6.6 The chart therefore tells an authority how much it needs to borrow, when and to match maturities with its planned borrowing needs.





**Report of:** Finance and Policy Committee

**Subject:** CAPITAL PROGRAMME 2025/26 to 2027/28

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**1. COUNCIL PLAN PRIORITY**

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

**2. PURPOSE OF REPORT**

- 2.1 The purpose of this report is to enable Members to consider the Capital Strategy for 2025/26 to 2027/28 and Capital Programme new starts 2025/26 to 2027/28 recommended by Finance and Policy Committee.

**3. BACKGROUND**

- 3.1 The Council has, in recent years, developed an ambitious Capital Programme, ensuring investment in existing and new assets within the Borough, to support delivery of the priorities set out in the Council Plan. The report considered by Finance and Policy on 10<sup>th</sup> February 2025 draws together the Capital Programme and Capital Strategy, aligning them with the Medium Term Financial Strategy (MTFS) and Treasury Management Strategy as an integral part of the Councils Strategic and Financial Planning Framework. The report is attached at **Annex A**.

**4. ISSUES CONSIDERED BY FINANCE AND POLICY COMMITTEE ON 10 FEBRUARY 2025**

- 4.1 Under the Prudential Code for Capital Finance in Local Government, Councils are free to determine their own capital investment priorities to meet the needs of their local communities. However, in doing so they must have regard to the prudential code and the key considerations of prudence, affordability and sustainability. An approved Capital Strategy is a requirement of the code. This is included at **Annex A – Appendix 1**.
- 4.2 The strategy is designed to provide a framework for which the capital and regeneration objectives of the Council are delivered, enabling the Council's ambitions to be met whilst ensuring that proposals are affordable and risk is minimised. It outlines the planned programme of expenditure, how the programme is governed and risk managed.
- 4.3 The strategy is, an iterative process whereby an annual review, in line with the MTFs and Treasury Management Strategy, will be undertaken in order to inform the approach going forward.
- 4.4 The report to Finance and Policy Committee also sets out the proposed new starts for approval, including associated borrowing requirements. These are set out at **Annex A – Appendix 2**.

**5. RISK IMPLICATIONS**

- 5.1 As detailed in report at Annex A.

**6. FINANCIAL CONSIDERATIONS**

- 6.1 As detailed in report at Annex A.

**7. LEGAL CONSIDERATIONS****8. CHILD AND FAMILY POVERTY CONSIDERATIONS**

- 8.1 None.

**9. EQUALITY AND DIVERSITY CONSIDERATIONS**

- 9.1 None.

**10. STAFF CONSIDERATIONS**

- 10.1 None.

**11. ASSET MANAGEMENT CONSIDERATIONS**

- 11.1 None.

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

12.1 None.

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

13.1 It is recommended that Members note the report and the recommendation from the Finance and Policy Committee to;

- i) approve the Capital Strategy for 2025/26 to 2027/28, at **Annex A – Appendix 1**. The strategy is a requirement of the Prudential Capital Code; and
- ii) approve the Capital Programme new starts 2025/26 to 2027/28, as set out at **Annex A - Appendix 2**.

Full Council will be updated verbally on any changes to the recommendations.

**14. REASONS FOR RECOMMENDATIONS**

14.1 To ensure the Council has a framework, aligned to the Capital Plan and other key strategies, for which the capital and regeneration objectives of the Council are delivered.

14.2 To ensure the prudential borrowing impact of capital new starts is reflected in the Council's budget.

**15. BACKGROUND PAPERS**

N/A

**16. CONTACT OFFICERS**

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# FINANCE AND POLICY COMMITTEE

10 February 2025



**Report of:** Director of Finance, IT and Digital

**Subject:** CAPITAL PROGRAMME 2025/26 to 2027/28

**Decision Type:** Budget and Policy Framework

## 1. COUNCIL PLAN PRIORITY

### Hartlepool will be a place:

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

## 2. PURPOSE OF REPORT

### 2.1 The purpose of the report is:

- i) To approve the Capital Strategy for 2025/26 to 2027/28 to be recommended to Council for approval. The strategy is a requirement of the Prudential Capital Code; and
- ii) To approve the Capital Programme new starts 2025/26 to 2027/28, to be recommended to Council for approval.

**3. BACKGROUND**

- 3.1 The Council has, in recent years, developed an ambitious Capital Programme, ensuring investment in existing and new assets within the Borough, to support delivery of the priorities set out in the Council Plan. This report draws together the Capital Programme and Capital Strategy, aligning them with the Medium Term Financial Strategy (MTFS) and Treasury Management Strategy as an integral part of the Councils Strategic and Financial Planning Framework.
- 3.2 For completeness, the capital programme includes planned HRA investment. Decisions on HRA investment are subject to Business Cases and are included as part of the annual HRA Business Plan and updates provided to Finance and Policy Committee on a regular basis.

**4. CAPITAL STRATEGY**

- 4.1 Under the Prudential Code for Capital Finance in Local Government, Councils are free to determine their own capital investment priorities to meet the needs of their local communities. However, in doing so they must have regard to the prudential code and the key considerations of prudence, affordability and sustainability. An approved capital strategy is a requirement of the code.
- 4.2 The Council has well established processes and governance arrangements in place for its capital programme and Treasury Management including reporting via the Audit and Governance arrangements.
- 4.3 The Chartered Institute of Public Finance and Accountancy strengthened the code in recent years given concern around interpretation of key requirements, including commercial investments and the adverse financial impact these has on some councils. They also provided more guidance on the production of capital strategies and what constitutes “best practice”. In parallel to this strengthening, the Council embarked on a significant capital programme of approximately £162m (2024/25 to 2027/28), demonstrating our ambitions for the borough.
- 4.5 The Capital Strategy refresh is attached at **Appendix 1**. The strategy is designed to provide a framework for which the capital and regeneration objectives of the Council are delivered, enabling the Councils ambitions to be met whilst ensuring that proposals are affordable and risk is minimised. It outlines the planned programme of expenditure, how the programme is governed and risk managed.
- 4.6 The strategy has regard to the Councils wider strategic framework supporting and aligning with the overall Council Plan. It sits alongside the Medium Term Financial Strategy, Treasury Management Strategy and the revenue and capital budgets for the Council. Taking a medium

to long term view, it demonstrates that the Council's capital investment plans have due regard to the Council's objectives, stewardship of assets, value for money, prudence, sustainability and affordability.

- 4.7 Specifically, the objectives of our Capital Strategy are to ensure it provides:
- An overview of the governance process for approval and monitoring of our capital expenditure, including links to the authority's policies on capitalisation;
  - A long-term view of the Council's capital expenditure plans;
  - An overview of asset management planning including the cost of past borrowing, maintenance requirements and planned disposals; and
  - Any restrictions around borrowing or funding of ongoing capital finance.
- 4.8 The strategy is, an iterative process whereby an annual review, in line with the MTFs and Treasury Management Strategy, is undertaken in order to inform the approach going forward.

## **5. CAPITAL PROGRAMME**

- 5.1 The capital programme detailed at **Appendices 3 to 9**, includes schemes previously approved by relevant Committees and Council. The full programme is included to ensure Members are provided clarity on the depth and breadth of the programme over the medium term and to ensure a point of reference for the quarterly monitoring reports to Finance and Policy Committee.
- 5.2 It should be noted that the programme includes schemes due to conclude in the current financial year. A review of the programme post year end will be undertaken to ensure remaining live schemes are still required, given the need to prioritise capacity for our key capital projects.
- 5.3 Any new schemes or amendments to existing schemes are shown at **Appendix 2**. Please note some schemes which link to recurring annual capital grant allocations are included as estimates, pending confirmation being received. These specific capital grants are for investment in a number of key priority areas including schools, Disabled Facilities Grants and the Local Transport Plan. These resources can only be spent in accordance with specific grant conditions and as such are allocated to those service areas.
- 5.4 The Capital programme (including the new start schemes at appendix 2), for the period 2024/25 to 2027/28 is shown in the table below, with detailed scheme breakdowns for each area shown at **Appendix 3-9**;

# 11(a)(i) Annex A

Scheme Description	Gross Budget	Actual to 31/3/24	24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Regeneration	120,739	15,229	27,463	53,101	7,000	16,812	1,134
Adult and Community Based Services	10,753	3,056	2,651	2,014	1,516	1,516	0
Children's and Joint Commissioning	15,796	1,067	4,168	8,717	922	922	0
Development, Neighbourhoods and Regulatory	34,178	5,931	7,478	13,717	3,216	3,836	0
Corporate	2,795	106	865	1,583	241	0	0
Housing Revenue Accounts (HRA)	7,275	3,597	1,049	2,629	0	0	0
<b>TOTAL Expenditure</b>	<b>191,536</b>	<b>28,986</b>	<b>43,674</b>	<b>81,761</b>	<b>12,895</b>	<b>23,086</b>	<b>1,134</b>
Capital Programme Total 2025/26 - 2027/28					118,876		

5.5 The Funding of the above Capital Programme is summarised in the table below;

Scheme Description	Gross Budget	Actual to 31/3/24	24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Funding</b>							
Government Grants	61,065	8,706	11,711	35,772	2,438	2,438	0
Other Grants and Contributions	72,524	14,118	23,167	19,867	9,536	5,836	0
Revenue Contributions	4,706	512	2,572	1,381	241	0	0
Earmarked Reserves	4,940	154	1,340	3,446	0	0	0
Capital Receipts	579	82	203	144	0	0	150
Prudential Borrowing	47,722	5,414	4,681	21,151	680	14,812	984
<b>TOTAL Funding</b>	<b>191,536</b>	<b>28,986</b>	<b>43,674</b>	<b>81,761</b>	<b>12,895</b>	<b>23,086</b>	<b>1,134</b>
Capital Programme Total 2025/26 - 2027/28					118,876		

## Variations

5.6 In year variations to the capital programme are reported as part of quarterly budget monitoring update reports to Finance and Policy Committee.

## 6. FUNDING

6.1 The Capital Programme is funded through 3 main sources; external grant funding and contributions, council borrowing and other council resources i.e. reserves and revenue contributions. Full details by area are provided in 5.5 above and **appendices 3-9**.

- 6.2 The Council continues to seek to maximise external funding sources to fund the Capital Programme, in order to limit the amount of financing from borrowing or other council resources. The Programme includes significant funding from Government, the Tees Valley Combined Authority and various other grant funding bodies.
- 6.3 The Council has a low ratio of financing costs to overall net revenue budget, with circa 7% of our net budget spent on servicing borrowing. This is set out in the Capital Strategy and reported to Audit and Governance Committee on a regular basis. This is a key ratio demonstrating the affordability of the Capital Programme.
- 6.4 When a capital asset is no longer needed, we will seek to sell this asset, if appropriate, to generate capital receipts. Capital receipts can be used to provide more flexibility on funding to minimise borrowing costs or under government financial flexibility arrangements be used to fund revenue costs associated with service transformation.
- 6.5 Where applicable, S106 contributions are maximised and allocated to housing and non-housing capital schemes as appropriate. The on-going position with regard to developer contributions is included within the quarterly finance updates.

## **7. RISK IMPLICATIONS**

- 7.1 The risk management of individual schemes and the wider Capital Programme is addressed as part of the capital strategy and recognises that overall capacity to deliver schemes is at a premium which may require future prioritisation. Section 13 of the Capital Strategy outlines areas of risk and current mitigations.

## **8. FINANCIAL CONSIDERATIONS**

- 8.1 There are no direct financial implications arising from adopting the Capital Strategy.
- 8.2 The financial considerations of individual schemes and the wider capital programme are addressed as part of the details contained in this report and as part of the governance and approval process as set out in this strategy.

## **9. OTHER CONSIDERATIONS**

Legal Considerations	No relevant issues
Subsidy Control	No relevant issues
Consultation	No relevant issues
Child / Family Poverty	No relevant issues
Equality and Diversity	No relevant issues
Staff Considerations	No relevant issues

Asset Management considerations	No relevant issues
Environment, sustainability & climate change considerations	No relevant issues

**10. RECOMMENDATIONS**

10.1 It is recommended that Members;

- i) agree the Capital Strategy for 2025/26 to 2027/28, at **Appendix 1**, to be recommended to Council for approval. The strategy is a requirement of the Prudential Capital Code;
- ii) agree the Capital Programme new starts 2025/26 to 2027/28, as set out at **Appendix 2**, to be recommended to Council for approval;
- iii) agree the delegation to relevant policy committees to approve detailed schemes arising from confirmed specific grant allocations as set out in **Appendix 2**;
- iv) agree that any capital receipts generated will be considered for funding the existing capital programme or financial flexibility arrangements be used to fund revenue costs associated with service transformation as set out in paragraph 6.4; and
- v) note the updated capital programme (including new starts) set out on **Appendices 3-9**.

**11. REASON FOR RECOMMENDATIONS**

- 11.1 To ensure the Council has a framework, aligned to the Capital Plan and other key strategies, for which the capital and regeneration objectives of the Council are delivered.
- 11.2 To refer the Capital Programme to Council as part of consideration of the 2025/26 technical Budget and Council Tax calculations to Council.

**12. BACKGROUND PAPERS**

12.1 None

**13. CONTACT OFFICER**

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Telephone: 01429 523188

Sign Off:-

Managing Director	Date: 27/01/25
Director of Finance, IT and Digital	Date: 27/01/25
Director of Legal, Governance and HR	Date: 27/01/25

# Hartlepool Borough Council

## Capital Strategy 2025/26 to 2027/28

1. Executive Summary
2. Background
3. Strategic Framework
4. Objectives of the Capital Strategy
5. Strategic Context
6. Investment Priorities
7. Capital Programme
8. Capital Governance
9. Housing Revenue Account
10. Commercial Investment
11. Treasury Management and Affordability
12. Asset Management Planning
13. Risk Management
14. Skills and resources

## **1. Executive Summary**

- 1.1 This strategy provides a framework for which the capital and regeneration objectives of the Council are delivered, enabling the Council's ambitions to be met whilst continuing to ensure that proposals are affordable and risk is minimised. It sets out how the Council will invest £162m (2024/25 to 2027/28) in the town's assets, much of which has been secured through successful external funding bids, helping to regenerate and grow the economy.
- 1.2 It aligns with the Medium Term Financial Strategy (MTFS) of the Council and sets the basis for decisions on capital spend for the 2025/26 budget.

## **2. Background**

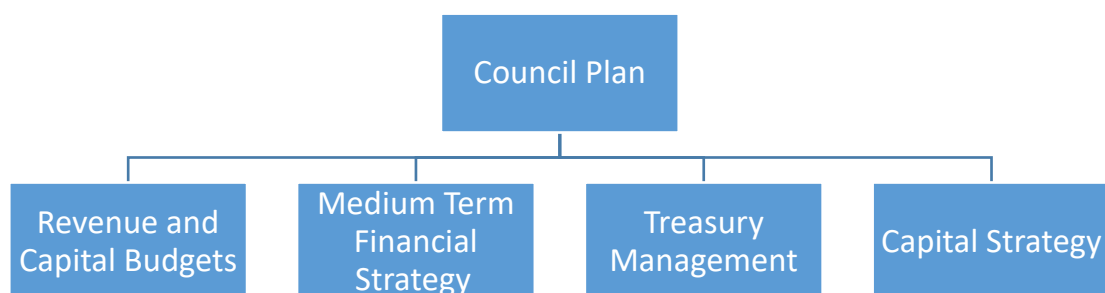
- 2.1 The government recognises that capital investment is essential for enabling local authorities to deliver economic regeneration, housing and school improvements, and to support service transformation, and is used well by many authorities.
- 2.2 The current system to regulate capital finance, in place since 2004, is based on the principle of local decision making and accountability. Local authorities are free to determine their own Capital Strategies and decide how they deliver services on the principle that they are best placed to make the decisions needed to support their local communities.
- 2.3 Local authorities are required by regulation to have regard to the Prudential Code for Capital Finance in Local Authorities when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. The key messages from the Code is, in relation to capital expenditure, the consideration of Prudence, Affordability and Sustainability.
- 2.4 CIPFA's Prudential Code provides a framework for the self-regulation of the authority's capital financing arrangements. It requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital and revenue planning. A Capital Strategy is part of the Prudential Code requirements.
- 2.5 The Financial Management Code of Practice has been issued by CIPFA 'to provide guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively'. The Financial Management Code applies to all local authorities and brings together statutory requirements and Codes of Practice into one document. Our Capital Strategy needs to reflect the standards outlined in the CIPFA Financial Management Code of Practice.

## Capital Expenditure

- 2.6 Capital expenditure is where the Council spends money on assets, such as property, plant or equipment that have a useable life of more than one year. This can include spending on assets owned by the Council, by other bodies, as well as loans and grants to other bodies to enable them to buy or improve assets.

## 3. Strategy Framework

- 3.1 The Capital Strategy is an integral part of the Council's Strategic and Financial Planning Framework, which sets out to sustainably deliver the Authorities vision, plans and objectives.



- 3.2 In February 2021, a Council Plan was formally adopted. The Council Plan sets out our vision for Hartlepool:

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

An update of the Council Plan is currently underway and has been informed by extensive consultation with residents, businesses and wider stakeholders in the Borough. The new plan will be presented to members for approval in the coming months.

## Capital Strategy

- 3.3 The Capital Strategy provides that fourth important pillar, linking capital expenditure and financing to the delivery of our vision, priorities and objectives as set out in the Council Plan, to ensure sustainable growth for Hartlepool. The Capital Strategy is therefore the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities. In

addition as part of the Strategy, the Director of Finance, IT and Digital, reports explicitly on the affordability and risk associated with the Capital Strategy. Inevitably the full picture of the control system around the Council's wide range of capital expenditure and its funding is reflected in a range of documents, monitoring and management arrangements.

#### **4. Objectives of the Capital Strategy**

- 4.1 A Local Authority Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services and ambitions of the Council Plan, along with an overview of how associated risk is managed and what the implications might be for future financial sustainability.
- 4.2 While the strategy should be tailored to Hartlepool Borough Council's individual circumstances, it is required to include detail on capital expenditure, the Council's investments, liabilities and treasury management, along with sufficient detail to allow members, residents and council stakeholders to understand how stewardship, value for money, prudence, sustainability and affordability will be secured, and how the Council will meet legislative reporting requirements.
- 4.3 Consequently, planning and managing the use of the Council's capital resources is vital. This includes understanding the role that these assets play in the delivery of services and ensuring that the authority's asset base remains fit for purpose.
- 4.4 Capital expenditure is technically described as "Expenditure on the acquisition, creation, or enhancement of 'long term assets'". This is items of land, property and plant which have a useful life of more than 1 year. The definition of capital investment is wider than that of capital expenditure. The Ministry of Housing, Communities and Local Government's (MHCLG) Guidance on Local Authority Investment states "The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate profit; for example, investment property portfolios. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party."
- 4.5 The objectives of our Capital Strategy are to ensure it provides:
  - An overview of the governance process for approval and monitoring of our capital expenditure, including links to the authority's policies on capitalisation;
  - A long-term view of the Council's capital expenditure plans, where long term is defined by the financing strategy of and risks faced by the authority with reference to the life of projects/assets;
  - An overview of asset management planning including the cost of past borrowing, maintenance requirements and planned disposals; and
  - Any restrictions around borrowing or funding of ongoing capital finance.

4.6 Our strategy will also include:

- The Council's approach to commercial activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources;
- Requirements for independent, expert advice and scrutiny arrangements;
- An overview of our governance process for approval and monitoring and ongoing risk management of other financial guarantees and long-term liabilities; and
- A summary of the skills and resources available to the Council.

## 5. Strategic Context

5.1 During its rich history, the town of Hartlepool has played a regionally, nationally and internationally important role in numerous activities and technologies including seafaring, rail travel, coal mining, steel production, nuclear energy, renewables and tourism. Hartlepool today is:

- A productive place, with relative strength in energy, manufacturing and construction. Its ports, power and a producer workforce continue to make an increasing contribution to national and regional productivity;
- An important sub-regional service centre, with large retail, education and healthcare sectors providing services and employment to the local population; and
- A growing visitor destination, attracting over 3.7 million visitors a year bringing £235m in to the local economy.

5.2 Periods of decline have created social and economic challenges for the residents of Hartlepool. The town still suffers from significant socioeconomic challenges linked to economic inactivity, unemployment, a depressed skills market, low levels of productivity and job availability. Maritime, skills, enterprise, innovation, heritage and landscape assets however all present opportunities to transform the town. The Council continues to undertake significant work to engage with wide ranging stakeholders and develop an evidence base to strategically plan the Boroughs growth for the next 10 years.

5.3 As a result, the Council and its key stakeholders set out a vision for:

**“.....a modern, connected, vibrant and liveable waterfront town - an inclusive, proud and productive town where aspiration and creativity are valued - a town which supports and welcomes visitors, learners and innovative businesses - where people are inspired and enabled to get more out of their work and investment - which promotes itself with pride and makes its mark in the wider world”**

### **Hartlepool Investment Plan**

5.4 This is the vision for the Hartlepool Investment Plan, which the Council and its stakeholders developed and published in January 2020 as the ‘Charter for Change’. It sets out that we are prepared to lead the evolution of Hartlepool – providing the up-front investment of time, capital, energy and creativity, to secure the rewards of a modern town with a 360° economy. It is based on the premise

and evidence that wider financial and commercial returns will come once the economic value and wellbeing of the town is on the up - with better skills, healthier people, more visitors and more economic engagement.

The Hartlepool Investment Plan can be viewed at: [Hartlepool Investment Plan](#)

### **Town Centre Masterplan**

- 5.5 Following the success of a partnership approach to the development of the Town Investment Plan in 2020, the Council undertook extensive engagement to develop a focused and ambitious Town Centre Masterplan to begin bringing those investment priorities to life. The Masterplan, adopted by the Council in November 2021, establishes a 20-year vision for rediscovering Hartlepool as:
- 5.6 “A well-connected vibrant and liveable waterfront town”. It outlines opportunities for transformative change in Hartlepool town centre – reimagining the town centre itself and considering ways in which this adapted to better suit the needs and purposes of the residents and visitors it serves.
- 5.7 The investment priorities within both these key strategic documents are described in section 6.
- 5.8 The Town Centre Masterplan can be viewed at:  
[Summary Masterplan Report | Hartlepool Town Centre Masterplan | Hartlepool Borough Council](#)

### **Inclusive Growth Strategy 2022-25**

- 5.9 Following consultation with businesses and other stakeholders to set out Hartlepool’s economic growth priorities, the Hartlepool Inclusive Growth Strategy 2022-25 was published. A review of the strategy will take place during 2025.
- 5.10 The strategy was developed through consultation with wide ranging stakeholders and in partnership with the Economic Regeneration and Tourism Forum. The strategy draws on data and economic insights to understand the current health of Hartlepool’s economy relating to areas such as business survival rates, employment, education, skills and productivity. It is focused around three themes – developing people; developing business; and developing place.
- 5.11 In addition to the strategy, an action plan has been published detailing the specific projects and initiatives that will deliver the ten point plan.
- 5.12 The Inclusive Growth Strategy can be viewed at:  
[Hartlepool Inclusive Growth Strategy 2022-25 \(investinhartlepool.co.uk\)](#)

### **Long Term Plan for Towns (Regeneration Programme)**

- 5.13 Announced in Autumn 2023, Hartlepool was identified as one of 55 towns by the Government to be part of their Long Term Plan for Towns (LTPT). A new endowment style funding programme that will release funding over a period of

time giving Council's flexibility to spend up to £20m (split 75% capital and 25% revenue) over 10 years.

- 5.14 The funding conditions include the establishment of a Town Board, responsible for developing the Long-Term Plan, working closely with local people and advising the Council on how best to use the money.
- 5.15 The Government has released £200,000 in capacity funding to support the development of the Long Term plan which should comprise a 10 year vision, identifying longer-term priorities for the town and a 3 year investment plan.
- 5.16 The 10 year vision should be a long-term strategic document, backed by insights gained through engagement with local people to create public buy-in. Detailed interventions do not need to be set out as part of the 10 year plan, however detail about investment and interventions must be included in the 3 year investment plan annex.

### **Tees Valley Investment Context**

- 5.17 In January 2019, the Tees Valley Combined Authority agreed an Investment Plan for 2019-2029, which set out the focus for investments to create new jobs, grow the skills base and improve infrastructure across the 5 Local Authority areas in the region, including Hartlepool. TVCA's Devolution Deal with Government in 2015 provides for the transfer of significant powers for employment and skills, transport, and investment together with the first Mayoral Development Corporation outside London.
- 5.18 Through the deal, the Combined Authority has the power to create an Investment Fund, bringing together funding for devolved powers to be used to deliver a 30-year programme of transformational investment in the region. This includes the control of a new £15m a year funding allocation over 30 years.
- 5.19 To maximise the amount of investment in Tees Valley, a Strategic Economic Plan (SEP) has been developed which sets out the steps that are being taken to overcome the barriers to business growth within Tees Valley, placing SMEs, innovation and individuals at the centre of our region's growth ambitions.
- 5.20 The SEP includes priorities to improve, diversify and accelerate growth in the local economy to benefit businesses and residents with the ambition to create 25,000 jobs and add £2.8bn to the economy by 2026. The aim is to become a high-value, low-carbon, diverse and inclusive economy, and therefore it has been identified that investment will be channelled into five main strategic priorities:
  - Business Growth;
  - Research, Development, Innovation & Energy;
  - Education, Employment & Skills;
  - Culture and Tourism; and
  - Transport & Infrastructure

## **Hartlepool Destination Management Plan**

- 5.21 The creation of a Hartlepool Waterfront Destination Management Plan (DMP) is a condition of the Hartlepool Waterfront Regeneration Programme funding from TVCA. This is to ensure the £50m public sector investment in the area delivers the visitor economy growth that is expected. By identifying a vision for the growth of Hartlepool's tourism economy and creating a strategic focus for the development of the town's tourism offer, a Hartlepool DMP is intended to support Hartlepool Borough Council and its partners to increase visitor numbers and to capture the economic benefits from those visitors.
- 5.22 The Hartlepool DMP identifies the following three core objectives for the visitor economy of Hartlepool:
- To create a coherent, distinctive proposition to take to market which supports the visitor economy in Hartlepool;
  - To create a year-round, all-day destination offering high-quality (and active) experiences for local people and for leisure and business visitors; and
  - To increase economic benefits through increased spend from more day visitors, staying longer – and, over time, more over-night staying visitors.

## **Hartlepool Development Corporation Masterplan**

- 5.23 Established in 2023 the Hartlepool Development Corporation provides an opportunity to accelerate regeneration, influence government policy and leverage private investment to deliver a step change in the local economy and create jobs.
- 5.24 A Development Corporation Board has been established for Hartlepool Development Corporation (HDC). This is chaired by the Tees Valley Mayor and includes representatives from both the public and private sector. It will be responsible for overseeing the HDC to help it reach its goals.
- 5.25 A Masterplan has been developed to guide the transformation of the Hartlepool HDC area. The document is intended to function as a live investment guide and to define place-making objectives for the HDC area. A design guide is being developed to sit alongside the Masterplan providing detail about the quality and characteristics for development. The HDC Masterplan comprises three distinct areas: the town centre and the Oakesway and Queens Meadow Business Parks which exist to the north and south of the town. These areas have been chosen as they represent areas where the HDC, its partners and stakeholders, can accelerate and enhance development which overcomes key spatial, land use and connectivity challenges. The HDC aims to transform Hartlepool town centre and complement existing activity being undertaken by HBC. Link here:
- 5.26 More details can be found here;  
[TV Hartlepool-MDC-Report-13-Digital Compressed.pdf \(teesvalley-ca.gov.uk\)](#)

## **6. Investment priorities**

- 6.1 Taken together with the vision set out in the Council Plan, the key strategic documents detailed in section 5 set the foundation, evidence and need for our investment priorities and articulate the pipeline of projects and programmes that need to be delivered to achieve our vision. They strongly shape, and provide the evidence for, our long term investment plans.
- 6.2 Hartlepool Borough Council approved its Capital and Indigenous Growth Investment Plan in 2020 with external grant funding taking the total potential investment to over £50m. The core of the programme will support the ambition for a compact and connected waterfront town. Prudential borrowing, Tees Valley Combined Authority co-funding and other secured grants are being directed towards new developments and enhancements of Hartlepool Waterfront to include:
- Expansion of the National Museum of the Royal Navy including new exhibits and exhibition halls;
  - Council's new strategic leisure attraction, Highlight, including sports and leisure facilities; and
  - Public realm and public art, including a new events space.
- 6.3 The priorities that the Town Centre Masterplan clearly articulates in establishing a new "Heart of Hartlepool" are:
1. Changes to usage and function of retail space in Middleton Grange Shopping Centre;
  2. Redevelopment potential of the 'Civic Quarter';
  3. Increased capacity and connectivity of Hartlepool Rail Station from 2023 through the re-commissioning of a second platform, new northern entrance and new pedestrian rail bridge;
  4. Waterfront visitor and leisure destination; the new strategic leisure facility and events space for the Borough on Jackson's Landing and expansion and reconfiguration of National Museum of Royal Navy on adjacent site;
  5. Continued growth of skills and education provision through Hartlepool FE College and Northern School of Art – including new film & TV studios in Hartlepool town centre; and
  6. Redevelopment, growth and diversification ambitions of Hartlepool United Football Club.

## **Town Deal and Levelling Up**

- 6.4 The investment plans also define our priorities that are being delivered under the governments Town Deal Fund and Levelling Up programmes.

In 2021 the Council secured £25m in capital funding under Town Deal to deliver five key priority capital projects with a range of delivery partners:

- £13.8m Re-imagining Middleton Grange Shopping Centre;
- £1.4m Wesley Chapel redevelopment;
- £6.2m Waterfront connectivity project;
- £1.25m Development of a Health and Social Care Academy; and
- £2.25m Development of a Civil Engineering Academy

- 6.5 These projects are demonstrating the ambition of the Council to deliver on its bold vision and Masterplans for the town.

- 6.6 The Council has also secured £16.5m from Round 2 of the governments Levelling Up Fund, alongside £2m from TVCA. The project will create a 'Screen Industries Production Village' in Hartlepool's extending Town Centre to engender a step-change in economic growth and development. More specifically, the project will comprise c£18.5 million of regeneration activity to catalyse the development of a Production Village, including:

- Land assembly through targeted acquisition of property;
- Construction of flexible commercial/workshop/accommodation floor space;
- Restoration of strategic heritage assets; and
- Extensive public realm and amenity enhancements

- 6.7 The current economic environment of high inflation and funding uncertainty however is likely to impact on the Council's capital ambitions over the period. This will be kept under close review to ensure priority schemes are best placed to be delivered. Ultimately the size and scope of our capital ambitions is heavily reliant on our ability to lever in external funding sources.

## **The A19/ Elwick Road/ North Lane junction and Elwick Road/Hartlepool Western Link Project**

- 6.8 In 2018 the Hartlepool Local Plan identified two main westward growth areas: the South West Extension and growth in the Elwick Road area. It was recognised that highway improvements to the Elwick Road corridor are necessary to improve road safety whilst supporting development of these growth areas to deliver future growth of the Borough. The junctions at Elwick Village and Dalton Piercy have, historically and on an ongoing basis, given rise to safety concerns and access to these has been restricted in recent years to prevent accidents on the A19.

- 6.9 The A19/ Elwick Road/ North Lane junction and Elwick Road/Hartlepool Western Link Project has developed through the Local Plan in conjunction with discussions between the Local Authority and Highways England (now National Highways). Safety and capacity issues resulted in planning conditions being imposed on planning permissions reflecting Highways England's concerns that the current road network could not fully accommodate all additional traffic movements, and which would otherwise adversely impact on Elwick Village.
- 6.10 Proposed road infrastructure improvements will accordingly address these concerns and improve the quality, safety and reliability of the network over the Local Plan period (2016-31) and beyond. The proposed highway network upgrade will also reduce traffic levels through Elwick Village and improve safety and amenity for residents. The application for Planning Approval went before Planning Committee on the 10<sup>th</sup> January 2023 where it was approved. A period of detailed design has now commenced and whilst some options to purchase the required land have been secured, other negotiations remain ongoing in parallel with the preparation of the Compulsory Purchase Order application.

### **Other Capital Priorities**

- 6.11 In addition to the significant investment outlined above, the Council will continue to prioritise schemes that align with the vision in the Council Plan, maximising external funding opportunities to do so. Examples include, but are not limited to:
- Investing in schools and education through devolved funding, supporting our aim for resilient and resourceful communities with opportunities for all;
  - Fully utilising Disabled Facilities Grants and investing in the drug and alcohol services to ensure those who are vulnerable will be safe and protected from harm and that people are enabled to live healthy, independent and prosperous lives; and
  - Investing in our Housing provision and optimising warm home initiatives and grants to support a sustainable, clean, safe and green Hartlepool.
- 6.12 Given the extent of the capital programme, there is, however, a recognition that prioritisation is required in order to ensure successful delivery of key projects in the future.

## **7. Capital Programme**

- 7.1 This vision and investment plan has led to an increasingly ambitious capital programme. The current approved on-going capital programme is for over £162m (2024/25 – 2027/28) with a number of significant regeneration projects.
- 7.2 The Capital programme, including new start schemes (appendix 2) for the period 2024/25 to 2027/28 is shown in the table below:

	<b>Spend to 31 March 2024 £000</b>	<b>Current and Future Years £000</b>
Major Regeneration Schemes	15,229	105,510
Adult and Community Based Services	3,056	7,697
Children's and Joint Commissioning	1,067	14,729
Development, Neighbourhoods & Regulatory	5,931	28,247
Corporate	106	2,689
Housing Revenue Account (HRA)	3,597	3,678
<b>Total Capital Programme</b>	<b>28,986</b>	<b>162,550</b>

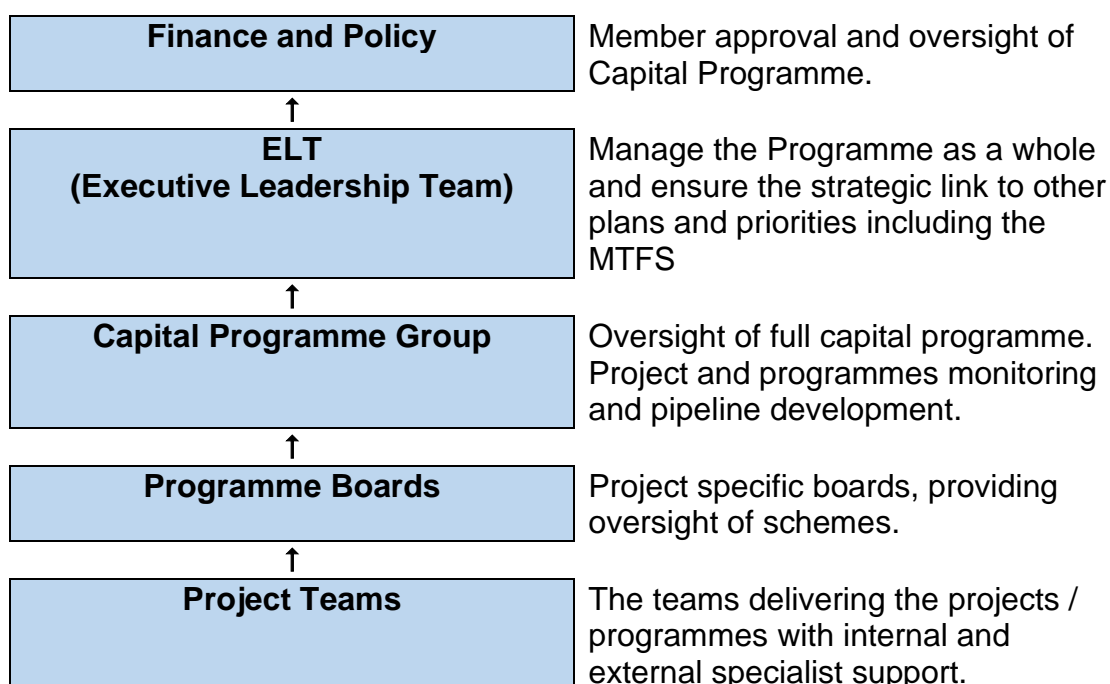
7.3 The Funding of the above Capital Programme is summarised in the table below;

	<b>Spend to 31 March 2024 £000</b>	<b>Current and Future Years £000</b>
External Funding – Government Grants	8,706	52,359
External Funding – Other Grants and Contributions	14,118	58,406
Revenue Contributions	512	4,194
Earmarked Reserves	154	4,786
Capital Receipts	82	497
Prudential Borrowing	5,414	42,308
<b>Total Capital Programme</b>	<b>28,986</b>	<b>162,550</b>

## 8. Capital Governance

- 8.1 With such significant ambition and capital investment, the need for strong governance of the capital programme is of paramount important.
- 8.2 At a strategic level the Capital Strategy provides members with the opportunity to consider and fully understand the overall strategy, programmes, governance arrangements and risk appetite underpinning it. The strategy and the accompanying detailed capital programme sit alongside the medium term financial strategy given the interlinked revenue implications of capital investment. The strategy should therefore be considered in conjunction with the budget proposals for the following year and over the MTFS period.
- 8.3 The annual capital programme sets the basis for monitoring arrangements in year, reported to Finance and Policy on a quarterly basis. The monitoring presented provides scheme updates as necessary, as well as the overall financial position. In addition, the Audit and Governance receive quarterly reports to include an update on Treasury Management and Prudential Indicators as required by the Prudential Code.

- 8.4 Underpinning the monitoring reporting to the Finance and Policy Committee, there sits a formal governance structure, focused primarily on the major schemes, as detailed below:



- 8.5 Governance arrangements are proportionately resourced to ensure high priority and high risk schemes are suitably supported and managed.
- 8.6 These governance arrangements also consider any new capital schemes prior to seeking committee / council approval and inclusion in the capital programme. As part of the budget setting cycle, a process of capital scheme identification informs the Capital Programme update, ensuring the financing and revenue implications of any proposed new schemes are fully reflected in the MTFS.
- 8.7 It is acknowledged that some schemes may be brought forward on an ad hoc basis during the year on urgency grounds or in relation to external funding opportunities. These schemes will also be managed through the above arrangements and brought to committee, as required, as part of the in-year monitoring arrangements.
- 8.8 For more routine capital activity, existing approval and monitoring arrangements via Directorate, Executive Leadership Team and Policy Committees will continue. This includes;
- Highways maintenance;
  - Disabled Facilities Grant; and
  - Education spend fully funded by devolved capital grants or equivalent.

## **9. Housing Revenue Account**

- 9.1 The Council began investing in social housing in 2010 and re-opened its Housing Revenue Account (HRA) on the 1 April 2016. The HRA is a separate ring fenced account and all costs, including capital debt servicing, have to be met from rental income. The Council has a current stock of just over 350 properties with further opportunities to purchase and build new homes in Hartlepool being explored.
- 9.2 Decisions on HRA investment plans are approved, through the annual Business Plan presented to Finance and Policy Committee.
- 9.3 The latest HRA Business Plan can be viewed at:  
[Agendas, reports and minutes | Hartlepool Borough Council](#)

## **10. Commercial investment**

- 10.1 Commercial investment is an area of both contention and concern within Local Government. Given the reduction in local government grant since 2010, many local authorities sought to mitigate that loss by increasing their property portfolio with the primary purpose being for financial return. In some instances this has been investments outside of their geographic area.
- 10.2 This practice has drawn concern from MHCLG and CIPFA around both the risks and security of these funds. As a consequence CIPFA strengthened the Prudential Code that Local Authorities are required, by regulation, to have regard to. In doing so the Code explicitly requires that Local Authorities must not borrow to invest 'primarily for financial return'. Therefore, should the Council choose to invest primarily for financial return it will be required to set out how it has complied with or had regard to the Code.
- 10.3 To date the Council has not entered into any investment decisions (outside of Treasury Management transactions) that are primarily for financial return. There are no plans to do so.
- 10.4 However, there may be the requirement for Council funding in future regeneration that, as a consequence, provide a commercial return. The scenario may also arise whereby Council funding, with an associated return, is required to make a scheme financially viable. Should such occurrences be proposed, a clear regeneration, economic development or service requirement would be required and demonstrable. Fundamentally there would need to be a socioeconomic benefit for the people of Hartlepool, consistent with how this is defined in the Treasury's green book guidance.
- 10.5 In such instances the governance and approval process set out in Section 8 would be followed.
- 10.6 The Council is required to produce an annual Investment Strategy. This requirement is detailed within the annual Treasury Management Strategy.

## 11. Treasury Management and Affordability

11.1 Effective Treasury Management ensures that the Council keeps sufficient cash to meet the Council's spending needs whilst ensuring the risks involved are appropriately managed. On a day to day basis the Council tends to be "cash rich" as income (government grants, Council Tax etc.) tends to be received prior to expenditure. Whilst this excess cash is used to temporarily fund capital expenditure, over the medium to long term we are required to borrow to fund the capital programme. An effective Treasury Management strategy is therefore essential in the funding of the capital strategy and programme.

11.2 The Treasury Management strategy is approved by Full Council each year. The continuing objective of the strategy is to fund the core annual borrowing requirement at the lowest possible long term interest rate, thus ensuring costs to the revenue budget are minimised. In doing so the Council uses cash surplus to temporarily reduce overall borrowing, an approach known as internal borrowing.

11.3 Total borrowing therefore remains below our Capital Financing Requirement (CFR). The following table outlines the projection of debt to CFR.

<b>Financing v Debt</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>	<b>2026/27 Estimate £'000</b>	<b>2027/28 Estimate £'000</b>
CFR	115,306	135,246	133,397	147,312
Net Debt	83,673	108,468	113,501	129,338
<b>(Under)/Over Financed</b>	<b>(31,633)</b>	<b>(26,778)</b>	<b>(19,896)</b>	<b>(17,974)</b>

11.4 As previously set out, affordability, especially in the current environment, is critical to the Council's capital ambition. Any increase in the Council's revenue budget that is committed to capital financing limits the availability of funding for other services. However, clearly there are nuances to this – capital investment often has an Invest to save business case or levers in other investment / benefits for the revenue budget.

11.5 The indicator below sets out the gross capital financing budget as a percentage of the current net revenue budget and how this is projected to change over the period. Whilst no formal benchmarking exists, informal benchmarking suggests that this remains low. All capital financing is considered affordable prior to any borrowing taking place.

<b>Gross Financing Costs v Net Revenue Budget</b>	<b>2024/25 Estimate</b>	<b>2026/26 Estimate</b>	<b>2026/27 Estimate</b>	<b>2027/28 Estimate</b>
% Indicator	6.24%	6.52%	7.14%	7.31%

11.6 Treasury Investments are made where the Council holds an excess of cash and through cash flow management, and therefore can make short / medium

term investments to generate returns. Investments made for service reasons or financial return (e.g. commercial property) are not considered treasury investments.

11.7 The primary objectives of the Council's investment strategy in order of importance are:

- Safeguarding the re-payment of the principal and interest of its investments on time (security);
- Ensuring adequate liquidity; and
- Investment return.

## **12. Asset Management Planning**

12.1 To ensure that capital assets continue to be of long-term use, the Council has developed and approved an updated Strategic Asset Management Plan. The plan sets out how the Council will effectively manage, use and review the assets it holds.

12.2 When a capital asset is no longer needed, we will seek to sale this asset, if appropriate, to generate capital receipts that can fund spend on new assets, used to repay borrowing or utilised to fund transformation activity.

## **13. Risk Management**

13.1 Any capital programme carries risk. However risk should not prevent the progression of an ambitious capital strategy and programme. Instead there needs to be an understanding of the level of risk involved on projects and clear mitigation where possible. Risk comes in many forms, including financial, reputational, social, staffing, legal and environment. These all need managing as part of projects.

13.2 The financial position of the Council means that financial risk has to be a key consideration and area where mitigation is required.

13.3 Ultimately the risk is managed by the project boards and project manager/sponsor following the governance arrangements outlines in Section 8 above.

13.4 Key risks and associated mitigation are set out in the table below.

Risk	Detail and Mitigation
Funding	The Council's financial position necessitates that external funding opportunities are explored and maximised in order to ensure affordability of projects, particular major regeneration projects. The funding risk is mitigated by ensuring that external funding is confirmed or is highly likely prior to contract tender stage. Where conditions are attached these are clearly understood and adhered to.

Interest Rate	Where borrowing is required to finance the capital programme the Council is exposed to interest rate risk. An increase in interest rates would add an additional cost to the revenue budget. This risk is mitigated by pro-active Treasury Management and temporary use of cash reserves where available. However, the risk remains.
Inflation	Delivering capital projects are vulnerable to inflation. This is has been particularly pertinent in recent years as the economic recovery from Covid, and the wars in Ukraine and the Middle East impacts prices, particularly within the construction sector. Project costs include a latest estimate of inflation as well as a contingency for major projects. For minor works there is often the ability to flex the programme to minimise this risk.
Legislation	Any changes in legislative requirements and regulations has the potential to impact on capital projects, given the need to comply with latest legislation. The Council ensures that capital schemes comply with current legislation and horizon scans to ensure that any likely future changes are fed into capital schemes as appropriate.
Cost Estimate	A significant risk on major schemes is project cost estimates. As more information comes to light, for example ground conditions, utility requirements or diversions, material requirements, cost estimates are revised accordingly. The Council mitigates this risk by ensuring appropriately qualified staff and external organisations are utilised, “optimism bias” is considered and external requirements are complied with, and a suitable contingency is held at the various design stage. Ultimately this risk is only addressed when contracts for works are tendered and let.
Project delivery / capacity	Successful delivery of major capital projects requires significant staff input that can lead to capacity constraints. The Council has increased capital capacity through the Assistant Director – Development and Growth and project team, in addition to bringing in external support as appropriate. Capacity issues will require careful monitoring to ensure any impact on delivery is mitigated.

13.5 Ultimately the risk is managed by the project boards and project manager and /or sponsor following the governance arrangements outlines in Section 8 above.

## **14. Skills and resources**

14.1 Section 8 set out the governance arrangements underpinning the capital strategy, approval and monitoring arrangements. To support these arrangements, the Council ensures that all the respective disciplines involved in the process have the necessary qualifications, experience and skills to carry out their roles.

- 14.2 Officers are encouraged to undertake necessary training courses and Continued Professional Development so as to ensure qualifications and skills are up to date and emerging issues, regulatory changes and best practice are understood and implemented where necessary.
- 14.3 Where appropriate, external support is utilised to ensure the capacity and the capital programme can be delivered to the best possible outcome. These engagements may cover individual work packages for example business case development, project appraisal, regulatory compliance, as well as specialist technical advice and support.
- 14.4 Members are provided with financial overview training on induction. Where future gaps or demand for additional training are identified, this will be provided either in house or externally as appropriate.

FORECAST ADDITIONAL CAPITAL RESOURCES AND EXPENDITURE COMMITMENTS 2025/26 TO 2027/28

	Forecast Resources 2025/26 (Grants Provisional)				Forecast Resources 2026/27 (Grants Provisional)				Forecast Resources 2027/28 (Grants Provisional)			
	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total	Prudential Borrowing	Other Capital Funding	Capital Grants	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Service Specific Capital Grants</b>												
Devolved Formula Capital (Schools) - Note 1	0	0	86	86	0	0	86	86	0	0	86	86
Disabled Facilities Grant (Better Care Fund) - Note 2	0	0	1,516	1,516	0	0	1,516	1,516	0	0	1,516	1,516
Local Transport Plan - Structural Highways Maintenance - Note 3	0	0	1,526	1,526	0	0	1,526	1,526	0	0	1,526	1,526
Local Transport Plan - Integrated Transport Block - Note 3	0	0	725	725	0	0	725	725	0	0	725	725
Local Transport Plan - Pot Hole - Note 3			285	285	0	0	285	285			285	285
Schools Capital Programme - Note 4	0	0	836	836	0	0	836	836	0	0	836	836
	<b>0</b>	<b>0</b>	<b>4,974</b>	<b>4,974</b>	<b>0</b>	<b>0</b>	<b>4,974</b>	<b>4,974</b>	<b>0</b>	<b>0</b>	<b>4,974</b>	<b>4,974</b>
<b>Departmental Prudential Borrowing - Funded from Specific Business Cases</b>												
Replacement Wheelie Bins	90	0	0	90	90	0	0	90	90	0	0	90
Vehicle Procurement - Note 5	2,279	0	0	2,279	590	0	0	590	1,210	0	0	1,210
Tofts Farm Solar Project (subject to external funding)	132	0	132	264	0	0	0	0	0	0	0	0
	<b>2,501</b>	<b>0</b>	<b>132</b>	<b>2,633</b>	<b>680</b>	<b>0</b>	<b>0</b>	<b>680</b>	<b>1,300</b>	<b>0</b>	<b>0</b>	<b>1,300</b>
<b>Total Forecast Resources</b>	<b>2,501</b>	<b>0</b>	<b>5,106</b>	<b>7,607</b>	<b>680</b>	<b>0</b>	<b>4,974</b>	<b>5,654</b>	<b>1,300</b>	<b>0</b>	<b>4,974</b>	<b>6,274</b>

Note 1 - Devolved Formula Capital allocation for Schools is an estimate based on the 2024/25 allocation. Government has stated that the 2025/26 allocations can be used as an indication of future allocations.

Note 2 - Allocations for 2025/26 have been confirmed. For planning purposes, it has been assumed that that Better Care Fund will continue in to future years and the funding will remain at 2025/26 levels and can be used as an indication of future allocations.

Note 3 - Allocations for 2025/26 and future years have not yet been confirmed. For planning purposes it has been assumed that LTP funding will remain at 2024/25 levels.

Note 4 - Schools Capital Programme includes an estimate of £0.565m Schools Condition Grant and £0.271m High Needs Provision Capital Allocation (HNPCA) - will be announced early 2025 for 2025/26. The forecasts from 2025/26 onwards are based on the 2024/25 allocation of Schools Condition Grant which the Government has stated is indicative of future allocations.

Note 5 - Vehicles programme replaces previously approved programme.

Capital Programme - Summary

Scheme Description	Gross Budget	Actual to 31/3/24	24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Regeneration	120,739	15,229	27,463	53,101	7,000	16,812	1,134
Adult and Community Based Services	10,753	3,056	2,651	2,014	1,516	1,516	0
Children's and Joint Commissioning	15,796	1,067	4,168	8,717	922	922	0
Development, Neighbourhoods and Regulatory	34,178	5,931	7,478	13,717	3,216	3,836	0
Corporate	2,795	106	865	1,583	241	0	0
Housing Revenue Accounts (HRA)	7,275	3,597	1,049	2,629	0	0	0
TOTAL Expenditure	191,536	28,986	43,674	81,761	12,895	23,086	1,134

Capital Programme Total 2025/26 - 2027/28118,876

Funding							
Government Grants	61,065	8,706	11,711	35,772	2,438	2,438	0
Other Grants and Contributions	72,524	14,118	23,167	19,867	9,536	5,836	0
Revenue Contributions	4,706	512	2,572	1,381	241	0	0
Earmarked Reserves	4,940	154	1,340	3,446	0	0	0
Capital Receipts	579	82	203	144	0	0	150
Prudential Borrowing	47,722	5,414	4,681	21,151	680	14,812	984
TOTAL Funding	191,536	28,986	43,674	81,761	12,895	23,086	1,134

Capital Programme Total 2025/26 - 2027/28118,876

Capital Programme - Major Regeneration

Code	Scheme Description	Gross Budget	Actual to 31/3/24	Total 24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
8958	The A19/ Elwick Road/ North Lane junction and Elwick Road/Hartlepool Western Link Project	24,497	1,585	600	1,500	4,000	16,812	0
7550	CIP - Highlight	34,650	3,725	17,608	13,317	0	0	0
9101	CIP - Borough Hall Improvement	2,300	109	0	2,191	0	0	0
NEW	CIP - Town Hall Improvement	700	0	200	500	0	0	0
9159	CIP - Wingfield Castle works	4,027	527	389	3,111	0	0	0
9161	CIP - NMRN & Museum of Hartlepool	8,500	3,678	658	1,164	3,000	0	0
9130	CIP - Business Park Investment	760	451	14	295	0	0	0
7536	CIP - SEMH Free School Access Road	549	464	85	0	0	0	0
TBC	CIP - Bowling Club Refurbishment	600	0	0	0	0	0	600
TBC	CIP - Brierton Sports Complex	534	0	0	0	0	0	534
9165	Towns Fund - Middleton Grange	13,860	202	1,500	12,158	0	0	0
9231	Towns Fund - Waterfront Connectivity	6,200	366	1,300	4,534	0	0	0
7715	Towns Fund - Wesley Chapel	1,400	402	998	0	0	0	0
9234	Towns Fund - Health and Care Academy	1,250	266	984	0	0	0	0
9235	Towns Fund - Civil Academy	2,250	1,108	1,142	0	0	0	0
9247	Levelling Up - Production Village	18,662	2,346	1,985	14,331	0	0	0
Major Regeneration Schemes - Total		120,739	15,229	27,463	53,101	7,000	16,812	1,134

	External Funding - Government Grants							
	Towns Fund	24,960	2,344	5,924	16,692	0	0	0
	Levelling Up Fund	16,540	2,346	1,985	12,209	0	0	0
	DFE	42	42	0	0	0	0	0
	Sub Total	41,542	4,732	7,909	28,901	0	0	0
	External Funding - Other Grants and Contributions							
	TVCA	37,283	8,565	14,021	7,037	7,000	660	0
	Arts Council	1,800	0	0	1,800	0	0	0
	LTP	100	0	100	0	0	0	0
	Changing Places	65	0	65	0	0	0	0
	Sport England	2,500	0	2,500	0	0	0	0
	S106	2,797	7	150	0	0	2,640	0
	Sub Total	44,545	8,572	16,836	8,837	7,000	3,300	0
	Internal Funding							
	Revenue Contributions	2,527	0	1,987	540	0	0	0
	Earmarked Reserves	1,128	0	0	1,128	0	0	0
	Capital Receipts	207	0	57	0	0	0	150
	Prudential Borrowing	30,790	1,925	674	13,695	0	13,512	984
Major Regeneration Schemes - Funding Total		120,739	15,229	27,463	53,101	7,000	16,812	1,134

Capital Programme - Adult and Community Based Services

Code	Scheme Description	Gross Budget	Actual to 31/3/24	Total 24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
7218	Disabled Facilities Grant	7,757	1,651	1,558	1,516	1,516	1,516	0
7576	Seascapes - Seaton High & Lowlight	103	101	2	0	0	0	0
7711	Carlton Adventure Centre	434	8	79	347	0	0	0
7811	Summerhill Cycle Hub	513	497	0	16	0	0	0
8108	Centre for Independent Living	50	0	25	25	0	0	0
9212	Relocate Cemetery Office	90	82	8	0	0	0	0
8088	Community Hub South - Kitchen Replacement	55	47	0	8	0	0	0
8088	Community Hub Central - Internal Alterations	56	34	0	22	0	0	0
9232	Playground Equipment - Levelling Up Parks Fund	97	73	24	0	0	0	0
Allot	Other Allotment Schemes	192	44	68	80	0	0	0
8700	Waverley Allotments - Adult Education Scheme	51	50	1	0	0	0	0
8828	Crematorium refurbishment	848	311	537	0	0	0	0
9311	Changing Places - Community Hub Central	105	76	29	0	0	0	0
7716	Seaton Library refurbishment	255	82	173	0	0	0	0
8534	Church Street Townscape Heritage Project	147	0	147	0	0	0	0
Adult and Community Based Services - Total		10,753	3,056	2,651	2,014	1,516	1,516	0

	External Funding - Government Grants							
	Disabled Facilities Grant	7,812	1,706	1,558	1,516	1,516	1,516	0
	External Funding - Other Grants and Contributions							
	Seascapes Grant	91	91	0	0	0	0	0
	Sport England Grant	345	329	0	16	0	0	0
	Heritage Lottery Fund	147	0	147	0	0	0	0
	Miscellaneous Grant	92	68	24	0	0	0	0
	Arts Council LIF	200	27	173	0	0	0	0
	Developers S106 Contributions	52	52	0	0	0	0	0
	Changing Places	50	21	29	0	0	0	0
	Sub Total	977	588	373	16	0	0	0
	Internal Funding							
	Revenue Contributions	466	407	29	30	0	0	0
	Earmarked Reserves	0	0	0	0	0	0	0
	Capital Receipts	90	82	8	0	0	0	0
	Prudential Borrowing	1,408	273	683	452	0	0	0
Adult and Community Based Schemes - Funding Total		10,753	3,056	2,651	2,014	1,516	1,516	0

Capital Programme - Children's and Joint Commissioning

Code	Scheme Description	Gross Budget	Actual to 31/3/24	Total 24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
		£'000	£'000		£'000	£'000	£'000	£'000
7384	Devolved Schools Capital	621	181	182	86	86	86	0
9238	Energy Efficiency Capital Funding	136	71	65	0	0	0	0
7355	CECA IT Infrastructure and Technology	42	18	24	0	0	0	0
7355	CECA TVCA Grant Unallocated	31	0	31	0	0	0	0
7142	Schools General - Fire Safety Modifications (Conditions) 23/24	44	0	0	44	0	0	0
7142	Kingsley - Fire Safety Modifications	246	71	0	175	0	0	0
7142	Throston - Fire Safety Modifications	314	232	82	0	0	0	0
7474	High Tunstall 3G Pitch	23	22	0	1	0	0	0
7478	High Tunstall Grass Pitch	15	0	1	14	0	0	0
7521	Two Year Old FNE Capacity Funding	23	0	0	23	0	0	0
7770	St Helens Primary School Main Entrance Access	56	48	8	0	0	0	0
9004	Schools General - Conditions unallocated	142	0	0	142	0	0	0
9004	Schools General - Contingency	13	0	0	13	0	0	0
9004	Schools General - Suitability Unallocated (SEMH)	743	0	39	704	0	0	0
9004	Schools General - Special Provision	1,438	0	0	896	271	271	0
9004	Schools General - Basic Need	1,716	0	0	1,716	0	0	0
New	Schools General - Schools Condition - 24/25 onwards	1,717	0	0	587	565	565	0
7768	Supporting Treatment and Recovery Together (START) - Substance Misuse Service	3,600	0	350	3,250	0	0	0
8072	ICS Case Management Improvement	37	0	0	37	0	0	0
9246	Children's Centre - Family HUB	75	4	71	0	0	0	0
9325	Clavering Primary School - Roofing Works	9	2	7	0	0	0	0
9313	Golden Flatts Primary School - Demolish Caretakers Bungalow	39	13	26	0	0	0	0
9313	Lynnfield Primary School - Roofing Works	48	27	21	0	0	0	0
9315	Lynnfield Primary School - Heating Renewal	48	20	28	0	0	0	0
9312	Throston Primary School - Heating, Pipework, Radiator renewal	50	42	8	0	0	0	0
9389	Throston Primary School - Heat Source	29	0	29	0	0	0	0
9243	Rossmere Youth Centre Refurbishment	1,300	54	1,246	0	0	0	0
7727	Throston Youth Project Centre Refurbishment	96	5	91	0	0	0	0
7149	Star Centre Children's Home	700	257	443	0	0	0	0
7731	Early Years	121	0	121	0	0	0	0
NEW	Early Years North West Area	127	0	0	127	0	0	0
9397	Clavering Primary School Fan Convectors	28	0	28	0	0	0	0
9391	Fens Primary School - Heating and Boiler Plant	110	0	110	0	0	0	0
9383	Fens Primary School - Electrical Rewire (Phase 5)	66	0	66	0	0	0	0
NEW	Golden Flatts Primary School - Heating Emitters / ventilation	26	0	0	26	0	0	0
NEW	Golden Flatts Primary School - Lintel Replacements	30	0	0	30	0	0	0
NEW	Golden Flatts Primary School - Building Stonework	20	0	0	20	0	0	0
NEW	Golden Flatts Primary School - Kitchen Floor Replacement	10	0	0	10	0	0	0
NEW	Golden Flatts Primary School - Mains Water & Gas	112	0	0	112	0	0	0
NEW	Horizion School - Heating, Pipework	76	0	0	76	0	0	0
7772	Horizion School - Window Replacement	90	0	90	0	0	0	0
9384	Lynnfield Primary School - Electrical Rewire (Phase 2)	63	0	63	0	0	0	0
7739	Lynnfield Primary School - Heating Pipework Renewal	32	0	32	0	0	0	0
9399	Lynnfield Primary School - Toilet Cubicle Replacement	31	0	31	0	0	0	0
9398	Lynnfield Primary School - Hall Flooring Renewal	10	0	10	0	0	0	0
9384	Miers Avenue Childrens Centre - Lighting Renewal	12	0	12	0	0	0	0
7773	Rift House Primary School - Window Replacement	58	0	58	0	0	0	0
9393	Rift House Primary School - Electrical Rewire (Phase 1)	87	0	87	0	0	0	0
9392	Rift House Primary School - Fire Alarm Renewal	18	0	18	0	0	0	0
7740	High Tunstall College of Science (North Building) - Fire Alarm Renewal	55	0	55	0	0	0	0
NEW	High Tunstall College of Science (North Building) - Electrical Rewire	88	0	0	88	0	0	0
NEW	High Tunstall College of Science (Shine Centre) - Electrical Rewire	40	0	0	40	0	0	0
NEW	Purchase Childrens Home	1,000	0	500	500	0	0	0
NEW	Springwell Special School Create Classroom	69	0	69	0	0	0	0
NEW	Greatham ARP	19	0	19	0	0	0	0
NEW	Rossmere Family Hub - Boiler replacement	9	0	9	0	0	0	0
NEW	Horizon School - Student Entrance Door Replcmnt	38	0	38	0	0	0	0
Children's and Joint Commissioning - Total		15,796	1,067	4,168	8,717	922	922	0
	External Funding - Government Grants							
	DEVCAP	770	340	172	86	86	86	0
	Special Provision	1,453	0	-95	1,006	271	271	0
	School Conditions	3,545	287	874	1,254	565	565	0
	Basic Need	1,789	0	73	1,716	0	0	0
	Other	34	11	0	23	0	0	0
	DFE	276	90	186	0	0	0	0
	Sub Total	7,867	728	1,210	4,085	922	922	0
	External Funding - Other Grants and Contributions							
	Misc Grants	179	0	153	26	0	0	0
	S106	127	0	0	127	0	0	0
	Youth Investment Fund	1,366	59	1,307	0	0	0	0
	Sub Total	1,672	59	1460	153	0	0	0
	Internal Funding							
	Revenue Contributions	113	0	113	0	0	0	0
	Earmarked Reserves	1,275	0	311	964	0	0	0
	Capital Receipts	130	0	130	0	0	0	0
	Prudential Borrowing	4,739	280	944	3,515	0	0	0
Children's and Joint Commissioning - Funding Total		15,796	1,067	4,168	8,717	922	922	0

Appendix 7

Capital Programme - Development, Neighbourhoods and Regulatory

Code	Scheme Description	Gross Budget	Actual to 31/3/24	Total 24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
8306	Schools - Kitchen Refurbishment	249	22	55	172	0	0	0
S106	Developers Contribution Fund	7,038	129	209	6,700	0	0	0
7272	Wheelie Bin Purchase (current year allocation only)	437	77	90	90	90	90	0
7344	NIP - Brougham (was Hindpool Close) Play Area	77	5	72	0	0	0	0
7437	NIP - Sinking Fund	62	0	0	62	0	0	0
7440	NIP - Central Park	120	114	6	0	0	0	0
7466	DSO Vehicle Purchase (updated for revised programme)	7,241	1,058	2,092	2,291	590	1,210	0
7553	Seaton Toilets	456	337	119	0	0	0	0
7561	Green Homes Grant	663	660	3	0	0	0	0
7577	Hartlepool North NDIP Study	50	0	0	50	0	0	0
7900	EDM Hartlepool Marina - North Pier	379	4	300	75	0	0	0
9403	Headland Seawall Coping Repairs	100	0	100	0	0	0	0
7902	EDM Hartlepool Drainage Schemes	36	6	0	30	0	0	0
8444	EDM Town Wall Strengthening	46	25	21	0	0	0	0
8578	EDM Management Unit Study	28	0	5	23	0	0	0
9331	Hartlepool Easington Road Storage & Screen Study	60	0	60	0	0	0	0
9332	Hartlepool Bamburgh Rd Surface water drainage study	60	0	0	60	0	0	0
8996	NIP - Improvements to Parks	277	252	25	0	0	0	0
9147	NIP - CCTV in parks	34	16	18	0	0	0	0
9429	EA West Park Flood Scheme	825	0	600	225	0	0	0
LTP	LTP Integrated Transport Block - Indicative	7,553	1,055	1,920	1,526	1,526	1,526	0
LTP	LTP Scheduled reconstruction - Indicative	5,639	1,884	1,580	725	725	725	0
LTP	LTP Potholes - Indicative	1,140	285	0	285	285	285	0
9396	Waste Transfer Station	200	0	0	200	0	0	0
7272	Food Waste Cpital Transitional Grant	807	0	0	807	0	0	0
LTP/8722	LTP Road Resurfacing Fund - Indicative	203	0	203	0	0	0	0
7066	Avondene Accom, Church St	67	0	0	67	0	0	0
7220	Private Sector Housing Grants	67	2	0	65	0	0	0
New	Tofts Farm Solar PV (subject to external funding)	264	0	0	264	0	0	0
Development, Neighbourhoods and Regulatory - Total		34,178	5,931	7,478	13,717	3,216	3,836	0

	External Funding - Government Grants							
	Changing Places Funding	101	101	0	0	0	0	0
	Department for Business, Energy & Industrial Strategy Grants	641	641	0	0	0	0	0
	Disabled Facilities Grant	25	25	0	0	0	0	0
	Environment Agency	1,408	1	944	463	0	0	0
	Safer Street Grant	0	0	0	0	0	0	0
	DEFRA	807	0	0	807	0	0	0
	Sub Total	2,982	768	944	1,270	0	0	0
	External Funding - Other Grants and Contributions							
	Thirteen Group Funding	77	5	72	0	0		0
	TVCA	14,743	3,432	3,703	2,536	2,536	2,536	0
	Developers Contributions	7,189	215	215	6,759	0	0	0
	Seascapes - Coast to Clavering	0	0	0	0	0	0	0
	Other	220	85	3	132	0	0	
	Sub Total	22,229	3,737	3,993	9,427	2,536	2,536	0
	Internal Funding							
	Revenue Contributions	734	77	218	439	0	0	0
	Earmarked Reserves	27	27	0	0	0	0	0
	Capital Receipts	7	0	0	7	0	0	0
	Prudential Borrowing	8,199	1,322	2,323	2,574	680	1,300	0
Development, Neighbourhoods and Regulatory - Funding Total		34,178	5,931	7,478	13,717	3,216	3,836	0

Capital Programme - Corporate

Code	Scheme Description	Gross Budget	Actual to 31/3/24	Total 24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
7036	Uncommitted CCF	222	0	0	222	0	0	0
7041	Corporate Planned Unallocated	561	0	79	241	241	0	0
7065	Fire Risk Assessments	100	15	0	85	0	0	0
7200	Civic Centre Capital Project	75	13	0	62	0	0	0
8970	Historic Quay Dilapidation Work	97	0	0	97	0	0	0
7771	Borough Hall - Lighting Replacement	60	41	0	19	0	0	0
7730	Art Gallery - Roof Replacement	126	33	93	0	0	0	0
7728	Exmoor Grove - Replace external windows and doors	50	2	48	0	0	0	0
9329	Crematorium Rewire	85	2	83	0	0	0	0
9394	Printer Unit Equipment	66	0	66	0	0	0	0
NEW	Health and Safftety Maintenance Fund	842	0	116	726	0	0	0
9400	8-9 Church Street	158	0	158	0	0	0	0
NEW	Exmoor Grove - Replace Boiler	128	0	128	0	0	0	0
NEW	Borough Hall - Heating and Distribution	101	0	0	101	0	0	0
NEW	Boys Welfare - Replace Water Heater	4	0	4	0	0	0	0
NEW	Exmoor Grove - External Access Ramp	20	0	0	20	0	0	0
NEW	Brierton Sports Centre - Replace Lighting	10	0	0	10	0	0	0
NEW	Community Recovery	90	0	90	0	0	0	0
CORPORATE- Total		2,795	106	865	1,583	241	0	0
	External Funding - Government Grants							
	MHCLG	90	0	90	0	0	0	0
	Sub Total	90	0	90	0	0	0	0
	External Funding - Other Grants and Contributions							
	Miscellaneous Grants	66	0	66	0	0	0	0
	Sub Total	66	0	66	0	0	0	0
	Internal Funding							
	Revenue Contributions	838	0	225	372	241	0	0
	Earmarked Reserves	1,455	93	433	929	0	0	0
	Capital Receipts	145	0	8	137	0	0	0
	Prudential Borrowing	201	13	43	145	0	0	0
CORPORATE - Funding Total		2,795	106	865	1,583	241	0	0

Capital Programme - Housing Revenue Account (HRA)

Code	Scheme Description	Gross Budget	Actual to 31/3/24	Total 24/25 Budget	25/26 Budget	26/27 Budget	27/28 Budget	Pending Mandate
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
7182	Empty Properties Phase 3	618	103	0	515	0	0	0
7450	Hill View (Greatham) Development	2,240	2,182	58	0	0	0	0
8106	New Build	256	1	0	255	0	0	0
S106	Affordable Housing	1,432	0	223	1,209	0	0	0
8799	Major Repairs	210	34	76	100	0	0	0
7726	Resettlement Accommodation	1,418	1,194	224	0	0	0	0
9294	HRA Adaptations	200	0	100	100	0	0	0
9317	Social Housing Decarbonisation Phase 2	451	83	368	0	0	0	0
NEW	Social Housing Decarbonisation Phase 3 (subject to external funding)	450	0	0	450	0	0	0
	HRA - TOTAL	7,275	3,597	1,049	2,629	0	0	0
	External Funding - Government Grants							
	Homes England Grant	772	772	0	0	0	0	0
	Sub Total	772	772	0	0	0	0	0
	External Funding - Other Grants and Contributions							
	Developers Contributions	1,937	447	281	1,209	0	0	0
	TVCA Brownfield Housing Fund	1	1	0	0	0	0	0
	TVCA SHW2 Decarbonisation Grant	241	83	158	0	0	0	0
	TVCA SHW3 Decarbonisation Grant (subject to confirmation)	225	0	0	225	0	0	0
	TVCA Resettlement Grant	631	631	0	0	0	0	0
	Sub Total	3,035	1,162	439	1,434	0	0	0
	Internal Funding							
	Revenue Contributions	28	28	0	0	0	0	0
	Earmarked Reserves	1,055	34	596	425	0	0	0
	Capital Receipts	0	0	0	0	0	0	0
	Prudential Borrowing	2,385	1,601	14	770	0	0	0
	HRA - TOTAL FUNDING	7,275	3,597	1,049	2,629	0	0	0

# COUNCIL

20 February 2025



**Report of:** Finance and Policy Committee

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2025/26 - STATUTORY BUDGET AND COUNCIL  
TAX DETERMINATION

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## 1. COUNCIL PLAN PRIORITY

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

## 2. PURPOSE OF REPORT

2.1 The purpose of this report is:

- (i) To enable Council to consider the budget proposals referred by Finance and Policy Committee, including the level of Council Tax and Adult Social Care (ASC) precept for 2025/26;
- (ii) to provide a further update following receipt of the Final 2025/26 Local Government Finance settlement; and
- (iii) to enable Members to finalise the 2025/26 technical Council Tax calculations, which incorporate Council Tax levels independently set by precepting bodies.

## 3. BACKGROUND

3.1 In accordance with the Constitution, the Finance and Policy Committee is required to develop budget proposals for the forthcoming year for

consideration by Council. A detailed report on these issues was considered by Finance and Policy Committee on 20 January 2025. The report is attached at **Annex A** to enable Members to familiarise themselves with the financial position of the Council and the associated recommendations referred to Council.

- 3.2 This report provides a further update following the publishing of the Final 2025/26 Local Government Finance Settlement on 3<sup>rd</sup> February 2025.
- 3.3 The statutory arithmetic calculation of the overall level of Council Tax is also provided as part of this report, this incorporates Council Tax levels set by individual 'precepting bodies' in accordance with the specific Government Council Tax referendum limits.
- 3.4 The 'precepting bodies' have set their own budgets and Council Tax requirements. The role of the Council as the 'billing authority' is to incorporate these figures into the overall Council Tax calculation and then collect these amounts.

#### **4. ISSUES CONSIDERED BY FINANCE AND POLICY COMMITTEE ON 20 JANUARY 2025**

- 4.1 The detailed report considered by the Finance and Policy Committee is provided at **Annex A** and covered the following key areas:
- Background;
  - Provisional Local Government Finance Settlement;
  - Impact of Provisional Local Government Finance Settlement on Resources;
  - Budget pressures
  - Local funding and reserves;
  - Strategy for balancing the budget position;
  - Consultation feedback;
  - Conclusions and Robustness Advice; and
  - Recommendations
- 4.2 An amendment to the report was provided at the meeting of the Finance and Policy Committee. This amendment is provided at **Annex B**. The amendment allowed for a reduction to the savings proposals and also a reduction in the reserve usage requirement.
- 4.3 As noted in the report, the provisional Local Government finance settlement provided details of the funding allocated to individual councils for 2025/26. The Core Spending Power increase assumed that all Councils will increase Council Tax by the maximum amount available. For an upper tier authority with social care responsibility, like ourselves, this equates to:
- a Core Council Tax limit increase of 3%; and
  - an Adult Social Care precept limit increase of 2%.

- 4.4 The funding settlement from Government for 2025/26 provided additional grant resources, approaching £10m, to support the meeting of the budget pressures outlined in the report.
- 4.5 At a national level the provisional settlement “makes available” a national increase in core Spending Power of 6.0%. For Hartlepool the figure is 8.4%, the reason for our higher than average increase is largely due to the introduction of new grant funding streams, which use deprivation indices as a key factor for distribution.
- 4.6 The phrase “makes available” is a key statement as figures set out in the Provisional Local Government Finance settlement for 2025/26 show the increased Council Tax and the ASC precept flexibility will raise 55% of the national increase in Core Spending Power. For Hartlepool the figure is 30%, which reflects our low tax base.
- 4.7 To support the budget gap, and also deliver further efficiencies in service delivery, savings of £2.849m (after amendment) are included within the proposed budget alongside a use of reserves of £1m (after amendment).
- 4.8 Although the funding settlement has delivered a significant increase in grant resource, and budget savings have been developed, there remains a budget shortfall for 2025/26. In addition, national finances would indicate tightening of government funding over the medium term. Given this position, the most robust basis for the Council’s financial sustainability and resilience in 2025/26 and future years is to increase Council Tax and the ASC precept in line with the national limit as this provides additional recurring resources.
- 4.9 The Council Tax proposal for 2025/26 of a 2.99% increase in core Council Tax and 2% for the Adult Social Care precept, puts the Council’s financial planning in the best possible position to address these challenges by securing additional recurring funding of £2.625m.

### **Robustness Advice**

- 4.10 The Local Government Act 2003 introduced a statutory requirement on an Authority’s Section 151 Chief Finance Officer to advise Members on the robustness of the budget forecasts and the adequacy of the proposed level of reserves. Members are legally required to ‘have regard’ to this advice and must carefully consider it when making decisions on the budget and Council Tax increases. If Members ignore this advice, the Act requires the Authority to record this position.
- 4.11 The robustness advice is detailed in section 11 of the Finance and Policy Committee report. It clearly sets out concerns regarding the level of reserves over the medium term and sets out a number of provisos required for the budget to be considered robust. The Council also needs to consider this advice when making decisions on the recommendations referred by the Finance and Policy Committee.

- 4.12 As noted at section 4.2, an amendment to the report was provided to the meeting. As previously advised, the position of further limiting the use of reserves, to fund the on-going revenue budget, is advised.

## **5. FINAL 2025/26 LOCAL GOVERNMENT FINANCE SETTLEMENT AND IMPACT ON THE COUNCIL**

- 5.1 The Final Local Government Finance Settlement for 2025/26 was issued on 3 February 2025 and confirms the final 2025/26 funding position following the provisional settlement issued in December 2024.

- 5.2 The final government funding allocated to Hartlepool for 2025/26 has been adjusted in two areas;

- Children's Prevention Grant – The Council's allocation has increased by £0.063m from £0.870m to £0.933m. This increase will continue to be fully ringfenced for childrens social care activity as required by the associated grant conditions; and
- Employer National Insurance Contributions Grant – individual council allocations for this grant were not released with the Provisional settlement in December, as such an estimated value of £0.850m for 2025/26 was included as part of the budget setting process. The Final settlement has now confirmed allocations, with Hartlepool to receive £0.948m. The increase in grant of £0.098m will be held in the Pay and Prices contingency, given the full impact of this change in employer's national insurance on council services is still to be fully determined.

- 5.3 The statutory calculations therefore reflect the additional £0.161m grant funding referred to at 5.2.

## **6. LEGAL CONSIDERATIONS**

- 6.1 The following issues are relevant to the 2025/26 budget and were addressed in previous report to Finance and Policy Committee (20 January 2025):

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget; and
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Finance, IT and Digital) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The minutes to the meetings referred to in paragraph 5.1 record the robustness advice given to Members.

- 6.2 The Local Government Act 1992 and relevant regulations also require the Council to approve the statutory Council Tax calculations incorporating the

Council Tax levels set by individual precepting bodies i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual Parish Councils.

- 6.3 Individual precepting bodies are responsible for setting their own Council Tax levels in accordance with the specific government set Council Tax referendum limits and which meet their own budgetary requirements. The following table details the respective referendum limits for 2025/26 and the Council Tax increases approved by individual precepting bodies:

Type of Authority	Government Council Tax Referendum Limits 2025/26	Actual Band D Council Tax increase approved by individual precepting authority
Police and Crime Commissioners	Band D increase of £14.00	£14.00
Fire and Rescue Authorities	Band D increase of £5.00	£5.00 **
Town and Parish councils	No limits have been set	Various depending on Parish

\*\* The Cleveland Fire Authority Executive Committee recommended a £5.00 increase to the meeting of the Full Authority to be held 14<sup>th</sup> February 2025. Council will be notified, and updated papers presented should any amendments arise from the Full Authority meeting.

- 6.4 The statutory Council Tax calculations are an administrative responsibility that the Council as the statutory 'billing authority' is required to undertake once the Council and the individual precepting bodies have set their own Council Tax levels.
- 6.5 The statutory billing authority calculations are not an opportunity to challenge the Council Tax decisions of individual precepting bodies – which they are legally responsible for making. The statutory determinations are an arithmetic calculation.
- 6.6 A decision not to approve the statutory calculations could have serious consequences as the Council has scheduled the annual billing run around the dates of this council. This is a significant task that involves weekend working from internal staff, support from external software suppliers, in addition to scheduling in our external printing company. Given the volume of local authorities competing for this support the ability to reschedule would be challenging, i.e. we would slip to the back of the queue. This would likely mean we are unable to produce Council Tax bills and issue these to circa 45,000 households in sufficient time to collect the first direct debit payments. This would have a significant detrimental impact on collection during 2025/26.

## Total Council Tax

- 6.7 For a Band A property (52% of Hartlepool households), without a parish council, the overall Council Tax increase for 2025/26 reflecting the decisions made by individual precepting bodies is £78.67 (£1.51 per week) as follows:

	2024/25 £	2025/26 £	Annual Increase £
Hartlepool Council – Basic amount	1,135.45	1,175.01	39.56
Hartlepool Council – Adult Social Care precept	187.50	213.95	26.45
<b>Total Hartlepool Council</b>	<b>1,322.95</b>	<b>1,388.96</b>	<b>66.01</b>
Police & Crime Commissioner	202.49	211.82	9.33
Cleveland Fire Authority (CFA)	59.64	62.97	3.33
<b>Total</b>	<b>1,585.08</b>	<b>1,663.75</b>	<b>78.67</b>

- 6.8 The following table summarises the Council Tax for 2025/26, for areas without a parish. The Adult Social Care precept is the cumulative amount and in 2025/26 will provide £8.490m of funding.

	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hartlepool Borough Council Basic Amount without parishes or special items	1,175.01	1,370.84	1,566.68	1,762.51	2,154.18	2,545.85	2,937.52	3,525.02
Hartlepool Borough Council Adult Social Care Precept	213.95	249.61	285.27	320.93	392.25	463.56	534.88	641.86
<b>Sub Total - Hartlepool Borough Council (excluding Parish Precepts)</b>	<b>1,388.96</b>	<b>1,620.45</b>	<b>1,851.95</b>	<b>2,083.44</b>	<b>2,546.43</b>	<b>3,009.41</b>	<b>3,472.40</b>	<b>4,166.88</b>
Police and Crime Commissioner	211.82	247.12	282.43	317.73	388.34	458.94	529.55	635.46
Fire Authority	62.97	73.47	83.96	94.46	115.45	136.44	157.43	188.92
<b>TOTAL for Areas without a Parish Council</b>	<b>1,663.75</b>	<b>1,941.04</b>	<b>2,218.34</b>	<b>2,495.63</b>	<b>3,050.22</b>	<b>3,604.79</b>	<b>4,159.38</b>	<b>4,991.26</b>

- 6.9 **Annex C** details the Council Tax levels for all areas of the borough, including areas covered by the Parish Council.

## 7. RISK IMPLICATIONS

- 7.1 As detailed in Annex A and Appendix D.

## 8. FINANCIAL CONSIDERATIONS

- 8.1 As detailed in this report and Annex A - D.

**9. CHILD AND FAMILY POVERTY CONSIDERATIONS**

9.1 As detailed in Annex A and Appendix B.

**10. EQUALITY AND DIVERSITY CONSIDERATIONS**

10.1 As detailed in Annex A and Appendix B.

**11. STAFF CONSIDERATIONS**

11.1 As detailed in Annex A and Appendix B.

**12. ASSET MANAGEMENT CONSIDERATIONS**

12.1 As detailed in Annex A and Appendix B.

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

13.1 As detailed in Annex A and Appendix B.

**14. RECOMMENDATIONS REFERRED BY FINANCE AND POLICY COMMITTEE FOR COUNCIL APPROVAL**

14.1 The recommendations to be considered by Council as recommended by Finance and Policy Committee:

- i) Note the contents of the report, including that the Core Spending Power increase is based on government's assumption that Councils will increase Council Tax to the maximum allowable;
- ii) Recommend an increase to core Council Tax of 2.99% and an adult social care precept increase of 2%, thus providing £2.625m of recurring funding be recommended;
- iii) Recommend the overall budget proposal set out in the report, including the two amendments in relation to removal of proposed budget savings and to utilise the £500,000 business rates surplus to support a reduction in use of reserves, details of which were set out above, be recommended to Council;
- iv) Recommend that any capital receipts generated be used to fund revenue costs associated with delivery of the transformation programme, as required, be recommended to Council;
- v) Note the robustness advice detailed in section 11 of the report;
- vi) Note that any changes arising from the completion of the NNDR1 and receipt of the Final Local Government Finance Settlement be adjusted in the 2025/26 budget; and

- viii) That members note that the detailed 2025/26 statutory Council Tax calculations incorporating the Council Tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils, will be referred to Council on 20 February 2025.

14.2 Subject to approval of the above recommendations:

- i) Approve the statutory budget calculation for the Council budget as detailed in **Annex C** and approve the detailed supporting departmental budgets detailed in **Annex D**; and
- ii) Approve the statutory Council Tax calculations detailed in **Annex C**, which includes the Council Tax increases approved by the individual precepting bodies.

**15. REASON FOR RECOMMENDATIONS**

- 15.1 To approve the budget for 2025/26 financial year, including Council Tax increase and to discharge the Council's statutory billing authority responsibilities.

**16. CONTACT OFFICERS**

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# FINANCE AND POLICY COMMITTEE

## 20 JANUARY 2025



**Report of:** Director of Finance, IT and Digital

**Subject:** MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2025/26 TO 2027/28

**Decision Type:** Budget and Policy Framework

### 1. COUNCIL PLAN PRIORITY

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

### 2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to provide an update on the impact of the Provisional Local Government Finance Settlement for 2025/26 and to enable Members to approve the budget proposals to be referred to Council, including the level of council tax and adult social care (ASC) precept for 2025/26.

### 3. BACKGROUND

- 3.1 Comprehensive MTFS reports were considered by Finance and Policy Committee on 25<sup>th</sup> June 2024 and 25<sup>th</sup> November 2024. These reports set out the continued financial challenges facing the Council for 2025/26 and over the MTFS period, although it is important to recognise that the Council needs to be sustainable beyond this three-year period and into the longer term. This

report provides a comprehensive update of all areas impacting on the MTFS and specifically the 2025/26 budget, including those areas reported as part of prior updates.

- 3.2 The new Government's first budget delivered by the Chancellor on the 30th October 2024 announced planned increases in expenditure in public services, largely funded through increased taxation. In headline terms, local government was allocated an additional £1.3 billion in government grant funding for 2025/26, although at that time the distribution methodology of this was still to be confirmed.
- 3.3 In advance of the actual Finance Settlement published later in December, as is common practice, the Minister of State responsible for Local Government presented the 2025/26 Local Government Finance 'Policy Statement' in a written statement to parliament. This was presented on the 28<sup>th</sup> November 2024.
- 3.4 The Policy Statement confirmed that the additional core national resource (c£1.3bn) into local government, was to be distributed via existing grants but also via the creation of new grants namely the 'Recovery Grant' and 'Children's Social Care Prevention Grant'. The Recovery Grant noted as being highly targeted towards those authorities with the highest levels of deprivation. The statement also confirmed the continuation of the current council tax referendum limits of 3% for core council tax and 2% for the adult social care precept. Outside of the announcements relating to core funding, the policy statement also confirmed; that local authorities would be compensated for the direct impact of the pending employers National Insurance Contribution increases, the extension of the new homes bonus for a further year and the introduction of the Extender Producer Responsibility grant from 2025/26. Further details on all areas are provided within the main body of this report.
- 3.5 Notwithstanding the additional funding for 2025/26 noted above, the national medium term funding position presented in the autumn budget continues to indicate restricted funding increases for non-protected departments, which includes the Ministry for Housing, Communities and Local Government (MHCLG), who provide grant funding to councils. The absence of real term increases in the medium term, exacerbates the need for the Fair Funding Review to be delivered, which will reset the funding system to distribute the funding available to councils across the country more fairly, and reflective of need.
- 3.6 Positively, both the Chancellor's Autumn budget statement and Minister's Local Government Finance Policy Statement confirmed the Government's commitment to a full package of funding reforms in 2026/27, and that this will be the start of a multi-year settlement. It was noted that, the funding reforms will build on the previous government's Fair Funding Review, and there will also be a full business rates baseline reset.
- 3.7 The October Autumn Budget confirmed the National Living Wage for age 21 and over will increase from £11.44 an hour (April 2024) to £12.21 per hour

from April 2025, a rise of 6.7%. Whilst welcome in the context of tackling low pay, this rise continues to place significant upwards pressure on social care and other contracted service delivery. With regards to Council employee pay rise forecasts for 2025/26, although the lowest council pay bands are currently above this uplifted NLW rate, the level of increase is likely to be an additional inflationary factor on council employee pay negotiations.

- 3.8 The provisional Local Government Finance Settlement, issued on 18<sup>th</sup> December 2024, provided the detailed grant allocation to councils and other information needed to set their budgets for 2025/26. The details from the settlement and the impact for Hartlepool is provided in the next section.

#### 4. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2025/26

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

##### Headline increase in Core Spending Power

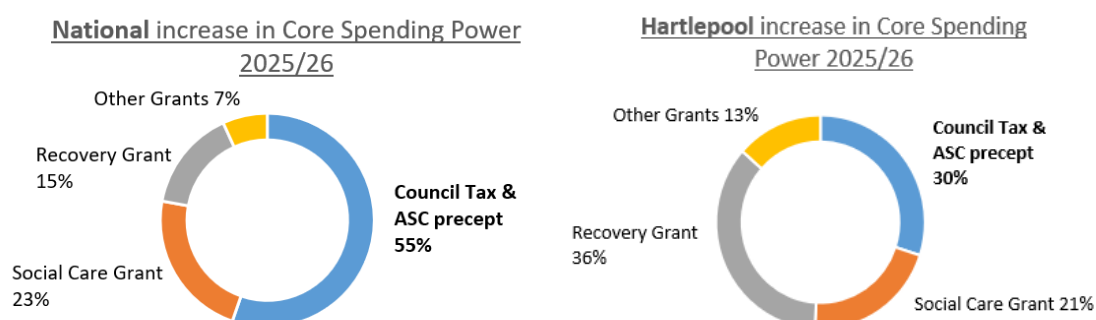
- 4.2 Core Spending Power (CSP) is the Government's measure for comparing all funding 'made available' through the Local Government Finance Settlement. The headline national increase in CSP is 6.0% - a cash increase of £3.9 billion, consisting of the elements detailed in the following table:

Funding Source	Value (£'bn)	Value (%)
Council Tax and Adult Social Care (ASC) precept income	£2.158bn	55%
Social Care Grants	£0.880bn	23%
Recovery Grant (new funding stream)	£0.600bn	15%
Other Grants and Business Rates (net movement)	£0.264bn	7%
<b>Total Core Spending Power Increase</b>	<b>£3.902bn</b>	<b>100.0%</b>

- 4.3 As highlighted by the above table, the Government's total CSP increases are based on the assumption that all authorities will use the maximum available council tax and ASC flexibility. On this basis 55% of the £3.902 billion of the national Core Spending Power increase will need to come from council tax and ASC precept. This underlines the increasing reliance of the current funding system on council tax and the ASC precept to meet the costs of local services.
- 4.4 The Government's Core Spending Power figures include the additional £1.3 billion of grant funding announced in the Chancellor's 2024 Autumn

Statement. An element of this funding is being directed to those councils with higher levels of deprivation, alongside elements also being allocated to equalise the ability of individual councils to raise income from the ASC precept. This means that areas with a low council tax base (i.e. high percentage of properties in bands A and B), including Hartlepool, receive more Social Care grant. The overall impact of these issues is that 30% of the Government's assessment of Hartlepool's Core Spending Power increase for 2025/26 is from council tax and the ASC precept. Whilst this is lower than the 55% national figure, this is an important recurring income for funding Hartlepool services.

- 4.5 The increase in other grants mainly reflects, the Children's Social Care Prevention grant introduction, a CPI increase in the Revenue Support Grant (RSG) and compensation for under-indexing of the business rates multiplier. In addition, New Homes Bonus funding has been continued into 2025/26, but the previous received Services Grant has been removed. Further details on these grants are provided below.
- 4.6 The charts below compare component increases in Hartlepool's Core Spending Power with the National figures using the settlement figures for 2025/26.



- 4.7 A significant proportion of the additional grant funding being directed to Social Care and the increase in council tax limits, including the ASC precept, means that Spending Power increases are greatest for Social Care authorities. This reflects the significant inflationary pressures facing these services, including children's social care and more widely the impact of the National Living Wage and national insurance increase in April 2025. Government figures based on the maximum council tax and ASC precept flexibility being used by all authorities, confirm a national average CSP increase of 6%, an 8.4% increase for Hartlepool, but significantly lower increases for District Councils.

### Period covered by settlement

- 4.8 As previously announced by Government, the detailed settlement is for 2025/26 financial year only, which is the seventh successive one-year settlement for councils.

### **Recovery Grant**

- 4.9 This newly introduced grant totalled £600m nationally. The distribution of funding was “highly targeted” towards places that need it most and used a combination of the indices of multiple deprivation (IMD) and council tax base as the formula for distribution. Hartlepool’s allocation from this grant totals £3.610m for 2025/26. This significant new grant stream, distributed with deprivation as the focus, is likely to have provided the foundations of the anticipated uplift in funding arising from the pending fair funding review i.e. the acceleration of a significant proportion of the anticipated uplift in resources into the 2025/26 financial year.

### **Children’s Social Care Prevention Grant**

- 4.10 A further new grant introduced to “lay the groundwork for children’s social care reform”, totalling £250m nationally. Hartlepool’s allocation from this grant totals £0.870m for 2025/26. The provisional settlement did note that conditions are placed on this, but these conditions will not be confirmed until the final settlement is published in early 2025. Given the uncertainty, there is an assumed matching spend pressure contained within the budget for 2025/26.

### **Services Grant**

- 4.11 This grant was introduced in 2022/23, totalling £822m nationally and the distribution formula included an element for deprivation which was favourable for Hartlepool. The grant was depleted over subsequent years to fund other areas within the settlement and for 2025/26 has now been fully removed.
- 4.12 For the Council, the allocation from this grant was £0.199m for 2024/25. The MTFS has been updated to remove this from 2025/26.

### **New Homes Bonus**

- 4.13 This grant has been extended for a further year as part of the 2025/26 Settlement. Hartlepool’s allocation of £1.067m for 2025/26 is a reduction from 2024/25 (£1.224m), but beyond the amount previously forecast within the MTFS.
- 4.14 The government have confirmed that 2025/26 will be the last year for this grant in its current form, as such it has been fully removed from the MTFS from 2026/27.

### **Public Health Grant**

- 4.15 The core public health grant allocation for 2025/26 is subject to a separate announcement. The 2024/25 grant allocation totalled £9.666m. Any required update will be provided once the final 2025/26 grant allocation is confirmed.

- 4.16 Outside of the core public health grant funding, this service area benefits from a number of other ringfenced grants linked to targeted initiatives. Confirmation has been received that grant funding for 'Supplementary Substance Misuse Treatment & Recovery' from the Office of Health Improvement & Disparities will continue into 2025/26. In addition, the Department of Health & Social Care have confirmed the extension of the Local Stop Smoking Services and Support grant totalling £0.129m.

### **Grants outside of Core Spending Power**

#### **Extended Producer Responsibility for Packaging (pEPR)**

- 4.17 The Council has received an indicative allocation of £2.187m for the pEPR scheme for 2025/26. This new grant is to cover the existing costs local authorities incur for managing household packaging waste, provide additional funding for new legal duties, and support much needed investment in the waste and recycling industry. The funding is guaranteed in 2025/26, but with no guarantee of levels of funding for future years. Therefore, a £0.200m per year reduction in grant has been factored into the MTFS from 2026/27.

#### **National Insurance**

- 4.18 To support local authorities with the impact of employer national insurance changes, a new grant has been introduced to compensate councils for the financial impact on their 'direct' staffing costs.
- 4.19 HM Treasury have provided £515m nationally to compensate councils for this additional cost pressure. The allocations to individual authorities will not be confirmed until the Final Settlement is published in early 2025. High level forecasting indicates that only circa 60% of the direct cost pressure can be funded from the £515m available. A grant estimate of £0.850m has been included in the MTFS from 2025/26. This compares to a calculated direct cost of £1.4m.
- 4.20 Note, no compensation is being provided for indirect costs arising from the National Insurance increase.

#### **Other Grant Changes**

- 4.21 As part of the government initiative to simplify the grant funding system a number of smaller grants have either been merged into the Revenue Support Grant or merged together into larger single grants. The overall impact on the council from these changes is neutral.
- 4.22 In acknowledgement of the discontinuing of the New Homes Bonus funding stream, which is likely to be recycled, and the Fair Funding Review including business rates reset, the MTFS has been updated to incorporate an assumed increase in grant funding including business rates reset redistribution. A prudent increase of £2m in 2026/27 and a further £1m in 2027/28 have been

incorporated into the updated MTFS. The total £3m increase has been phased over 2 years to reflect the likely transition period involved in the movement to an updated funding system. There is no certainty this funding will materialise, and the position will be carefully monitored and the MTFS updated accordingly as part of future years budget setting processes.

## **5. IMPACT OF PROVISIONAL 2025/26 LOCAL GOVERNMENT SETTLEMENT ON RESOURCES**

- 5.1 The previous MTFS update reported to the Committee in November was predicated on a number of assumptions which informed the forecast increase in government grants to be received by the Council. Members were advised that the actual impact on individual councils would not be known until the provisional 2025/26 Local Government Finance Settlement was announced.
- 5.2 As detailed in the previous section the settlement has confirmed changes to funding for 2025/26 and provided the detailed allocations for the majority of grants for individual councils.
- 5.3 The most significant changes since the last report are the introduction of the Recovery, Children's Social Care Prevention and pEPR grants and the increase in the Social Care grant. The removal of the Services Grant from 2025/26 and the New Homes Bonus from 2026/27 are the significant areas of reduction on the MTFS.
- 5.4 Overall there is a £9.832m net increase in 2025/26 grant resources provided through the Settlement, as summarised below. However, it is important to note that the MTFS did have a £4.065m unfunded balance for 2025/26, which was anticipated to be met from grant increases and also further significant expenditure pressures relating to National Insurance and Children's Social Care Prevention Grant conditions, detailed further in section 6, need to be fully funded.

	<b>Nov 2024 F&amp;P</b>	<b>Provisional Settlement</b>
	<b>Forecast Increase /(Decrease) in Grant Resource £m</b>	<b>Actual Increase /(Decrease) in Grant Resource £m</b>
Introduction of Recovery Grant	0	3.610
Introduction of Extended Producer Responsibility for Packaging (pEPR) Grant	0	2.187
Increase in Social Care funding	0	2.112
Introduction of Children's Social Care Prevention Grant	0	0.870
National Insurance Grant (Estimate)	0	0.850
Increase in Revenue Support Grant and Business Rates Top Up Grant	0.382	0.392
Decrease in New Homes Bonus Grant	(0.777)	(0.157)
Decrease in Services Grant	0	(0.199)
Other grant changes	0.167	0.167
<b>Net increase / (decrease) in Grant Resources</b>	<b>(0.228)</b>	<b>9.832</b>

### **Dedicated Schools Grant**

- 5.5 The Chancellor's Autumn Budget confirmed a national increase in funding for the core schools budget of £2.3 billion, increasing per pupil funding in real terms. £1 billion of this funding is being directed towards supporting the special educational needs and disabilities (SEND) system. Following receipt of individual authority allocations in December, it has been confirmed that Hartlepool's DSG will increase by £1.667m for 2025/26.
- 5.6 As reported through the quarterly budget monitoring updates to Committee, Hartlepool, like many other local authorities across the country has an inherent deficit within its DSG budget, largely driven by shortfalls on High Needs block funding. The Council have engaged with the Education and Skills Funding Agency (ESFA) over recent months to discuss a DSG Management Plan, which sets out an approach to stabilise the position and reach a sustainable budget position in the medium term.
- 5.7 The reported quarter 2 position to Committee in November 2024 indicated a forecast £4.070m overspend for 2024/25. Given this significant level of shortfall, the additional funding provided by government for 2025/26, although welcome, is unlikely to be sufficient to mitigate the position in the short term.

## 6. BUDGET PRESSURES

- 6.1 The medium term financial plan is constantly evolving. The current forecasts for 2025/26 budget pressures informing the budget proposals, and also the pressures into the medium term are documented in this section. The table below provides estimates of these pressures, which have increased by £4.249m for 2025/26, since the November report. The main changes relate to Employer National Insurance impacts (£2.940m) and spend provision linked to the newly introduced Children Social Care Prevention Grant (£0.870m). Detailed commentary is provided in the subsequent paragraphs.

	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Spending Pressures</b>				
Pay and Price Inflation	3.650	4.369	2.991	11.010
National Insurance Contributions	2.940	0.031	0.031	3.002
Children's Social Care	6.870	1.500	1.530	9.900
Waste Disposal	1.500	0.530	0.041	2.071
Capital Financing	0.250	0.250	0.250	0.750
Transformation Capacity	0.250	0.005	0.005	0.260
<b>Total Spending Pressures</b>	<b>15.460</b>	<b>6.685</b>	<b>4.848</b>	<b>26.993</b>

### Pay and Prices - Pay Award Inflation

- 6.2 The national pay offer for 2024/25 was agreed during October 2024. Following ballots, the trade unions accepted the original pay offer, which equates to £1,290 per employee regardless of grade, up to spinal point 43. This increase equated to a 5.77% increase at spinal point 2 and 2.50% at point 43. Spinal points above 43 received a 2.50% increase. The agreed 2024/25 pay award was below the value provided for when setting the 2024/25 budget, resulting in a saving of approximately £1.000m in 2024/25. This £1.000m, on-going, saving is factored into MTFS position for 2025/26.
- 6.3 Given the lower levels of inflation in the economy, the MTFS currently has a pay award assumption for 2025/26 of 3% and then 2% in subsequent years, in line with the government's target inflation level. The significant increase to the National Living Wage may create upward pressure on any pay award negotiations for 2025/26 and as such pay assumptions in relation to these financial years, will be kept under close review.
- 6.4 The actual pay settlement is likely to be agreed at some point during the 2025/26 financial year, therefore pay provision will be held centrally until agreement is reached.

### Employers National Insurance Rate and Threshold

- 6.5 The Chancellor's Autumn Budget provided confirmation that the employer National Insurance (NI) contribution rate would increase from April 2025

and there would also be a lowering of the threshold at which employer contributions become payable. The contribution rate is to increase from 13.8% to 15% and the payment starting threshold is to reduce from £9,100 to £5,000.

- 6.6 The government confirmed it would compensate councils for the 'direct cost' of this NI increase, although as noted in 4.19 above, the allocations to individual authorities will not be confirmed until the Final Settlement is published in early 2025, and are not expected to meet the full cost increase.
- 6.7 The indirect cost impact on councils of the NI changes e.g. social care providers and other third parties, has not been funded directly by government. The government have indicated that other funding streams made available through the settlement should be used to manage this cost impact.
- 6.8 The 2025/26 budget includes provision of £2.940m to meet the above noted pressures arising from the NI changes. Where uncertainty still remains once the budget is presented for approval, appropriate contingency funding will be held within the pay award and price contingency.

### **Pay and Price - General Price Inflation**

- 6.9 The Consumer Price Index (CPI) measure of inflation rose slightly to 2.6% in November 2024 from 2.3% in October 2024. This rise to above 2% was anticipated and driven by the rise in Ofgem's utility price cap on 1st October and increases in fuel costs.
- 6.10 Inflation forecasts and general economic stability continues to be heavily caveated around the potentially volatile impacts of geopolitical factors, namely escalating developments in the Middle East, Ukraine/Russia conflict and the recent United States election.
- 6.11 Given the general lower inflationary environment, coupled with procurement efficiencies generated, no general inflation has been allowed for 2025/26, with provision reverting to 2% over the remaining MTFS period. Bespoke inflation is included for contracts where specific inflation indices are used and provision for identified minor pressures has also been included.

### **Pay and Price – Adult Social Care Contracts**

- 6.12 The net budget for packages of care is approximately £32m and annual increases to care home fees and home care rates are determined using an established formula. The annual inflation uplift is based on a range of factors and recent increases have been driven predominantly by increases in the National Living Wage (NLW) and the level of non-pay inflation.

- 6.13 The Government's Autumn Budget confirmed the National Living Wage for age 21 and over will increase from £11.44 an hour (April 2024) to £12.21 per hour from April 2025, a rise of 6.7%. The increase to £12.21 is above early planning assumptions, therefore the budget requirement forecast has been adjusted accordingly throughout the budget setting process. The increases on the non-pay inflation elements of the budget are largely informed by the prevailing inflation measures.
- 6.14 As noted at section 6.7 above third party providers, including those providing social care, will be impacted by the changes to employer national insurance contributions. This is likely to result in a further budgetary pressure within this area, although the government have confirmed that council's will not be directly funded for this.
- 6.15 Given the number of driving factors noted, a prudent, but reasonable assessment of fee uplifts has been included within the MTFS, however, this remains an area of risk until uplifts are agreed with providers.

### **Pay and Price – Income**

- 6.16 Historically, for budget planning purposes it has been assumed that all discretionary fees and charges will increase in line with inflation each year. Given the council's financial position and the recent inflationary impact on the council's expenditure budgets, it is proposed to uplift discretionary fees and charges for 2025/26 by a minimum of 5%. Areas with existing income budget shortfalls will still action an increase in charges in April 2025 where appropriate, but prudently the overall income budget target will not be increased, allowing the price increase to address the existing gap.

### **Energy Inflation**

- 6.17 Recent years have seen unprecedented market volatility, driven by Covid-19, the Russia-Ukraine war, extreme weather patterns and geopolitical tensions, as well as the UK and Europe's ambitions to move to better security of supply and alternative generation types. This has created a monumental shift in what typical market activity looks like. This movement from traditional market norms has created a market that is very reactive and has the potential to move far more substantially in very short windows of time.
- 6.18 In response to this turbulence, the Council progressed a twofold strategy of increasing the revenue budget for anticipated long term prices, coupled with use of an energy reserve for the shorter term spike. This approach has served the Council well since 2022/23.
- 6.19 The Council purchases its energy via the regional North East Purchasing Organisation (NEPO), which has an agreed Risk and Purchasing Strategy in place to forward buy energy as deemed prudent. At present,

approximately half of the energy requirement for 2025/26 has been purchased.

- 6.20 Although energy pricing is forecast to fall in 2025/26, from a budgeting perspective this is likely only to minimise or remove the requirement to supplement the budget with use of the Energy Reserve. To that end, at this stage it is prudent to maintain the base budget and apply normal inflation increases, with the position monitored closely given the potential for further market volatilities.

### **Children's Social Care**

- 6.21 The budget pressures in this area continue to be of significant concern for our Council, and many across the region and country. Many areas of expenditure relating to children in our care are experiencing significant and on-going inflationary pressures, these include; external placements, independent foster agency (IFA) placements, allowance payments as well as the associated staffing demands.
- 6.22 In addition to the inflationary pressures, the proportion of children needing to be placed in the most costly, external placement homes, continued to increase during 2024. There are currently 42 children in external residential placement care. The complexity of children's needs is driving this increase, at a time where finite capacity in the specific market is leading to ever increasing prices being demanded for accommodation. The average weekly cost of a placement has increased by over 40% over the last three years. The average cost of a new external placement since September 2024 has been £5,100 per week (range £4,125 to £7,000), with the current highest cost external placement being in excess of £12,000 per week.
- 6.23 The Council continues, where possible, to try and mitigate pressures through; promotion of in-house fostering including as part of a large scale regional recruitment initiative, opening new Local Authority run homes within Hartlepool and also working in partnership with local providers to secure local, lower cost placements. In addition, increased staffing resource, funded by invest to save reserves, is being provided during 2024/25, through the creation of an additional team to provide further support to families who are at risk of having children enter the care system. This team commenced its valuable 'edge of care' intervention activity during the summer and has been fully staffed since October 2024.
- 6.24 Despite this approach and additional resources of £4.5m being added to the budget for 2024/25, the budget is experiencing significant pressure in the current financial year, with a 2024/25 forecast overspend, approaching £6m. Given this significant and unprecedented spend pressure it has been deemed necessary to increase the MTFS budget requirement to £9.0m (£6.0m 2025/26, £1.5m 2026/27 and £1.5m 2027/28). The profile reflects the need to address the current shortfall position followed by lower

inflationary driven increases, as initiatives to tackle, curb and ultimately aim to reverse this growing pressure continue.

- 6.25 The financial impact on the council's financial stability and resilience due to this pressure is of extreme concern and one which requires a multifaceted approach to address. This includes the need for government intervention in the provider market, additional funding from government to acknowledge the correlation of care needs linked to deprivation, introduction of a major early intervention support programme to assist parenting and societal issues impacting on families, alongside, the measures being delivered locally within the resource we have, as noted in 6.23 above.
- 6.26 The Government's Autumn Budget and subsequent provisional finance settlement has acknowledged the national crisis in this area, with; £880m of the £1.3bn for 2025/26 to be directed to wider Social Care, the creation of the Children's Social Care Prevention Grant and also the use of deprivation measures to distribute the newly created Recovery Grant.
- 6.27 The newly created Children's Social Care Prevention Grant (£0.870m allocated) is subject to grant conditions but these were not released as part of the provisional finance settlement and noted to follow with the final settlement in early 2025. Given the uncertainty regarding the grant conditions a matching spend pressure of £0.870m has been added to the £9m general Children's Social Care budget noted above. Should the conditions allow, it is proposed that this budget be utilised to allow the continuation of the 'edge of care team' which is currently funded on a temporary basis from reserves, or directed to support the Staying Close initiative should grant funding not continue.
- 6.28 In addition to the activity noted above, the Government's Autumn Budget red book, detailed the following plan; "Building on existing reform pathfinders, and the new investment in kinship and fostering announced in Phase 1 of the Spending Review, the government will set out plans for fundamental reform of the children's social care system in Phase 2. This will include promoting early intervention to help children to stay with their families where possible and fixing the broken care market".

### **Waste Disposal**

- 6.29 Hartlepool has entered into a partnership with six other Local Authorities in the region to procure a new Energy from Waste facility. The procurement process is on-going, with an anticipated go-live date during 2029. The Council has benefitted from very competitive gate fees with the current incumbent, however, these fees are forecast to step up significantly for the 2025/26 year as part of the contract extension arrangement.
- 6.30 The financial due diligence work continues in relation to the above. The forecast budget impact of £2m remains within the MTFS period, and the latest understanding of the phasing is incorporated in the latest budget plans.

## **Capital Financing**

- 6.31 A recurring annual saving of £2m has previously been taken over a 12 year period (2017/18 to 2028/29) following a change to the Council's Minimum Revenue Provision (MRP) policy at the time. This saving unwinds to £1m, with a reduction in 2029/30 of £0.6m and a further £0.4m in 2030/31. To avoid these cliff edge impacts on the MTFS, a capital financing pressure of £0.150m per annum was previously introduced in the MTFS. This annual pressure was increased to £0.250m to reflect the approved borrowing requirement for the Highlight leisure facility.
- 6.32 A recent review of the MRP policy has identified an inconsistency in approach across borrowing areas. The proposed alignment of this approach across all areas (as included in Appendix B) will provide a reduced MRP cost in the short term, slowly increased over the life of the asset, resulting in greater alignment with budgets as they naturally inflate.
- 6.33 The council's capital financing requirement will need to be met through increases in borrowing at some point in the short to medium term. The primary source of borrowing is the Public Works Loan Board (PWLB) operated by the government's Debt Management Office. The rate at which the PWLB will lend to authorities is tagged to the rate at which the government borrows, known as the Gilt Rate. This rate is currently at higher levels than in recent years, due to a number of UK economic and geopolitical factors. The council will continue to carefully consider its Treasury Management position to determine the likely timelines for rate reductions and how this will impact on borrowing costs. An additional budget pressure may arise in this area if interest rates do not subside.

## **Transformation Capacity**

- 6.34 In recognition of the transformation work needed to ensure a balanced and sustainable budget position going forward, an indicative sum of £250,000 has been allocated to increase transformation capacity and resilience. Further details are provided in Section 9 below.

## **7. LOCAL FUNDING**

### **Business Rates**

- 7.1 Under the current Business Rates funding regime, the Council retains locally 49% of Business Rate income. Inherent in the system is an annual uplift based on September CPI, therefore this has been factored into the position at 1.67%. In addition, an assumed increase in business rates of £0.500m is now factored into the MTFS, this is evidenced by growth in business rates collectable in recent years. All other assumptions impacting Business Rates have remained unchanged i.e. provision for appeals, uncollectable debt and discretionary reliefs will remain broadly consistent.

- 7.2 The Government have confirmed that the standard multiplier will be indexed at 1.67% and that the small rate multiplier will be frozen for 2025/26. From 2026/27, new powers to set differing rates for particular sectors will likely allow permanently lower charges for those businesses in the Retail Hospitality and Leisure (RHL) sector. For 2025/26 the RHL sector will receive relief of 40%, which is a reduction from the 75% relief being provided in the current financial year.
- 7.3 The Council is still completing the government return (due 31 January 2025) which confirms the level of funding arising through the Business Grants retention regime. A verbal update will be provided to the Finance and Policy Committee should a material difference to budget assumptions arise.
- 7.4 There does remain the on-going risk that the Council will enter a safety net position should we experience significant appeals or reductions to our business rates base. In simple terms this comes about if the collectable business rates falls below 92.5% of the baseline. Funding will be provided by government to support the Council in such a scenario, albeit there will be an increased cost of circa £1.1m a year until any reset is enacted. A reserve is held to help mitigate this position for one year should it occur.
- 7.5 Generally, the impact of additional cost pressures on businesses and uncertain consumer demand may impact on the collectability of business rates. The position will be kept under review and adjustments made to forecasts should the need arise.

### **Business Rates – Business Rates Retention Zone**

- 7.6 As part of the wider Tees Valley Investment Zone, a business rates retention zone will come into operation within Hartlepool. This covers an area of the town centre, the production village and Oakesway Industrial estate. A baseline rates retention has been agreed with the government based on current rates applied. Any growth above this level will be fully retained locally i.e. the share of any growth that would have been paid to central government (50%) will instead be retained by the Tees Valley Combined Authority. The council will retain its share of growth, but with reduced flexibility.
- 7.7 The retained uplift has to meet the overall aims of the investment zone, being to:
- provide for local economic growth within the region
  - support existing local strategies with a focus on growth
  - support the priority sector within the Investment Zone; and
  - represent value for money for the government.
- 7.8 As agreed with government the Investment Zone uplift will be re-invested back into the aims which is to accelerate growth for the priority sector of digital and creative. This covers:

- infrastructure requirements
- skills
- business support
- research and innovation; and
- wider place-based barriers to growth.

7.9 It should be noted that this includes any uplift in Hartlepool Council's share and as such this could limit any business rates growth in these areas from being applied to wider MTFS pressures, unless a link back to the Investment Zone priorities can be made.

### **Council Tax**

- 7.10 The Council has a track record of Council Tax base growth in recent years. Whilst new build continues to be positive, the position continues to be impacted by exemptions and discounts, including the Single Person Discount (SPD). Hartlepool is not unique in facing these pressures. Investment in fraud detection is providing reductions in the claiming of SPD, which positively impacts the base position.
- 7.11 Whilst housing growth continues to be positive, there remains a risk that the wider economic environment i.e. interest rates, may have a detrimental impact on growth as well as collectability of Council Tax should household incomes continue to be under strain. Growth in the base of 675 is now allowed for in the budget model for 2025/26. This reflects the increases anticipated following "holiday home" premiums to be introduced in 2025/26 as well as our efforts to reduce SPD fraud. Base increase prudently reverts to 300 per year for 2026/27 and 200 per year thereafter but will be kept under review.
- 7.12 As noted within section 3 of the report, the Local Government Finance Policy Statement confirmed that the council tax referendum limits would be unchanged for 2025/26 at 3% for core council tax and 2% for the adult social care precept, and that the governments published Core Spending Power increases were predicated on Council's utilising this full 5% rise.
- 7.13 The presentation of the council tax bill is required to be amended from 2025/26, the Policy Statement confirmed; "The government will require local authorities to adjust the presentation of the adult social care precept on council tax bills from 2025/26, so that they show a single line for the council tax increase set by social care authorities. This will not only simplify bills received by billpayers but also provide clarity on council tax increases set by local authorities."
- 7.14 With regard the non-Council elements of the council tax charge, the individual 'precepting bodies' are responsible for setting their own council tax levels in accordance with the specific government council tax referendum principles and which meet their own budgetary requirements. The Government has set the following 2025/26 council tax referendum limits for these bodies:

Type of Body	Referendum Limit 2025/26
Police and Crime Commissioner	Band D increase of £14
Fire and Rescue Authorities	Band D increase of £5
Town and Parish Councils	No limits have been set

- 7.15 The forecast 2024/25 year-end position on the council tax account is indicating a surplus of £0.305m of which £0.254m relates to the Council's share. This £0.254m surplus will be distributed to the council in 2025/26, therefore has been included in the updated budget position as a one-off benefit in 2025/26.

## 8. RESERVES

- 8.1 The Council holds reserves for a variety of purposes, including those allocated for known commitments and risks, including capital schemes, the MTFS budget position, our insurance fund and business rates appeals risks. The reserve position has been volatile in recent years given the significant inflationary and demand pressures experienced. The only unallocated reserve is our general fund reserve, which serves as a reserve of last resort.
- 8.2 As reported to committee in November, a detailed review of reserves was carried out to redirect resources to priority areas, which included bolstering the Budget Support Fund given the on-going pressures.
- 8.3 The use of one-off reserves to balance the on-going revenue budget position is not a financially sustainable basis to set our budget. However, the volatility of local government finances over recent years has necessitated we do so, but in a planned and carefully managed way. The Budget Support Fund is available to smooth the budget deficits where possible, as well as to meet one-off costs associated with generating on-going efficiencies.
- 8.4 For the 2024/25 budget setting, £3.166m of the Budget Support Fund was used to support the overall budget position. The one-off nature of reserves means that the budget position is detrimentally hit in subsequent years as their use unwinds. In addition, based on the latest outturn forecast overspend for 2024/25, a further £1.670m of the Budget Support Fund will need to be utilised.
- 8.5 Updated proposals for the utilisation of reserves to support the 2025/26 budget are detailed in section 9.

## 9. STRATEGY FOR BALANCING THE BUDGET POSITION

- 9.1 Based on the position outlined in sections 3 to 8 of the report, the updated budget forecast over the three year MTFS period is shown in the table below.
- 9.2 The table below shows the gap to be addressed before the inclusion of any council tax increase or the incorporation of savings proposals. The gap for 2025/26 totals £7.079m rising to £14.041m over the MTFS period.

- 9.3 The gap for 2025/26 is lower than that reported in November given the positive impact of increased government funding. The 2025/26 and MTFS forecast gap, shown in the table below has been fully updated for the provisional local government finance settlement funding announcements.

	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Spending Pressures</b>				
Pay and Price Inflation	3.650	4.369	2.991	11.010
National Insurance Contributions	2.940	0.031	0.031	3.002
Childrens Social Care	6.870	1.500	1.530	9.900
Waste Disposal	1.500	0.530	0.041	2.071
Capital Financing	0.250	0.250	0.250	0.750
Transformation Capacity	0.250	0.005	0.005	0.260
<b>Total Spending Pressures</b>	<b>15.460</b>	<b>6.685</b>	<b>4.848</b>	<b>26.993</b>
Government Grant Changes	(9.832)	(1.389)	(1.469)	(12.690)
<b>Gap Before Local Funding</b>	<b>5.628</b>	<b>5.296</b>	<b>3.379</b>	<b>14.303</b>
Business Rates	(0.895)	(0.483)	(0.493)	(1.871)
Council Tax - Base Increase	(1.339)	(0.595)	(0.397)	(2.332)
Collection Fund (Surplus)/Deficit	(0.130)	0.254	0.000	0.124
<b>Gap Before Current Use of Reserves</b>	<b>3.263</b>	<b>4.472</b>	<b>2.490</b>	<b>10.225</b>
Temporary Use of Budget Support Fund (2024/25 reversal)	3.166	0.000	0.000	3.166
Temporary Use of Investment Income (2024/25 reversal)	0.650	0.000	0.000	0.650
<b>Bottom Line Gap to be Addressed (before Council Tax increase &amp; savings)</b>	<b>7.079</b>	<b>4.472</b>	<b>2.490</b>	<b>14.041</b>
<b>Cumulative Gap (before Council Tax increase &amp; savings)</b>	<b>7.079</b>	<b>11.551</b>	<b>14.041</b>	

### Transformation and Efficiency Strategy

- 9.4 Where possible, a strategic and transformational approach to addressing the MTFS funding shortfall and wider financial planning is being adopted.
- 9.5 The Council's Transformation Plan approved by the Finance and Policy Committee in June 2024 outlined the approach and principles to achieve the Target Operating Model for the council.
- 9.6 Transformation activity is progressing in the following key areas;
- **Demand Management;**
    - Adult Social Care – Sustainability
    - Childrens Social Care – Sufficiency
    - Waste and Recycling

- **Service Reviews;**
  - Leisure, Culture and Performance Review
  - Schools Catering and Cleaning Review
- **Land and Property Review**
- **Fees and Charges Review**
- **Digitalisation and Back Office;**
  - Customer Contact
  - Income and Cash Management
  - Revenues collection and maximisation
  - ICT Transformation
  - Digital Blue Print Reviews

9.7 Activity is progressing on these schemes to determine savings that will be realised over the MTFS period. The 'Transformation and Efficiency Strategy' at **Appendix A** provides further details on the approach, activity within each area, high level savings estimates and resourcing requirements to support this programme.

9.8 As noted, budget savings associated with this Transformation Strategy will be realised over the MTFS period. To assist budget planning, a high level and prudent forecast of additional revenue savings to be achieved through the strategy totals £2.500m. This is currently profiled to be achieved over 2 years £1.500m in 2026/27 and a further £1.000m in 2027/28.

### **2025/26 Savings Proposals**

9.9 Given the immediate funding shortfall to be addressed for 2025/26 there was a need to identify some additional savings more quickly. To support the delivery of a balanced budget for 2025/26, detailed savings proposals were developed, then reported to the F&P Committee in November 2024. Savings were referred to the relevant policy committees for consideration and comment during December.

9.10 In developing savings proposals for 2025/26, Directors and lead members sought to minimise the impact on staff numbers across the authority. It is envisaged that any reductions in staffing for 2025/26 will predominantly be the removal of vacant posts, natural turnover and voluntary redundancy.

9.11 The reported savings proposals totalled £2.954m for 2025/26 and £3.109m in total of the MTFS period, these are shown by Directorate in the table below. **Appendix B** provides the detailed proposals along with information on equality and poverty impact.

	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Adults and Community Services	(0.630)	(0.155)	(0.050)	(0.835)
Childrens and Joint Commissioning	(0.198)	0.000	0.000	(0.198)
Development, Neighbourhoods and Regulatory	(0.675)	(0.050)	0.000	(0.725)
Finance, IT and Digital	(0.357)	0.000	0.000	(0.357)
Legal, Governance and Human Resources	(0.094)	0.000	0.000	(0.094)
Corporate	(1.000)	0.050	0.050	(0.900)
<b>TOTAL SAVINGS</b>	<b>(2.954)</b>	<b>(0.155)</b>	<b>0.000</b>	<b>(3.109)</b>

9.12 In the main, feedback from the Committees on the proposed savings was positive and all savings were approved by the respective Committees. **Appendix C** provides the responses received from each Committee.

9.13 The table below shows the overall MTFS position taking in to account the savings and transformation plans but before including additional income arising from increases in council tax and any use of reserves. This shows a 'Gap to be addressed before council tax increase and use of reserves' of £4.125m for 2025/26 rising to £8.432m over the MTFS period.

	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Gap to be Addressed</b>	<b>7.079</b>	<b>4.472</b>	<b>2.490</b>	<b>14.041</b>
Savings Proposals	(2.954)	(0.155)	(0.000)	(3.109)
Transformation / Future Savings	0.000	(1.500)	(1.000)	(2.500)
<b>Bottom Line Gap to be Addressed (after savings but before Council Tax increases and use of reserves)</b>	<b>4.125</b>	<b>2.817</b>	<b>1.490</b>	<b>8.432</b>
<b>Cumulative Gap</b>	<b>4.125</b>	<b>6.942</b>	<b>8.432</b>	

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

### Council Tax Increases

9.15 As noted in section 3.4 the Government's referendum limit for council tax for 2025/26 has remained unchanged at 3% for core council tax and 2% for the Adult Social Care Precept, resulting in an effective maximum increase of 4.99%. A greater rise would require a referendum or Government consent. A number of councils across the country are seeking permission for a rise beyond this limit.

9.16 The significant budget gap for 2025/26 and also over the medium term period clearly demonstrates the need to utilise the full council tax increase allowable of 4.99% for 2025/26, and this is proposed. A rise of 4.99% is in line with the

government assumptions which have been included with the published Core Spending Power increases with the Settlement. The draft impact per household is set out in the table below.

Band	Household %	2024/25 Council Tax (inc ASC) £	2025/26 Council Tax (inc ASC) * £	Annual Increase £	Weekly Increase £
A	52	1,322.95	1,388.96	66.01	1.27
B	17	1,543.44	1,620.45	77.01	1.48
C	15	1,763.93	1,851.95	88.02	1.69
D	8	1,984.42	2,083.44	99.02	1.90
E	4	2,425.40	2,546.43	121.03	2.33
F	2	2,866.38	3,009.41	143.03	2.75
G	1	3,307.37	3,472.40	165.03	3.17
H	1	3,968.84	4,166.88	198.04	3.81

\* The figures presented for 2025/26 are draft and will be confirmed as part of the statutory calculations presented to Council on 20 February 2025.

- 9.17 A total council tax rise of 4.99% for 2025/26 would generate additional on-going revenue of **£2.625m** to support the 2025/26 budget gap of **£4.125m**. This position would then necessitate the use of **£1.500m** of reserves in 2025/26 to balance the budget position.

### Use of Reserves

- 9.18 As detailed at 9.17, for 2025/26 after the inclusion of a 4.99% total council tax increase, use of £1.500m of reserves will be needed to balance the budget. As previously noted, the use of one-off reserves to balance the on-going revenue budget position is not a sustainable approach. Whilst it shunts the budget gap back a year, it presents a danger that the Council simply utilises one-off money on delaying decisions. In addition, this approach reduces the scope for the Council to use these reserves to invest and innovate in order to generate recurring savings. However, the budget position, coupled with increases spend pressures and future uncertainty on government funding is necessitating the use of reserves for 2025/26. The need to protect and minimise the use of reserves is paramount, to this end the transformation savings are to be progressed to meet this gap in a managed way.
- 9.19 The aim of setting the Council's budget is that it should be sustainable over the medium term period, with recurring spend funded by recurring income. Decisions on use of reserves should be made consistent with that aim. As such it continues to be proposed that any use of reserves should be done on a prudent basis over the period so that within the current MTFS cycle the budget is fully sustainable.
- 9.20 The Council's Budget Support Fund helps to smooth the budget position over the MTFS period as well as meeting any one off costs associated with budget reductions e.g. redundancies. The table below shows the current forecast

reserve balance for 2024/25 and usage after the requirement to balance the 2025/26 budget and potential further £1.500m usage in 2026/27 whilst the Transformation Strategy is fully delivered (£3.000m total usage of 2 years).

	£m
<b>Balance as at 31 March 2024</b>	<b>7.947</b>
Add	
Previously approved reserve transfers	3.147
<b>Adjusted Balance</b>	<b>11.094</b>
Less	
Planned Use of reserve to support 2024/25 budget	(3.166)
Use of reserve to support 2024/25 forecast overspend (as at Q2)	(1.670)
Use of reserve to support 2025/26 – 2026/27 budget	(3.000)
<b>Forecast uncommitted balance over the period</b>	<b>3.258</b>

9.21 Following the earmarking of funding as outlined in the table above, there is £3.258m remaining in the Budget Support Fund to support any further requirements for 2024/25 outturn and the MTFS position over the medium term and beyond.

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

### Overall Position

9.23 After taking account of the proposed council tax rise, 2025/26 savings proposals and Transformation & Efficiency Strategy, the budget position for 2025/26 is balanced with the utilisation of £1.500m of reserves. The wider MTFS is forecasting to be in a balanced position by 2027/28, should council tax increases of 4.99% be applied in each of the subsequent years.

	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
<b>Gap to be Addressed</b>	<b>4.125</b>	<b>2.817</b>	<b>1.490</b>	<b>8.432</b>
Council Tax and Adult Social Care Precept increase	(2.625)	(2.817)	(2.990)	(8.432)
Use of Reserves 2025/26	(1,500)	1,500	0	0
Indicative Use of Reserves 2026/27	0	(1,500)	1,500	0
<b>Bottom Line Gap to be Addressed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Gap</b>		<b>0</b>	<b>0</b>	

9.24 The development of this strategy to achieve a balanced and sustainable financial position for the Council over the medium term is positive. As noted throughout the report and within Risk Assessment provided at **Appendix D**, the nature of this medium term time period provides scope for movements, both positive and negative, away from the forecasts provided within this report.

The main areas of potential change and impact on the strategy, which will continue to be monitored closely, are;

- Fair Funding Review progression and outcome - the government have committed to progressing a full fair funding review with implementation, through a multi-year settlement, from 2026/27. This review is likely to direct increased grant resource to Councils like Hartlepool, with a forecast of increased grant factored into this MTFS.
- Business Rates system reset - linked to the Fair Funding Review the government have also committed to reset the business rates system baseline, which is significantly overdue. The approach to this reset is currently unknown and will be developed during 2025/26 for implementation in 2026/27. Both grant funding changes from fair funding and the business rates reset are likely to have transition periods to phase in changes in resource.
- Transformation delivery – the successful delivery of the council's Transformation Programme, as detailed in **Appendix A**, is critical to delivering further savings over the medium term period which are included in this strategy.
- Council tax referendum limits and local decisions – the referendum limit for council tax increases over recent years has been set at 5%. The negative impact of the fair funding review and business rates reset on some authorities, would lead to a position where a 5% level or above is likely to continue. As always, local decisions on council tax rises are informed by the financial position within each council, and therefore considered and approved annually. The presented strategy assumes a 5% per year increase over the MTFS period, but this will be subject to agreement on an annual basis.
- Spend pressures – given the diverse nature of council activity and the impact of many external factors on demand and prices, this area is extremely difficult to forecast. Known pressures are provided for within this strategy and further areas will be added or adjusted for, as they arise over the period.
- Government Policy – changes to the make-up and role of local government will continue to evolve with government policy and direction. A recent example of a potential change in the medium term from government policy, is the impact arising from the review of Social Care, linked to the National Care Service agenda.

9.25 As noted these areas will be kept under close review, with the MTFS periodically updated and reported to committee.

## 10. Consultation

- 10.1 Savings proposals as outlined in November MTFS report were referred to individual Policy Committees. Feedback from the Committees is included as **Appendix C**.
- 10.2 Consultation with local business representatives and Trades Unions was also carried out during December and January. With the feedback from these groups noted at **Appendix F**.

## 11. ROBUSTNESS ADVICE

- 11.1 Section 25 of the Local Government 2003 includes the statutory duty in respect of the budget report to Council:

‘the Chief Financial Officer (CFO) of the authority must report to it on the following matters: a) the robustness of the estimates made for the purposes of the calculations; and b) the adequacy of the proposed financial reserves.’

- 11.2 The council is required to take this report into account when making its decision in relation to setting the annual budget and setting the council tax. Section 26 of the same Act places an onus on the CFO to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.
- 11.3 The following statement has been prepared by the Director of Finance, IT and Digital as the Council's CFO to fulfil this duty and gives the required advice relating to the 2025/26 financial year including a consideration of the budget proposal as a whole and all the financial risks facing the Council.

### Statement by the S151 Officer

- 11.4 Local Authorities are required by law to set a balanced budget. In recent years the Council has relied on using reserves to temporarily balance the budget on a year by year basis. Even with the significant increase in government funding and a proposed council tax increase, we will use £1.500m to balance the 2025/26 budget.
- 11.5 The requirement to utilise reserves is driven by a number of factors;
- The significant inflationary pressures being experienced by the Council, not least on Children's Social Care and increased pay award provision in the light of the living pay increase;
  - Unwinding of historic use of reserves to balance the budget; and
  - Delay in fair funding reform and business rates baselining, from which we have a realistic expectation of additional funding.

- 11.6 Firstly, I can confirm that I consider the estimates made as part of budget setting to be robust. Known budget pressures have been largely addressed to the extent possible and/or reasonable. Where residual pressures remain, Directors are aware of the extent of these pressures and the necessity to take remedial action.
- 11.7 Savings proposals have been diligently prepared and signed off by the finance team. The proposals for 2025/26 do not include any unsubstantiated targets.
- 11.8 Secondly, with regard to the adequacy of financial reserves I can confirm that they are robust in the sense that sufficient reserves are in place to balance the 2025/26 budget position and the medium term position to the extent forecast. The budget position as presented relies on a significantly reduced use of reserves than previous years and this is a positive step forward for the council.
- 11.9 I do have concerns that I will be unable to provide such assurance for the medium term should the MTFs position change significantly. This medium term judgement reflects the following concerns;
- Continued inflationary pressures;
  - Significant financial risks around our social care budgets;
  - The need to invest in transformation savings where possible;
  - Notwithstanding fair funding, a forecast tightening of government funding over the medium-term; and
  - Reduced ability to make “game-changing” savings to address our budget position.
- 11.10 Given the on-going uncertainty, my robustness advice is based on the proviso that the following actions will continue to be taken:
- Every effort is made to reduce the in-year underspend so as to limit, as far as possible, the call on the budget support fund in 2025/26;
  - The current “financial grip” in place in the current year is continued into 2025/26 and beyond should the budget position necessitate;
  - Transformation savings are brought forward during 2025/26 where possible to significantly mitigate the position; and

Whilst the budget would be set utilising £1.500m of reserves, the approach set out above aims to minimise the call on reserves as far as possible in order to provide flexibility for future financial years, to ensure a balanced budget is achievable.

- 11.11 For clarity, given the reserves position for 2025/26 and over the medium term it would not be robust to utilise reserves at a higher level than currently proposed. That being the case, should a maximum increase in council tax not be agreed, additional savings to the corresponding amount would be required.

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

## **12. LEGAL CONSIDERATIONS**

- 12.1 The following issues are relevant in relation to this report:

- the Local Government Finance Act 1992 requires local authorities to set a balanced budget – this report details proposals to achieve this legal requirement;
- the Local Government Act 2003 requires local authorities to consider the advice of their Section 151 Chief Finance Officer (the Director of Finance, IT and Digital) when making budget decisions. This advice must include details of the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. These requirements are detailed in section 11.

- 12.2 The statutory council tax calculations are an administrative responsibility that the Council as the statutory ‘billing authority’ is required to undertake once the Council has set its own council tax level and the individual precepting authorities have set their own Council Tax levels. These statutory council tax calculations will be presented to Council on 20 February 2025. This report will also provide any required updates arising from the Final Local Government Finance Settlement which is expected to be received during February. As noted in 11.10 above, should any additional funding be confirmed, this would be used to reduce the proposed use of the Budget Support Fund in 2025/26 or held within contingency.

## **13. EQUALITY AND DIVERSITY**

- 13.1 The savings proposals put forward will impact on the delivery of frontline services or service users to varying degrees. There are some proposals which simply by the nature of the service area that they cover will impact on those with protected characteristics. However, owing to the financial challenges facing the Council there is no choice but to change, redesign and potentially close services to reduce costs. Where this occurs the council will aim to minimise the impact on those with protected characteristics and will focus on securing services for those who are the most vulnerable within those protected characteristics.
- 13.2 Members are aware from previous MTFs reports that in making financial decisions the Council is required to demonstrate that those decisions are made in a fair, transparent and accountable way, considering the needs and the rights of different members of the community. This is achieved through assessing the impact that changes to policies, procedures and practices could have on different equality groups.

- 13.3 The impact of the savings proposals and overall central assessment will have been undertaken to determine the cumulative impact of the savings proposals on each individual protected characteristics. This information is included at **Appendix B**.

#### 14. CHILD AND FAMILY POVERTY

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

#### 15. OTHER CONSIDERATIONS

Risk Implications	Risk Implications are considered throughout the report and also outlined in <b>Appendix D</b> .
Financial Considerations	As set out in the main body of the report
Subsidy Control	No subsidy control issues are expected to arise from the proposals within this report.
Staff Considerations	Potential staffing implications of the savings are included within the Savings detailed in <b>Appendix B</b> .
Asset Management Considerations	Asset Management implications of the savings are included, where appropriate, within the Savings detailed in <b>Appendix B</b> .
Environment, Sustainability and Climate Change Considerations	Environmental, Sustainability and Climate Change considerations of the savings are included, where appropriate, within the Savings detailed in <b>Appendix B</b> .

#### 16. RECOMMENDATIONS

- 16.1 It is recommended that Members refer the following proposals to Council on 20 February 2025:
- i) Note the contents of the report, including that the Core Spending Power increase is based on governments assumption that Councils will increase council tax to the maximum allowable;
  - ii) Recommend to Council an increase to core council tax of 2.99% and an adult social care precept increase of 2%, thus providing £2.625m of recurring funding;
  - iii) Recommend to Council the overall budget proposal set out in the report and appendices, including savings of £2.954m and use of one-off reserves of £1.500m;

- iv) Recommend to Council that any capital receipts generated be used to fund revenue costs associated with delivery of the Transformation Programme, as required;
- v) Note the robustness advice detailed in section 11 of the report; and
- vi) Note that any changes arising from the completion of the NNDR1 and receipt of the Final Local Government Finance Settlement will be adjusted in the 2025/26 budget.

16.2 It is further recommended that members note that the detailed 2025/26 statutory council tax calculations incorporating the council tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils, will be referred to Council on 20 February 2025.

## 17. REASON FOR RECOMMENDATIONS

- 17.1 To enable the Finance and Policy Committee to approve the proposals to be referred to Council to enable the budget and council tax level, including ASC precept, for 2025/26 to be set.

## 18. BACKGROUND PAPERS

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

- Council - Medium Term Financial Strategy (MTFS) 2024/25 Statutory Budget and Council Tax determination – 22<sup>nd</sup> February 2024.
- Finance and Policy Committee – Medium Term Financial Strategy (MTFS) 2025/26 to 2027/28 - 25<sup>th</sup> June 2024.
- Finance and Policy Committee – Medium Term Financial Strategy (MTFS) 2025/26 to 2027/28 - 25<sup>th</sup> November 2024.

## 19. CONTACT OFFICER

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Sign Off:-

Managing Director	Date: 07/01/25
Director of Finance, IT and Digital	Date: 07/01/25
Director of Legal, Governance and HR	Date: 07/01/25

## **Transformation and Efficiency Strategy**

### **1. Background**

- 1.1 The council at its June 2024 Finance and Policy Committee meeting, agreed an overarching transformation plan. This sets out how the Council will change the way that we use our resources so that we are able to continue to provide high quality services whilst responding to the difficult financial situation that we continue to face. It builds on the changes that the Council have delivered over the last 10+ years and outlines how we will continue to evolve as an organisation.
- 1.2 We have developed the Transformation Plan to clearly articulate how we will develop as an organisation. Our Target Operating Model is one where we:
- are a modern, innovative and dynamic organisation;
  - have a sustainable financial future;
  - have a skilled and flexible workforce and become an 'employer of choice'; and
  - deliver more purposeful, high-quality services to meet the needs of our residents as efficiently as possible.
- 1.3 We will achieve our Target Operating Model through the following measures:
- accelerate the process of modernisation across the council, allowing us to deliver high quality, cost-effective services in a challenging environment;
  - invest in the Council's employees, assets and technology to create more modern working practices and provide fit for purpose services that are accessible for residents;
  - develop ways of working that reduce demand and enable residents to live independent lives with minimal involvement with the Council;
  - ensure that as an organisation we have the skills, culture, capacity and behaviour to make this change possible;
  - engage with our residents, businesses and other partners to ensure that they are at the heart of the services we deliver and the decisions we make; and
  - make best use of the data and systems that we have available to us to make informed decisions about our future direction and service delivery.
- 1.4 This Transformation Plan will help us to deliver our new Council Plan which sets out our organisational priorities for the next five years. We recognise that transformation will be an on-going process for the Council so this is a dynamic plan which will need to be reviewed and updated on an annual basis.
- 1.5 We aim to see the following outcomes as a result of our Transformation Plan:

- Improved service quality and value for money;
- More cost-efficient services;
- Purposeful, responsive, customer focussed services;
- Highly trained, flexible employees who are engaged and motivated;
- Further development of a learning and 'can do' culture;
- The best standards of customer care;
- Delivery of financial savings;
- Environmental savings and benefits;
- Increases in the level of income generated; and
- Modern, efficient and consistent work processes.

1.6 The council has identified the following transformation principles which will underpin all of our transformation activities:

- **Commissioning and Procurement** – being efficient and commercially minded with a consistent approach across the Council.
- **Communications and Marketing** – ensuring clear and consistent messaging and branding from the Council. Actively promoting the Council and Hartlepool to residents, visitors and potential investors.
- **Data** – making the best use of available data to inform decisions and future service delivery. Ensuring that all decisions are based on appropriate data and evidence.
- **Digital** – promoting customer self-service through efficient and IT / Digital enabled processes. Giving employees' access to digital infrastructure that will enable more efficient and effective service delivery and decision making. Utilising Artificial Intelligence in a controlled and responsible manner.
- **Employees / Organisational Culture** – ensuring employees are skilled and empowered to adapt and excel as the organisation evolves. Demonstrating our organisational values and behaviours in all that we do.
- **Equality, Diversity and Inclusion** – respecting and valuing everyone's differences and needs. Seeking to address inequalities including poverty and socio-economic disadvantage.
- **Governance** – being a lean organisation with appropriate delegations in place allowing members to set the strategic direction and officers the space and freedom to enact. Ensuring an appropriate Performance Assurance Framework is in place that provides assurance at all levels of the organisation.
- **Income Generation** – ensuring we have a consistent and coherent policy on fees and charges. Undertaking trading activity where it is appropriate, adds value and covers costs. Ensuring that where commercial activity is considered that this is open, transparent and supported by a robust business plan.
- **Net Zero** – ensuring we take all available opportunities to reduce emissions and our carbon footprint.

- **Property / Assets** – making efficient use of council land and property. This will include embedding hybrid working and reducing the need for physical office space. Also, reducing the carbon impact of Council activities.
- **Residents** - enabling residents to live independent lives through empowerment and signposting. Ensuring resident engagement and building trust between the Council and its community.
- **Resources** - making better use of resources / reducing financial costs.

- 1.7 People will need to be at the heart of the process of delivering change and transformation across the Council. Strengthening the culture of the organisation and the pace of change will be imperative to ensure the delivery of an ambitious programme that will improve services, as well as making better use of resources.

### **Employees**

- 1.8 We want to empower our employees to be innovative and creative and to share their ideas for service improvement. It is not just 'what' we achieve, it is also about 'how' we do it. We want to ensure that our organisational values and behaviours are demonstrated through this process.
- 1.9 Employees will have a range of opportunities to find out more about the Transformation Plan and the role that they have to play in ensuring Hartlepool Borough Council becomes the organisation that we are striving for it to be. This will include:
- The sharing of information and regular updates by email from ELT and on the intranet / Your Say Staff Hub;
  - The opportunity to make suggestions and share their ideas – this will include opportunities to do this anonymously;
  - Participation in specific projects and service reviews;
  - Sharing customer views and feedback; and
  - Employee surveys and the annual Employee Survey.

### **Residents**

- 1.10 We want to ensure that residents have a voice and are able to influence the services that the Council delivers. We are keen to work alongside residents to ensure that our services are fit for purpose and meet the needs of our residents whilst being efficient and effective.
- 1.11 Residents will have a range of opportunities to find out more about the Transformation Plan and the role that they can have to play in ensuring Hartlepool Borough Council becomes the organisation that we are striving for it to be. This will include:

- The sharing of information and regular updates through Hartbeat and social media;
- The opportunity to make suggestions and share their views and ideas through the Your Say platform; and
- Participation in specific projects and service reviews including co-production opportunities.

## **Businesses**

- 1.12 We want to ensure that businesses are able to influence the services that the Council delivers. We are keen to work alongside businesses to ensure that our services are fit for purpose and meeting need whilst being efficient and effective.
- 1.13 Businesses will have a range of opportunities to find out more about the Transformation Plan and the role that they can have to play in ensuring Hartlepool Borough Council becomes the organisation that we are striving for it to be. This will include:
- The sharing of information and regular updates through the Hartlepool Economic and Business Forum and other networks;
  - The opportunity to make suggestions and share their views and ideas through the Your Say platform;
  - Participation in specific projects and service reviews including co-production opportunities.

## **Partners**

- 1.14 We want to ensure that partners from the public and Voluntary, Community and Social Enterprise (VCSE) sectors are able to influence the services that the Council delivers. We are keen to work alongside partners to ensure that our services are fit for purpose and meeting need whilst being efficient and effective.
- 1.15 Partners will have a range of opportunities to find out more about the Transformation Plan and the role that they can have to play in ensuring Hartlepool Borough Council becomes the organisation that we are striving for it to be. This will include:
- The sharing of information and regular updates through partnership groups and networks and VCSE channels;
  - The opportunity to make suggestions and share their views and ideas through the Your Say platform;
  - Participation in specific projects and service reviews including co-production opportunities.

## 2. Phase 1 (2025/26 to 2027/28)

- 2.1 The Council has identified 12 transformation projects, under 5 distinct themes. These projects will be delivered to help us achieve our ambitious outcomes, whilst also supporting us to deliver our Medium Term Financial Strategy.
- 2.2 Progress on the Transformation Plan will be managed by the Executive Leadership Team (ELT) with a Transformation Plan Update Report presented to Finance and Policy Committee as part of the quarterly finance updates. Transformation will be a standing item on the Local Joint Consultative Committee to ensure our Trade Union partners are fully engaged and informed as the programme develops.
- 2.3 Savings and cost avoidance have already been delivered during 2024/25. Future indicative savings are set out below. These will be revised as the programme progresses, business cases are developed and greater clarity on savings is gained.
- 2025/26 £0.675m (included within proposed budget)
  - 2026/27 £1.500m (target)
  - 2027/28 £1.000m (target)
- 2.4 These indicative targets are considered the minimum required in order to ensure the budget position becomes sustainable going forward, but crucially are deemed realistic and achievable. They are front loaded to provide impetus and to balance the budget in their respective years. Importantly, the targets do not include “cost avoidance” savings, that are equally key in areas of significant demand pressures, such as Childrens Social care.

### Theme 1 – Demand Management

- 2.5 The council has a number of high demand areas, resulting in increased costs. The aim of the projects in this theme is to drive down cost pressures, by either removing or deflecting demand to other more appropriate organisations or individuals. In doing so, as well as removing costs, it is envisaged that that elements of these projects will improve service provision and outcomes.

Area	Detail
1 – Adult Social Care Sustainability	To maximise income for the council by introducing online financial assessment, accelerating financial contribution and increasing debt recovery. This will be supported by maximising the income of residents with adult social care needs. Key sub projects include: a) On-line financial assessments – procure a system module and review processes to enable quicker indicative assessments, reducing waiting times and thus enabling income collection to commence earlier.

	<p>b) Debt collection – strengthen debt collection arrangements via the councils central income and debt management team to sensitively maximise income collection and recovery.</p> <p>A target of £300,000 has been set for this project (included within 2025/26 budget). The target may be refined as the projects develop or additional opportunities arise.</p>
2 – Childrens Social Care Sufficiency	<p>A multi-faceted approach to reduce the number of children coming into care whilst ensuring those in care have their needs met through a more cost effective in house model. Key sub projects include:</p> <ul style="list-style-type: none"> <li>a) Childrens Homes - progressing the opening of internally run HBC homes and working with trusted providers to reduce placement costs.</li> <li>b) Fostering – consideration of a refreshed model for foster carers that increases capacity of foster placements, including those with higher level of need/complexity.</li> <li>c) Edge of Care – provision of an edge of care team to support young people (including those with additional needs) who are at risk of family breakdown, leading to a reduction in the number of children coming into care.</li> <li>d) Slowing Down the System – mapping the system from contact at the front door through to children existing care. Introducing gatekeeping points to allow for reflection and wider thinking about opportunities to slow the system down and preventing children coming into care. Promote children leaving care through reunification back to family.</li> </ul> <p>There are no explicit savings targets associated with this project. The MTFS provides for constrained additional funding from 2026/27 and it is envisaged that these actions will enable the service to continue within those existing resource provisions. Should the Edge of Care team prove to be successful, the associated budget will be mainstreamed at the earliest opportunity.</p>
3 – Waste and Recycling	<p>A project to review options with the aim of increasing recycling rates and associated income and reducing residual waste costs and associated costs.</p> <p>An initial target of £50,000 is assigned to this project (included within 2025/26 budget), however, as work develops it is anticipated that a more stretching target will be identified.</p>

## Theme 2 – Service Review

- 2.6 Two service areas have been identified for potential in depth review to determine whether the operating model remains appropriate, whether there are opportunities for a more commercial approach or alternative delivery models. Service improvement/delivery will go hand in hand with identification of savings as a key deliverable of any reviews. These reviews are in their infancy and may conclude that the current model is the correct one, and that the potential for savings is limited.

Area	Detail
4 – Leisure, Culture and Performance Reviews	<p>The review will seek to determine and implement the most efficient and cost effective model for operating leisure and cultural services, maximising income for the Council and managing assets effectively.</p> <p>At this stage an external consultancy has been procured by the service to undertake an initial options assessment that will inform possible direction of this project.</p> <p>No savings have been identified for this project at this stage.</p>
5 – Schools Catering and Cleaning Review	<p>Recent years have seen increased challenge in providing a financially sustainable catering and cleaning offer to schools. The academisation of schools, particularly into multi-academy trust structures has led to loss of schools and hence loss of economies of scale. In addition, increased staffing costs, coupled with food inflation has necessitated a greater council contribution to these services.</p> <p>The review will consider how these services can become financially sustainable, initially over a three year period. This may result in the increasing of charges, but equally different provision models may be considered.</p> <p>An initial target of £100,000 is assigned to this project (included within 2025/26 budget), however, as work develops a stretching target may be identified given the aim of financial sustainability.</p>

### Theme 3 – Land and Property Review

- 2.7 There is only one project within this theme. The project seeks to address a number of challenges being experienced with council wide asset management, whilst improving utilisation of assets and management to allow the Council to reduce its need for physical assets and the high running costs associated with maintaining a complex property portfolio.

Area	Detail
6 – Land and Property Review	<p>Key Sub projects include:</p> <ul style="list-style-type: none"> <li>a) Surplus Land and Property Review – review of potential surplus land and property assets for release or use, including for the HRA.</li> <li>b) Facilities Management Review - Undertake a review of the current operational arrangements for facilities management across the council and recommend appropriate actions. The project aims to determine the true level of resources consumed by estate management, where they reside within the organisation and whether a more efficient and effective approach is achievable to save costs, streamline processes and minimise risks of asset failure.</li> </ul>

	<p>c) Future Workplace – To determine the appropriate workplace and property needs of circa 1,000 officers and members situated within the civic centre, including a business case for any proposed options.</p> <p>There are currently no savings targets associated with this project. It is anticipated that the work undertaken will release assets for sale in a timely manner to generate capital receipts for reinvestment in transformation, whilst also aiding housing growth and other inward investment opportunities.</p>
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## Theme 4 – Council Wide Fees and Charges Review

- 2.8 This is one overarching project, covering the councils approach to the setting of fees and charges.

Area	Detail
7 – Fees and Charges Review	<p>The aims of this project include:</p> <ul style="list-style-type: none"> <li>• Generation of additional charging opportunities to maximise council resources;</li> <li>• Review of existing charging in comparison to regional and national benchmarking data;</li> <li>• Ensure there is a council wide understanding of full cost recovery where that is the policy aim, and that a model is in place to ensure this is achieved;</li> <li>• Ensure there is a council wide awareness of the subsidy arrangements in place for certain services and agreement that this is appropriate and in line with council policy; and</li> <li>• Develop a more strategic and policy lead approach to charging, including the development of a charging policy and published fees and charges schedule.</li> </ul> <p>An initial target of £500,000 (not included in 2025/26 budget) has been allocated to this project, phased in over 2 years. This will be firmed up and revised as work progresses.</p>

## Theme 5 – Digital and Back Office

- 2.9 This theme covers a number of back office functions and focuses on using increased digital means to ensure more efficient service provision. Whilst some projects stand alone, others are enablers for a number of front line service transformation and improvement projects.

Area	Detail
8 – Customer Contact	A review of customer contact to further understand and streamline the customer journey. Our digital led approach will be further embedded across the organisation to shift customer contact online where possible. Back office

	<p>processes will be streamlined in conjunction with the customer journey review. Key sub projects include:</p> <ul style="list-style-type: none"> <li>a) Roll out of a new customer focused website to make online enquiries and transactions easier.</li> <li>b) Implementation of a new intranet to reduce internal contact, promote a corporate approach and streamline internal processes.</li> <li>c) Develop increased website interaction through the likes of chat bot or similar enquiry functionality.</li> <li>d) Appropriate consolidation of council websites to ensure a corporate approach to communications and branding, whilst ensuring we maintain the quality and purpose of high performing satellite websites, where deemed appropriate.</li> <li>e) Review of the customer contact model across the organisation to ensure high volume, low complexity enquiries are resolved efficiently and effectively. This element will likely be undertaken over several years reflecting the scale and complexity of such re-organisation.</li> </ul> <p>This project is a key enabler of better way of working and minimising the cost of customer contact. Savings will be confirmed as projects develop. At this stage it is envisaged that a stretching savings target will be set.</p>
9 – Income and Cash Management	<p>A review of cash usage and management across the council. Key aspects include:</p> <ul style="list-style-type: none"> <li>a) Client cash management – explore opportunities for pre-payment cards or similar for vulnerable clients who currently are provided cash advances where the council manages their finances. This sub project is a pre-cursor to any review of the cash office, given these transactions account for approximately 50% of the cash office usage.</li> <li>b) Cash Office – review the operation of the cash office in the light of the significant reduction in cash transactions and the sub optimal customer experience of a separate cash office and customer enquiry desks.</li> <li>c) Petty Cash Review – consideration of closing all petty cash floats in operation across the council given the move to on-line and card transactions.</li> <li>d) Card processing – review of our card processing, including ensuring we receive best value for the various card processing regimes in place across the council, and that our processes operate as efficiently as possible and are fully compliant with industry requirements.</li> <li>e) Treasury Investment Review – consolidate the improvements made to daily cash management to ensure opportunities for investment returns are maximised whilst ensuring we prioritise security and liquidity of our cash balances.</li> </ul> <p>A savings target of £100,000 has been set for this project and is included within the 2024/25 MTFS savings proposals. No additional savings are envisaged.</p>
10 – Revenues Collection and Maximisation	<p>The council has an historically strong Council Tax and NNDR collection achievement. In recent years, collection has been challenging given the hangover from the covid-19 pandemic where enforcement action was suspended, the subsequent cost of living crisis and a general increase in the number who can afford to pay but are hesitant to do so.</p>

	<p>Arrears collection remains strong but increased in year collection will ultimately lead to higher overall collection and lower costs to collect.</p> <p>Key elements include:</p> <ul style="list-style-type: none"> <li>a) Continue to promote and expand online Council Tax to reduce printing and postage costs and streamline access to information for the household.</li> <li>b) Develop processes to enable customers to update their records linked to back office systems so eliminating re-keying of data by revenues staff and thus improving efficiency in the process.</li> <li>c) Work with VCS sector to adopt different ways of interacting with those in poverty to support payment of council tax and reduction in arrears.</li> <li>d) Continue and widen fraud prevention work making use of all available data sources and new technology to minimise both intentional and unintentional fraud.</li> <li>e) Consider other digital innovations to promote debt collection.</li> </ul> <p>Whilst this project initially focuses on council tax and business rates collection, expansion to other areas, for example sundry debt, is likely as the project continues.</p> <p>An initial savings target of £125,000 has been set for this project (included in the 2025/26 budget), and this includes £100,000 from the increase to the Council Tax Base for 2025/26.</p> <p>Increased payment of council tax will ensure the council is able to continue with its 98.5% collection rate. It is unlikely to result in increased income generation.</p>
<p>11 – ICT Transformation</p>	<p>There is a strong argument that the council has historically underfunded its ICT provision. This has resulted in the council being somewhat “behind the curve” with regard to ICT provision and transformation.</p> <p>The council entered into a new managed contract in December 2023 which will ensure transformation of the IT environment, and this work is progressing well, with systems migrated to the cloud, new rationalised printer estate, rollout of M365 licences and migration to Windows 11, in addition to a programme to refresh older laptops to ensure an evergreen desktop estate. Work has already been carried out to increase cyber resilience, however, there continues to be an assessment of the rapidly evolving and ever-changing cyber threat landscape and what protection/mitigation needs to be implemented by the council.</p> <p>This work will continue as an enabler to wider transformation. As well as modernising our ways of working, there will also be a focus on data retention and quality to ensure the organisation can make best use of emerging opportunities, such as Artificial Intelligence.</p> <p>Where opportunities emerge to consolidate systems, this will be explored.</p>

	As a key enabler project, there is no savings target currently associated with this project. This may be revised should system consolidation opportunities arise.
12 – Digital Blue Print Reviews	<p>There are a number of emerging digital solutions to high cost spend areas. These include the use of Artificial Intelligence, but also existing mainstream technology to improve processes and therefore save money.</p> <p>The council will look to progress a number of these in tranches over the medium term period. These will be subject to individual business case development. Individual projects may migrate to existing transformation programmes, should they align better.</p> <p>In conjunction, the council's internal digital team will undertake holistic transformation reviews of service areas on a rolling basis, with a view to identifying the removal of manual processes, system integrations and general efficiency improvements.</p> <p>Savings targets will be developed for this project as digital solutions are developed and rolled out.</p>

### 3. Resources

- 3.1 The council has established a transformation reserve of £1.75m to fund enabling works in support of individual projects. Experience of councils elsewhere, including neighbouring councils suggests that this will be insufficient given the scale of transformation needed to ensure the council is sustainable going forward.
- 3.2 The £1.75m is fully committed, albeit this includes a commitment of £0.800m to fund 18 months of costs associated with edge of care support and additional fostering capacity for 2025/26. This has been funded from the reserve as a trial to prove the effectiveness of this team. Should it prove successful, and early indications show it is, then the team will be mainstreamed within existing budgets from 2026/27 or earlier if budgets allow.

		2024/25 £m	2025/26 £m	2026/27 £m	Total £m
<b>Demand Management</b>					
	ASC - Sustainability	0.000	0.000	0.000	<b>0.000</b>
	CSC - Sufficiency *	0.270	0.530	0.000	<b>0.800</b>
	Waste and Recycling	0.000	0.000	0.000	<b>0.000</b>
<b>Service Review</b>					
	Leisure, Culture and Performance Review	0.000	0.000	0.000	<b>0.000</b>
	Schools Catering and Cleaning Review	0.000	0.000	0.000	<b>0.000</b>
<b>Land and Property Review</b>					
	Land and Property Review	0.170	0.055	0.055	<b>0.280</b>

<b>Council Wide Fees and Charges Review</b>					
	Council Wide Fees and Charges Review	0.000	0.040	0.000	<b>0.040</b>
<b>Digital and Back Office</b>					
	Customer Contact	0.150	0.000	0.000	<b>0.150</b>
	Income and Cash Management	0.000	0.000	0.000	<b>0.000</b>
	Revenues Collection and Maximisation	0.000	0.000	0.000	<b>0.000</b>
	ICT Transformation **	0.000	0.000	0.000	<b>0.000</b>
	Digital Blueprint	0.012	0.300	0.000	<b>0.312</b>
<b>Management and other</b>					
	Management and other	0.128	0.040	0.000	<b>0.168</b>
<b>TOTAL ALLOCATION</b>		<b>0.730</b>	<b>0.965</b>	<b>0.055</b>	<b>1.750</b>

3.3 The remaining £0.950m is earmarked for the following projects.

<b>Project</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
Land and property review	0.170	0.055	0.055	0.280
Council wide fees and charges review	0.000	0.040	0.000	0.040
Customer contact	0.150	0.000	0.000	0.150
Digital Blueprint	0.012	0.300	0.000	0.312
Management and other	0.128	0.040	0.000	0.168
<b>Total</b>	<b>0.460</b>	<b>0.435</b>	<b>0.055</b>	<b>0.950</b>

	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>Total £m</b>
<b>Demand Management</b>				
ASC - Sustainability	0.000	0.000	0.000	<b>0.000</b>
CSC - Sufficiency *	0.270	0.530	0.000	<b>0.800</b>
Waste and Recycling	0.000	0.000	0.000	<b>0.000</b>
<b>Service Review</b>				
Leisure, Culture and Performance Review	0.000	0.000	0.000	<b>0.000</b>
Schools Catering and Cleaning Review	0.000	0.000	0.000	<b>0.000</b>
<b>Land and Property Review</b>				
Land and Property Review	0.170	0.055	0.055	<b>0.280</b>
<b>Council Wide Fees and Charges Review</b>				
Council Wide Fees and Charges Review	0.000	0.040	0.000	<b>0.040</b>
<b>Digital and Back Office</b>				
Customer Contact	0.150	0.000	0.000	<b>0.150</b>
Income and Cash Management	0.000	0.000	0.000	<b>0.000</b>
Revenues Collection and Maximisation	0.000	0.000	0.000	<b>0.000</b>
ICT Transformation **	0.000	0.000	0.000	<b>0.000</b>
Digital Blueprint	0.012	0.300	0.000	<b>0.312</b>
<b>Management and other</b>				
Management and other	0.128	0.040	0.000	<b>0.168</b>
<b>TOTAL ALLOCATION</b>	<b>0.730</b>	<b>0.965</b>	<b>0.055</b>	<b>1.750</b>

- 3.4 Unless funding currently allocated to Edge of Care can be freed up in 2025/26 or 2024/25 spend can be funded by mainstream revenue budgets, then the £1.750m is fully committed. This limits the capacity to progress transformation at speed.
- 3.5 ICT budgets were realigned following the new NEC contract, with a focus on investment and modernisation. Provision exists within mainstream budgets and a separate reserve for IT transformation costs, and as such a call from this budget is not expected.
- 3.6 It is unusual to embark on a major transformation project without a dedicated support team or programme office. Without providing dedicated resource then transformation will likely fail or be piecemeal at best. In order to remedy this, an on-going revenue budget of £250,000 has been created, commencing in 2025/26.
- 3.7 The government has recently extended the flexible use of capital receipts to allow for their continued use to fund transformation activity. The key criteria when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate on-going savings to an authority's net service expenditure. The majority of transformation projects would comply with this requirement. This extension lasts until 2030.
- 3.8 A stipulation of this flexible use is that the council produces a Flexible Use of Capital Receipts Strategy, setting out details of projects to be funded through flexible use of capital receipts prior to that start of each financial year. This appendix is considered to meet this requirement. As such it is proposed that any capital receipts generated will, in the first instance, be earmarked for transformation activity. Specifically at this stage:
- Digital transformation and customer contact reviews up to the sum of £1m during the year 2025/26 and 2026/27. Their use will be reported during regular updates to Finance and Policy. This will include the success of the service transformation being funded by the receipts.
- 3.9 Note, as capital receipts yet to be generated are not included within the capital programme, there is no impact on our capital financing requirements or Prudential code indicators.
- 3.10 The council will ensure all requirements to meet the flexible use of capital receipts is met, including notifying the Secretary of State regarding our intention to use this flexibility, should this requirement remain.

Budget Book Service Area	Committee	Proposal	Detail	Indicative Saving			Capacity / Investment Needed	Initial Risks / Impact Consideration	Negative equality or poverty impact identified	Impact Assessment Notes
				25/26 £000	26/27 £000	27/28 £000				
ASC - Working Age Adults Day Service	Adult and Community Based Services	Reduction in transport and service budgets	Transport budget has had £50k underspend since covid and there is a further service budget underspend of £25k, both of which can be removed with no impact to services or staffing.	75	0	0	No	None	N/A	There is no anticipated impact as there is no proposed change to the delivery of the existing service. Underspends on transport and a further service budget are to be removed with no impact to services or staffing.
ASC - Commissioning: Adults	Adult and Community Based Services	Contract saving	Introducing a dispersed supported housing model for adults with mental health needs resulted in a £50k saving in 2023/24. This can be removed from the budget with no impact to services or staffing.	50	0	0	No	None	N/A	There is no anticipated impact as there is no proposed change to the delivery of the existing service. Underspend on the contract budget is to be removed with no impact to services or staffing.
P&CBS - Allotments	Adult and Community Based Services	Increase allotment fees	Introduce rent increase for 2026/27 to reduce the subsidy required for the service and to move towards a self sustainable model over a number of years.	0	25	0	No	None	A and J	The proposal to increase allotment fees may have an impact on age (a proportion of allotment holders are older) and those living in poverty and disadvantage making it less affordable for them to access the service. The proposed fee increase is line with the recommendations of an independent review and will support the gradual reduction of Council subsidy for the allotment service. Allotment tenants already have the option of paying in ten instalments and have also been given the option of moving to a smaller plot or splitting their plot where this can be accommodated.
P&CBS - NMRN Subsidy	Economic Growth and Development	Reduce subsidy provided to NMRN	Agreement to reduce subsidy by £50k for 2025/26 with an expectation of further reduction in subsequent years.	50	50	50	No	None - already agreed.	N/A	There is no specific impact anticipated.
P&CBS - Events & Theatres	Economic Growth and Development	Review funding associated with delivery of events.	Review the viability of the Council continuing to deliver events such as the Christmas Light Switch On as well as contributing to other independently delivered local events such as Wintertide and the Folk Festival. Consideration of available options to retain the Firework display at no cost to the council.	75	0	0	No	If this budget is deleted or reduced, the Council's ability to deliver any events will be reduced / removed.	J	The proposal means that free to access events may not happen and this may negatively impact on those living in poverty and disadvantage who are unable to afford alternative, paid-for events delivered by the Council or private providers. However, the Council offers concessionary rates for performances, leisure memberships etc.

P&CBS - Active & Creative Hartlepool	Adult and Community Based Services	Review of operations within Active & Creative Hartlepool services.	Review of operating model and staffing structure to achieve savings. This may include reviewing opening hours, changes to the services offered and reductions in staff numbers.	40	40	0	No	Risk to maintaining successful Leisure and Culture offer across current sites will need to be managed.	N/A	Savings in 2025/26 relate primarily to back office efficiencies and vacant posts. Proposed savings for 2026/27 will be subject to further impact analysis.
P&CBS - Community Hubs	Adult and Community Based Services	Review of Community Hub operating model.	Review of operating model and staffing structure to achieve savings. This may include reviewing opening hours, changes to the services offered and reductions in staff numbers.	40	40	0	No	Risk to maintaining successful Community Hub offer across current sites will need to be managed.	N/A	Savings in 2025/26 relate primarily to back office efficiencies and vacant posts. Proposed savings for 2026/27 will be subject to further impact analysis.
				330	155	50				

**Service Transformation - Any savings identified are a target to deliver and indicative only at this stage.**

ASC - Packages of Care	Adult and Community Based Services	Modernisation of financial assessment and debt recovery processes to maximise resources and streamline operations.	Introduce online financial assessments and promote welfare benefit maximisation to increase income, alongside an updated approach to debt recovery.	300	0	0	Investment in online financial assessment (already identified through Market Sustainability and Improvement Fund grant). May require additional capacity in the User Property & Finance Team to achieve the savings.	Inherent risk associated with income generation due to cost of living.	N/A	There is no anticipated impact as there is no proposed change to the delivery of the existing service. The proposed change relates to back-office processing activities.  There is a potential positive impact identified for poverty and disadvantage due to the promotion of welfare benefit maximisation. This should increase the amount of previously unclaimed benefits being accessed by service users.
P&CBS - Museums & Galleries, Sports & Leisure, Events & Theatre	Adult and Community Based Services	Leisure, Culture and Performance Venues Review	A piece of work has been commissioned to review the current operating model of leisure and cultural services and appraise alternative options including transfer to another operator, an arms length model or trust or potential for asset transfer. This work will be concluded by March 2025 and potential savings and timescales can then be determined. Current savings identified for 2026/27 are indicative only at this stage.	0	Tbc	Tbc	No	There is a need to consider collectively as considering assets in isolation risks potential to explore a wider solution for culture and leisure services and makes the option of a leisure trust or similar less attractive / feasible. Dependent on the model adopted there could be a risk of clawback linked to previous investments / grants. There could be a risk to level of services provided dependent on the options considered and selected.	TBC	An independent review of service delivery options has been commissioned. Any savings and an impact assessment will be complete as part of the options appraisal. The outcome of the review will be presented to Members in 2025 to inform budget planning for 2026/27.
				300	0	0				
				630	155	50				

Budget Book Service Area	Committee	Proposal	Detail	Indicative Saving			Capacity / Investment Needed	Initial Risks / Impact Consideration	Negative equality or poverty impact identified	Impact Assessment Notes
				25/26 £000	26/27 £000	27/28 £000				
Children's Services (safeguarding children)	Childrens Services	Review of early help/children in need/vulnerable pupils	Changes to Working Together 2023 creates the opportunity to review how we deliver support for children in need and early help. This also links closely with the changes to the role of the LA in supporting vulnerable pupils and family hubs agenda (funding and new burdens from April 2025 not yet known). Opportunity to undertake a full service review looking at lead professional model and realigning workforce.	100	0	0	Can probably be achieved within current capacity of leadership team	Will require a full review of current service configuration to ensure there are no unintended consequences to changes. Will require teams and practitioners to work differently in the future and risk that we are creating more handoff points in the system as children's needs fluctuate across thresholds of need.	N/A	There is no anticipated impact as there is no proposed change to the delivery of the existing frontline service.
Education (excluding DSG)	Childrens Services	Review of work of Management Information Team	Review mandatory work of MIT for statutory returns and volume and cost of non statutory schools work to ensure income meets cost of delivery and if not to cease to provide.	40	0	0	Can probably be achieved within current capacity of leadership team	Cuts to services to schools	N/A	There is no anticipated impact.
Children's Services (direct payments and short break care)	Childrens Services	Review and reduction in provision of direct payments to families in lieu of services and review of SBC service statement and non statutory commissioning with limited impact	Current model for DP requires review and overhaul to be based around need. Parallel to this, we have developed an in house support team for children and young people with disabilities and increased take up of this service can see corresponding decrease in DP. Undertake a systems review of the SB statement and commissioned services to align with enhanced support offer and reduction in DP	40	0	0	Can probably be achieved within current capacity of leadership team	If all non statutory services were to cease, this would lead to an increase in children and families presenting for assistance and support and potentially more children coming into our care.	A & B	Although there will be some change to the way that the service is received by eligible individuals these changes will be subject to the following mitigations: · A wraparound support team is in place to provide direct support to families rather than making payments to families so that they can pay for their own support. · Moving towards direct payments being needs-led rather than funding- led to increase efficiency by being able to block buy activities.

Children's Services (play and care)	Children's Services	Closure of OSCARs out of school and holiday provision	Significant changes in the education and child care landscape has impacted upon the OSCARs service leading to a reduction in the numbers of children who access the provision. As a consequence, the service runs a deficit budget. Work has been undertaken to make the service financially viable and exploring alternative delivery models, however, no viable options have been identified.	18	0	0	Can be achieved within current capacity of leadership team	For the children who access OSCARs there will be a need to work with families to make alternative arrangements for them. This will be supported through the child care team who undertake a sufficiency analysis of the child care market and can match demand with vacant places.	N/A	Although the removal of the service will impact on those children who are currently accessing the service mitigation action is planned to support families to access alternative childcare provision.
				198	0	0				

**Service Transformation - Any savings identified are a target to deliver and indicative only at this stage.**

Children's Services (children in our care)	Children's Services	Increase sufficiency of placements for children in our care	Recruitment campaign to increase the in house foster carer capacity and open one further two 1-2 bed children's home. Block purchase capacity in development of children's home with local VCISO	Cost avoidance	0	0	Capital investment in purchasing property and refurbishment costs. Additional financial cost of staffing and running children's home.	High cost investment but in current independent sector market significantly more cost effective and better quality placements.	N/A	There will be a positive impact on children in our care as they will be able to remain in Hartlepool rather than being placed in out of town placements.
				0	0	0				
				198	0	0				

Budget Book Service Area	Committee	Proposal	Detail	Indicative Saving			Capacity / Investment Needed	Initial Risks / Impact Consideration	Negative equality or poverty impact identified	Impact Assessment Notes
				25/26 £000	26/27 £000	27/28 £000				
Cross Cutting	Finance and Policy	Contract Hire, Travel and Mileage Review	This piece of work will focus on the use of personal mileage claims to encourage improved journey planning to create savings and also the hire of contract vehicles for work purposes to ensure that those costs can be reduced by identifying high and unnecessary spends.	50	0	0	Yes as to improve the efficiency we will need to introduce a new operating system for contract hire vehicles	A significant amount of work has been undertaken on this project, while a further piece of work has commenced which will require some transformational funding to complete this project by establishing a new operating system to effectively manage our contract hire vehicles and reduce future costs.	N/A	There is no anticipated impact.
Construction Team	Neighbourhood Services	The installation of a pilot Solar Project at Tofts Depot	This project will look at installing Solar PV Panels at Tofts Depot to determine the extent and success of implementing similar schemes elsewhere. The project will also reduce the energy usage and create savings which will pay for the work to be undertaken through prudential borrowing.	5	5	0	Yes (Prudential Borrowing)	As this is a pilot project the estimated savings are based on a feasibility analysis and actual savings will only be confirmed once the Solar PV units are installed and operating over a 12 month period, although the likely saving will be split over two financial years	N/A	There is no anticipated impact.
Highways and Transportation	Neighbourhood Services	Review of Winter Maintenance programme	This will look at our existing winter gritting routes and will implement changes to our existing policy based on guidance that defines the primary and secondary gritting routes.	25	0	0	No	Work has commenced on this project to scope out the potential savings and implications of any changes to our current winter maintenance plan.	N/A	There is no anticipated impact.
Community Safety and Engagement	Neighbourhood Services	A review of the Community Safety and Support Services structure will be undertaken	This will involve a restructure of the Community Safety and Support Services Teams to generate a saving.	40	0	0	No	As a result of a number of changes and vacancies within this team, this has enabled work to progress on a potential restructure which will hopefully identify savings.	N/A	Realignment of service which will see the removal of some posts that have been vacant for a number of years and other being reorganised to make the team better aligned with service needs.
Waste Services	Neighbourhood Services	Recycling and Waste Tonnage Review	The new Environment Bill will make changes to how Councils collect and dispose of their waste. This piece of work will look at potential savings and income generations opportunities as a result of these changes including how we can improve our waste collection operations to see if savings can be made or income generated.	50	0	0	Yes - support from the communications team to promote a communications campaign.	We will be looking to implement a food waste trial from October 2025 with an estimated cost of £63k and there is no confirmation from Government that this will be covered, or will the revenue costs only commence in March 2026 when the full roll out starts. Therefore we have an appeal ongoing with food waste capital allocation as the shortfall between our allocation and actual costs if £145k, although no transitional or revenue allocation yet so this remains an unknown potential pressure.	N/A	There is no anticipated impact.

Sustainable Transport	Neighbourhood Services	Concessionary fees budget realignment	This will reduce the amount we allocate to concessionary fares to bus operators as demand has reduced over the previous years.	300	0	0	No	This saving can be achieved, although if bus patronage figures increase, then there is a risk that we incur additional costs.	N/A	There is no anticipated impact as there is no proposed change to the delivery of the existing service. Underspends on the service budget are to be removed with no impact to services or staffing.
Highways and Transportation	Neighbourhood Services	Introduction of Signboards / banners licensing	The proposal will require signboards and banners on the highway to be licenced and approved by the Council prior to installation. This was approved at Neighbourhoods and will allow a charge to be made for the display of banners going forward.	10	10	0	No		N/A	There is no anticipated impact.
Facilities Management	Finance and Policy	Installation of Digital advertising signposts on Council land	This will look at the feasibility of two potential sites to erect large scale digital advertising boards to generate income by working with potential partners.	10	10	0	Yes - this could potentially require borrowing or alternative council funding dependent on the model chosen.	Two potential sites have been identified which are dependent on planning permission being obtained	N/A	There is no anticipated impact.
Car Parking	Neighbourhood Services	Car Park Promotions	This would remove all remaining car parking promotions that exist, such as free on Saturdays in December, free on Sundays (except Seaton Carew) and free after 3pm	40	0	0	No	The car parking budget creates a financial pressure to the Council as the income target set is unsustainable, therefore this proposal may not create a saving, but will further help to reduce the budget pressure car parking currently places on the wider Council budget.	J	There is limited potential impact anticipated on those living in poverty and disadvantage. However, the promotions are very specific and time limited e.g. after 3pm in certain town centre car parks, on Saturdays in the run up to Christmas and on Sunday's in the town centre. Limited free short stay parking will remain available in the area.
Passenger Transport	Neighbourhood Services	Home to School Transport Review	This will look at the services offered by the Passenger Transport team to see if additional income can be generated or savings made through changes to our existing practices	10	20	0	Digital Support likely to streamline processes		J	There is no anticipated impact in 2025/26 as there is no proposed change to the delivery of the existing service. Proposals for 2026/27 include digitising the service and this may have an impact on those on those living in poverty and disadvantage who do not have smart phones and are therefore unable to access the online form or the digital bus pass. It is intended that individuals will still be able to have paper bus passes but these may be subject to a charge.
Facilities Management / Corporate Property	Finance and Policy	Public Toilet Review	Review of public toilet facilities provision at both the Headland and Seaton Carew to consider options including a transfer of operation to a third party or potential charging options.	25	0	0	No	There are currently two sets of toilets at each location. Should this review result in any closure, there is a risk that once they are empty, they could become vandalised.	A, B and J	Minimal impact as alternative public toilet facilities will remain available locally within reasonable walking distance.

Street Lighting	Neighbourhood Services	Christmas lights and trees provision review across the Borough	The Council currently installs 3 Christmas trees which are located in the Town Centre, Seaton and the Headland. This proposal will result in only having one tree in the Town Centre. Options to improve the efficiency of our Christmas decoration offer will be considered.	10	5	0	No	There is a risk of public discontent from those locations who will no longer have a tree.	N/A	There is no anticipated impact.
				575	50	0				

**Service Transformation - Any savings identified are a target to deliver and indicative only at this stage.**

Facilities Management	Finance and Policy	Schools Catering and Cleaning Review	The Council currently offer catering and cleaning contracts to schools, which is partly subsidised, and this proposal will look to remove the subsidy and balance the budget across a three year financial period. A review of academy school provision will form an early part of this review.	100	Tbc	Tbc	No	A number of schools are subsidised. Schools are likely to see an increase in cost of meals to make the service sustainable.	N/A	There is no anticipated impact as there is no proposed change to the delivery of the existing service to the public.
Strategic Asset Management	Economic Growth and Development	Land and Property Review	The Council have a number of potential sites that it could look to market to generate capital receipts and potentially reduce maintenance expenditure. Capital receipts would then be available to either reinvest into transformation projects or fund future capital projects.	Tbc	Tbc	Tbc	Investment may be needed to bring plots to the market.	Potential capital receipts could be impacted by mitigation works as well as wider market demand.	N/A	There is no anticipated impact.
				100	0	0				
				675	50	0				

Budget Book Area	Committee	Proposal	Detail	Indicative Saving			Capacity / Investment Needed	Initial Risks / Impact Consideration	Negative equality or poverty impact identified	Impact Assessment Notes
				25/26 £000	26/27 £000	27/28 £000				
Internal Audit	Finance and Policy	Internal Audit Restructure	Following the retirement of a principal auditor, the post will not be replaced and the audit plan has been amended accordingly.	52	0	0	No	Not public facing impact. The audit plan has been streamlined to adapt to the reduced staffing, whilst ensuring that the audit requirements are met.	N/A	There is no anticipated impact.
Corporate and Finance	Finance and Policy	Accountancy / Shared Services Review	Review of the accountancy and shared services structure, including; removal of apprenticeship vacancy (£20k), 0.5fte funding from early years for new payments process - overall saving to council (£15k), consolidation of accounts payable and accounts receivable team management (£20k) and increased charge to Vivup - staff benefits, for increased reconciliation work (£5k).	60	0	0	No	Potential risk around income collection given AP and AR team merger. This will be managed and will include reviewing council wide debt management to optimise recovery.	A, J and K	Removal of 1 apprenticeship post will potentially have a minor impact on opportunities for young people, those in poverty and disadvantage and care leavers to gain employment with the Council and access the associated training / skill development in place for apprenticeship posts.
Revenues and Benefits	Finance and Policy	Revenues and Benefits On-line	Following the roll out of the new online council tax portal. MyAccount, in 2024/25 and also the shift to a banded LCTS there should be a reduction in postage and printing costs.	25	0	0	No	The printing and postage budget was reduced in 2024/25 on the basis of take-up. However, take up has been low so far - circa 2,500 out of circa 45,000 households. The aim will be to ramp this up over the year, prior to annual billing, and will likely need to include an incentive campaign to increase take up.	N/A	The move to digitalise Council Tax billing was agreed in last year's budget and it was identified that this could potentially impact negatively on certain age demographics and those in poverty who have limited digital access. However, the Council is still providing mitigation against this impact as the existing service continues to be delivered in parallel with the online approach. Therefore no overall impact has been identified.
Revenues and Benefits	Finance and Policy	Revenues and Benefits - apprentice	Currently both the revenues team and benefits team have an apprentice post. Given the increasing migration from HB to UC, the likelihood of appointing a dedicated apprentice within benefits is diminishing. As such it is proposed to offer this vacant post up and have a shared apprentice resource between the two.	20	0	0	No		A, J and K	Removal of 1 apprenticeship post will potentially have a minor impact on opportunities for young people, those in poverty and disadvantage and care leavers to gain employment with the Council and accessing the associated training / skill development in place for apprenticeship posts.

Revenues and Benefits	Finance and Policy	Revenues Court fees	The Council applies costs to council tax and NNDR debt when we reach summons and liability stage. Council tax costs are £85 (£75 Summons and £10 Liability Order) and were last reviewed 2019. For NNDR costs are £110 (£85 at Summons stage and £25 Liability Order) and have not been reviewed since before 2010. The calculation will be updated to current costs incurred: - For Council tax the overall costs will rise to £125; and - For NNDR, costs will increase to £250 (£100 at Summons stage and £150 for Liability order).	100	0	0	No	Options to amend the application of fees has been considered in order to encourage payment of Council Tax at an earlier stage:  For Council Tax costs at summons stage will be reduced to £50 and the Liability Order (LO) increased to £75. This is to promote earlier action. Whilst summons costs will not be removed, LO costs will be removed where payment is made in full or a DD is established and maintained, or where an attachment of benefits (AOB) is entered or an agreement in excess of an AOB, so as not to penalise further those on benefits.	J	Increasing fees for council tax and NNDR debts will potentially impact on those in poverty and disadvantage. The proposal has increased mitigation measures including the reduction in costs at Summons stage and removal of LO costs in specific circumstances.
				257	0	0				

**Service Transformation - Any savings identified are a target to deliver and indicative only at this stage.**

Corporate and Finance / Cross Cutting	Finance and Policy / Adult and Community Based Services	Council Wide Cash "reduction" project	A council wide "cash reduction" and Treasury Management maximisation project, promote online payments and alternative payment methods such as Direct Debits. Specific actions will include: - review of a dedicated cash counter at the civic centre (but still allowing smaller sums to be paid at customer services desks); - reduction or elimination of physical petty cash across the council; - consideration of pre-loaded cash cards for vulnerable clients; and - make permanent some of the TM savings from improved daily managed cash flows.	100	0	0	Potential	Risks will be considered as the project progresses.	B and J	The review of the dedicated cash counter at the Civic may impact on individuals with disabilities and those in poverty and disadvantage who we know access this service. However, the following mitigation actions are planned: - individuals who currently access cash from the Civic will be moved across to pre-payment cards which mean that they will no longer need to attend the civic; - individuals who pay cash in the Civic for things such as council tax bills will be able to use paypoint locations closer to where they live to make their payments saving them time and the cost of getting to the Civic; - customers will be encouraged to pay online or by direct debit however some cash payments will still be able to be taken over the customer service counters in the Civic for those who are unable to do so.
ICT and Customer Services	Finance and Policy	ICT and Digital innovations	Following the introduction of a new contract, the council is modernising its IT services and increasing its digital offer. The website refresh will allow for greater channel shift, as will AI. In conjunction software across the council is likely to be consolidated and processes improved.	Tbc	Tbc	Tbc	Yes, transformation or specific reserve funding required.	Risks will be considered as the project progresses.	N/A	There is no anticipated impact.
				100	0	0				

357	0	0
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Directorate:

Legal, Governance and Human Resources

Appendix B

Budget Book Service Area	Committee	Proposal	Detail	Indicative Saving			Capacity / Investment Needed	Initial Risks / Impact Consideration	Negative equality or poverty impact identified	Impact Assessment Notes
				25/26 £000	26/27 £000	27/28 £000				
Legal	Finance and Policy	Service Review - Merge Democratic services with Scrutiny	Statutory Scrutiny Manager to manage Scrutiny and Democratic services.	59	0	0	No	Potential capacity issue however can be mitigated with developments in digital options for meeting minutes etc/use of Artificial Intelligence.	N/A	There is no anticipated impact.
MD Support/PA's	Finance and Policy	Delete Vacant PA Post	Deletion of a vacant post on the establishment.	35	0	0	No		N/A	There is no anticipated impact.
				<b>94</b>	<b>0</b>	<b>0</b>				

Budget Book Service Area	Committee	Proposal	Detail	Indicative Saving			Capacity / Investment Needed	Initial Risks / Impact Consideration	Negative equality or poverty impact identified	Impact Assessment Notes
				25/26 £000	26/27 £000	27/28 £000				
Corporate	Finance and Policy	Pensions Contribution	The council has a low pension contribution rate given the positive relative performance of Teesside Pension fund. The full triennial valuation that covers the years 23/24, 24/25 and 25/26 included a step increase to this rate. The step in 25/26 will be 1%. The council will seek for this increase to be re-assessed given the current valuation of the fund.	600	0	0	Yes - external specialists have been engaged to work on the councils behalf.	The risks is that an inter-triennial valuation is not possible or that the fund does not agree to this reduced rate.	N/A	There is no anticipated impact.
Corporate	Finance and Policy	Minimum Revenue Provision	The minimum revenue provision (MRP) is the amount required to be charged to the revenue account on an annual basis linked to capital expenditure funded by borrowing. The Council's approach to MRP has been reviewed in light of a refresh of the regulations and the last major policy review being 2016/17. This review has provided an opportunity to move to a revised MRP approach which will release an annual savings and better reflect the time value of money.	300	-50	-50	No	The proposed amended of the MRP policy and its resultant impact will be discussed with the Council's external auditors prior to enacting.	N/A	There is no anticipated impact.
Cross Cutting	Finance and Policy	Fees and Charges	Inflation - the current budget model allows for a 2% increase in fees and charges in line with inflation. It is proposed to set a 5% council wide requirement to be managed by services.	100	0	0	No	Income budgets remain under pressure post covid and changing societal habits, e.g. wfh / on-line shopping.	J	Increase in fees and charges will potentially negatively impact on those in poverty and disadvantage. However, some services will continue to provide mitigations for this with reductions for individuals in receipt of certain benefits.
				1,000	-50	-50				

**Key - Equality & Poverty Negative Impact Identified Column**

A - Age

B - Disability

C - Gender Reassignment

D - Marriage and Civil Partnership

E - Pregnancy and Maternity

F - Race

G - Religion and Belief

H - Sex

I - Sexual Orientation

J - Poverty and Disadvantage

K - Care Leavers

L - Armed Forces Community

## APPENDIX C

**Feedback on Savings Proposals from Policy Committees****Neighbourhood Services Committee – 6th December 2024****Issue(s) for consideration**

The Executive Director of Development, Neighbourhoods and Regulatory Services reiterated that all councils across the country were facing significant financial challenges owing to the impact of inflation and demand on services along with historic inadequate increases in government funding to meet these challenges. As outlined at Finance and Policy Committee in November, the Council had a forecast budget deficit of £10.519m for 2025/26 and £13.122m over the full MTFS period.

As in previous years, addressing the deficit needed to be managed through budget saving actions which seek to minimise the impact on services where possible and use of reserves. With regard to savings, proposals totalling £2.954m had been proposed for 2025/26 and a total of £3.109m over the MTFS period. Pending publication of the local government finance settlement in late December, the acceptance of the proposals for 2025/26 and utilisation of reserves at the indicated level of £3.5m would leave a remaining budget gap of £4.065m. It is currently assumed that Hartlepool's allocation of the increases in government grants will meet this remaining gap for 2025/25. Should the government funding not be sufficient to close the remaining gap, additional savings will need to be identified and approved for 2025/26. Details of the individual savings were provided in Appendix B with the items relevant to this Committee shaded.

A discussion ensued during which Members were conscious that identifying savings was a regular consideration given the current financial climate, however, it was noted that pension reforms were being explored on a national level and this was welcomed. A Member sought clarification on the partnership working on the new waste treatment facility and the Executive Director of Development, Neighbourhoods and Regulatory Services confirmed that an update report on the future operation of a waste treatment facility within the South Tees Development Corporation area would be considered at a future meeting of the Neighbourhood Services Committee. It was noted that Hartlepool was working in partnership on this project with six other local authorities and they were Darlington, Redcar, Stockton, Middlesbrough, Newcastle and Durham.

A Member commented that pride in the town needed to be revived, and a significant amount of work had been undertaken to maintain services under the financial restraints faced by the Council and compared to a lot of other local authority areas, a lot of services had been maintained. The Chair added that there had been savings year on year but that this level of savings could not be maintained as it would impact on the residents of the town. However, officers were commended on their hard work to secure additional external funding which had continued to make improvements in the most deprived wards.

In response to a question from a Member, the Executive Director of Development, Neighbourhoods and Regulatory Services confirmed that the Council had a duty and legal responsibility to respond to emergencies which would ultimately lead to financial consequences and therefore additional pressure on budgets.

A Member informed the Committee that access to £600k of the Government's Recovery Fund had been secured to examine the causal factors of the riots that had taken place in the summer in the town and this was facilitated by the Assistant Director, Neighbourhood

Services alongside a group of Elected Members. This group would look at social cohesion, resilience and how to improve standards in the future. Members were encouraged by this positive action and asked for further information to be circulated.

### **Decision**

The savings proposals detailed in Appendix B relating to the services within this Committee portfolio were approved to be reported back to Finance and Policy Committee on 20 January 2025.

## **Adult and Community Based Learning Committee – 9<sup>th</sup> December 2024**

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

The Executive Director for Adults and Community Based Services presented the report which reiterated that all councils across the country were facing significant financial challenges owing to the impact of inflation and demand on services along with historic inadequate increases in government funding to meet these challenges. As outlined at Finance and Policy Committee in November, the Council had a forecast budget deficit of £10.519m for 2025/26 and £13.122m over the full MTFS period.

As in previous years, addressing the deficit needed to be managed through budget saving actions which sought to minimise the impact on services where possible and use of reserves. With regard to savings, proposals totalling £2.954m had been proposed for 2025/26 and a total of £3.109m over the MTFS period. Pending publication of the local government finance settlement in late December, the acceptance of the proposals for 2025/26 and utilisation of reserves at the indicated level of £3.5m would leave a remaining budget gap of £4.065m. It was currently assumed that Hartlepool's allocation of the increases in government grants would meet this remaining gap for 2025/25. Should the government funding not be sufficient to close the remaining gap, additional savings would need to be identified and approved for 2025/26. Details of the individual savings were provided in Appendix B with the items relevant to this Committee shaded with some service areas being cross cutting across more than one Department.

The Chair referred to the significant budgetary pressures the Council was facing, especially in the area of Adult Services and was hoping for a positive financial settlement from the Government in December. The Executive Director of Adult and Community Based Services responded to a number of queries raised by Members of the Committee. There was reference to sponsorship that was received for events such as the annual fireworks display and Christmas lights switch on and the Executive Director of Adult and Community Based Services confirmed that the sponsorship received covered around 10-15% of the total costs of the events but that the events themselves were never anticipated as being self-funded. During the discussions it was suggested that alternative ways to support the annual fireworks event with the support of local shop keepers and businesses should be explored due to its popularity and potential for income generation for local businesses.

In response to a question from a Member, the Assistant Director, Preventative and Community Based Services confirmed that the future operating model for all leisure and cultural activities would be examined to explore ways of making the provision more efficient and effective, including the potential for other organisations to deliver services. Further detail on this would be reported to a future meeting of the Committee.

**Decision**

The savings proposals detailed in Appendix B relating to the services within this Committee portfolio were approved to be reported back to Finance and Policy Committee on 20 January 2025.

**Children's Services Committee – 10th December 2024****Issue(s) for consideration**

The Executive Director for Children's and Joint Commissioning Services presented the report which reiterated that all councils across the country were facing significant financial challenges owing to the impact of inflation and demand on services along with historic inadequate increases in government funding to meet these challenges. As outlined at Finance and Policy Committee in November, the Council had a forecast budget deficit of £10.519m for 2025/26 and £13.122m over the full MTFS period.

As in previous years, addressing the deficit needed to be managed through budget saving actions which sought to minimise the impact on services where possible and use of reserves. With regard to savings, proposals totalling £2.954m had been proposed for 2025/26 and a total of £3.109m over the MTFS period. Pending publication of the local government finance settlement in late December, the acceptance of the proposals for 2025/26 and utilisation of reserves at the indicated level of £3.5m would leave a remaining budget gap of £4.065m. It was currently assumed that Hartlepool's allocation of the increases in government grants would meet this remaining gap for 2025/26. Should the government funding not be sufficient to close the remaining gap, additional savings would need to be identified and approved for 2025/26. Details of the individual savings were provided in Appendix B with the items relevant to this Committee shaded for ease of reference.

Elected Members considered each of the savings proposals within the Children's Services Committee's remit and the Executive Director of Children's and Joint Commissioning Services responded to queries raised. Members welcomed that the savings proposed could be achieved with minimal impact on service delivery.

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

**Review of work of Management Information**

Team Members welcomed that this proposal would ensure income covered the cost of delivery.

**Closure of Oscars out of school and holiday provision**

In response to assurances sought that alternative provision would be available during school holidays, the Executive Director of Children's and Joint Commissioning Services advised that whilst it was acknowledged that removal of the service may impact on those children who were currently accessing the service during school holidays, alternative provision was available in the town and holiday information would be available from the childcare team.

**Increase sufficiency of placements for children in our care**

A Member commented on the benefits of the proposals to increase placements for children in care in Hartlepool. The Chair emphasised the importance of promoting foster carers and reminded Members to promote and share the foster care campaign.

**Decision**

The savings proposals detailed in Appendix B relating to the services within this Committee portfolio were approved to be reported back to Finance and Policy Committee on 20 January 2025.

**Economic Growth and Regeneration Committee – 10th December 2024****Issue(s) for consideration by the Committee**

The Executive Director of Development, Neighbourhoods and Regulatory Services reiterated that all councils across the country were facing significant financial challenges owing to the impact of inflation and demand on services along with historic inadequate increases in government funding to meet these challenges. As outlined at Finance and Policy Committee in November, the Council had a forecast budget deficit of £10.519m for 2025/26 and £13.122m over the full MTFS period.

As in previous years, addressing the deficit needed to be managed through budget saving actions which seek to minimise the impact on services where possible and use of reserves. With regard to savings, proposals totalling £2.954m had been proposed for 2025/26 and a total of £3.109m over the MTFS period. Pending publication of the local government finance settlement in late December, the acceptance of the proposals for 2025/26 and utilisation of reserves at the indicated level of £3.5m would leave a remaining budget gap of £4.065m. It is currently assumed that Hartlepool's allocation of the increases in government grants will meet this remaining gap for 2025/25. Should the government funding not be sufficient to close the remaining gap, additional savings will need to be identified and approved for 2025/26. Details of the individual savings were provided in Appendix B with the items relevant to this Committee shade along with two items on the bottom of page one of Appendix B, subsidy for the National Museum of the Royal Navy and Council run events, that were a crosscutting responsibility with the Adult Services Committee.

A discussion ensued during which Members acknowledged that in view of a number of challenging years due to the level of increase in the cost of living, rising inflation and the increasing demand for adults and children's social care. Difficult budgetary decisions were required and concern was expressed at the use of Council reserves. However, Members were hoping that a positive Government financial settlement would be announced over the next week or so to avoid even more difficult choices to be made in the new year.

During the discussions the increasing cost of children's social care was raised given this was a statutory function of the Council. However, it was noted that the majority of people in Hartlepool do not access this vital service for the children and the benefits of this service were not widely known. Members were mindful that investing in children ultimately leads to investing in the future of Hartlepool and welcomed the ongoing discussions around the potential future provision of children's social care as an in-house service.

The Chair highlighted that the generation of income was paramount to the provision of Council services in the future and a lot of the income from within the responsibilities of this Committee was through undertaking capital projects. In addition to this, the importance of being more entrepreneurial and partnership working was key to supporting the future provision of Council services.

In relation to the future of public events, it was suggested that each event be considered on an individual basis but that work be undertaken to explore ways of partnering with local businesses and traders to generate funding and make events as near cost neutral as possible. The importance of events such as the annual fireworks display and Christmas light switch on was noted. These events were free and were well attended and may be the only events that some children and families were able to attend.

The Chair referred to the land and property review and highlighted the need to look at each asset individually with the view of achieving the best value and best use of each asset. In response to comments by Members relating to future housing provision, the Executive Director of Development, Neighbourhoods and Regulatory Services confirmed that the target for the development of housing in the Borough had been over achieved for the first time in many years and that officers regularly meet with developers who were looking to build in Hartlepool which supported the Council's growth ambitions and that discussions were ongoing with potential developers and the Planning Department in relation to further developing the town.

In conclusion, the Chair commented that Members were hoping for a positive Government financial settlement in December and would keep the pressure on the Government for ongoing financial support to reduce the risk of even more difficult budgetary decisions being required in the future.

### **Decision**

The savings proposals detailed in Appendix B relating to the services within this Committee portfolio were approved to be reported back to Finance and Policy Committee on 20 January 2025.

## Appendix D

**MTFS 2025/26 to 2027/28 Risk Assessment**

Key risks or issues that may impact on assumptions made with this report and updated MTFS.

Issue and Risk	Potential Impact		
	2025/26	2026/27	2027/28
<b>Pay Awards</b> - Provision included in the MTFS based on reducing inflation and historic norms. No contingency is built in for a higher award. Each 1% of pay award in excess of the MTFS provision costs c£675k.	Negative	Negative	Negative
<b>Level of Reserves</b> - the MTFS is currently based on the likelihood of using £1.5m of one-off reserves in 2025/26 and £1.5m in 2026/27. This in effect utilises a significant proportion of the Budget Support Fund. Revenue reserves overall are forecast to drop from £39m to £13m over the coming four years. This would just leave the emergency unallocated general fund, the insurance fund and a small number of earmarked reserves. There would be very limited reserves available should an in year overspend occur.	Negative	Negative	Negative
<b>Childrens Pressures</b> - the current in year pressure for Childrens Services is circa £6m. It is assumed at this stage that the Childrens Social care sufficiency transformation plans will stabilise and contain pressures to the allowance within the MTFS of £6m in 2025/26, £1.5m 2026/27 and £1.5m 2027/28. At present there is no guarantee that this will be achieved.	Negative	Negative	Negative
<b>Government Funding</b> - Notwithstanding the budget announcements there remains a lack of clarity with regard funding allocations relating to National Insurance compensation for 2025/26, with further information to be released in January/February 2025 From 2026/27, whilst the government have confirmed that they wish to provide fair funding to councils, they are grappling with a significant national deficit, placing in question the ability to provide additional resources to the sector. The redistribution of existing resources through a fair funding should favour deprived areas like Hartlepool.	Positive	Positive	Neutral
<b>Inflationary Pressures</b> - the risk around inflationary pressures has been partially mitigated given the reduced level of CPI over recent months. However, there are still risks around the likes of energy prices, given the geopolitical environment, and government policy.	Negative	Negative	Negative
<b>One-off Grants</b> - the council relies on a number of one off specific grants to support initiatives and day	Negative	Negative	Negative

to day spend on key service areas. A number of these grants are currently scheduled to end at March 2025, with no confirmation of continuation. Should this situation occur a number of preventative schemes will end, capacity across the council will be reduced and potential redundancy costs incurred.			
<b>Borrowing Costs</b> - interest rates and borrowing costs remain stubbornly high. Whilst this is having a short term positive impact on the budget position, over the medium to long term we will need to borrow to fund the capital programme and as such we will require a reduction in these rates so as to prevent a shortfall in our debt charge budget. This will need to be kept under close review and may require some additional or temporary funding to smooth this budget.	Positive	Negative	Negative
<b>Council Tax Base</b> - the base position has seen a significant increase in 2025/26 due to a positive year of housebuilding, new premiums for empty, furnished properties and anti-fraud work. A more prudent estimate has been assumed for 2026/27 and 2027/28 but increased housebuilding could lead to an improved position.	Neutral	Positive	Positive
<b>Waste pressures</b> - there is current uncertainty regarding a number of waste initiatives, including food waste collection, producer responsibility and the suggestion of increased taxation on Energy for Waste facilities. This area will require close monitoring. At this stage, given the budget announcements there is likely to be a positive impact in 2025/26 but possible a negative impact will materialise over the term.	Neutral	Negative	Negative
<b>DSG High Needs Statutory Override</b> - the council held a negative overspend reserve of £1.589m at the end of 2023/24. A further overspend of £4.1m is forecast in the current year, with the overall deficit forecast to be circa £6.6m by the end of 2025/26. At this point the statutory override is scheduled to end, albeit an extension is envisaged. Should the override end, the council would need to fund this deficit position. We would unlikely have the resources to do so and as such may be required to seek Exceptional Financial Support. Note, the Autumn budget confirmed a £1bn injection into SEND budgets and this would help reduce the in year deficits on this budget.	Negative	Negative	Negative

## RESERVES FORECASTS (EXCLUDING SCHOOL BALANCES, HRA AND UNUSABLE RESERVES)

## APPENDIX E

	Balance as at 31st March 2024	Transfer between Reserves	Balance as at 31st March 2024 (Revised)	Forecast Use of Reserves				Forecast Balance as at 31st March 2028
				2024/25	2025/26	2026/27	2027/28	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Reserve	5,501	(1)	5,500	0	0	0	0	5,500
Budget Support Fund (BSF) 24/25-26/27	7,947	3,147	11,094	(4,836)	(1,500)	(1,500)	0	3,258
BSF - Transformation Costs	2,000	0	2,000	0	(1,000)	(500)	(500)	0
BSF - Invest to Save	1,000	750	1,750	(700)	(700)	(350)	0	0
Revenue Grants Unapplied	6,300	(560)	5,740	(2,330)	(1,405)	(924)	(931)	150
Business Rates Risk Reserve	3,250	(2,250)	1,000	0	0	0	0	1,000
Insurance Fund	2,965	0	2,965	(50)	(50)	(50)	(50)	2,765
Children in our Care Reserve	1,230	0	1,230	(475)	(500)	(255)	0	0
BSF - Treasury Management Income	1,150	0	1,150	(650)	(500)	0	0	0
Asset Management Reserve	1,000	0	1,000	(500)	(500)	0	0	0
Earmarked Revenue Reserves under £1m	7,411	(1,086)	6,325	(2,928)	(1,413)	(731)	(441)	812
<b>Revenue Reserves Total</b>	<b>39,754</b>	<b>0</b>	<b>39,754</b>	<b>(12,469)</b>	<b>(7,568)</b>	<b>(4,310)</b>	<b>(1,922)</b>	<b>13,485</b>
Earmarked Capital Reserves	9,606	0	9,606	(4,262)	(2,772)	(2,572)	0	0
Capital Grants Unapplied	16,311	0	16,311	(13,798)	(2,513)	0	0	0
<b>TOTAL</b>	<b>65,671</b>	<b>0</b>	<b>65,671</b>	<b>(30,529)</b>	<b>(12,853)</b>	<b>(6,882)</b>	<b>(1,922)</b>	<b>13,485</b>

**APPENDIX F**

**Business Group - Budget Consultation Meeting**

**16<sup>th</sup> December 2024, 4pm, Leaders Office, Hartlepool Borough Council.**

Attendees –

James Magog, Director of Finance IT and Digital of HBC  
Denise McGuckin, Managing Director of HBC  
Brenda Harrison, Leader of HBC  
Tom Feeney, Deputy Leader of HBC  
Darren Hankey, North East Chamber of Commerce Chair  
Simon Corbett, Hartlepool Economic Business Forum Chair  
Reshma Begum – FSB Development Manager North East of England & Tees Valley

**Minutes of Meeting**

The Director of Finance, IT and Digital Services, the Managing Director, The Leader and Deputy Leader of the Council met with representatives of the Business Community on 16<sup>th</sup> December 2024. A number of slides were presented setting out the latest budget position for HBC.

The MTFS was presented and a breakdown of savings proposals discussed. The MTFS reflected that presented to Finance and Policy Committee in November 2024, with 2025/2026 being the year that will be the most challenging.

The potential outcome of the local government finance settlement was discussed. On the basis that additional funding was expected, the budget gap will be revisited in January 2025 once the Government position was clear. The Director and MD will keep the representatives updated once we know more.

The representatives asked questions which were answered by the Director and MD. The representatives recognised the challenges ahead and understand the financial position facing the Council. The feedback received was that, should the settlement come through as expected, it was a better message than last year but there is still a lot of challenges to face and savings to make which won't be easy.

The meeting concluded and the business representatives recognised the difficult decisions that have already been made and will need to be made going forward.

**APPENDIX F**

**Trades Unions - Budget Consultation Meeting**

**Monday 6 January 2025 at 1.00pm, Committee Room C, Civic Centre**

**Attendees:**

Denise McGuckin, Managing Director, HBC  
James Magog, Director of Finance IT and Digital of HBC  
Councillor Tom Feeney, Deputy Leader, HBC  
Hayley Martin, Director of Legal, Governance and HR, HBC  
Tony Hanson, Executive Director, Development Neighbourhood & Regulatory Services, HBC  
John Lovatt, Assistant Director, Adults Services, HBC  
Craig Blundred, Director of Public Health, HBC  
Edwin Jeffries, UNISON  
Stephen Williams, UNISON  
Simon Wilson, Regional Coordinator, UNISON  
Tracey Garrett, UNISON

**Apologies:**

Jill Harrison, Executive Director, Adults and Community Based Services  
Sally Robinson, Executive Director, Children's and Joint Commissioning Services

**Minutes of Meeting**

The Director of Finance, IT and Digital Services, the Managing Director, Executive Leadership Team, and Deputy Leader of the Council met with Trade Union Representatives. JM presented several slides outlining the current budget position for HBC.

JM presented latest iteration of the MTFS, updated for the provisional local government financial settlement together with a breakdown of savings proposals.

JM confirmed that additional government funding is anticipated, and this will enable the council to set a balanced budget. There was still uncertainty on a number of issues, and these would become clearer with the final settlement. The Director and Managing Director will keep representatives updated once information becomes available. Furthermore, there is a need to continue and accelerate the Transformation programme.

Representatives asked several questions which were answered by the Director and Managing Director. EJ queried staffing relating to Oscars, HM to share proposals with representatives and SR to be asked to provide representatives with list of out of school care provision.

In summary, JM concluded that the MTFS report will be ratified at Finance and Policy Committee 20 January 2025; followed by approval by Council, February 2025.

Representatives thanked Managing Director and Director for a comprehensive presentation. Representatives recognise challenges ahead and understand the financial position, should the settlement come through as expected, the budget is better than last year, but still lot of work to do.

**Proposed Budget Amendment 1**

Given the positive settlement and additional much needed funding for Hartlepool, a small number of budget savings are proposed to be removed in order to protect council services:

	2025/26 £	2026/27 £
<b>Savings (Reversal and Amends)</b>		
Retain a £35,000 Events Budget	35,000	
Retain car parking promotions	40,000	
Retain Christmas Tree Provision	10,000	5,000
Re-phase Public Toilet Review	20,000	-20,000
Reduce Allotment Fee Increase		15,000
	<b>105,000</b>	<b>0</b>

Furthermore, delivering on our priorities and, we believe, the priorities of the residents of Hartlepool, additional investment is proposed in the following areas:

**Investment**

Street Cleaning - mechanical cleaner and crew	86,000	
Landlord licencing progression	58,000	
Public Park night time closures	22,000	
	<b>166,000</b>	<b>0</b>

**Budget Amendment Cost**

<b>271,000</b>	<b>0</b>
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**Funded By**

Increased on-going Business Rate Income	-101,000	0
Headroom in National Insurance Calculation	-170,000	0
	<b>-271,000</b>	<b>0</b>

**Proposed Budget Amendment 2**

Following the completion of government business rates returns, an in year, one-off surplus of £500,000 is forecast for the current year. In order to protect reserves, it is proposed to use this surplus to support the overall budget in 2025/26 on a one-off basis. This is consistent with recommendation vi in the report.

Reduction in Use of Reserves	500,000	
Funded by one-off Business Rates Surplus	-500,000	
	<b>0</b>	<b>0</b>

**SUPPORTING STATUTORY RESOLUTIONS - COUNCIL TAX INCREASE**

- 1 Full Council needs to approve the following supporting statutory amounts which must be calculated by the Council for 2025/26 in accordance with the Local Government Finance Act 1992 and relevant regulations:

- i) To note that on 12<sup>th</sup> December 2024 Council approved the 2025/26 Council Tax Base for:

- The whole Council area as 26,455.0 Band D equivalents in accordance with Section 31B of the Local Government Finance Act 1992, as amended; and
- For dwellings in those parts of its area to which a Parish precept relates as follows:

**Parish Council Tax bases (Band D Equivalents)**

Dalton Piercy	134.1	Greatham	274.1
Elwick	237.6	Hart	489.2
Headland	810.7	Newton Bewley	33.9
Wynyard	1,129.0		

- 2 That the Council Tax requirement for the Council's own purposes (excluding Parish precepts) is £55,117,405.

- 3 That the following amounts be calculated by the Council for in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and relevant regulations:-

- (a) £94,707,880 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Local Government Finance Act 1992 and relevant regulations.
- (b) £39,513,762 Being the aggregate of the sums which the Council estimate will be payable to it in respect of Revenue Support Grant £10,152,031, Business Rates Baseline Funding of £15,926,742, Top up Funding of £12,680,843 and the estimate to be paid out of the Collection Fund of £754,146 as at 31st March 2025, in accordance with Section 97 (3) of the Local Government Finance Act 1988 and the Local Government Charges for England (Collection Fund Surpluses and Deficits) Regulations 1995 amended.
- (c) £55,194,118 Being the amount by which the aggregate at 3 (a) above exceeds the aggregate at 3 (b) above, calculated by the Council in accordance with Section 31A (4) of the Act as

- its Council Tax requirement for the year (including Parish precepts).
- (d) £2,086.34 Being the amount calculated by the Council in accordance with Section 31B of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year (including Parish precepts).
- (e) £76,713  
Parish  
Precepts Being the aggregate amount of all special items referred to in Section 34 (1) of the Local Government Finance Act 1992.
- £16,381  
Concurrent  
Services Concurrent Services - as detailed in Table 1.
- (f) £2,083.44 Being the amount calculated by the Council in accordance with Section 34 (2) of the Local Government Finance Act 1992, as the basic amount of Council Tax for the year 2025/26 (excluding Parish precepts).
- 4** The Basic Council Tax for 2025/26 calculated in accordance with Section 34 (3) for dwellings in those areas that have a Parish precept as set out in Table 2.
- 5** Approve in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the aggregate amounts shown in Table 3 the amounts of Council Tax for 2025/26 for each part of the Council's area and each of the categories of dwellings.
- 6** Approve that the Council's basic amount of Council Tax for 2025/26 of £2,083.44, detailed in 3 (f) above is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992 and that no local referendum will be carried out in relation to Chapter 4ZA of the Local Government Finance Act 1992.
- 7** Approve the amount of Council Tax including the Cleveland Fire Authority and the Office of the Police and Crime Commissioner precepts, in accordance with Section 40 of the Local Government Finance Act 1992 and the relevant inclusion of amounts of Council Tax for each category of dwelling in accordance with Sections 43 to 47 of the Act as set out in Table 3.

**TABLE 1 - Council Tax For Parish Councils 2025/26**

	Precept (1)	Parish Tax Base (2)	Parish Council Tax (3) [=(1)/(2)]	Basic Council Tax (4)	Billing Authority's Council Tax (5) [=(3)+(4)]	Precept met from Council Tax Support Scheme	Concurrent Services	Total Payment to Parish
Parishes	£		£	£	£		£	£
Dalton Piercy	13,447	134.1	100.28	2,083.44	2,183.72	584	2,839	16,870
Elwick	7,936	237.6	33.40	2,083.44	2,116.84	360	8,178	16,474
Greatham	2,870	274.1	10.47	2,083.44	2,093.91	330	1,482	4,682
Hart	9,858	489.2	20.15	2,083.44	2,103.59	263	3,882	14,003
Headland	20,600	810.7	25.41	2,083.44	2,108.85	2,400	-	23,000
Newton Bewley	100	33.9	2.95	2,083.44	2,086.39	6	-	106
Wynyard	21,902	1,129.0	19.40	2,083.44	2,102.84	98	-	22,000
	76,713					4,041	16,381	97,135

**TABLE 2 - Council Taxes For Each Property Band 2025/26****(Including Parish Precepts but excluding Office of Police and Crime Commissioner & Fire Authority)**

Parishes	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Dalton Piercy	1,455.81	1,698.45	1,941.08	2,183.72	2,668.99	3,154.26	3,639.53	4,367.44
Elwick	1,411.23	1,646.43	1,881.64	2,116.84	2,587.25	3,057.66	3,528.07	4,233.68
Greatham	1,395.94	1,628.60	1,861.25	2,093.91	2,559.22	3,024.54	3,489.85	4,187.82
Hart	1,402.39	1,636.13	1,869.86	2,103.59	2,571.05	3,038.52	3,505.98	4,207.18
Headland	1,405.90	1,640.22	1,874.53	2,108.85	2,577.48	3,046.12	3,514.75	4,217.70
Newton Bewley	1,390.93	1,622.75	1,854.57	2,086.39	2,550.03	3,013.67	3,477.32	4,172.78
Wynyard	1,401.89	1,635.54	1,869.19	2,102.84	2,570.14	3,037.44	3,504.73	4,205.68
Areas without a Parish Council	1,388.96	1,620.45	1,851.95	2,083.44	2,546.43	3,009.41	3,472.40	4,166.88

**TABLE 3 - Council Taxes For Each Property Band 2025/26****(Including Parish Precepts, Office of Police and Crime Commissioner & Fire Authority)**

Parishes	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Dalton Piercy	1,730.60	2,019.04	2,307.47	2,595.91	3,172.78	3,749.64	4,326.51	5,191.82
Elwick	1,686.02	1,967.02	2,248.03	2,529.03	3,091.04	3,653.04	4,215.05	5,058.06
Greatham	1,670.73	1,949.19	2,227.64	2,506.10	3,063.01	3,619.92	4,176.83	5,012.20
Hart	1,677.18	1,956.72	2,236.25	2,515.78	3,074.84	3,633.90	4,192.96	5,031.56
Headland	1,680.69	1,960.81	2,240.92	2,521.04	3,081.27	3,641.50	4,201.73	5,042.08
Newton Bewley	1,665.72	1,943.34	2,220.96	2,498.58	3,053.82	3,609.05	4,164.30	4,997.16
Wynyard	1,676.68	1,956.13	2,235.58	2,515.03	3,073.93	3,632.82	4,191.71	5,030.06
Areas without a Parish Council	1,663.75	1,941.04	2,218.34	2,495.63	3,050.22	3,604.79	4,159.38	4,991.26

# **REVENUE BUDGET BOOK 2025/26**

**February 2025**

## 2025/2026 BUDGET SUMMARY

Department	Gross Expenditure	Gross Income	Use of Reserves	Net Budget
	£'000	£'000	£'000	£'000
Adult and Community Based	87,312	(41,964)	0	45,348
Children's and Joint Commissioning	133,565	(90,600)	(1,412)	41,553
Development, Neighbourhoods and Regulatory	59,658	(35,894)	(302)	23,462
Finance , IT and Digital	8,517	(4,105)	0	4,412
Legal, Governance and HR	2,622	(459)	0	2,163
Corporate	43,240	(27,699)	0	15,541
<b>Total Departmental Budgets</b>	<b>334,914</b>	<b>(200,721)</b>	<b>(1,714)</b>	<b>132,479</b>
<b><u>Funded by</u></b>				
<b><u>Specific Grants</u></b>				
Better Care Fund	0	(6,610)	0	(6,610)
Education Services Grant	0	(216)	0	(216)
New Homes Bonus	0	(1,067)	0	(1,067)
S31 Business Rates Grants	0	(8,325)	0	(8,325)
NI Compensation Grant	0	(948)	0	(948)
Social Care Grant	0	(13,808)	0	(13,808)
Recovery Grant	0	(3,610)	0	(3,610)
pERP Recycling Grant	0	(2,187)	0	(2,187)
Use of Reserves - Budget Support Fund	0	0	(1,000)	(1,000)
<b>Total Budget Requirement</b>	<b>334,914</b>	<b>(237,492)</b>	<b>(2,714)</b>	<b>94,708</b>
<b><u>Grants &amp; Business Rates</u></b>				
Revenue Support Grant	0	(10,152)	0	(10,152)
Business Rates	0	(15,927)	0	(15,927)
Top Up Grant	0	(12,681)	0	(12,681)
Collection Fund Surplus	0	(754)	0	(754)
<b>Council Tax Requirement including Parish Precepts</b>	<b>334,914</b>	<b>(277,006)</b>	<b>(2,714)</b>	<b>55,194</b>

**2025/2026 BUDGET - ADULT AND COMMUNITY BASED SERVICES**

Service Area	Gross Expenditure	Gross Income	Use of Reserves	Net Budget
	£'000	£'000	£'000	£'000
<b><u>Adult Social Care</u></b>				
Carers Support	371	(297)	0	74
Commissioning - Adults	6,732	(2,611)	0	4,121
Departmental Running Costs	245	(27)	0	218
Direct Care & Support (including Telecare)	2,321	(2,048)	0	273
Learning Disability & Transition Social Work Teams	1,018	(227)	0	791
Locality & Safeguarding Social Work Teams	4,267	(1,708)	0	2,559
Mental Health Teams	1,331	(27)	0	1,304
Packages of Care	58,882	(27,916)	0	30,966
Occupational Therapy & Equipment	2,385	(769)	0	1,616
Transformation & Digital Inclusion	827	(662)	0	165
Working Age Adults Day Services	1,429	(86)	0	1,343
<b>Adult Social Care Subtotal</b>	<b>79,808</b>	<b>(36,378)</b>	<b>0</b>	<b>43,430</b>
<b><u>Preventative &amp; Community Based Services</u></b>				
Adult Education	1,011	(944)	0	67
Allotments	165	(83)	0	82
Archaeology	126	(96)	0	30
Coast, Countryside, Heritage and Cemeteries & Crematoria	1,373	(1,629)	0	(256)
Community Hubs	1,317	(113)	0	1,204
Cultural Services - Events & Theatres	482	(357)	0	125
Cultural Services - Museums & Galleries	557	(19)	0	538
Sports, Leisure & Recreation Facilities	2,948	(2,345)	0	603
<b>Preventative &amp; Community Based Services Subtotal</b>	<b>7,979</b>	<b>(5,586)</b>	<b>0</b>	<b>2,393</b>
Departmental Salary Abatement Target	(475)	0	0	(475)
<b>Departmental Total</b>	<b>87,312</b>	<b>(41,964)</b>	<b>0</b>	<b>45,348</b>

**2025/2026 BUDGET - CHILDREN'S AND JOINT COMMISSIONING SERVICES**

Service Area	Gross Expenditure £'000	Gross Income £'000	Use of Reserves £'000	Net Budget £'000
<b><u>Children's Services</u></b>				
Children in our Care	29,464	(1,924)	(340)	27,200
Children & Families - Other	3,992	(326)	(217)	3,449
Early Intervention Services	5,709	(5,730)	0	(21)
Housing, Hardship & Welfare Services	4,187	(3,355)	(324)	508
Safeguarding Children	8,509	(2,650)	(204)	5,655
Standards, Engagement & Development Team	807	(165)	0	642
Strategic Commissioning	2,229	(801)	0	1,428
Youth Justice Service	836	(526)	0	310
<b>Children's Services Subtotal</b>	<b>55,733</b>	<b>(15,477)</b>	<b>(1,085)</b>	<b>39,171</b>
<b><u>Education (excluding DSG)</u></b>				
Central Support Services	490	(333)	0	157
Other School Related Expenditure	4,018	(3,339)	0	679
Raising Educational Achievement	2,244	(1,701)	(75)	468
Special Educational Needs	5,876	(5,127)	(183)	566
Strategic Management	600	(136)	(14)	450
Youth Service	1,060	(644)	0	416
<b>Education (excluding DSG) Subtotal</b>	<b>14,288</b>	<b>(11,280)</b>	<b>(272)</b>	<b>2,736</b>
<b><u>Dedicated Schools Grant</u></b>				
Dedicated Schools Grant - Early Years Block	13,077	(13,077)	0	0
Dedicated Schools Grant - Schools Block	20,270	(20,270)	0	0
Dedicated Schools Grant - High Needs Block	18,029	(18,029)	0	0
Dedicated Schools Grant - Central School Services Block	608	(608)	0	0
<b>Dedicated Schools Grant Subtotal</b>	<b>51,984</b>	<b>(51,984)</b>	<b>0</b>	<b>0</b>
<b><u>Public Health</u></b>				
Public Health - Children's	4,015	(4)	0	4,011
Public Health - General	2,206	0	0	2,206
Public Health - Health Check Programme	57	0	0	57
Public Health - Mental Health	15	0	0	15
Public Health - Obesity	212	0	0	212
Public Health - Physical Activity	460	0	0	460
Public Health - Sexual Health	644	0	0	644
Public Health - Smoking Cessation	220	(139)	(55)	26
Public Health - Substance Misuse	4,085	(1,409)	0	2,676
Public Health - Grant	0	(10,307)	0	(10,307)
<b>Public Health Subtotal</b>	<b>11,914</b>	<b>(11,859)</b>	<b>(55)</b>	<b>0</b>
Departmental Salary Abatement Target	(354)	0	0	(354)
<b>Departmental Total</b>	<b>133,565</b>	<b>(90,600)</b>	<b>(1,412)</b>	<b>41,553</b>

**2025/2026 BUDGET - DEVELOPMENT, NEIGHBOURHOODS & REGULATORY SERVICES**

Service Area	Gross Expenditure £'000	Gross Income £'000	Use of Reserves £'000	Net Budget £'000
<b><u>Development &amp; Growth</u></b>				
Economic Growth	780	(338)	0	442
Procurement and Reprographics	564	(467)	0	97
Strategic Asset Management	697	(770)	0	(73)
Strategic Development and Sustainability	598	(506)	0	92
<b>Development &amp; Growth Subtotal</b>	<b>2,639</b>	<b>(2,081)</b>	<b>0</b>	<b>558</b>
<b><u>Neighbourhood Services</u></b>				
Building Design Team	1,384	(1,384)	0	0
Construction Support Service	621	(654)	0	(33)
Construction Team	4,411	(4,245)	0	166
Engineering & Design	1,139	(779)	0	360
Environmental Services	4,003	(679)	0	3,324
Highways & Transportation	3,933	(870)	0	3,063
Highways Trading	1,929	(2,102)	0	(173)
Passenger Transport	3,991	(1,652)	0	2,339
Planning & Development	1,419	(757)	(170)	492
Road Safety	2,627	(2,456)	0	171
Street Lighting	1,006	0	0	1,006
Sustainable Transport (inc Concessionary Fares)	1,926	(3)	0	1,923
Vehicle Fleet	5,414	(5,510)	0	(96)
Waste Services	9,983	(2,257)	0	7,726
<b>Neighbourhood Services Subtotal</b>	<b>43,786</b>	<b>(23,348)</b>	<b>(170)</b>	<b>20,268</b>
<b><u>Regulatory Services</u></b>				
Car Parking	1,041	(1,774)	0	(733)
Community Safety & Engagement	1,140	(202)	0	938
Facilities Management	7,546	(6,377)	0	1,169
Health and Safety	239	0	0	239
Public Protection	1,736	(880)	(132)	724
<b>Regulatory Services Subtotal</b>	<b>11,702</b>	<b>(9,233)</b>	<b>(132)</b>	<b>2,337</b>
<b><u>Strategic Management &amp; Admin</u></b>				
Strategic Management & Admin	1,531	(1,232)	0	299
<b>Strategic Management &amp; Admin Subtotal</b>	<b>1,531</b>	<b>(1,232)</b>	<b>0</b>	<b>299</b>
<b>Departmental Total</b>	<b>59,658</b>	<b>(35,894)</b>	<b>(302)</b>	<b>23,462</b>

**2025/2026 BUDGET - FINANCE, IT AND DIGITAL SERVICES**

Service Area	Gross Expenditure £'000	Gross Income £'000	Use of Reserves £'000	Net Budget £'000
<b><u>Communications and Consultation</u></b>				
Communications and Marketing	327	(98)	0	229
Corporate Strategy and Performance	170	0	0	170
<b>Development &amp; Growth Subtotal</b>	<b>497</b>	<b>(98)</b>	<b>0</b>	<b>399</b>
<b><u>Corporate and Financial Services</u></b>				
Central Administration Recharges	0	(1,068)	0	(1,068)
Corporate Finance	2,072	(582)	0	1,490
Corporate Management	294	(26)	0	268
Shared Services	1,397	(623)	0	774
<b>Corporate and Financial Services Subtotal</b>	<b>3,763</b>	<b>(2,299)</b>	<b>0</b>	<b>1,464</b>
<b><u>Customer Services and IT</u></b>				
Benefits	871	(446)	0	425
Corporate ICT	323	(34)	0	289
Customer and Support Services	1,113	(6)	0	1,107
Registration Services	159	(133)	0	26
Revenues	1,330	(11)	0	1,319
Revenue & Benefits Central	199	(1,041)	0	(842)
<b>Customer Services and IT Subtotal</b>	<b>3,995</b>	<b>(1,671)</b>	<b>0</b>	<b>2,324</b>
<b><u>Internal Audit</u></b>				
Internal Audit	262	(37)	0	225
<b>Internal Audit Subtotal</b>	<b>262</b>	<b>(37)</b>	<b>0</b>	<b>225</b>
<b>Departmental Total</b>	<b>8,517</b>	<b>(4,105)</b>	<b>0</b>	<b>4,412</b>

**2025/2026 BUDGET - LEGAL, GOVERNANCE AND HR SERVICES**

Service Area	Gross Expenditure £'000	Gross Income £'000	Use of Reserves £'000	Net Budget £'000
<b><u>Governance</u></b>				
Civic Attendants	58	(8)	0	50
Democratic Services	131	0	0	131
Municipal Elections and Registration of Electors	173	(2)	0	171
Other Office Services	91	(46)	0	45
Scrutiny Function	140	(24)	0	116
Support to Members	149	0	0	149
<b>Governance Subtotal</b>	<b>742</b>	<b>(80)</b>	<b>0</b>	<b>662</b>
<b><u>HR and Organisational Development</u></b>				
Human Resources	715	(174)	0	541
Corporate Training	10	0	0	10
Trade Union	34	0	0	34
<b>HR and Organisational Development Subtotal</b>	<b>759</b>	<b>(174)</b>	<b>0</b>	<b>585</b>
<b><u>Legal</u></b>				
Legal Services	963	(205)	0	758
<b>Legal Subtotal</b>	<b>963</b>	<b>(205)</b>	<b>0</b>	<b>758</b>
<b><u>Managing Directors Office</u></b>				
Managing Directors Office	158	0	0	158
<b>Managing Directors Office Subtotal</b>	<b>158</b>	<b>0</b>	<b>0</b>	<b>158</b>
<b>Departmental Total</b>	<b>2,622</b>	<b>(459)</b>	<b>0</b>	<b>2,163</b>

**2025/2026 BUDGET - CORPORATE**

Service Area	Gross Expenditure £'000	Gross Income £'000	Use of Reserves £'000	Net Budget £'000
<b><u>Corporate</u></b>				
Accommodation (including energy)	3,920	(92)	0	3,828
Audit Fees	348	0	0	348
Central Debt Charges	3,977	0	0	3,977
Centralised Pensions	390	0	0	390
Coroner Fees	366	0	0	366
Housing Benefits Subsidy	26,300	(26,140)	0	160
Investment Income	0	(1,000)	0	(1,000)
IT Infrastructure, Systems and Support	3,533	0	0	3,533
Levies	140	(7)	0	133
Members Allowances	373	0	0	373
Other	801	(460)	0	341
Provision for Pay Award and Other Contract Inflation	3,092	0	0	3,092
<b>Departmental Total</b>	<b>43,240</b>	<b>(27,699)</b>	<b>0</b>	<b>15,541</b>

# COUNCIL

## 20 February 2025



**Report of:** Finance and Policy Committee

**Subject:** COMMUNITY SAFETY PLAN 2024 – 2027

### 1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
<ul style="list-style-type: none"> <li>- where people will be safe and protected from harm.</li> </ul>



### 2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to enable Members to consider and agree the Safer Hartlepool Partnership's Community Safety Plan 2024-2027 (attached as **Annex A – Appendix 1**) as recommended by Finance and Policy Committee.

### 3. BACKGROUND

- 3.1 Under the Crime and Disorder Act 1998 and the Crime and Disorder Regulations 2007, Community Safety Partnerships (CSP's) 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 the area. In Hartlepool the Community Safety Strategy is known as the 'Community Safety Plan'.
- 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; and
- **Consulting** with local residents and organisations on community safety priorities.

- 3.3 In Hartlepool the CSP is known as the ‘Safer Hartlepool Partnership.’
- 3.4 On the 26<sup>th</sup> February 2024, the Safer Hartlepool Partnership were presented with a draft Community Safety Plan for 2024-2027 which they approved for public consultation.
- 3.5 Following consultation, at its meeting on 31<sup>st</sup> January 2025, the Safer Hartlepool Partnership considered the consultation responses and approved the Community Safety Plan 2024-2027 for referral to Finance and Policy Committee in accordance with the Council’s Budget and Policy Framework rules.
- 3.6 Finance and Policy Committee received a report and the draft Community Safety Plan on the 10<sup>th</sup> February 2025, which can be found at **Annex 1**.

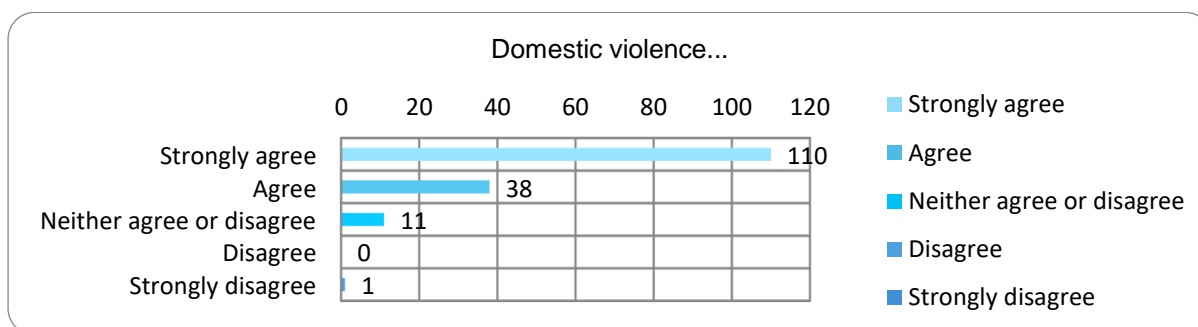
#### 4. PROPOSALS

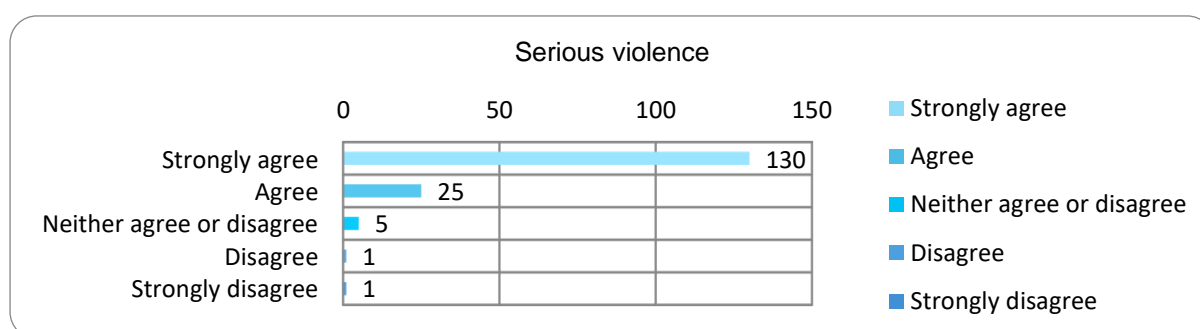
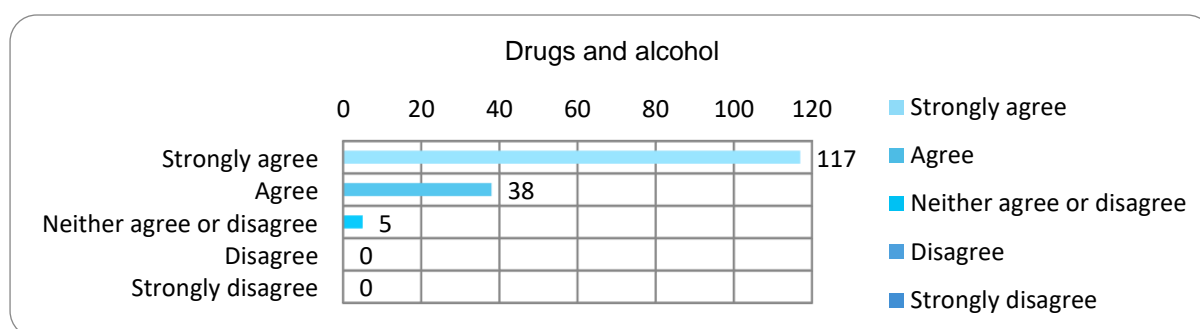
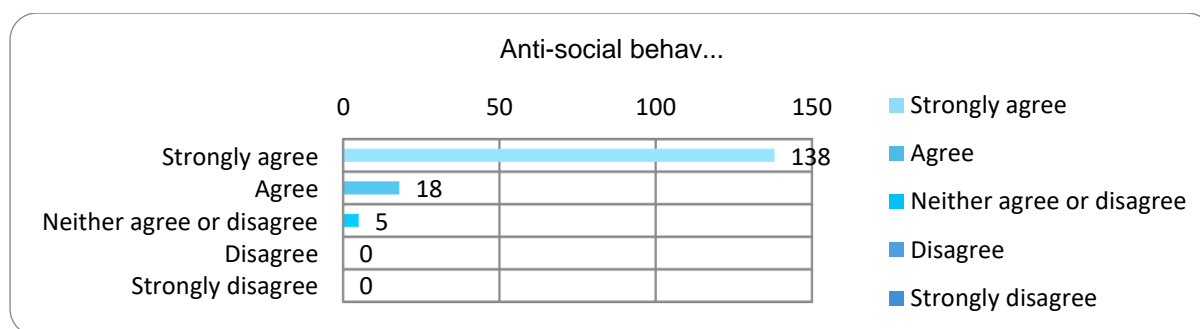
- 4.1 The Community Safety Plan 2024-27 will provide an overview of some of the recent activities undertaken to improve community safety in Hartlepool, along with key findings from the Partnership’s Strategic Assessment and consultation with the public.
- 4.2 The proposed strategic objectives and priorities 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 Following agreement of the Safer Hartlepool Partnership strategic objective and priorities in February 2024, the first draft of the Community Safety Plan was published for public consultation from 16<sup>th</sup> September to 11<sup>th</sup> November 2024.
- 5.2 The public consultation comprised 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;
  - Paper copies of the survey were made available in Community Hubs;
  - Targeted emails to a range of public, private, community and voluntary sector representatives and groups containing a link to the online consultation survey; and
  - Presentation of the draft Plan to the Council's Audit and Governance and Finance and Policy Committees.
- 5.3 The Council's digital engagement platform, *"Your say, our future"* enabled participants to:
- Read the draft Community Safety Plan for 2024-27;
  - Complete an online survey – which included questions on the draft plan;
  - Use the ideas board to make suggestions as to how the Safer Hartlepool Partnership can work with residents and partners to deliver on the priorities identified in the draft Community Safety Plan; and
  - Ask a question of the Safer Hartlepool Partnership.
- 5.4 The Majority of those who did respond to the survey either agreed or strongly agreed with each of the priorities identified in the Community Safety Plan for 2024-27 as can be seen below.





5.5 Examples of what the respondents felt were missing from the priorities included:

- Reducing crime and reoffending;
- Provide greater visible Police and Warden presence;
- Hate Crime; and
- Challenge behaviours that make women and girls feel unsafe.

5.6 Examples of how respondents felt that the CSP could work with residents and partners to deliver the priorities include:

- Meetings with residents and Community Sector;
- Involve communities with more Community Safety Days;
- Better communications to inform residents of the work being carried out; and
- Better funding for services, particularly preventative and youth services.

5.7 These survey responses will be taken into consideration when developing plans and delivering activity to tackle the priorities.

## **6. DELIVERY AND PERFORMANCE MONITORING**

- 6.1 Delivery of the Community Safety Plan will be via existing agencies, organisations and partnerships and, where necessary, the development of new working groups shall be monitored by the Safer Hartlepool Partnership.
- 6.2 Performance against the Community Safety Plan will be monitored by the Safer Hartlepool Partnership, through the Community Safety Action Plan.
- 6.3 Subject to approval of the document by Full Council, an Action Plan will then be produced in consultation with all partners, with updates reported biannually to the Safer Hartlepool Partnership.

## **7. RISK IMPLICATIONS**

- 7.1 Delivery of the Plan is a shared responsibility across all the agencies who are members of the Safer Hartlepool Partnership to mitigate the risk of delivery falling on one organisation. This will be monitored through the Safer Hartlepool Partnership meetings.

## **8. FINANCIAL CONSIDERATIONS**

- 8.1 Any work to be undertaken by the Council in relation to the Community Safety Plan will be funded by existing budgets and grant funding.

## **9. LEGAL CONSIDERATIONS**

- 9.1 In accordance with section 6 of the Crime and Disorder Act 1998 (and associated Regulations) CSP's are required to produce a Community Safety Strategy to set out how they intend to address crime and disorder, substance misuse, and re-offending issues in the area.

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

- 10.1 The Plan has been developed in consultation with residents and stakeholders to consider the needs of all sections of the community.

<b>11. STAFF CONSIDERATIONS</b>	No relevant issues
<b>12. ASSET MANAGEMENT CONSIDERATIONS</b>	No relevant issues

<b>13.</b>	<b>ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS</b>	No relevant issues
<b>14.</b>	<b>CHILD AND FAMILY POVERTY CONSIDERATIONS (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE).</b>	No relevant issues

## **15. SECTION 17 CONSIDERATIONS**

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

## **16. RECOMMENDATIONS**

- 16.1 Finance and Policy Committee recommended to refer to Council:

- i) To adopt the Community Safety Plan 2024-27.

## **17. REASONS FOR RECOMMENDATIONS**

- 17.1 As a Responsible Authority, the Local Authority has a statutory duty to develop and implement strategies aimed at reducing crime and disorder, substance misuse, and re-offending behaviour.
- 17.2 There are no alternative options proposed as the Council is legally obliged under section 6 of the Crime and Disorder Act 1998 to formulate and implement a strategy for the reduction of crime and disorder in the area. The Community Safety Plan is included in the Council's Policy Framework and therefore requires Full Council approval.

## **18. BACKGROUND PAPERS**

- 18.1 Finance and Police Committee 10<sup>th</sup> February 2025

Safer Hartlepool Partnership 26<sup>th</sup> February 2024 Strategic Assessment 2022 – 2023

Safer Hartlepool Partnership 26<sup>th</sup> February 2024 Draft Community Safety Plan 2024-2027

Finance & Policy Committee 16<sup>th</sup> September 2024 Draft Community Safety Plan 2024-2027

Audit & Governance Committee 24<sup>th</sup> September 2024 Draft Community Safety Plan 2024-2027

Safer Hartlepool Partnership 31<sup>st</sup> January 2025 Community Safety Plan 2024-2027

Finance & Policy Committee 10<sup>th</sup> February 2025 Community Safety Plan 2024 - 2027

## **19. CONTACT OFFICERS**

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# FINANCE AND POLICY COMMITTEE

10<sup>TH</sup> FEBRUARY 2025



**Subject:** COMMUNITY SAFETY PLAN 2024 – 2027

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

**Decision Type:** Budget and Policy Framework

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## 1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people will be safe and protected from harm.



## 2. PURPOSE OF REPORT

- 2.1 For Members to consider and agree the Safer Hartlepool Partnership's Community Safety Plan 2024-2027 (see **Appendix 1**) for referral to Full Council for final approval and adoption.

## 3. BACKGROUND

- 3.1 Under the Crime and Disorder Act 1998 and the Crime and Disorder Regulations 2007, Community Safety Partnerships (CSP's) 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 the area. In Hartlepool the Community safety Strategy is known as the 'Community Safety Plan'.
- 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; and
- **Consulting** with local residents and organisations on community safety priorities.

3.3 In Hartlepool the CSP is known as the ‘Safer Hartlepool Partnership.’

3.4 On the 26<sup>th</sup> February 2024, the Safer Hartlepool Partnership were presented with a draft Community Safety Plan for 2024-2027 which they approved for public consultation.

3.5 Following consultation, at its meeting on 31<sup>st</sup> January 2025, the Safer Hartlepool Partnership considered the consultation responses and approved the Community Safety Plan 2024-2027 for referral to this Committee in accordance with the Council’s Budget and Policy Framework rules.

#### 4. DEVELOPMENT OF THE COMMUNITY SAFETY PLAN 2024-2027

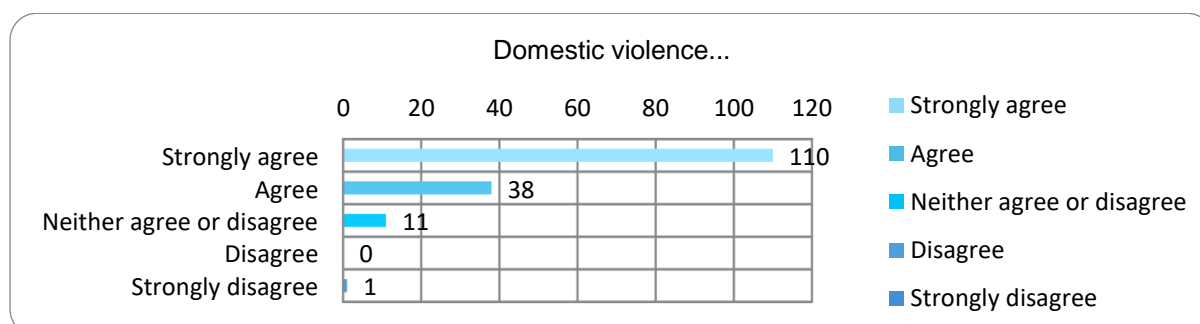
4.1 The Community Safety Plan 2024-2027 will provide an overview of some of the recent activities undertaken to improve community safety in Hartlepool, along with key findings from the Partnership’s Strategic Assessment and consultation with the public.

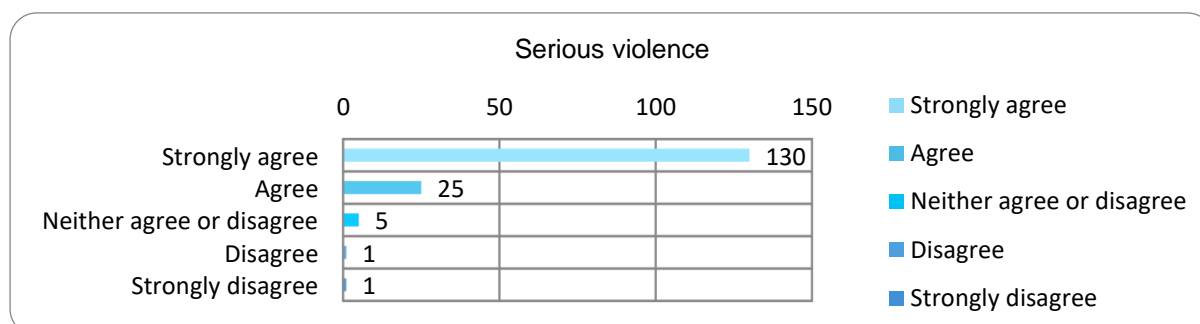
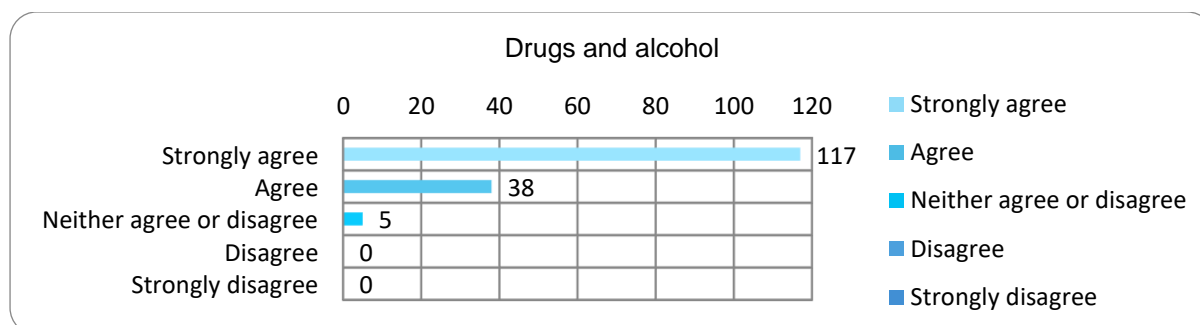
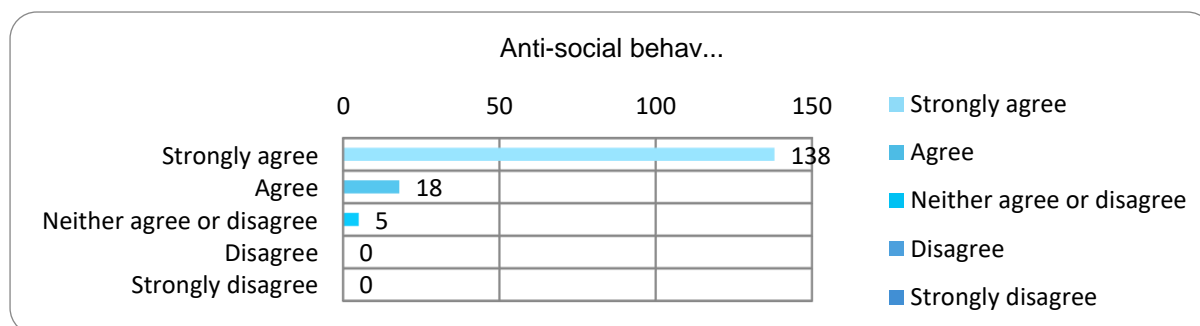
4.2 The proposed strategic objectives and priorities for the 2024-2027 Plan as recommended in the annual strategic assessment are as follows:

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

## 5. CONSULTATION

- 5.1 Following agreement of the Safer Hartlepool Partnership strategic objective and priorities in February 2024, the first draft of the Community Safety Plan was published for public consultation from 16<sup>th</sup> September to 11<sup>th</sup> November 2024.
- 5.2 The public consultation comprised 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;
  - Paper copies of the survey were made available in Community Hubs;
  - Targeted emails to a range of public, private, community and voluntary sector representatives and groups containing a link to the online consultation survey; and
  - Presentation of the draft Plan to the Council's Audit and Governance and Finance and Policy Committees.
53. The Council's digital engagement platform, *"Your say, our future"* enabled participants to:
- Read the draft Community Safety Plan for 2024-2027;
  - Complete an online survey – which included questions on the draft plan;
  - Use the ideas board to make suggestions as to how the Safer Hartlepool Partnership can work with residents and partners to deliver on the priorities identified in the draft Community Safety Plan; and
  - Ask a question of the Safer Hartlepool Partnership.
- 5.4 The Majority of those who did respond to the survey either agreed or strongly agreed with each of the priorities identified in the Community Safety Plan for 2024-27 as can be seen below.





**5.5 Examples of what the respondents felt were missing from the priorities included:**

- Reducing crime and reoffending;
- Provide greater visible Police and Warden presence;
- Hate Crime; and
- Challenge behaviours that make women and girls feel unsafe.

**5.6 Examples of how respondents felt that the CSP could work with residents and partners to deliver the priorities include:**

- Meetings with residents and Community Sector;
- Involve communities with more Community Safety Days;
- Better communications to inform residents of the work being carried out; and
- Better funding for services, particularly preventative and youth services.

**5.7 These survey responses will be taken into consideration when developing plans and delivering activity to tackle the priorities.**

## **6. DELIVERY AND PERFORMANCE MONITORING**

- 6.1 Delivery of the Community Safety Plan will be via existing agencies, organisations and partnerships and, where necessary, the development of new working groups shall be monitored by the Safer Hartlepool Partnership.
- 6.2 Performance against the Community Safety Plan will be monitored by the Safer Hartlepool Partnership, through the Community Safety Action Plan.
- 6.3 Once approved by this Committee, it will be referred to Full Council for adoption in February 2025 before then being published on the Safer Hartlepool Partnership web pages.
- 6.4 Subject to approval of the document by Full Council, an Action Plan will then be produced in consultation with all partners, with updates reported biannually to the Safer Hartlepool Partnership.

## **7. RISK IMPLICATIONS**

- 7.1 Delivery of the Plan is a shared responsibility across all the agencies who are members of the Safer Hartlepool Partnership to mitigate the risk of delivery falling on one organisation. This will be monitored through the Safer Hartlepool Partnership meetings.

## **8. FINANCIAL CONSIDERATIONS**

- 8.1 Any work to be undertaken by the Council in relation to the Community Safety Plan will be funded by existing budgets and grant funding.

## **9. LEGAL CONSIDERATIONS**

- 9.1 In accordance with section 6 of the Crime and Disorder Act 1998 (and associated Regulations) CSP's are required to produce a Community Safety Strategy to set out how they intend to address crime and disorder, substance misuse, and re-offending issues in the area.

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

- 10.1 The Plan has been developed in consultation with residents and stakeholders to consider the needs of all sections of the community.

<b>11. STAFF CONSIDERATIONS</b>	No relevant issues
<b>12. ASSET MANAGEMENT CONSIDERATIONS</b>	No relevant issues
<b>13. ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS</b>	No relevant issues
<b>14. CHILD AND FAMILY POVERTY CONSIDERATIONS (IMPACT ASSESSMENT FORM TO BE COMPLETED AS APPROPRIATE).</b>	No relevant issues

**15. SECTION 17 CONSIDERATIONS**

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

**16. RECOMMENDATIONS**

- 16.1 That the Finance and Policy Committee considers and agrees the content of the Community Safety Plan 2021-2024 for referral to Full Council in February.

**17. REASONS FOR RECOMMENDATIONS**

- 17.1 As a Responsible Authority, the Local Authority has a statutory duty to develop and implement strategies aimed at reducing crime and disorder, substance misuse, and re-offending behaviour.
- 17.2 There are no alternative options proposed as the Council is legally obliged under section 6 of the Crime and Disorder Act 1998 to formulate and implement a strategy for the reduction of crime and disorder in the area. The Community Safety Plan is included in the Council's Policy Framework and therefore requires Finance and Policy agreement before being referred to Full Council for final approval.

## **18. BACKGROUND PAPERS**

### **18.1 Safer Hartlepool Partnership 26<sup>th</sup> February 2024 Strategic Assessment 2022 – 2023**

Safer Hartlepool Partnership 26<sup>th</sup> February 2024 Draft Community Safety Plan 2024-2027

Finance & Policy Committee 16<sup>th</sup> September 2024 Draft Community Safety Plan 2024-2027

Audit & Governance Committee 24<sup>th</sup> September 2024 Draft Community Safety Plan 2024-2027

Safer Hartlepool Partnership 31<sup>st</sup> January 2025 Community Safety Plan 2024-2027

## **19. CONTACT OFFICERS**

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Sign Off:-

Managing Director	Date: 29/01/2025
Director of Finance, IT and Digital	Date: 29/01/2025
Director of Legal, Governance and HR	Date: 29/01/2025

# 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 Borough. 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 95,366 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%).

 <p><b>Population</b></p>	<p>Hartlepool's population has increased slightly over the past 5 years from 92,401 in 2019 to 95,366 in 2023.</p>	<p>Hartlepool's population is becoming more diverse with increasing numbers of ethnic minority residents.</p>	<p>Twenty percent of the population are aged 65 or over; whilst 21% are age 18 and under.</p>
 <p><b>Unemployment</b></p>	<p>Unemployment rates in Hartlepool are above the national and regional averages.</p> <p>Almost 70% of Universal Credit claimants in Hartlepool are not in employment.</p>	<p>The unemployment rate of young people aged 18-24 remains above the national average.</p>	
 <p><b>Deprivation</b></p>	<p>Hartlepool has pockets of high deprivation where communities experience multiple issues: higher unemployment, lower incomes, child poverty, ill health, low attainment, poorer housing conditions and higher crime rates.</p>	<p>Hartlepool is the 25<sup>th</sup> most deprived local authority area out of 317 local authority areas.</p>	<p>Inequality within Hartlepool is getting worse, with the gap between the most deprived and the least deprived parts of the town widening.</p>
 <p><b>Health &amp; Wellbeing</b></p>	<p>Hartlepool residents spend a higher proportion of their lives in poor health than in other local authority areas.</p>	<p>Hartlepool has the highest rate of alcohol-related hospital admissions in the northeast region at 3,629 per 100,000 population. This is significantly higher than the national rate.</p>	<p>At 14.8 per 100,000, the rate of drug-related deaths in Hartlepool is significantly higher than the regional rate and almost three times the national rate.</p>
 <p><b>Housing</b></p>	<p>Over half of the properties in Hartlepool are within the lowest "Band A" Council Tax bracket.</p> <p>31% of pensioners in Hartlepool live alone, which is associated with multiple adverse outcomes.</p>	<p>Geography</p>	<p>Community safety problems are not evenly spread and tend to be concentrated in geographic hotspots, particularly in the most deprived wards in Hartlepool.</p>

#### 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 Borough.

##### **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**

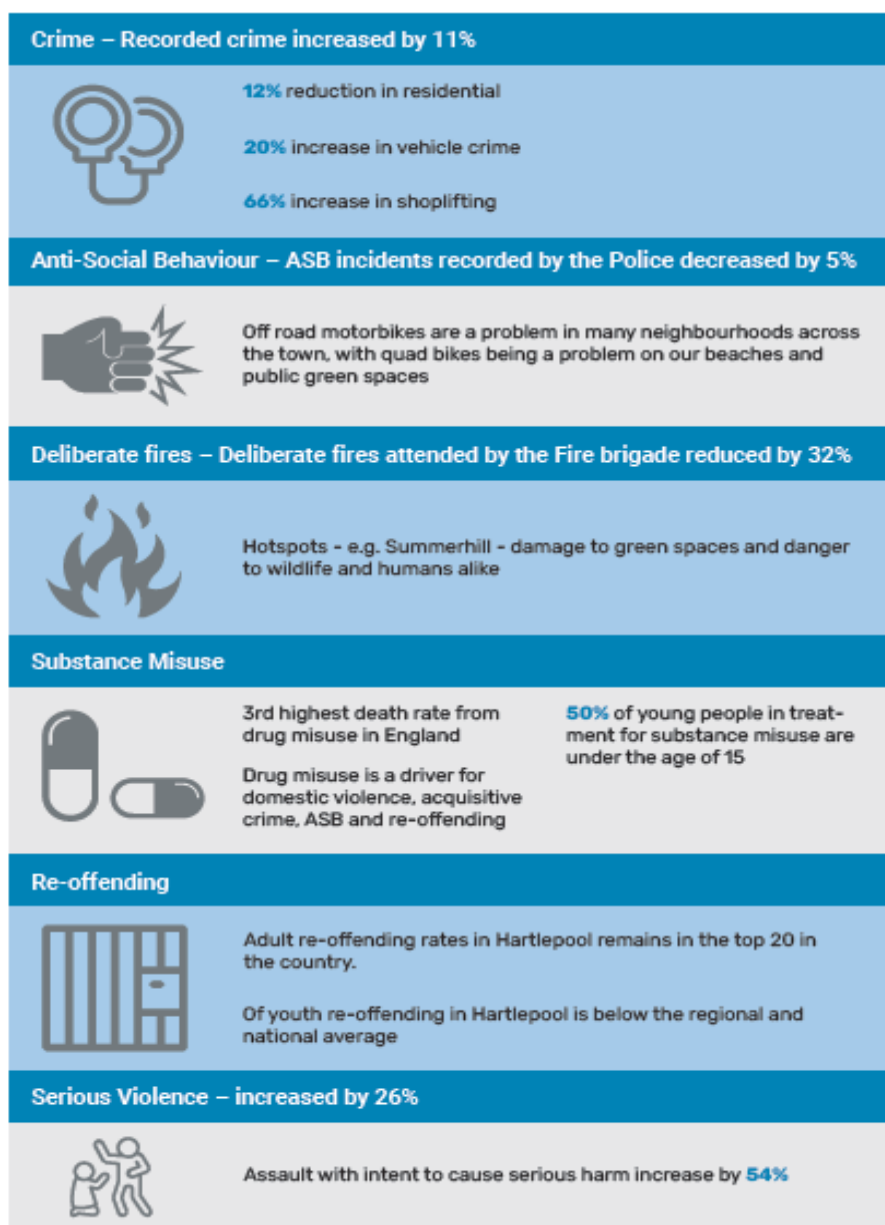
- **Domestic Abuse Needs Assessment** undertaken and Domestic Abuse Strategy developed.
- **Improved provision** of safe accommodation for victims of Domestic Abuse



- **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.



Community Safety Partnerships are arranged in “Most Similar Groups<sup>1</sup>” with 14 other CSPs, determined by various measures including population figures and

<sup>1</sup> 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.

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)

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

The Safer Hartlepool Partnership has a statutory obligation to engage and consult with the communities of Hartlepool about community safety priorities.

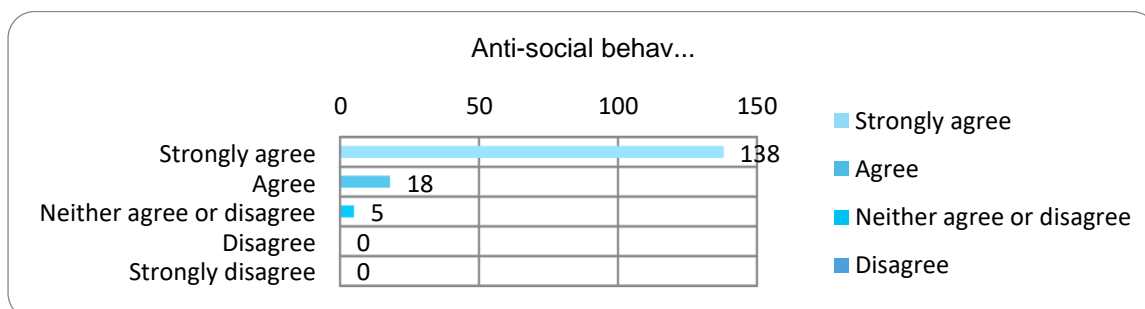
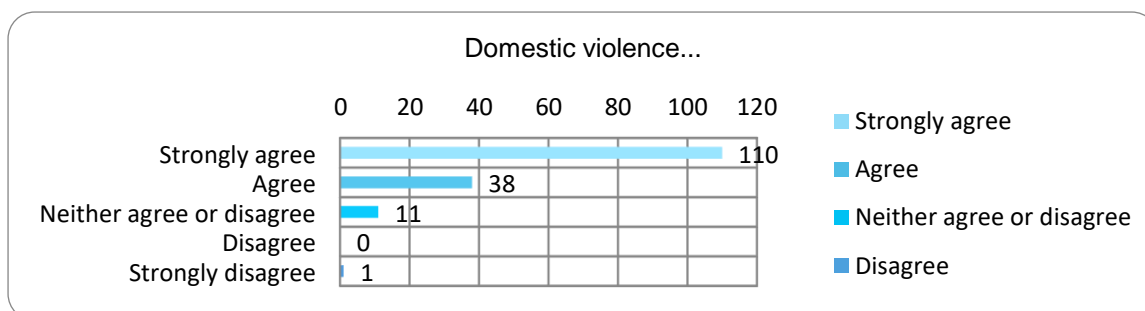
The Community Safety Survey is designed to assist the Partnership to:

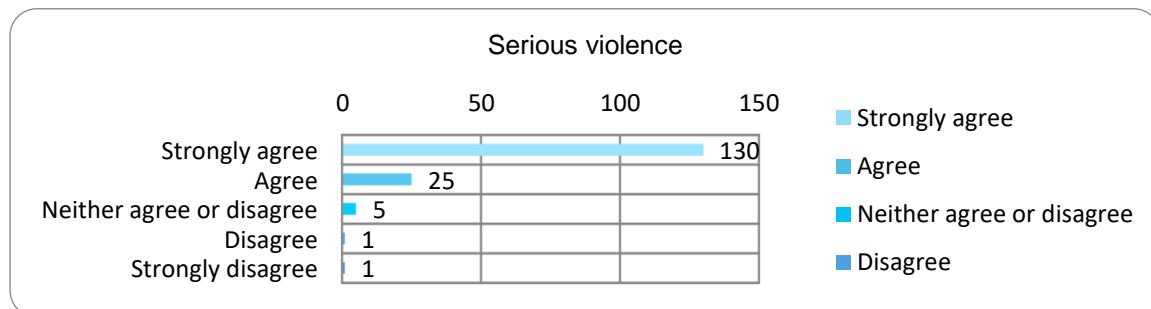
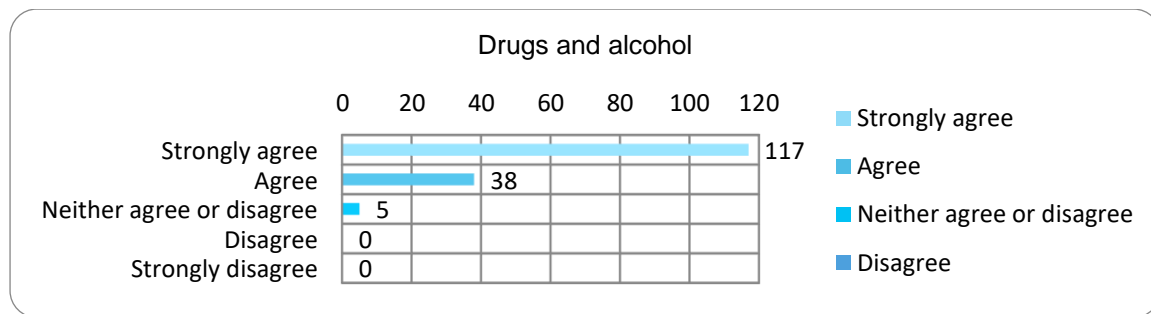
- Gain a wider understanding of public perception of crime and anti-social behaviour in the local area;
- Understand what makes people feel safe and unsafe; and
- Understand which issues cause most concern

Analysis of the results of the survey conducted in 2024 highlighted that, although many residents perceive crime and anti-social behaviour to be a problem in their area, with off road bikes being highlighted as the biggest concern. More than half of respondents said they had not been a victim of crime in the previous 12 months.

When asked about feelings of safety, whilst most respondents said they feel safe being outside during the day the majority felt unsafe at night. Those who said they felt unsafe stated this was due to poor street lighting, lack of police, suspicious people hanging around and people dealing drugs.

Respondents were asked to what extent they agree with each of the priorities identified in the Community Safety Plan 2024-27 and gave clear support to these priorities.





## 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 - 2027

As with any Borough 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 Borough 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 Borough 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 Borough.

## Domestic Violence and Abuse

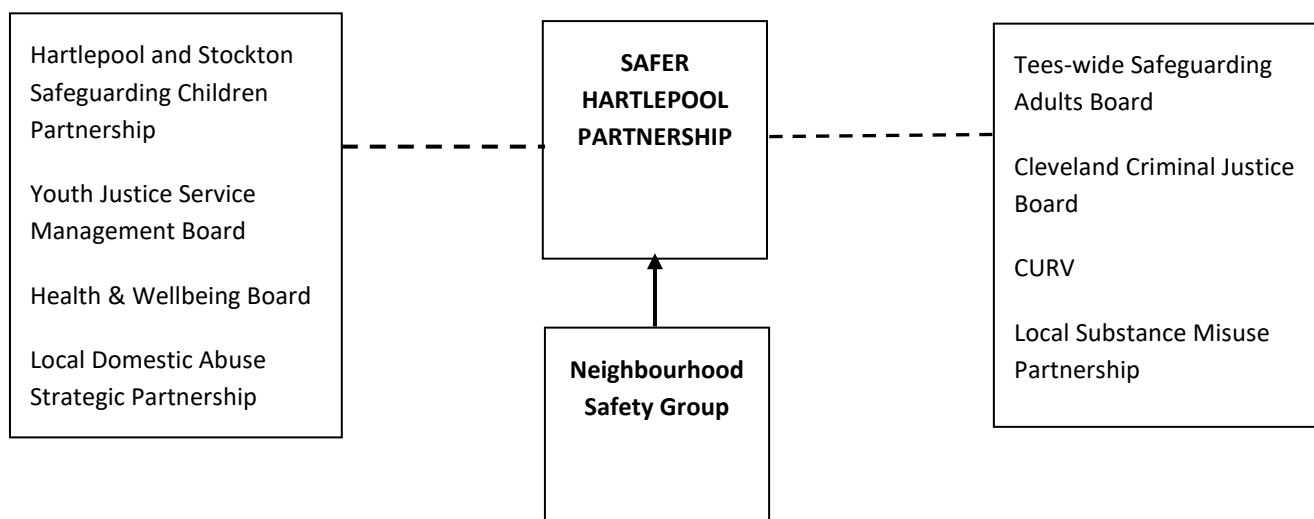
The Partnership will work together to safeguard individuals and their families from domestic violence and abuse. Working with the Office and the Police and Crime Commissioner, the development of a perpetrator strategy is a key priority for 2024/25.

## 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. There are 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.

**Links to other plans/documents relevant to this Plan:**

- Hartlepool Borough Council Community Safety Team

[Community safety | Hartlepool Borough Council](#)

- Police and Crime Commissioner Police and Crime Plan

[2024-27-Police-and-Crime-Plan.pdf](#)

- Teeswide Safeguarding Adults Board Strategic Plan:

<https://www.tsab.org.uk/wp-content/uploads/2024/06/Strategic-Business-Plan-2022-25-V3-Final-April-2024-Accessible.pdf>

- Hartlepool Borough Council Domestic Abuse Strategy

[Domestic Abuse Strategy 2021 - 2025 | Hartlepool Borough Council](#)

- Hartlepool and Stockton-on-Tees Safeguarding Children Partnership Annual Report

[hsscp-annual-report-2023-24.pdf](#)



For further information contact:

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# COUNCIL

20<sup>th</sup> February 2024



**Report of:** Finance and Policy Committee

**Subject:** HOUSING REVENUE ACCOUNT BUSINESS PLAN  
2024/25

## 1. COUNCIL PLAN PRIORITY

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

## 2. PURPOSE OF REPORT

- 2.1 The purpose of this report is to enable Members to consider the proposed rent increase for 2024/25 as recommended by Finance and Policy Committee.

## 3. BACKGROUND

- 3.1 In accordance with the Constitution, Finance and Policy Committee is required to consider and recommend the rent increase for our housing stock for the forthcoming financial year (2024/25) for consideration by Council.
- 3.2 Finance and Policy Committee received a report on the Housing Revenue Account Business Plan 2024/25 on the 10<sup>th</sup> February 2025, which can be found at **Annex 1**.
- 3.3 The report covers this year's business plan and details our key council housing priorities, showing how we intend to develop our services to tenants, how we intend to address key Government policy changes and how we intend to grow and

develop the Housing Revenue Account (HRA) portfolio. The plan provides an update on our key priorities for council housing and how we aim to deliver and achieve these over the coming years and an overview of the financial sustainability of the HRA setting out the proposed rent increase.

- 3.4 The report explains some of the key challenges facing the HRA, as the most important and critical part which cannot be underestimated when managing the HRA is to maintain financial viability while delivering good quality homes and services to tenants. Therefore the HRA is required to be self-sustaining and must not go into deficit, so those identified challenges must be managed in a way that does not impact on its financial status.
- 3.5 The report also covers the HRA business plan financial model and how the income into the HRA mainly comes from tenant rents, with other income received from government grant for development. The HRA income is used to provide services to council housing tenants such as housing management services, repairs and maintenance and a capital investment programme. The HRA is a separate ring fenced account and all costs have to be met from rental income. There can be no cross subsidy between the HRA and General Fund Revenue Budget, and vice versa. The health of the HRA is thus paramount and is subject to specific Government regulations.

#### **4. PROPOSALS**

- 4.1 Government rent policy introduced from 2020/21 allowed for rents to increase by a maximum of 1% plus CPI inflation. Previous Council decisions to approve a rent freeze, or a below the maximum level allowed, has reduced the rental income and negatively affected the health of the HRA.
- 4.2 Therefore it is proposed that a rent increase of 2.7% (CPI 1.7% + 1% increase) is approved in line with the maximum allowable under current rent policy.
- 4.3 The HRA model has assumed this level of increase, and this results in a minimal surplus to the HRA of £8,000. Without this proposed rent increase the HRA budget becomes unsustainable and would go into deficit.
- 4.4 Although the best case scenario includes the greatest average weekly rent increase for tenants, the Government will provide additional funding for those tenants receiving housing benefit and Universal Credit to meet this demand. Approximately two thirds of HRA tenants will therefore have all or part of their rent increase funded by the Government. This increase would also likely be in line with other social housing providers operating in Hartlepool. Maximising the rent increase will fund some of the measures being introduced to address the policy changes highlighted above such as meeting the decent homes plus standard, improving energy efficiency and tackling damp and mould.
- 4.6 The report provides information on the HRA reserve explaining that the HRA ring-fence means that the HRA reserve can only be used for its purposes. It is also the only source of funding available to fund deficits and therefore must be kept at a

level which ensures the HRA remains viable. The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become 'overdrawn'.

## 5. OTHER CONSIDERATIONS

<b>RISK IMPLICATIONS</b>	All risks are set out within section 6 of the main report contained in <b>Annex 1</b> .
<b>FINANCIAL CONSIDERATIONS</b>	Outlined in sections 7 and 8 of the main report contained in <b>Annex 1</b> .
<b>LEGAL CONSIDERATIONS</b>	No relevant issues.
<b>CHILD AND FAMILY POVERTY</b>	Issues of affordability and fuel poverty outlined in section 6 <b>Annex 1</b> , while the Housing Team support vulnerable families as also set out in section 6.
<b>EQUALITY AND DIVERSITY CONSIDERATIONS</b>	No specific considerations.
<b>STAFF CONSIDERATIONS</b>	No further staff are required at present to implement the changing workload set out in the report. The Housing Team has all positions currently filled following the restructure in 2022. Should additional staff be needed as the HRA stock grows or workloads increase due to policy pressures this will be identified in future reports and costs covered by the HRA.
<b>ASSET MANAGEMENT CONSIDERATIONS</b>	All housing related asset management considerations have been detailed in the report contained in <b>Annex 1</b> .
<b>ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS</b>	The SHDF work detailed in section 6 in <b>Annex 1</b> contributes towards the Council's newly adopted Net Zero Strategy.
<b>CONSULTATION</b>	None

## 6. RECOMMENDATIONS

6.1 Finance and Policy Committee recommended to refer to Council:

- i) To agree to the rent increase of 2.7% for 2025/26 for our own housing stock as set out in the Finance and Policy Report found at **Annex 1**.

## **7. REASONS FOR RECOMMENDATIONS**

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

## **8. BACKGROUND PAPERS**

- 8.1 Finance and Police Committee report and minutes of 10<sup>th</sup> February 2025.

## **9. CONTACT OFFICER**

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Telephone: 01429 523400

# FINANCE AND POLICY COMMITTEE

10<sup>TH</sup> FEBRUARY 2025



**Subject:** HOUSING REVENUE ACCOUNT BUSINESS PLAN  
UPDATE 2025/26

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

**Decision Type:** Key (DNRS 10/23)

## 1. COUNCIL PLAN PRIORITY

Hartlepool will be a place:
- where people are enabled to live healthy, independent and prosperous lives.
- of resilient and resourceful communities with opportunities for all.
- that has an inclusive and growing economy.

## 2. PURPOSE OF REPORT

- 2.1 This report provides an updated Housing Revenue Account (HRA) Business Plan and a performance update of the HRA activity.
- 2.2 It proposes a rent increase for 2025/26 and seeks approval to refer this decision to Council.
- 2.3 The report also seeks approval of the expenditure budget for the HRA.

## 3. BACKGROUND

- 3.1 The 2025/26 business plan covers our key council housing priorities, showing how we intend to develop and deliver our services to tenants, how we intend to address key Government policy changes and how we intend to

grow and develop the HRA portfolio in future years. This year's plan provides an update on our key priorities and challenges for Council housing, how we aim to deliver and achieve these over the coming years, and importantly an overview of the financial sustainability of the HRA. The report builds on the context and issues impacting the HRA set out in the Business Plan Report approved at Finance and Policy Committee on the 22<sup>nd</sup> January 2024.

#### **4. KEY POLICY CHANGES**

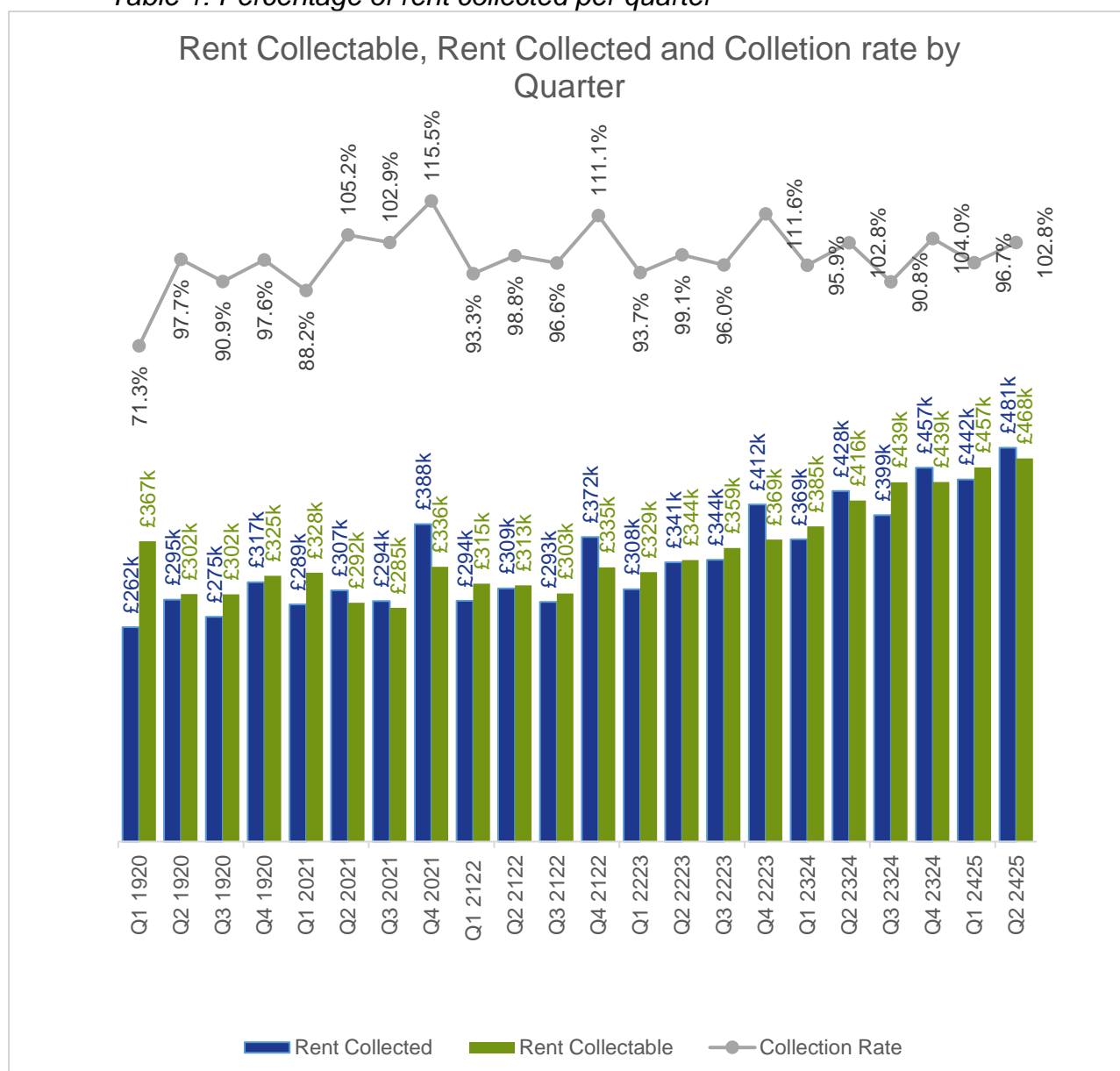
- 4.1 The Social Housing (Regulation) Act 2023 is a law that aims to improve safety, standards and operation of social housing in the United Kingdom, which came into effect from April 2024. The act strengthens the powers of the Regulator of Social Housing to ensure housing associations are compliant with consumer standards by allowing regular inspections, unlimited fines, proactive enforcement and the ability to create performance improvement plans. The Act also introduces new consumer standards that cover health and safety, landlord transparency and housing management staff qualifications (the final details yet to be published). The Act also aims to improve property conditions with the introduction of 'Awabb's Law' in honour of Awaab Ishak, who died in 2020 from exposure to damp and mould in his parents' social rented home. These policy changes have had an impact on the Council's housing management services.
- 4.2 As part of this regulatory change the Housing Ombudsman's Complaint Handling Code came into force, setting out best practice for landlord's complaint handling procedures, to enable a positive complaints culture across the social housing sector, regardless of the size or type of landlord. The Code encourages landlord-tenant relationships so that residents can raise a complaint if things go wrong. We have introduced our stand-alone complaints policy, which came into force from the 1<sup>st</sup> April 2024. Not only does the policy comply with the requirements of the Act, but is also emphasises our positive complaint handling culture.
- 4.3 In addition we are preparing for changes which are likely to come into effect through the Renters Rights Bill. One of the key changes will be relating to fixed term tenancies which are likely to be abolished for social landlords when the Bill is enacted.

#### **5. HRA PERFORMANCE**

- 5.1 The Council's housing stock now has a total of 356 properties located throughout Hartlepool. Since the last business plan update in January 2024 we have acquired 8 properties through the Afghan Relocation Programme, which are all 3 and 4 bedroom family homes, while two homes have been sold through Right to Buy.

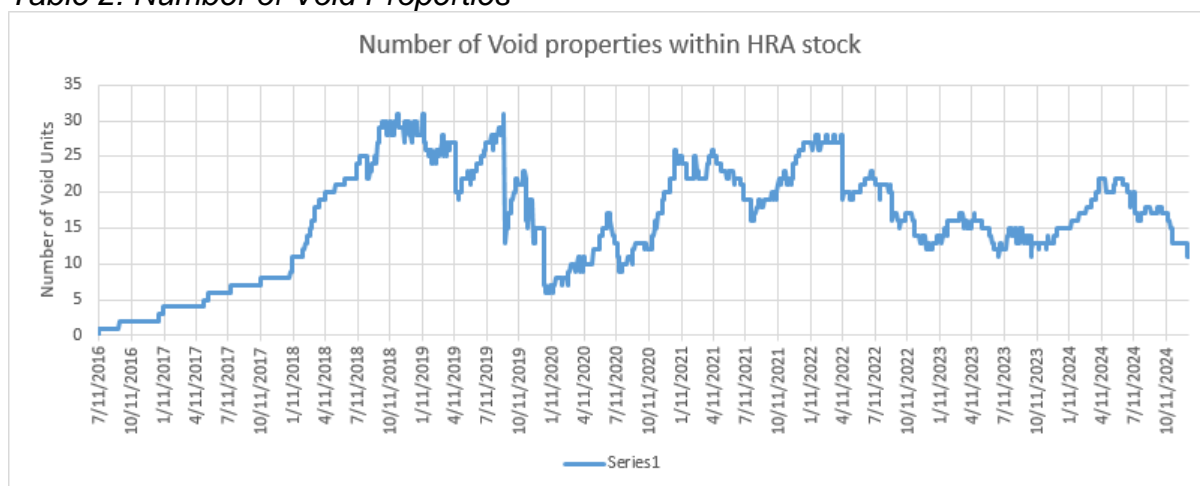
- 5.2 The Council aims to deliver an effective and efficient housing management service and monitors several indicators to track performance and improve services.
- 5.3 Efficient collection of rent is essential to the financial health and sustainability of the HRA. Table 1 below demonstrates that our rates of rent collection are strong at 102.8% (Q2 24/25) and higher than the average rent collection rate for social housing across the UK which was 97.2%. The above 100% collection rate is due to rent arrears collection. While collecting rent is a challenge, the housing management team work with tenants to resolve rent account issues and maximise tenants' income and we engage with tenants to provide affordable payment plans when accounts fall into arrears with the aim of sustaining tenancies. There have been no evictions this financial year on rent arrears grounds due to this approach.

Table 1: Percentage of rent collected per quarter



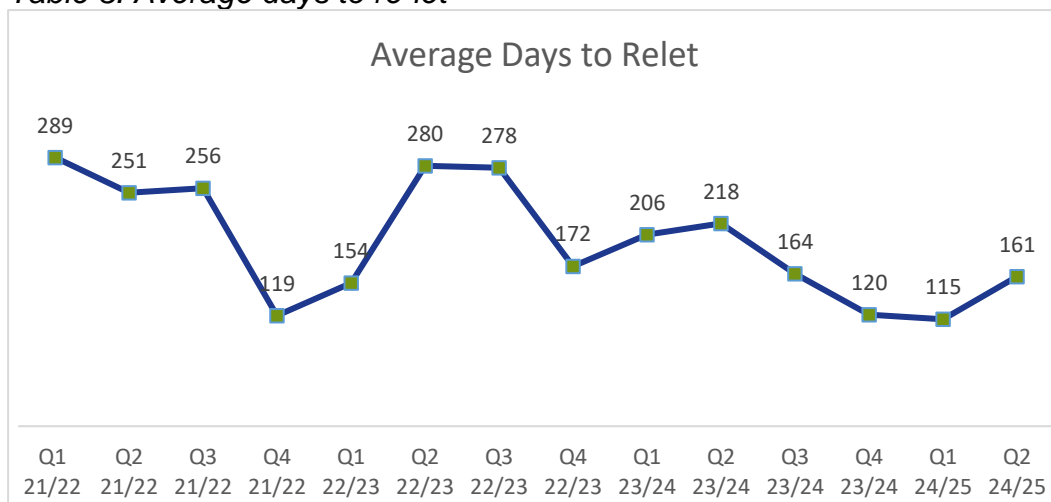
- 5.4 In order to maximise income to the HRA and provide accommodation to meet the needs of local residents, we must deliver an effective void management process to ensure that when tenancies end, properties are ready to re-let quickly and that these properties are of a high standard. As you can see from Table 2 below, void property numbers have decreased since 2022 with the current void rate being 4.2% of stock. This is slightly higher than the standard void rate for social housing stock which is 4%.

*Table 2: Number of Void Properties*



- 5.5 Table 3 below demonstrates the number of days taken to re-let a void property within our housing stock. This is calculated from the date the property becomes void to the date a new tenancy commences. The current figure of 161 days is significantly higher than the industry target of 2-4 weeks as difficult to let properties, such as our older Victorian terraced properties, disproportionately impact on this figure. Improvements to the speed of void properties being let will impact on the financial health of the HRA and there will be an emphasis on improving this in 2025/26 by working with the building construction team to deliver void repairs in a more efficient manner and inspecting and advertising properties quickly once void.

*Table 3: Average days to re-let*



**Lettings Overview**

- 5.6 The Housing Management Team is responsible for allocating and letting Council homes. Between April 2023 and September 2024, there have been 71 properties let and we have entered into 3 MOU (Memorandum of Understanding)/lease agreements. On Hartlepool Home Search we have advertised and let 61 properties since its launch in April 2023 up until the end of September 2024.

**Lettings by band**

- 5.7 By allocating and letting 48% of our stock to band one applicants we are contributing to addressing homeless priorities in the Borough by providing good quality accommodation to those applicants in the highest level of housing need. Definitions of the four bands are set out in Appendix 3.

*Table 4: Breakdown of these lettings by priority banding*

Band 1	48%
Band 2	31%
Band 3	11%
Band 4	10%

**Lettings by house type**

- 5.8 We let 61 properties via Hartlepool Home Search between April 2023 and September 2024 and these covered a range of property types.

*Table 5: Breakdown of property types from April 2023 to September 2024*

1 bed house	5%
2 bed house	48%
3 bed house	26%
4 bed house	1.5%
2 bed bungalow	18%
2 bed flat	1.5%

**Average number of bids per property type**

- 5.9 The below data sets out the average number of bids placed for each property type since we began advertising homes on Hartlepool Home Search – to September 2024 (applicants must place a bid on preferred properties on Hartlepool Home Search to be considered). The data demonstrates the popularity of the new build homes. The data also demonstrates the lack of demand for our older two bedroom terraced homes in particular, which have very few bids overall.

*Table 6: Average bids per property type*

1 bed house (other)	average 32 bids
2 bed house (new build)	average 94 bids

2 bed house (other)	average 24 bids
3 bed house (new build)	average 81 bids
3 bed house (other)	average 51 bids
4 bed house (new build)	average 33 bids
2 bed bungalow (new build)	average 38 bids
2 bed flat (new build)	average 35 bids

- 5.10 In addition to the information provided above we have implemented a more direct approach to estate management, with regular inspections, maintenance of any communal areas and enforcement being carried out, where necessary, to improve the visual appearance of areas such as Golden Meadows, Gladys Worthy Close and Empire Square. These regular inspections are having a positive impact on the area and for residents living within Council properties. However this has resulted in increased costs due to more reporting of maintenance issues which are subsequently addressed.

## 6. KEY CHALLENGES AND FUTURE PRIORITIES FOR THE HRA

- 6.1 The overall challenge for the HRA is to maintain financial viability while delivering good quality homes and services to tenants. The HRA is required to be self-sustaining and not go into deficit. There are a number of key challenges being faced by the HRA, which by being addressed, therefore will improve the HRA offer accepting this will have a financial impact. Since the last business plan update in January 2024, the impact of the requirements of the Social Housing Regulation Act are now fully implemented and costs associated with delivering these services are increasing.

### Repairs and Maintenance

- 6.2 The Council has the responsibility to maintain its housing stock to a good standard and provide a responsive repairs service. This service is delivered in house by the housing maintenance team. The HRA is under financial pressure from the costs associated with delivering this service, as they have increased annually, and quite significantly in recent years, as show in table 7 below.

*Table 7: Average cost of repairs per property*

Financial Year	Average cost per dwelling
2021/22	£706
2022/23	£655
2023/24	£1,560
2024/25 (part year figures – only 9 months)	£1,285*

*\*Estimate for full year £1750 per dwelling*

- 6.3 While our housing stock has increased year on year the table demonstrates that the average cost of repair per property is increasing as more repairs are

being reported and the cost of delivering this repair service increases. This is due to a number of factors. Firstly, properties acquired through empty homes funding that we refurbished are now requiring more extensive repairs, and in addition properties built in 2009/10 are also requiring more significant repairs as the lifespan of some of the elements within the property are coming to the end of their serviceable life. The quantity of major repairs are therefore significantly higher than in previous years and likely to increase further.

- 6.4 The housing management team are currently carrying out annual inspection visits of all properties. This has resulted in repair issues being identified by our staff and reported. While this is beneficial to the residents, it does result in increased number of repairs and increased costs to the HRA.
- 6.5 In addition to general repairs we have seen increased costs in relation to tackling damp and mould, particularly in older terraced properties. A serious approach is taken with this issue, providing a responsive service to tackle any causes of damp and mould in tenants' homes. This approach includes the installation of mechanical ventilation systems to ventilate properties and tackle condensation, while also carrying out any structural works required to a property. This action is resulting in increased costs to the HRA and is pressure that is likely to continue. Table 8 demonstrates the year-on-year increase relating to tackling damp and mould in Council properties, and how this is impacting the financial position of the HRA.

*Table 8- Costs of damp and mould related interventions*

Year	Cost
2021/22	£11,561
2022/23	£31,008
2023/24	£41,700
2024/25 (costs to date)	£89,055

- 6.6 As noted, a programme of carrying out stock condition surveys is currently underway with a third of properties already surveyed. A requirement of the new Safety and Quality Consumer Standard published by the regulator for social housing in April 2024 requires Registered Providers to have an *'accurate record of an individual property level of condition of their homes, based on a physical assessment of all homes'*. Our programme of stock condition surveys has been established to meet this standard and will also provide valuable data in terms of financial planning for major repairs and improvements over the lifetime of the property.

### **Delivering Disabled Adaptations**

- 6.7 There has been 3 major adaptations in our homes in 2024/25 to date which include two replacement kitchens and one level access shower, costing £27,790. In order to meet the needs of Council tenants in their homes we may be required to carry out adaptations to the housing stock, which can range from minor adaptations, such as handrails, to major adaptations, which could include property extensions. The HRA is required to fund reasonable

adaptations where they have been approved following an Occupational Therapist Assessment (Equality Act 2010). Disabled Facilities Grant funding for such adaptations is not permitted due to HRA self-financing regulations, therefore this becomes a financial risk to the HRA. In addition, there is uncertainty around the number of adaptations that may be required each year as this depends on the changing needs of tenants. A budget funded from existing major repairs reserve has therefore been allocated for this work, but this does place increasing financial pressure on the HRA.

### **Improving energy efficiency**

- 6.8 Due to the nature of earlier property acquisition of empty homes, many of our homes are older stock which tend to perform poorly in respect of energy efficiency. The Council has been successful in securing funds through the Social Housing Decarbonisation Fund, where funding is provided to retrofit energy efficiency measures to 40 of our homes over the course of the project, including air-source heat pumps, solar photovoltaics and insulation.
- 6.9 The aim is to improve properties to an EPC Band C, thereby delivering warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs. An allocation of £209,800 for further capital measures has been secured and the project is match funded by HRA resources.
- 6.10 While the match funding is a pressure on HRA resources, in particular the major repairs reserve, it facilitates additional investment from grant funding to improve Council homes that would be required in any event to improve the energy efficiency of its homes in line with its obligations to meet relevant standards. Subsequent phases of this project, if implemented, will require additional contributions from the HRA.

### **Loss of homes through Right to Buy**

- 6.11 We continue to plan for the loss of homes through Right to Buy (RTB), with two sales this financial year to date. The impact of each RTB sale will be detrimental to the HRA, with a typical average loss of net rental income of approximately £2,300 per house and an average overhanging debt of £38,000 as the HRA is left with outstanding debt without rental income to cover the cost of borrowing.
- 6.12 This is particularly challenging for Hartlepool as these properties cross subsidise the empty properties. Due to already implemented legislation changes, the forecast RTB sales have been reduced to one per year in the business plan. There is a further Government consultation currently underway regarding right to buy legislation and should discounts be even less favorable to tenants in the future, fewer Right to Buys are likely to progress, therefore helping the financial viability of the HRA.

**Tenancy management and support**

- 6.13 Over the past two years we are seeing an increased number of complex management cases involving tenants requiring support on a range of welfare issues who have a number of vulnerabilities. While the current housing management team structure has capacity to deliver these services, this will need to be reviewed on a regular basis and when the Council's housing stock increases. Any additional staff required would be funded directly from the HRA. In addition, a policy to reflect the management of tenancies with vulnerabilities will be developed in 2025 to set out our approach to management and support, which also fits with the Government agenda of getting to know your tenants.

**Delivering new homes**

- 6.14 One of the key principles of the HRA is to grow the stock, increasing the number of good quality homes and improving the financial robustness of the HRA. We have delivered a number of new build schemes in recent years and the team are exploring all opportunities to purchase and build new homes in Hartlepool.
- 6.15 However any new housing development proposed by the Council must be approved individually by Finance and Policy Committee and is subject to a robust business case identifying a surplus of £500 per unit per annum. This ensures that new developments contribute positively to the health and viability of the HRA in the longer term.
- 6.16 Therefore the house type and quality must meet an identified housing need to reduce the long term maintenance liability. Homes England grant for new properties will be sought on an individual scheme basis to support scheme viability. Subject to demonstrating viability new development schemes will be brought to Finance and Policy Committee in 2025 for approval, which aim to make best use of Council owned sites to deliver affordable homes that directly meet the needs of Hartlepool residents.

**Compliance Audit Report**

- 6.17 The HRA is subject to annual compliance audits from Homes England. The purpose of the Compliance Audit is to assess whether grant recipients have met Homes England's funding conditions, contractual requirements and have properly exercised their responsibilities as set out in the Capital Funding Guide. Homes England use the audit outcomes to inform future investment decisions and to reassure the Homes England Chief Accounting Officer that public funds have been properly used.
- 6.18 In January 2025, Homes England confirmed that the Council received a Green rating in the compliance audit for the Brenda Road development in 2024/25. This means that requirements were met and on review of the evidence provided, the outcome of the audit has shown that the Council has

complied with all the programme requirements and guidance. A green grade has been assigned and no breaches were identified. This is positive news and puts the Council in a strong position when submitting future grant applications.

## **7. HRA BUSINESS PLAN FINANCIAL MODEL**

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

### **Revised Business Case**

- 7.2 The Council uses a sophisticated financial model to facilitate the budget and business planning process, forecasting over a 40-year period and is a member of a 'HRA User Group' with 26 other Councils. This has been beneficial for ensuring key assumptions used in the model are reasonable and up to date. A considerable amount of work has been undertaken to update the original business case assumptions in line with the actual experience and updating variables for rent levels and inflation experienced in 2024/25. A summary of this business case and budget for 2025/26 is set out in **Appendix 1**.
- 7.3 In recent years there have been several factors which have put the HRA under extreme pressure but have been managed through the prudent and resilient business case model underpinning it. However, this is becoming increasingly difficult and some adjustments to the business plan will be necessary to ensure continued sustainability. These pressure factors include new Government policies and an increasingly challenging operating environment. The factors have been summarised above but include:
- Cost inflation out of sync with retail price index (RPI);
  - Cost inflation out of sync with consumer price index (CPI);
  - Right to Buy levels;
  - Cost of repairs;
  - Rent arrears and the impact of benefit changes;
  - Void Levels which impact on rent and repairs;
  - Interest rate changes;
  - Requirements around Decent Homes plus including safeguarding against damp and mould within our properties; and
  - The cost of delivering disabled adaptations in our properties.

7.4 In addition to the pressures highlighted above, there are several factors which create additional pressure on the financial viability of the HRA and reduce the ability to make prudent voluntary contributions to the Major Repairs Reserve, resulting in increased risk in future years:

- Capital financing costs are increasing and will continue to increase in future years;
- The staff pay award, and other inflationary pressures have an impact as the management charges for each HRA property are fixed; and
- Higher repairs and capital costs associated with major repairs and adaptations have an impact on overall resources and also impact on the fixed asset charge to the HRA.

### **Rent setting for 2025/26**

7.5 Government rent policy introduced from 2020/21 allowed for rents to increase by a maximum of 1% plus CPI inflation. Council took a decision to approve a rent freeze at that time and rents remained at their 2019/20 level. In April 2023 Members approved a rent increase of 5% which was below the maximum level of 7%. The impact of this reduced rental income continues to negatively affect the health of the HRA.

7.6 It is proposed that a rent increase of 2.7% (CPI 1.7% + 1% increase) is approved in line with the maximum allowable under current rent policy. The HRA model has assumed this level of increase, and this results in a minimal surplus to the HRA of £8,000 as **Appendix 1** demonstrates. Without this proposed rent increase the HRA budget becomes unsustainable and would go into deficit.

7.7 The Government will provide additional funding for those tenants receiving Housing Benefit and Universal Credit to meet this increased rent demand. Approximately two thirds of HRA tenants will therefore have all or part of their rent increase funded by the Government. This increase would also likely be in line with other social housing providers operating in Hartlepool. Maximising the rent increase will fund some of the measures being introduced to address the policy changes highlighted above, such as delivering an efficient repairs service, improving energy efficiency and tackling damp and mould.

## **8. HRA RESERVE**

8.1 The HRA ring-fence means that the HRA reserve can only be used for the purposes of the HRA. It is also the only source of funding available to fund deficits and therefore must be kept at a level which ensures the HRA remains viable. The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become 'overdrawn'.

- 8.2 In 2018/19 there was a £0.190m depletion of the HRA reserve, which was a significant reduction in a single financial year and not sustainable. This position was stabilised in 2019/20 and 2020/21, when the HRA reserve was largely reinstated. The current HRA reserve at 1<sup>st</sup> April 2024 is £500,000 and is forecast to rise to £528,000 at 1<sup>st</sup> April 2025 and £536,000 by 31<sup>st</sup> March 2026 if the 2.7% rent increase is approved. This is required to provide financial resilience to withstand future potential and unexpected pressures.

### **Robustness Advice**

- 8.3 The Local Government and Housing Act 1989 section 76 requires that Councils must ensure that the HRA budget does not allow for the HRA Reserve to become 'overdrawn'.
- 8.4 To ensure this position does not arise a robust approach is taken to assess forecast HRA income and costs. On this basis the recommended 2.7% rent increase provides the most robust and sustainable basis for the HRA and the continued delivery of the Council's housing objectives.

### **Capital Implications**

- 8.5 An Expression of Interest has been submitted for the Social Housing Decarbonisation Fund Phase 3 as part of the TVCA led consortium application. Should this be successful the Council would be required to contribute match funding of up to £225,000, equating to 50% of the total cost of works over a two-year programme. As this relates to the Council's social housing stock, the HRA would fund this from the Major Repairs Reserve (MRR).
- 8.6 The HRA capital programme and approved resources are outlined in **Appendix 2** along with proposed additions to the capital programme for 2025/26.

<b>RISK IMPLICATIONS</b>	All risks are set out in section 6.
<b>FINANCIAL CONSIDERATIONS</b>	Outlined in sections 7 and 8.
<b>SUBSIDY CONTROL</b>	No relevant issues.
<b>LEGAL CONSIDERATIONS</b>	No relevant issues.
<b>CHILD AND FAMILY POVERTY</b>	Issues of affordability and fuel poverty outlined in section 6. The Housing Team support vulnerable families as set out in section 6.

<b>EQUALITY AND DIVERSITY CONSIDERATIONS</b>	No specific considerations.
<b>STAFF CONSIDERATIONS</b>	No further staff are required at present to implement the changing workload set out in the report. The Housing Team has all positions currently filled following the restructure in 2022. Should additional staff be needed as the HRA stock grows or workloads increase due to policy pressures this will be identified in future reports and costs covered by the HRA.
<b>ASSET MANAGEMENT CONSIDERATIONS</b>	All housing related asset management considerations have been detailed in the report.
<b>ENVIRONMENT, SUSTAINABILITY AND CLIMATE CHANGE CONSIDERATIONS</b>	The SHDF work detailed in section 6 contributes towards the Council's newly adopted Net Zero Strategy.
<b>CONSULTATION</b>	None.

## 9. RECOMMENDATIONS

- 9.1 Members are asked to agree to the recommended rent increase of 2.7% for 2025/26 and refer the decision to Council on 20<sup>th</sup> February 2025 for approval, noting the overall contents and strategy of the HRA Business Plan 2025/26.
- 9.2 Members are also asked to approve the full HRA expenditure budget for 2025/26 detailed in **Appendix 1**.
- 9.3 Approve the use of up to £225,000 of the Major Repairs Reserve as match funding towards the Social Housing Decarbonisation Fund Phase 3, subject to the grant bid being successful.

## 10. REASONS FOR RECOMMENDATIONS

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

**11. BACKGROUND PAPERS**

- 11.1 Finance and Police Committee report and minutes of 21<sup>st</sup> November 2022, 13<sup>th</sup> March 2023 and the 22<sup>nd</sup> January 2024.

**12. CONTACT OFFICERS**

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Sign Off:-

Managing Director	Date: 29/01/2025
Director of Finance, IT and Digital	Date: 29/01/2025
Director of Legal, Governance and HR	Date: 29/01/2025

## APPENDIX 1

**Housing Revenue Account (HRA) 2025/26****Proposed Budget for 2.7% Rent Increase**

	<b>2025/26 BUDGET £'000</b>
<b>Income</b>	
Dwelling Rents	(1,915)
Non-dwelling Rents - Other Income	(30)
Charges for services and facilities	(4)
<b>Income sub total</b>	<b>(1,949)</b>
<b>Expenditure</b>	
Repairs and maintenance	538
Supervision and management (Note 2)	487
Rents, rates, taxes and other charges	20
Right to Buy Reserve	5
Depreciation (Major Repairs Allowance, Note 3)	431
Discretionary Housing Payments	4
Debt Management	13
<b>Expenditure sub total</b>	<b>1,498</b>
Interest payable	465
HRA investment income	(22)
	<b>443</b>
<b>(Surplus) / Deficit for the year</b>	<b>(8)</b>
HRA Balance B/F (Note 4)	(528)
HRA Balance C/F	(536)

Note 1 – Recommended Rent increase of Max 2.7% (CPI 1.7% + 1% increase) to be approved by Council.

Note 2 - Includes staffing costs, insurance, IT and support services.

Note 3 - This relates to amounts set aside to fund capital expenditure on major repairs.

Note 4 - As per forecasted 2024/25 closing balance.

**(11)(a)(iv)**  
**Annex 1****APPENDIX 2****HRA Capital Resources**

Code	Scheme Description	Revised Budget 2024/25	Resources rephased into future years	25/26 Proposed Additions to the capital programme	Total Capital Programme
		£'000	£'000	£'000	£'000
S106	Affordable Housing	423	1,006	0	1,429
7182	Empty Homes - Phase 3	0	515	0	515
7450	Hill View Development	58	0	0	58
7726	Resettlement Accommodation	224	0	0	224
8106	New Build	0	255	0	255
8799	Major Repairs	76	0	100	176
9294	HRA Adaptations	100	0	100	200
9317	Social Housing Decarbonisation Phase 2	368	0	0	368
TBC*	Social Housing Decarbonisation Phase 3	0	0	450	450
<b>COUNCIL HOUSING - CAPITAL SCHEMES</b>		<b>1,249</b>	<b>1,776</b>	<b>650</b>	<b>3,675</b>

MEMO	Forecast uncommitted Major Repairs Reserve 1 April 2025	0	1,483	0	1,483
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\* subject to confirmation of external funding

Funding Source				
S106	Major Repairs reserve	Prudential Borrowing	TVCA Grant	Total
£'000	£'000	£'000	£'000	£'000
1,429				1,429
		515		515
58				58
	210	14		224
		255		255
	176			176
	200			200
	210		158	368
	225		225	450
<b>1,487</b>	<b>1,021</b>	<b>784</b>	<b>383</b>	<b>3,675</b>

0	1,483	0	0	1,483
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APPENDIX 3

**Banding Assessment (from 11th November 2024)**

Hartlepool Borough Council uses a Banding system to assess housing need. An applicant's current housing circumstances will be assessed and provided with a Band that reflects how urgently they need to move. There are 4 Bands.

**Band 1+**

- People owed the relief duty and in priority need currently placed in temporary accommodation

**Band 1**

- People living in Hartlepool who are losing their home due to a Council led demolition or regeneration scheme
- People assessed as statutorily homeless and in priority need
- People who are owed the homelessness prevention or relief duty and in priority need
- People at risk of domestic abuse
- People leaving HM Armed Forces community
- People who need to move on emergency medical grounds

**Band 2**

- People who need to move on urgent medical grounds
- People who are owed the homelessness prevention or relief duty but not in priority need
- People assessed as ready for independent living
- A household with a child in need or Care Leaver
- Adoptive parents or prospective adoptive parents/foster carers
- People living in unacceptable housing conditions
- Applicants who are under-occupying 3 or 4+ bedroom family homes (social rented) by 1 or more bedrooms
- People who are overcrowded by 2 or more bedrooms
- HM Armed Forces Personnel identified as having an urgent need for housing within 5 years of discharge

**Band 3**

- People who need to move due to high medical grounds
- People who need to move on hardship grounds
- People sharing facilities with persons not of the same household
- People who are overcrowded by 1 or more bedroom

**Band 4**

- People whose current home is adequate to meet their housing needs
- People who have refused a reasonable offer of accommodation or worsened their own circumstances
- People who are in rent arrears or have any housing related debt at the time that they apply to the housing register.
- People with recent unspent convictions\* or history of anti-social behaviour\*\* at the time that they apply to the housing register.

- People who do not meet the local connection criteria to Hartlepool.
- \* Recent unspent convictions will be considered those that have occurred in the 2 years prior to their housing application.
- \*\* Anti-social behaviour that has occurred more than 2 years prior to their housing application will be disregarded.

**COUNCIL**  
**20 February 2025**



**Report of:** Managing Director

**Subject:** BUSINESS REPORT

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**1. APPEALS COMMITTEE – APPOINTMENT OF INDEPENDENT MEMBER**

At the meeting of Council on 3 October 2024, it was agreed that an Independent Member be appointed to the Appeals Committee. On 22 January 2025, interviews were held and Mr John McDade was appointed to this role, subject to references and a Disclosure and Barring Service check.

**Recommendation**

Council notes the appointment.

**2. ADDITIONAL COUNCIL MEETING**

Members will recall the agreement of a programme of Council meeting dates for the year at the Annual Council meeting on 21 May 2024.

The approval of Council is sought to hold an additional meeting of Council on 1 May 2025 commencing at 7.00 pm.

**Recommendation**

That an additional meeting of Council be held on 1 May 2025 commencing at 7.00pm.

**3. POLLING DISTRICTS, AND POLLING PLACES**

As Acting Returning Officer, I have a duty to review Polling Districts and Polling Places in accordance with requirements of the Representation of the People Act 1983 and Review of Districts & Polling Placement Regulations 2006. Due regard was also given to accessibility requirements introduced under the Elections Act 2022. See attached conclusion of review attached at **Appendix 1.**

### **Recommendation**

Members are requested to note the outcome as below and be advised that all polling places are reviewed for suitability prior to any election.

**POLLING DISTRICTS, AND POLLING PLACES**  
**ACTING RETURNING OFFICER – CONCLUSION OF REVIEW OUTCOME**

**Points to note:**

- Next scheduled elections do not take place until 7 May 2026
- Hartlepool Borough Council has no control over Ward Boundaries
- Elector numbers are those who vote at polling station ie. excluding postal voters

POLLING DISTRICT	POLLING STATION NUMBER (ELECTORS)	PROPOSED POLLING PLACE	COMMENTS
<b>Burn Valley</b>			
AA	1 (766)	Eldon Grove Bowling Club	No Change – the polling station is considered to be acceptable
AB	2 (1637)	St. Matthews Community Centre	No Change – the polling station is considered to be acceptable
AC	3 (1178)	Artrium	Outside of Ward, however used successfully for a number of years and familiar to voters No Change – the polling station is considered to be acceptable
AD	4 (570)	six8nine (formerly Wesbourne Methodist Church)	No Change – the polling station is considered to be acceptable
AE	5 (762)	The Centre for Independent Living (CIL)	No Change – the polling station is considered to be acceptable
<b>De Bruce</b>			
BA	6 (721)	Barnard Grove Primary School	No Change – the polling station is considered to be acceptable
BB	7 (1815)	Space to Learn	No Change – the polling station is considered to be acceptable
BC	8 (1417)	Community Hub North	No Change – the polling station is considered to be acceptable
BD	9 (751)	Hartlepool Rovers Quoit & Social Club	No Change – the polling station is considered to be acceptable

POLLING DISTRICT	POLLING STATION NUMBER (ELECTORS)	POLLING PLACE	COMMENTS
<b>Fens &amp; Greatham</b>			
CA	10 (1174)	The Mowbray	No Change – the polling station is considered to be acceptable
CB/CC	11 (1714)	Fens Primary School	No Change – the polling station is considered to be acceptable
CD	12 (611)	Golden Flatts Primary School	No Change – the polling station is considered to be acceptable
CE/CF/CG/CH	13 (782)	Greatham Community Centre	No Change – the polling station is considered to be acceptable
<b>Foggy Furze</b>			
DA	14 (962)	Oxford Road Baptist Church	No Change – the polling station is considered to be acceptable
DB	15 (973)	Waverley Allotments	No Change – the polling station is considered to be acceptable
DC	16 (890)	Scout Centre, Stockton Road	No Change – the polling station is considered to be acceptable
DD	17 (1516)	St Cuthbert's Nursery School	No Change – the polling station is considered to be acceptable
DE	18 (881)	Belle Vue Community Centre	No Change – the polling station is considered to be acceptable
<b>Hart</b>			
EA	19 (744)	Hart Village Hall	No Change – the polling station is considered to be acceptable
EB	20 (977)	The Conservatory, Gillen Arms	No Change – the polling station is considered to be acceptable
EC	21 (1271)	Bamburgh Court	No Change – the polling station is considered to be acceptable
ED/EE	22 (1963)	Hartfields Retirement Village	No Change – the polling station is considered to be acceptable
<b>Headland and Harbour</b>			
FA	23 (837)	Central Estate Methodist church	No Change – the polling station is considered to be acceptable
FB	24 (1500)	Headland Community Fire Station	No Change – the polling station is considered to be acceptable. St Helen's Primary School to be made available as a contingency arrangement
FC	25 (1086)	Borough Hall, Middlegate	No Change – the polling station is considered to be acceptable
FD	26 (800)	Polling District FD	Venue within Polling District to be identified when election planning commences
FE	27 (1224)	Wharton Annexe	No Change – the polling station is considered to be acceptable
FF	28 (461)	St Bega's School ( <b>NEW</b> )	New polling station to accommodate the Marine Point development
<b>Manor House</b>			
GA	29 (1220)	Grange Primary School	No Change – the polling station is considered to be acceptable
GB	30 (1206)	Eskdale Academy	No Change – the polling station is considered to be acceptable
GC	31 (1321)	St Columba, Dryden Road	No Change – the polling station is considered to be acceptable
GD	32 (774)	Rift House Community Centre	No Change – the polling station is considered to be acceptable
GE	33 (711)	Browning Avenue Baptist Church	No Change – the polling station is considered to be acceptable

POLLING DISTRICT	POLLING STATION NUMBER (ELECTORS)	POLLING PLACE	COMMENTS
<b>Rossmere</b>			
HA	34 (790)	The Rossmere Public House	No Change – the polling station is considered to be acceptable
HB	35 (658)	St James Church, Rossmere Way	No Change – the polling station is considered to be acceptable
HC	36 (835)	Rossmere Family Hub, Rossmere Way	No Change – the polling station is considered to be acceptable, with a contingency arrangement of the Rossmere Youth Centre
HD	37 (839)	Community Hub South	No Change – the polling station is considered to be acceptable
HE	38 (722)	Owton Manor Baptist Church, Catcote Road	No Change – the polling station is considered to be acceptable
HF	39 (791)	Newholm Court	No Change – the polling station is considered to be acceptable
<b>Rural West</b>			
IA	40 (754)	Ward Jackson Bowls Pavilion	No Change – the polling station is considered to be acceptable
IB	41 (865)	Cricket Club	No Change – the polling station is considered to be acceptable
IC	42 (1611)	High Tunstall School	No Change – the polling station is considered to be acceptable
ID	43 (197)	Polling District ID	Portable unit located in village to continue until new Village Hall is available
IE	44 (337)	Elwick Women's Institute	No Change – the polling station is considered to be acceptable
IF	45 (1034)	Wynyard Woods Grange, Wynyard Woods	No Change – the polling station is considered to be acceptable
<b>Seaton</b>			
JA	46 (1555)	Seaton Methodist Church	No Change – the polling station is considered to be acceptable
JB	47 (1111)	Seaton Library	Seaton Library to be used with a contingency arrangement of the Marine Hotel
JC	48 (1637)	Hornby Park, Seaton Carew Cricket Club	No Change – the polling station is considered to be acceptable
<b>Throston</b>			
KA	49 (967)	Throston Grange Community Centre	No Change – the polling station is considered to be acceptable
KB	50 (705)	Gus Robinson Centre (Boys Welfare)	No Change – the polling station is considered to be acceptable
KC	51 (480)	Jesmond Gardens Primary School	No Change – the polling station is considered to be acceptable
KD	52 (1711)	Chatham House, Chatham Road	No Change – the polling station is considered to be acceptable
KE	53 (990)	Portable Unit, Merlin Way	Currently, no suitable premises available in Polling District KE, therefore it is proposed to continue with the portable unit which has been operational in this Polling District successfully for many years

POLLING DISTRICT	POLLING STATION NUMBER (ELECTORS)	POLLING PLACE	COMMENTS
<b>Victoria</b>			
LA	54 (1031)	St Luke's Church Hall	No Change – the polling station is considered to be acceptable
LB	55 (1630)	Supporters Club	No Change – the polling station is considered to be acceptable
LC	56 (929)	Hartlepool People Centre <b>(NEW)</b>	Location near to the previous Mill House Polling Station and provides for the accessibility requirements as set out in the Elections Act 2022
LD	57 (777)	Lynnfield Community & Learning Centre	No Change – the polling station is considered to be acceptable
LE	58 (443)	Community Hub Central	No Change – the polling station is considered to be acceptable

**NB.** When new electoral register is published on 1 December 2025 a new Polling District will be created in the Headland & Harbour Ward (Headland Parish) to enable residents (c. 174) who live in:

- Earl Street
- Haven Walk
- Howard Street
- Leas Grove
- Leas Walk
- Marine Drive ( Nos 63-103 inc)
- Penrith Street
- Thorpe Street
- Topping Close
- Winston Court

to vote at St Bega's Polling Station

Denise McGuckin  
Acting Returning Officer  
January 2025



**Report of:** Managing Director

**Subject:** BUSINESS REPORT (2)

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#### **4. PAY POLICY 2025/2026**

Under Section 38 of the Localism Act (2011), Full Council has to approve a Pay Policy Statement on an annual basis. The updated document for 2025/26 is attached at Appendix A for Council's consideration.

Full Council is requested to approve the Pay Policy Statement 2025/26 which is attached as Appendix A.



# **Hartlepool Borough Council**

## **Pay Policy Statement 2025/26**

HR Service

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## 1. INTRODUCTION

- 1.1 This Pay Policy Statement sets out Hartlepool Borough Council's policies in relation to the remuneration of its employees in accordance with Section 38 of the Localism Act 2011<sup>1</sup> and associated Government guidance.<sup>2 3</sup> This Pay Policy Statement applies equally to all employees with the exception of those employed by schools with delegated budgets) regardless of status and seniority. This Pay Policy Statement is subject to annual review and must be approved by Full Council each financial year. The Pay Policy Statement will be published on the Council's website<sup>4</sup> as soon as reasonably practicable after approval or amendment.
- 1.2 Hartlepool Borough Council (the 'Council') is committed to transparency and fairness in its payment and remuneration of all of its employees and will comply with all relevant employment legislation.
- 1.3 The Council has an overall pay budget of £79.9m (excluding school staff) including on-costs for its workforce (2024/25). It employs 2,109 people excluding those who are employed directly by schools in Hartlepool, in a variety of diverse roles.
- 1.4 The Council's values give us a desire to increase the standard of living for everyone. Given that the Council is the largest employer in Hartlepool and that approximately 77% of employees live in the town, it has a major influence on the economic wellbeing of the town and a direct impact on levels of inequality. The Council wants to do all in its power to make Hartlepool a fairer town and is committed to reducing inequality by leading by example and doing so through the way it operates as an organisation.

## 2. NATIONAL AND OTHER CONTITIONS OF SERVICE

- 2.1 The appropriate National Conditions of Service (as detailed in Table 1) are automatically incorporated into employee contracts of employment.

**Table 1 – National Conditions of Service in use in the Council**

Condition of Service	Type of Employees
Joint Negotiating Committee (JNC) for Local Authority Chief Executives	Managing Director
Joint Negotiating Committee (JNC) for Chief Officers in Local Authorities	Directors, Assistant Directors and some other senior managers

1 Available at: <http://www.legislation.gov.uk/ukpga/2011/20/contents>

2 Available at: [Openness and accountability in local pay: guidance - Publications - GOV.UK](#)

3 Available at: [Openness and accountability in local pay: supplementary guidance - Publications - GOV.UK](#)

4 Available at: [https://www.hartlepool.gov.uk/downloads/download/305/pay\\_policy](https://www.hartlepool.gov.uk/downloads/download/305/pay_policy)

The Soulbury Committee	Educational Improvement Professionals, Educational Psychologists and Young People's/Community Service Managers
Conditions Of Service for School Teachers in England And Wales <sup>5</sup>	Head Teachers, Deputy/Assistant Head Teachers, all Leadership, Leading Practitioners, Teachers, Qualified and Unqualified Teachers
Joint Negotiating Committee for Youth and Community Workers	Youth and Community Workers
National Joint Council (NJC) for Local Government Services ('Green Book')– Part 2 only	All other employees

For legal and other reasons, some employees are employed on other conditions of service, for example as a result of TUPE transfers into the Council.

- 2.2 The Council's Single Status Agreement is automatically incorporated into the employment contract of NJC for Local Government Services employees.
- 2.3 Sections 1 (paragraphs 1.1.3 and 1.1.4 only), 3 (sub section 3.5 only), 5-9 and 12-16 of Part 2 of the Council's Single Status Agreement apply to all employees where their national conditions of service are silent.
- 2.4 For Youth & Community terms and conditions, an agreement was reached for an increase of £1,290 on all spinal column points applicable from 1<sup>st</sup> September 2024. For Soulbury the National Employers offered a pay settlement of 2.5% from 1<sup>st</sup> September 2024 which was not accepted by the Soulbury Officers Side. The offer was reaffirmed but there is yet no agreement.
- 2.5 NJC Local Government Services (Green Book) National Employers made an offer of £1,290 across all spinal column points up to scp 43, with a 2.5% increase on scp 44-49 relevant to Hartlepool Borough Council, from 1<sup>st</sup> April 2024 which was agreed. Chief Executives and Chief Officer National Employers made a final pay offer of 2.50% which was accepted.

### 3. PAY STRUCTURE

- 3.1 The Council uses nationally negotiated pay rates included in the above national conditions of service as the basis for its local pay structure, which determines the pay bands of its workforce.

<sup>5</sup> The Conditions of Service for School Teachers In England And Wales August 2000 is supplemented by the statutory School Teachers' Pay and Conditions Document available at <https://www.gov.uk/government/publications/school-teachers-pay-and-conditions>

- 3.2 National pay awards are automatically applied to the national and local pay rates where employees are employed under the national conditions of service detailed in Table 1. Employees who continue to be employed under their pre transfer conditions of service following their TUPE (or similar) transfer to the Council are:
- not entitled to receive 'green book' pay awards where the value of the maximum of the employees pre transfer pay band is greater than the pay they would receive at the maximum of the pay band if they were employed under the appropriate Council conditions of service and/or if the employees are entitled to increments within their TUPE pay band as they are not at the maximum of their TUPE (or similar) pay band.
  - entitled to receive 'green book' pay awards in all other circumstances.
- 3.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
- 3.4 In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of nationally set pay grades, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees who are able to deliver high quality services to the community and the need to comply with pay related legislation e.g. in relation to equal pay, national minimum wage and the national living wage.
- 3.5 In line with good employment practice, JNC for Local Authority Chief Executives and JNC for Chief Officers in Local Authorities jobs have been evaluated using the LGA Senior Managers job evaluation scheme and NJC for Local Government Services jobs have been evaluated using the bespoke NJC job evaluation scheme. This is to ensure that jobs are graded fairly and equitably. Both job evaluation schemes used are substantial schemes. For legal and other reasons, a limited number of employees pay is not consistent with the current grading structures, for example, as a result of TUPE transfers.
- 3.6 No job evaluation scheme exists for the remainder of jobs i.e. those on Teachers, Youth and Community workers and Soulbury conditions of service, however, those employees are placed within nationally defined grading structures.
- 3.7 As part of its overall and ongoing monitoring of alignment with external pay markets both within and outside the sector, the Council will use available benchmark information as appropriate.
- 3.8 Periodic equal pay audits will be undertaken and pay structures and allowances will be reviewed as necessary.

## **4. REMUNERATION ON APPOINTMENT**

- 4.1 New appointments are subject to the Council's Recruitment and Selection Policy and will generally be made to the agreed pay structures at the bottom spinal column point of all pay bands unless there are special circumstances and payment at a higher level can be objectively justified. Appointment of all officer posts, with the exception of those identified in paragraph 5 below, is the responsibility of the Managing Director as Head of Paid Service or his/her nominee, and may not be made by Elected Members.
- 4.2 Where employees are redeployed into a lower graded post because of ill health (where this is supported by the Council's Occupational Health Advisor) or as an alternative to redundancy they will generally be appointed to the highest spinal column point within the lower grade so as to minimise financial loss and where eligible, receive salary protection in line with the terms and conditions of employment negotiated in the Council's Single Status Agreement. From time to time, it may be necessary to take account of external pay levels in the labour market in determining starting salary levels and the use of market forces supplements in order to attract and retain employees with particular experience, skills and capacity.
- 4.3 The Council does not make any "golden hello" payment or any other incentive payments at recruitment other than market forces supplements where these are determined in accordance with the provisions in Table 3.

## **5. SENIOR MANAGEMENT REMUNERATION**

- 5.1 The definition of 'Senior Management' in this statement mirrors the definition of 'Chief Officer' as detailed in Section 42(2) of the Localism Act 2011 i.e.
- the head of its paid service designated under section 4(1) of the Local Government and Housing Act 1989;
  - its monitoring officer designated under section 5(1) of that Act;
  - a statutory chief officer mentioned in section 2(6) of that Act;
  - a non-statutory chief officer mentioned in section 2(7) of that Act;
  - a deputy chief officer mentioned in section 2(8) of that Act.

Within Hartlepool, the above definition includes employees on JNC for Local Authority Chief Executives, JNC for Chief Officers in Local Authorities and NJC for Local Government conditions of service plus employees employed on other terms and conditions of employment as a result of TUPE (or similar) transfers.

- 5.2 Appointments to the posts of Managing Director, Directors and other Chief Officer posts are subject to the Council's Officer Employment Procedure Rules.<sup>6</sup>

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<sup>6</sup> Available at [https://www.hartlepool.gov.uk/info/20004/council\\_and\\_democracy/370/hartlepool\\_borough\\_councils\\_constitution](https://www.hartlepool.gov.uk/info/20004/council_and_democracy/370/hartlepool_borough_councils_constitution)

In accordance with Government guidance<sup>7</sup> the Council has agreed a salary structure for its senior posts and will make any appointment to a vacancy on this structure at the salaries referred to in this statement. In the case of the appointment of the Managing Director/Head of Paid Service, the appointment is made by Full Council. Directors and other Chief Officers are appointed by the Council's Appointments Panel. The number of senior posts attracting salaries of £100,000 or higher will not be increased without the prior approval of full Council.

- 5.3 The 'Senior Management' salary bands for implementation as at 1 April 2024 are set out in Table 2 below.
- 5.4 Any increments due are implemented automatically on an annual basis.
- 5.5 In respect of Chief Officers (those posts below the Managing Director and Directors), the Council operates with a number pay bands to provide operational and strategic flexibilities, whilst providing a robust and competitive pay strategy to retain and attract high calibre staff.

**Table 2 – Salary bands of 'Senior Management'**

<b>Role</b>	<b>Annual Salary Band as at 1 April 2024</b>	<b>No of Points in Pay Band</b>
Managing Director	£166,434	1
Executive Directors	£119,466 - £131,207	6
Directors	£100,783 - £105,558	3
Director of Public Health	£92,658 - £99,132	3
Chief Officer – Band A	£92,658 - £99,132	3
Chief Officer – Band B	£82,951 - £89,423	3
Chief Officer – Band C	£70,005 – £79,715	4
Chief Officer – Band D	£63,967 - £66,671	3

- 5.6 Information on 'Senior Management' responsibilities and remuneration will be published on the Council's website<sup>8</sup> in line with Local Government Transparency Code 2015<sup>9</sup> and the Accounts and Audit Regulations 2015<sup>10</sup>.

## **6. ADDITIONAL BENEFITS**

- 6.1 Employees receive/have access to additional benefits (in addition to basic salary) as outlined in the Table 3 below.

<sup>7</sup> Link to [Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act](#) published in February 2012

<sup>8</sup> Available at: [https://www.hartlepool.gov.uk/info/20004/council\\_and\\_democracy/430/local\\_government\\_transparency\\_code](https://www.hartlepool.gov.uk/info/20004/council_and_democracy/430/local_government_transparency_code)

<sup>9</sup> Available at: <https://www.gov.uk/government/publications/local-government-transparency-code-2015>

<sup>10</sup> Available at: <http://www.legislation.gov.uk/uksi/2015/234/contents/made>

**Table 3 – Additional Benefits**

<b>Employees</b>	<b>Additional Benefit</b>
All officers involved in delivering local, Parliamentary and/or European elections and/or referenda	Duty payments in connection with elections as determined locally in consultation with the other Tees Valley Councils and/or by statute depending on the duties concerned.
Employees in Development Scheme posts	Progression through pay bands where pre-determined progression criteria are met.
All employees whose pay reduces as a consequence of organisational change, job evaluation or redeployment	The pay protection arrangements detailed in the Council's Single Status Agreement apply to all employees as a means of assisting employees to adjust to a reduction in pay arising from organisational change, job evaluation or redeployment. At the end of the year protection period the standard pay arrangements apply.
All employees who are members of public sector pension schemes	<p>The Council operates the Local Government Pension Scheme (LGPS), the Teachers' Pension Scheme (TPS) and the NHS Pension Scheme (PHPS) and makes employer pension contributions, as required, for all employees who elect to participate in one of the above schemes.</p> <p>The employer pension contributions from 1 April 2024 are as follows:</p> <p>Local Government Pension Scheme -13.9% of pensionable pay</p> <p>Teachers' Pension Scheme - 28.68% of pensionable pay</p> <p>NHS Pension Scheme – 14.38% of pensionable pay via direct payroll deductions. An additional 5.6% contribution is paid on invoice by HBC and a further 3.8% is paid by DHSC.</p> <p>The contribution rates are regularly reviewed and set by actuaries advising the various Pension Funds.</p>
All employees in posts where there are particular	As a general rule, the pay bands provide relevant and adequate compensation to

recruitment and/or retention difficulties	<p>attract and retain employees for the vast majority of posts and the necessity to apply a salary supplement should not exist. There may be specific circumstances, however, where an additional market forces supplement may be required to either attract hard to recruit categories of employees or to retain such employees within the employment of the Council.</p> <p>In all circumstances a business case will need to be developed (and reviewed regularly) to support the payment of market supplements which will be approved by members in relation to posts subject to the Council's Officer Employment Procedure Rules<sup>11</sup> and by the Managing Director in relation to all other posts.</p> <p>The market forces supplement arrangements detailed in the Council's Single Status Agreement apply to all employees.</p>
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**Table 3 (cont.) – Additional Benefits**

<b>Posts/Employees</b>	<b>Additional Payment</b>
Employees registered and in receipt of Childcare Vouchers via the Council run Scheme on 5 April 2018.	Able to continue to access the Council's Childcare Voucher scheme through a salary sacrifice arrangement in accordance with His Majesty's Revenues and Customs (HMRC) rules and at no cost to the Council.
All employees who are members of the Local Government Pension Scheme	Able to access a Shared Cost Salary Sacrifice AVC scheme.
All employees (excluding those with less than 6 months service with the Council and those without the appropriate fixed term contract length)	<p>Able to access via Vivup, the Council's Employee Benefits Platform, a range of schemes through a salary sacrifice arrangement in accordance with His Majesty's Revenue and Customs (HMRC) rules and at no cost to the Council.</p> <p>Home and Electronics Cycle to Work Bike Shop Tuskers – Car Lease NHS Fleet – Car Lease Car Loan Scheme</p>

<sup>11</sup> Available at [https://www.hartlepool.gov.uk/info/20004/council\\_and\\_democracy/370/hartlepool\\_borough\\_councils\\_constitution](https://www.hartlepool.gov.uk/info/20004/council_and_democracy/370/hartlepool_borough_councils_constitution)

All employees	The Council pay a range of allowances/premium payments as detailed in National Conditions of Service (see Table 1).
All employees employed under the National Joint Council (NJC) for Local Government Services conditions of service	The Council pay a range of allowances/premium payments as detailed in the Council's Single Status Agreement subject to employees meeting the criteria for payment.

## 7. CHANGES TO SALARIES

7.1 Changes in salary for employees will occur only as a result of

- the application of the provisions in Table 3.
- promotion.
- significant changes to an employee's role which results in a different pay band being appropriate (as confirmed by the outcome of an appropriate job evaluation process, where appropriate).
- an honorarium or ex-gratia payment being appropriate to recognise circumstances or events not covered by conditions of service.
- progression of a maximum of one increment each year within previously agreed pay bands based on service.
- changes in the working arrangements of employees. .

7.2 The Council does not currently award any performance related pay or bonuses to any of its employees or require them to have an element of their basic pay 'at risk' to be 'earned back' through meeting pre agreed objectives.

## 8. PAYMENTS TO ALL EMPLOYEES UPON TERMINATION OF EMPLOYMENT

8.1 Employees who cease to hold office or be employed by the Council will receive payments based on entitlement within their contract of employment, their general terms and conditions and existing policies in relation to the Local Government Pension Scheme<sup>12</sup>, specifically the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011<sup>13</sup>.

8.2 In accordance with the Council's Constitution, the determination of voluntary redundancy or early retirement applications which do not generate sufficient savings to ensure that the costs of the application (including salary paid in lieu, redundancy compensation, strain on the pension fund, holiday pay and any

<sup>12</sup> Available at: <http://www.lgpsregs.org/>

<sup>13</sup> Available at: <http://timeline.lge.gov.uk/regidx.html>

bonuses, fees or allowances paid) are recovered within a pay-back period of 3.05 years or less are considered by members of the Personnel Sub Committee and only approved in exceptional circumstances. Officers determine all other early retirement applications in accordance with the pay-back period of 3.05 years. This arrangement complies with previous Audit Commission guidance, has worked very well for a number of years and is an effective and efficient way of dealing with early retirement applications.

- 8.3 The Localism Act 2011 and associated guidance, identifies that all severance packages for employees leaving the Council over £100,000 must be voted on by Full Council before they can be approved.
- 8.4 On 22<sup>nd</sup> May 2022 the Government published 'Statutory Guidance on the making and disclosure of Special Severance Payments by Local Authorities'<sup>14</sup>.

The wording of the guidance is based on a Leader and Cabinet System and therefore isn't wholly applicable/relevant to our Committee system of governance. In Hartlepool, Special Severance payments will be approved according to the following process:

- payments of £100,000 and above will be approved by a vote of Full Council, as set out in the Localism Act 2011
- payments of £20,000 and above, but below £100,000, will be personally approved and signed off by the Managing Director as Head of Paid Service, with a clear record of the Monitoring Officer and s151 Officers approval, in consultation with the Leader of the Council.
- payments below £20,000 will be approved according to the Council's scheme of delegation.

All payments will be recorded on an Officer Decision Record.

In accordance with the guidance, severance payments to the Head of Paid Service will only be made with the approval of a panel including two independent persons.

## **9. LOWEST PAID EMPLOYEES**

- 9.1 The Council defines lowest paid employees from 1<sup>st</sup> April 2024 as employees remunerated at NJC for Local Government Services spinal column point 3 (equivalent to £24,027 per annum, £12.45 per hour) subject to any National Agreement on the pay award.
- 9.2 The Council introduced its Single Status Agreement on 1<sup>st</sup> April 2007. The lowest paid employees within the Council are appointed to jobs which have been evaluated using the NJC Job Evaluation Scheme and are remunerated accordingly.

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<sup>14</sup> Available at: <https://www.gov.uk/government/publications/special-severance-payments>

- 9.3 The relationship between the rates of pay for the lowest paid and for senior management is determined by the processes used for determining pay and grading structures as set out earlier in this Policy Statement.
- 9.4 The Council's 'median pay multiple', which complies with the Local Government Transparency Code 2015<sup>15</sup>, is the ratio between the taxable earnings of the highest paid employee and the median taxable earnings of the whole of the Council's workforce. The Managing Director is the highest paid employee.
- 9.5 The 2024 'pay multiple' with comparative data is detailed in Table 5.

**Table 5 – 'Pay Multiple'**

<b>Date</b>	<b>Taxable earnings of the highest paid employee</b>	<b>Median taxable earnings of the whole of the Council's workforce</b>	<b>Pay multiple based upon the taxable earnings of the highest paid employee</b>
31 March 2020	£138,855	£19,988	6.95
31 March 2021 *	£122,548	£20,487	5.98
31 March 2022	£137,173	£20,014	6.53
31 March 2023	£138,879	£22,659	6.13
31 March 2024	£143,744	£24,942	5.76

N.B. The pay multiple changes each year as a consequence of a combination of the taxable earnings of the highest paid employee increasing due to incremental progression within the pay band, the time they are in post and the median taxable earnings of the whole of the Council's workforce changing.

\* The pay multiple at 31 March 2021 reflects total taxable pay paid to the highest paid employee, which includes a part year impact at the Managing Director pay level. If the post holder has been Managing Director for the full year the pay multiple would be 6.6

- 9.6 The Council will aim to ensure that the basic pay 'pay multiple' does not exceed a value of ten.

## **10. EMPLOYMENT OR ENGAGEMENT OF FORMER EMPLOYEES**

- 10.1 The Council will generally not re-employ or engage any individual under a contract of service or a contract for services whom has previously been employed by the Council and left that employment with the benefit of a severance, early retirement or redundancy payment under voluntary arrangements, unless it is in the best interests of the Council to do so or there are exceptional circumstances which would justify doing so.

<sup>15</sup> Available at <https://www.gov.uk/government/publications/local-government-transparency-code-2015>

The Council is mindful of its obligations under equality legislation and as such is limited in its ability to adopt a policy that it will not employ people of an age that has entitled them to pension access on leaving former employment in the public sector or to propose that such applicants be employed on less favourable terms than other applicants. It expects all applicants for any posts to compete and be appointed on merit.

Any proposed appointment under this provision will only be made following exhaustion of all recruitment policies and procedures and in accordance with the Officer Employment Procedure Rules <sup>16</sup> Elected Members will approve all appointments for Head of Paid Service, Directors and Chief Officers reporting to a Director or Head of Paid Service. In respect of all other posts the Managing Director (in her/his role as Head of Paid Service) will formally approve any appointments.

- 10.2 The approach to the employment of individuals already in receipt of a local government pension is set by the Teesside Pension Fund.

## **11. EMPLOYMENT OF INDIVIDUALS ALREADY UNDER A CONTRACT FOR SERVICES**

- 11.1 The Council does not generally support engaging individuals under a 'contract for services' where the Council is not required to make either pension or national insurance contributions for such individuals as it supports the Government's commitment to tackling all forms of tax avoidance and recognises that public appointments that involve arrangements whereby savings in tax and National Insurance contributions are made may be at the expense of other taxpayers or other parts of the public sector. However there may be exceptional circumstances where engaging an individual under these terms is the most effective and efficient way of meeting the Council's needs. If this situation applies formal approval will be sought from members in relation to posts subject to the Officer Employment Procedure Rules <sup>18</sup> and from the Managing Director (in his/her role as head of the paid service) in respect of other posts and individuals will be sourced through an appropriate procurement process, including IR35 checks, and in accordance with the Council's Contract Procedure Rules which ensure the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

## **12. INCOME TAX AND NATIONAL INSURANCE**

- 12.1 The Council does not enter into arrangements with individual employees to minimise their tax and national insurance contributions other than via salary

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<sup>16</sup> Available at:

[https://www.hartlepool.gov.uk/downloads/file/5261/hartlepool\\_borough\\_councils\\_constitution\\_2019-20](https://www.hartlepool.gov.uk/downloads/file/5261/hartlepool_borough_councils_constitution_2019-20) Part 4, p109.

sacrifice schemes in accordance with His Majesty's Revenues and Customs (HMRC) rules.

### **13. USE OF AGENCY WORKERS**

- 13.1 The Council does not generally support using agency workers. However there may be circumstances where engaging agency workers is the most efficient and effective way of meeting the Council's needs. If this situation applies, formal approval will be sought from the relevant Assistant Director. Agency workers operating in the Council will be remunerated on the pay of comparable employees after 12 weeks of qualifying service.

### **14. APPRENTICES**

- 14.1 Apprentices are paid the appropriate national minimum wage (depending upon individual circumstances).
- 14.2 Employees with substantive jobs who undertake apprenticeships within their current duties and responsibilities will continue to be paid in accordance with their contract of employment.

### **15. USE OF ZERO HOUR CONTRACTS**

- 15.1 The Council does not generally support the use of zero hour contracts and has acted to end such contracts, with the exception of where an individual employee has specifically requested to remain on such a contract. There may be circumstances where an individual employee requests the use of a zero based hour contract. The Director of Legal, Governance and Human Resources **must** consult with the Managing Director before the use of any such contracts are approved. Where employees are employed on a zero hour contract they are employed on a permanent or fixed term basis, are entitled to request a review of their contracted hours at any time after six months in post and are not prevented from working for other employers.

### **16. CONTRACTORS**

- 16.1 The Council requires that contractors comply with the national minimum wage and national living wage legislation. All new and extended Council contracts are encouraged to pay NJC for Local Government Services spinal column point 3 (see 9.1 above) and avoid the use of zero hour contracts (see 15.1 above).
- 16.2 The Council will encourage all local employers employing 250 or more employees to publish their pay multiple.

### **17. GENDER PAY GAP INFORMATION**

- 17.1 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires all local authorities with more than 250 employees to publish gender pay gap data based on a 'snapshot' date of 31 March of the previous

year to the year in which the data is published. This is published annually on the Council's website.

- 17.2 The gender pay gap is defined as the average pay gap between male and female staff in hourly pay. The council is required to publish the mean and median differences between male and female employees and the proportions of each gender in each pay quartile.
- 17.3 Further requirements stipulate the need to publish information related to bonuses received by each gender, however the council does not pay bonuses, and as such the council does not report under these headings.

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# CLEVELAND FIRE AUTHORITY

## MINUTES OF MEETING

18 OCTOBER 2024

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**PRESENT:**

**CHAIR**

Cllr David Coupe – Middlesbrough Council

**HARTLEPOOL BOROUGH COUNCIL**

Cllrs Gary Allen, Bob Buchan, Ben Clayton

**MIDDLESBROUGH COUNCIL**

Cllrs John Kabuye, Naweed Hussain

**REDCAR & CLEVELAND BOROUGH COUNCIL**

Cllrs Peter Chaney, Steve Kay, Mary Ovens, David Taylor

**STOCKTON ON TEES BOROUGH COUNCIL**

Cllrs Jim Beall, Stefan Houghton, Andrew Sherris, Mick Stoker

**AUTHORISED OFFICERS**

Legal Adviser & Monitoring Officer, Treasurer,

Assistant Chief Fire Officer - Strategic Planning & Resources

Assistant Chief Fire Officer - Community Protection

**APOLOGIES:**

Councillor Dennis McCabe – Middlesbrough Council

Councillor Sufi Mubeen – Stockton on Tees Borough Council

**46. DECLARATIONS OF MEMBERS INTEREST**

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

**47. MINUTES**

**RESOLVED** – that the Minutes of proceedings of the Annual meeting of 7 June 2024 be confirmed.

**48. MINUTES OF MEETINGS**

**RESOLVED** - that the Minutes of the Audit & Governance Committees on 28 June and 23 August 2024, Executive Committees on 5 August and 20 September 2024 and Executive (Appointment) Committee on 1 & 2 October 2024 be confirmed.

**49. COMMUNICATIONS RECEIVED BY THE CHAIR**

No communications were received by the Chair.

**50. REPORTS OF THE CHIEF FIRE OFFICER**

**50.1 Community Risk Management, People and Resource Plans 2022-26 and Service Plan Priorities 2024/25 Progress Reports as at September 2024.**

The Chief Fire Officer (CFO) presented progress updates on the delivery of the Authority's plans covering the period 2022 to 2026, and specifically the priorities contained within the Service Plan for 2024/25.

The progress to date against the current Service Plan was summarised at Appendix 1 and highlighted that all areas were either completed or in progress, with the exception of the following two finance actions:

- ESR 90.3 – Achieve an unqualified opinion on the financial statements 2023/24
- ESR 91.3 – Achieve an unqualified opinion on Value for Money 2023/24

The CFO reported that the delays were due to a backlog of work by external auditors Forvis Mazars and a Notice of Delay on Publication had been issued to explain why the statutory deadline of 30 September 2024 had not been achieved.

**RESOLVED – That Members noted the progress on the corporate priorities set out in the Authority's Community Risk Management, People and Resource Plans 2022-26 as detailed in the Service Plan 2024/25.**

**50.2 HMICFRS Standards of Behaviour: The Handling of Misconduct in the FRS**

Members considered the Brigade's response to the 15 recommendations contained within the HMICFRS report on Standards of Behaviour: The Handling of Misconduct in Fire and Rescue Services.

The report had been commissioned by the Home Secretary in Summer 2023 following the findings in the spotlight report on Culture and Values and involved detailed inspections at ten FRSs focusing on their grievance and discipline policy and procedures, whistleblowing and public complaints files. It also considered data provided by all 44 fire and rescue services in England on their grievance and discipline cases and the final report made 15 recommendations to chief fire officers. This included the need for each service to have access to a professional standards function.

The CFO referred Members to the gap analysis report at Appendix 1 which provided a response to the recommendations and highlighted the following key proposals:

Recommendation 13.1 - by 1 November 2024 FRAs and CFOs should consider varying the approach to hearing appeals so that serious or complex cases are heard by a panel rather than one person.

CFB Proposal - to expand the use of the Fire Authority's Appeals panel to hear more serious / complex appeals.

Recommendation 13.2 - by February 2025, FRAs and CFOs should make sure all service managers and members of fire authorities who hear appeals receive appropriate training.

CFB Proposal - to roll out a training programme relating to disciplines and appeals which will be extended to Fire Authority Members.

**50.2 HMICFRS Standards of Behaviour: The Handling of Misconduct in the FRS cont.**

The CFO gave Members assurance that many of the recommendations had already been addressed in the Authority's Culture and People Plan and any gaps would be added to the Corporate Internal Operating Plan and monitored by the Executive Committee.

**RESOLVED:-**

- (i) That the 15 recommendations as set out in the HMICFRS Report 'Standards of Behaviour: The Handling of Misconduct in Fire and Rescue Services, be noted.
- (ii) That the Standards of Behaviour Gap Analysis Report at Appendix 1 and the Chief Fire Officer's intended actions in relation to addressing any gaps relating to recommendations 1-12, 14 and 15, be noted.
- (iii) That Members approved the actions to address recommendation 13.1 and 13.2, as set out in Section 5 of the report.
- (iv) That Members noted that any gaps will be addressed through actions in the Corporate Internal Operating Plan and monitored quarterly in line with our Improvement Planning arrangements.

**50.3 Local Pension Board Annual Report**

Members considered this report of the Chair of the Authority's Local Pension Board (LPB) which captured the effectiveness and efficiency of the Boards governance and administrative arrangements in line with the requirements of the Public Service Pensions Act 2013.

The report, which was considered by the Board at its Annual Meeting on 8 August 2024, outlines membership, terms of reference, finance, notifications of interest, record keeping, breaches of law, risk register, GDPR, FPS bulletins, and policy & guidance documents.

**RESOLVED – that the Local Pension Board Annual Report be noted.**

**50.4 Information Pack**

- 50.4.1 Employers Circulars
- 50.4.2 Campaigns

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

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

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

**52. CONFIDENTIAL MINUTES OF MEETINGS**

**That the Confidential Minutes of the Executive Committees on 5 August and 20 September 2024 and Executive (Appointment) Committee on 1 & 2 October 2024 be confirmed.**

**53. ANY OTHER BUSINESS**

**53.1 Retirement of Karen Winter**

Members and Officers placed on record sincere thanks to Mrs Karen Winter who was retiring from her post as ACFO-Strategic Planning and Resources following 43 years dedicated to the fire service. This included 16 years at Cleveland Fire Brigade and 27 with County Durham and Darlington FRS.

The CFO thanked Mrs Winter for the exceptional support and guidance she had shown him since his recent appointment and wished her well for her retirement. Mrs Winter thanked Members for their help and support over the years and said she looked back with great pride at her time with the fire service.

**COUNCILLOR DAVID COUPE  
CHAIR**

## Cleveland Police and Crime Panel

A meeting of the Cleveland Police and Crime Panel was held on Tuesday, 12 November 2024.

**Present:** Councillor Norma Stephenson OBE (Deputy Chair), Councillor Peter Chaney, Councillor John Coulson, Councillor Graham Cutler, Mr Paul McGrath, Councillor Paul Rowling, Councillor Janet Thompson and Councillor Mike Young (substituting for Councillor Rob Darby)

**Officers:** Alison Pearson (Governance Manager) and Andrew Nixon (Assistant Director – Governance)

**Also In attendance:** Matthew Storey (Office of the Police and Crime Commissioner) and Lisa Oldroyd (Office of the Police and Crime Commissioner)

**Apologies:** Councillor Tony Riordan (Chair), Mayor Chris Cooke, Councillor Rob Darby, Councillor Chris Jones, Councillor Ian Morrish, Councillor Karen Oliver and Mr Luigi Salvati

### **PCP 30/24**      **Declarations of Interest**

There were no interests declared.

### **PCP 31/24**      **Minutes of the meeting held on 17 September and attendance matrix**

Consideration was given to the minutes of the meeting held on 17 September 2024 and the attendance matrix for 2024-25.

**RESOLVED** that the minutes of the meeting held on 17 September 2024 be agreed as a correct record and the attendance matrix be amended to record Councillor Mike Young's attendance at the last meeting as a substitute for Councillor Rob Darby.

### **PCP 32/24**      **Draft Police and Crime Plan**

The Commissioner presented his draft Police and Crime Plan 2024-29. The plan set out the Commissioner's strategic vision and objectives for policing and community safety in the local policing area and was based on the Commissioner's manifesto commitments highlighted during his election campaign.

In developing the plan, and to ensure it reflected the police and crime issues affecting the local area, the Commissioner had drawn on a wide range of information from police, community safety and criminal justice partners and a wide range of local data, strategies and national priorities including:

- Local police performance data, including national comparator datasets and national crime and policing measures.
- Community Safety Partnership Plans.
- Local Criminal Justice Board priorities.

- The Strategic Policing Requirement published in February 2023.
- HMICFRS State of Policing Report 2023 published in July 2024.
- Policing Productivity Review published in November 2023.
- Emerging Government commitments, policy and legislative changes.

A comprehensive public consultation programme had also taken place, initially planned over a six week period but extended for a further four weeks following the disorder events during July/August. The activity included:

- An online survey
- Engagement stalls
- Briefings and meetings
- Victim/survivor focus groups –
- Workshops with diverse groups – the PCC visited young people, older

Several key themes emerged through the consultation process and having taken account of all the information and intelligence gathered, the resulting Plan focused on the following six priority objectives in support of an overall vision of 'Safe, strong and confident communities'

- Reduce crime, antisocial behaviour and harm
- Deliver more visible and effective policing
- Improve safety for women and girls
- Ensure the right support for victims and vulnerable people
- Build trust and confidence in policing and the criminal justice system
- Prevent offending and re-offending

Panel Members were complimentary of the extent of public consultation that had taken place, particularly in the light of the disorder events that had affected the original programme.

The clear focus on improving safety for women and girls was welcomed and Panel members were pleased that reference was made to stalking and domestic abuse within this priority area noting that men were often the victims of these types of crimes.

The Panel emphasised the importance of partnership working, particularly with housing providers, to support the work on offending and re-offending and were glad to see this recognised in the Plan.

**RESOLVED** that the plan be welcomed and the Panel formally write to the Commissioner in support of the draft plan.

**PCP  
33/24**

### **Quarterly Performance Update**

The Commissioner presented his Police and Crime Plan Performance Summary report which covered the Quarter 2 period of 2024/25. In presenting his report he highlighted that the Office of the Police and Crime Commissioner had been successful in being nominated in the Public Sector category at the Tees Valley EDI Awards.

He also highlighted that the success of Cleveland Divert had been recognised

for its impact on cutting re-offending through the Skills for Justice – Inspire Justice Awards, winning in the Learning and Development Programme of the Year category.

**RESOLVED** that the report be noted.

**PCP  
34/24      Communication, Consultation and Engagement Update**

The Commissioner presented his report detailing the communication activity of the PCC's office since the last meeting.

A Panel Member commented that a recent engagement event at Ward Jackson park in Hartlepool had been well received by residents.

**RESOLVED** that the report be noted.

**PCP  
35/24      Commissioner's Scrutiny Programme**

Consideration was given to a report that provided an update on the Police and Crime Commissioner's scrutiny programme which had included Out of Court Resolutions and Retail Crime as scrutiny review topics since the Panel's last meeting.

The commissioner had been partly assured in relation to performance on Out of Court Resolutions, therefore, had requested a further update in 6 months' time.

**RESOLVED** that the report be noted.

**PCP  
36/24      Decisions of the Commissioner**

The Police and Crime Commissioner made all decisions unless specifically delegated within the Scheme of Consent/Delegation. All decisions demonstrated that they were soundly based on relevant information and that the decision-making process was open and transparent.

In addition, a forward plan was included and published on the OPCC's website which included items requiring a decision in the future. This was attached to the report.

Each decision made by the Commissioner was recorded on a decision record form with supporting background information appended. Once approved it was published on the OPCC's website.

Decisions relating to private/confidential matters would be recorded; although, it may be appropriate that full details were not published.

Decisions made since the last meeting of the Police and Crime Panel were attached to the report.

**RESOLVED** that the report be noted.

**PCP  
37/24**      **Members' Questions to the Commissioner**

Question 1 – the following question had been submitted by Councillor Janet Thompson for response by the Commissioner:

‘Could the PCC provide an update on claims made through the Riot Compensation Scheme from those affected by the disorder events in Hartlepool and Middlesbrough in July and August?’

The Commissioner responded that 39 claims had been received under the scheme. This was one of the highest rates in the country. Currently, claims were being progressed and further information and evidence gathered where required with decisions to be made as soon as possible.

**PCP  
38/24**      **Public Questions**

There were no questions from members of the public.

**PCP  
39/24**      **Forward Plan**

Members reviewed the Forward Plan for the Panel 2024-25.

**RESOLVED** that the Forward Plan 2024-25 be noted.

**PCP  
40/24**      **Exclusion of the Press and Public.**

**RESOLVED** that under Section 100A(4) of the Local Government Act 1972 the public be 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 paragraphs 1 and 2 of Part 1 of Schedule 12A of the Act.

**PCP  
41/24**      **\*Complaint Update**

The Panel considered a report of the Monitoring Officer updating on progress with an existing complaint and detailing a new complaint matter that had been received.

**RESOLVED**

1. No further action be taken in respect of Complaint Ref 2024-02.
2. No further action be taken in respect of Complaint Ref 2024-04.