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| <b>Report of:</b> | Executive Member for Finance and Governance; Strategic Director of Finance, Governance and Support |
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| <b>Submitted to:</b> | Executive, 18 February 2020 |
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|-----------------|--|
| <b>Subject:</b> | Strategic Plan 2019-22 - Progress at Quarter Three 2019/20 |
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**Summary**

**Proposed decision(s)**

That the Executive notes the Council’s Quarter Three 2019/20 results report (Appendix 1) and the actions to be taken to address the issues set out within it.  
 That the Executive approves the proposed revenue budget virements of over £150,000 (Appendix 2).  
 That the Executive approves the proposed revised Investment Strategy to 2021/22 (Appendix 3).

| <b>Report for:</b> | <b>Key decision:</b>                          | <b>Confidential:</b> | <b>Is the report urgent?</b>               |
|--------------------|---|----------------------|--|
| Decision           | Yes – over the financial threshold (£150,000) | No                   | Yes - Rule 15 (general exception) applies. |

**Contribution to delivery of the 2020-23 Strategic Plan**

| <b>People</b>   | <b>Place</b> | <b>Business</b> |
|---|--------------|-----------------|
| Quarterly monitoring, review and action planning plays a central role in ensuring that the Strategic Plan is delivered effectively. |              |                 |

**Ward(s) affected**

None.

## What is the purpose of this report?

1. This report advises the Executive of progress against the 2019-22 Strategic Plan, and the Council's projected year-end financial position at Quarter Three 2019/20. It recommends a number of mitigating actions to address financial issues identified during the Quarter Three review.

## Why does this report require a member decision?

2. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated action.
3. The Quarter Three 2019/20 Results report (Appendix 1) provides the necessary information to enable the Executive to discharge its performance and financial management responsibilities, setting out for Quarter Three 2019/20:
  - a progress update against the 2019-22 Strategic Plan;
  - projected revenue and capital budget outturns;
  - position statements in relation to the Council's borrowing and its reserves;
  - an update on the Council's Strategic Risk Register; and
  - actions that the Council has taken and will take to address performance issues.
4. Standing Orders and Financial Procedures require the Executive's approval for major virements between revenue budgets, and in-year changes to the Council's capital Investment Strategy.
5. Proposed revenue virements at the end of Quarter Three are set out at Appendix 2, and a revised Investment Strategy for the period to 2021/22 is set out at Appendix 3 for consideration and approval.

## Report background

6. In overall performance terms, the 2019/20 Quarter Three Results report (Appendix 1) sets out that the position has slightly worsened since Quarter Two, with 21 of the 30 priorities (70%) set out within the 2019-22 Strategic Plan were assessed as on target to be achieved, down from 23, due to two factors.
7. Firstly, Ofsted's judgement of the Council's children's safeguarding services as 'inadequate' following its recent inspection, resulting in the priority 'continue to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect' moving from Green to Amber.
8. Ofsted uses a system of four grades in its judgements: Outstanding, Good, Requires Improvement and Inadequate. The Council's judgement (below) is the lowest possible that can be received and requires a timely and effective response.

| Judgement  | Grade      |
|--|------------|
| The impact of leaders on social work practice with children and families | Inadequate |
| The experiences and progress of children who need help and protection    | Inadequate |

| Judgement   | Grade             |
|---|-------------------|
| The experiences and progress of children in care and care leavers | Inadequate        |
| <b>Overall effectiveness</b>                                      | <b>Inadequate</b> |

9. The Council is currently engaging with the Department of Education to appoint a Commissioner and to develop a detailed improvement plan and the appropriate resourcing to deliver it. A separate report presented to this meeting of the Executive outlines the inspection findings and the Council's response in greater detail. It has been agreed that the Local Government Association visit to undertake a Corporate Peer Challenge, which was endorsed by Executive in November 2019, will be delayed to enable the organisation to focus on the rapid improvement work to be undertaken.
10. Secondly, recently-released data shows that there was a decline in GCSE performance in Middlesbrough in 2019, resulting in the priority 'increase educational and vocational attainment for all children and adults...' moving from Green to Amber.
11. The priority relating to 'In-year financial performance relative to the Council budget' remained Red, as the projected overspend on the 2019/20 revenue budget grew to £5,707,000 at the end of Quarter Three, due mainly to continuing financial pressures within Children's Services.
12. There was also a significant projected overspend within Legal Services of £473,000, a significant proportion of which related to the cost of children's safeguarding cases as the service has had to use agency staffing following ongoing difficulties in recruiting permanent specialist solicitors and there has also been an increase in the number of court referrals, this is linked to the continuing increase in the number of children that are in the Council's care.
13. The continuing growth in demand within children's safeguarding, together with the extent of local deprivation and reductions in Council's spending power over the past ten years are key contributing factors in the Ofsted judgement and in the projected financial position.
14. While the predicted overspend in Children's Services has risen, there have been a number of positive trends in performance. For the first time in a number of years, there are now more children placed with the Council's in-house fostering team than with an independent fostering agency. There was also an increase in the number of successful claims that could be generated against the Troubled Families grant. The department is also progressing proposals to further reduce the costs of external placements to tackle the significant costs of residential agency placements which makes up the majority of the overspend pressure.
15. Outside of these issues, the report sets out positive progress made during Quarter Three on crime and anti-social behaviour, the Council's Investment Prospectus, the proportion of the Council's budget spent locally and consultation on the 2020/21 budget.
16. 10 of 28 measures of success associated with the Council's strategic priorities showed improvement, with 12 static remaining static, and six deteriorating. Social Regeneration remained the area with the most uneven level of performance.

17. In January 2020, the Strategic Plan was refreshed to incorporate the priorities of the Mayor and his Executive, including a range of new priorities to support social regeneration and transform community engagement. The year-end report will report progress against the new Strategic Plan 2020-23. A separate report presented to this meeting of the Executive sets out proposals to maximise delivery against the plan.

### **What decisions are being asked for?**

18. That the Executive notes the Council's Quarter Three 2019/20 Results report (Appendix 1) and the actions to be taken to address the issues set out within it.

19. That the Executive approves the proposed revenue budget virements of over £150,000 (Appendix 2).

20. That the Executive approves the proposed revised Investment Strategy to 2021/22 (Appendix 3).

### **Why is this being recommended?**

21. To enable the effective management of finances, performance and risk in line with the Council's Local Code of Corporate Governance, the Scheme of Delegation and agreed corporate financial regulations.

### **Other potential decisions and why these have not been recommended**

22. Not applicable.

### **Impact(s) of recommended decision(s)**

#### **Legal**

23. The proposed recommendations are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

#### **Financial**

24. The financial implications of the projected revenue and capital budget outturns at Quarter Three are set out within Appendix 1. The projected overspend against the 2019/20 revenue budget increased to £5,707,000 at the end of Quarter Three.

25. As previously reported to the Executive, a number of controls have been implemented to minimise overspending across the Council in-year and these will remain in place for the remainder of 2019/20, specifically:

- a vacancy control process overseen by the Corporate Management Team;
- a cessation of the use of agency staff;
- checks against proposed expenditure of £5,000+ by the procurement team; and
- controls over staff travel, the ordering of stationery and use of first class post.

26. These controls have reduced overall anticipated expenditure within the targeted areas, though the Quarter Three review demonstrated that work is needed to further strengthen controls over vacancy and agency staff, while also acknowledging that full

cessation of agency staff is not feasible at this point. Instead the focus will be on minimising the use of agency staff going forward.

27. The following controls specifically in relation to Children's Services were agreed at Quarter Two and implemented during Quarter Three:

- a child-by-child review of the Council's 68 external residential placements, moving young people in-year where appropriate;
- resources and early help services redeployed to support children with the highest level of need in new ways; and
- robust professional panels in place to challenge care planning on all placements and newly looked after children.

28. During Quarter Three the child-by-child review was completed in full and resulted in an increase in the number of children being accommodated by in-house services, which cost less than agency places, with NHS funding also secured. However, an increase of 19 in the overall number of looked after children during Quarter Three outweighed the savings achieved by this work.

29. In relation to early help:

- Children Centre staff are now allocated to all children under five open to early help family casework, offering specialist early years support and encouraging access to children centre activities;
- the Stronger Families service will have staff located within the locality teams in Newport and North Ormesby, which are areas of high demands for Children's Services; and
- School Readiness and Work Readiness teams are both now taking family casework to increase capacity for early help support to children and young people.

30. A Vulnerable Parenting Pathway is also being developed in partnership with the Public Health service in order to improve early identification of parents with the highest levels of need and this will be in place for 1 April 2020.

31. Progress against delivery of savings and mitigation of the projected overspend within Children's Services has been monitored between quarters by:

- weekly placement updates at Directorate Management Team to monitor numbers, costs and trends; and
- monthly full budget monitoring for Children's Care, with results fed back to the Corporate Management Team and the Executive.

32. As reported at Quarter Two, an overspend of this scale in 2019/20 can be covered by the Council's reserves, however it would reduce the Council's General Fund Reserve to the minimum level (£9.4m) recommended by the Section 151 Officer and so represent a significant risk to the Council's financial position in the medium-term.

33. Clearly, strong action is required to address this, and other key associated financial issues, in particular the long-term funding settlement for local government. These matters are addressed in detail in a report to this meeting of the Executive restating the Council's Medium-Term Financial Plan and proposing the revenue budget for 2020/21.

34. Appendix 2 sets out the following four proposed permanent virements of over £150,000 for approval of the Executive:

- centralisation of LMT business support costs and virement of these to the Legal and Governance Services Directorate;
- transfer of the civil enforcement team from the Regeneration to the Environment and Commercial Services Directorate;
- partial transfer of Transport and Infrastructure / highways maintenance budgets from the Regeneration to the Environment and Commercial Services Directorate; and
- transfer of the TWI income budget from Legal and Governance Services to Finance Governance and Support.

35. It also sets out one proposed correction to a previously approved virement relating to utilisation of the centrally held Social Care Support grant to offset pressures in Children's Services, which was presented the wrong way around in the Quarter Two report.

36. Following a review of schemes during Quarter Two, the Council's capital budget for 2019/20 was set at £50,509,000. Following a further review during Quarter Three and the inclusion of three new additional externally-funded schemes, the year-end projection of the budget at Quarter Three was £50,996,000. Appendix 3 sets out the proposed revised Investment Strategy to 2021/22 for consideration and approval.

### **Policy framework**

37. The Strategic Plan and associated budgets form part of the Council's Policy Framework. All proposed variations set out in this report are in line with authority delegated to the Executive.

### **Equality and diversity**

38. As reported to Council in March 2019, no negative differential impact on diverse groups and communities is anticipated from the direction of travel set out in the Strategic Plan 2019-22 or the Council's planned budgetary expenditure.

### **Risk**

39. The Strategic Risk Register (SRR) sets out those risks that, if they occurred, would impact on the Council's ability to deliver its strategic priorities. In line with the Council's Risk Management Framework, the SRR was reviewed in the quarter, and is summarised in Appendix 1.

40. The risk of a 'no deal' BREXIT was reduced following the General Election during Quarter Three and is no longer the highest scoring risk on the SRR. The highest scoring risk is now the risk of continued overspending within Children's Services adversely affecting the Council's MTFP. Following the Ofsted inspection, the risk of inadequate safeguarding practices leading to children and young people being at risk was escalated to the SRR.

41. The Chief Executive commissioned a review of the Council's risk appetite at Quarter One. This work has now been completed and is reported to this meeting of the

Executive as part of a report on Delivering the Strategic Plan 2020-23. A revised risk appetite, if agreed by Executive, will be reflected in the Quarter Four Risk Register.

### **Actions to be taken to implement the decision(s)**

42. Mitigating activity set out in this report and in Appendix 1 will be implemented by Directorates as stated.

### **Appendices**

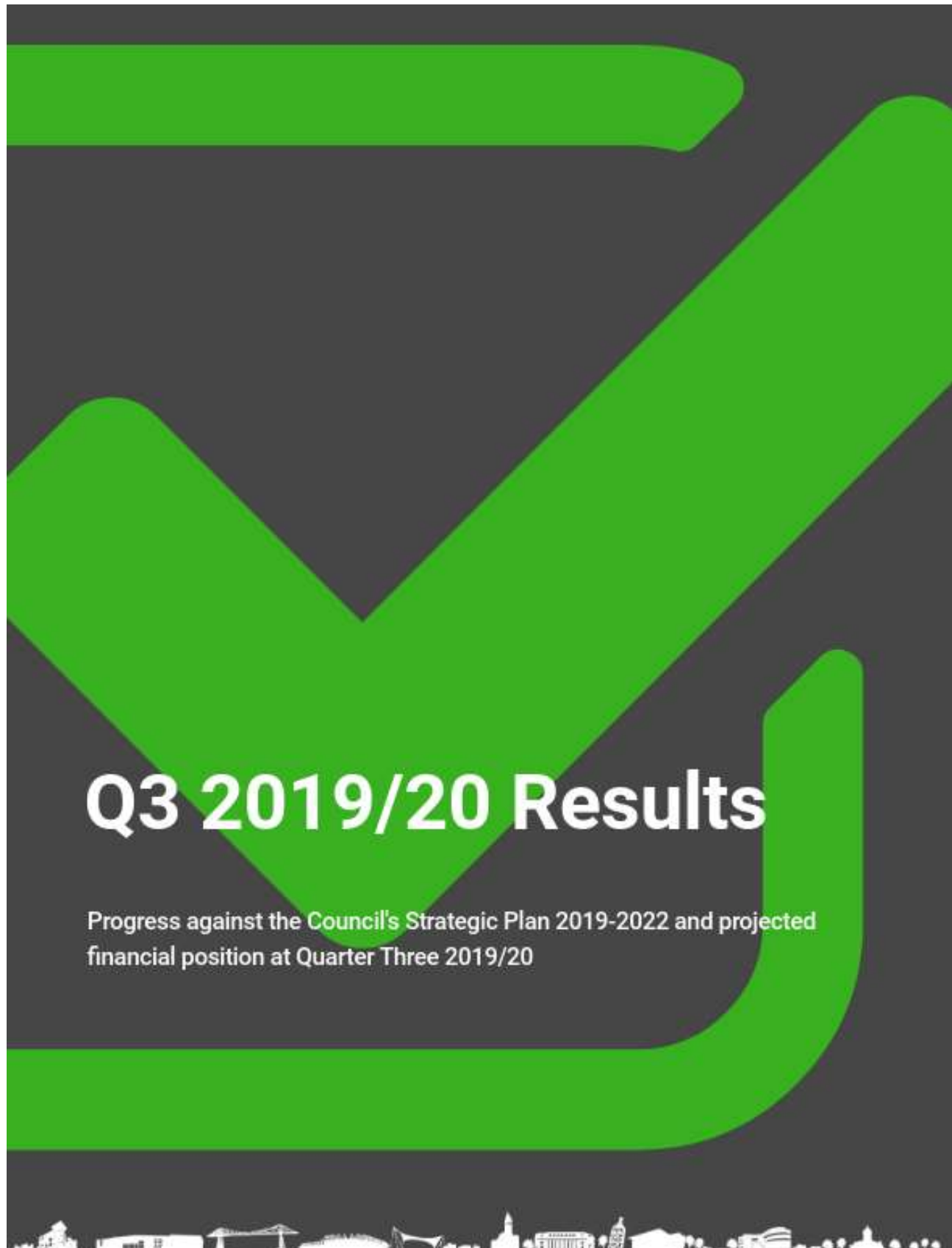
- 1 2019/20 Quarter Three Results
- 2 Proposed virements at Quarter Three 2019/20
- 3 Proposed revised Investment Strategy at Quarter Three 2019/20

### **Background papers**

15/01/20 Council Strategic Plan 2020-23  
19/11/19 Executive Strategic Plan 2019-22 – Progress at Quarter Two 2019/20

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# Q3 2019/20 Results

Progress against the Council's Strategic Plan 2019-2022 and projected financial position at Quarter Three 2019/20

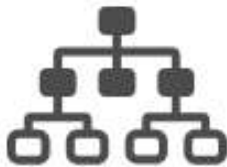




# 1

## Headlines

This report sets out our performance results at Quarter Three 2019/20. There is positive performance in many areas, though there remain a number of key challenges, particularly within our Social Regeneration aim. We continue to experience financial pressures, with an increase in our projected overspend this year, due principally to pressures within Children's Services, though there are also pressures in other areas.



### Business Imperatives

- Eight out of nine strategic priorities are on target.
- Financial performance against budget remained Red.
- Employee sickness absence increased.



### Physical Regeneration

- Seven out of eight strategic priorities are on target.
- Commercial and housing investment continued to increase.
- More new homes were built in the quarter.
- Number of new business start ups has increased in 2019.



### Social Regeneration

- Seven out of thirteen strategic priorities are on target.
- Ofsted rated Children's Safeguarding services as 'Inadequate' across all four areas of judgement.
- Children subject to statutory intervention by Children's Services continued to increase.
- GCSE performance in English & Maths decreased from last year.
- Crime & anti-social behaviour combined decreased from Quarter Two.



### Projected Financial Position

- We are projecting a £5,707,000 (105.1%) overspend on our revenue budget in 2019/20, with the majority of this pressure within Children's Services.
- Borrowing and reserves remain within agreed limits.

## 2

# Strategic Plan 2019-2022

## Strategic Priorities - Performance at Quarter Three 2019/20

The overall position has decreased from Quarter Two, with 21 of 30 strategic priorities currently on target to be achieved. The priorities on in-year financial performance relative to Council budget, transformation of children's social work and early help, and Improvement in local health and wellbeing remain Red. Increase educational and vocational attainment has moved from Green to Amber due to a decline in GCSE performance, as has the priority to protect children, young people and adults from harm, abuse and neglect, in light of the recent Ofsted visit and report.

### Business imperatives

| Priority   | Status |
|--|--------|
| In-year financial performance relative to Council budget.  | R      |
| Improve the financial performance of services we charge for, and look for new income.  | G      |
| Achieve greater value for money when buying services and managing contracts.   | G      |
| Look at new ways of delivering our services, working with local communities & partners.  | G      |
| Through our digital strategy, make it easier to access our services online and phone.  | G      |
| Introduce a 'unit cost' budgeting approach to our services to identify further efficiency savings.   | G      |
| Make sure that our business management practices compare with those of the best-performing councils.   | G      |
| Gain a greater understanding of the needs of our customers and partners, by introducing new ways of improving communications and consultation. | G      |
| Use our people strategy to become recognised as a good employer.   | G      |

### Physical regeneration

| Priority  | Status |
|---|--------|
| Promote the Middlesbrough 'brand' to improve the town's reputation, attract new investment, visitors and residents, and add to civic pride.                 | G      |
| Implement our Cultural Strategy for the town, investing in our museums and other cultural assets, and lead the Tees Valley's 2025 UK City of Culture bid.   | G      |
| Develop Middlehaven as an education, leisure, sports and entertainment centre of national significance.   | G      |
| Improve Middlesbrough's rail connections, promote investment in the Historic Quarter to encourage business growth and continue to improve our road network. | G      |
| Transform our town centre to create an iconic and regional centre for media, digital creativity, learning and leisure.                                      | G      |
| Develop Centre Square as the Tees Valley's main office location and a major focus of cultural & leisure activity.   | G      |

## 2

# Strategic Plan 2019-2022

## Strategic Priorities - Performance at Quarter Three 2019/20

### Physical regeneration

| Priority  | Status |
|---|--------|
| Continue to grow our business base, with new commercial workspace and support for innovation sectors. | G      |
| Build 1,800 new homes to meet the needs and ambitions of a growing population.                        | A      |

### Social regeneration

| Priority   | Status |
|--|--------|
| Continue to strengthen the local economy, creating 3,400 new jobs and increasing the number of local services we commission.   | A      |
| Number of local jobs and the average weekly wage will increase, as our communities will be able to access the opportunities arising from Middlesbrough's regeneration.   | A      |
| Take action to promote financial inclusion and reduce income inequality within the town, including improving community advice and welfare services and promoting the South Tees Community Bank.  | G      |
| Increase educational and vocational attainment for all children and adults, by working with nurseries, schools, colleges, Teesside University, other education and vocational training providers and local employers.                  | A      |
| Continue to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect.   | A      |
| Transform children's social work and early help, to allow more families to stay together where it is safe to do so and reduce the need for children to be looked after by us.  | R      |
| Work to improve local health and wellbeing, and reduce health inequalities in the town, focusing on self-care, community-led prevention and early intervention.  | R      |
| Join up health and social care, working with partners to keep children and adults healthy, avoid admissions to hospital, and improve care upon discharge.  | G      |
| Improve the town's environment, working with local communities to make sure our roads, streets and open spaces are well-designed, clean and safe.  | G      |
| Create more affordable housing, to develop balanced, sustainable communities where people want to live.  | A      |
| Work with local people to improve community life, making sure that all adults, children and young people feel safer and happier where they live, and reduce loneliness and social isolation.   | G      |
| Work with local communities to redevelop Middlesbrough's disadvantaged estates, such as those in North Middlesbrough, and to put in place our empty homes strategy.  | G      |
| Change perceptions of Middlesbrough and raise local aspirations, working with partners to give local communities the opportunity to influence how Middlesbrough is transformed and how local public services are changed and improved. | G      |

# 2

## Strategic Plan 2019-2022

### Measures of success

10 of our 28 measures of success improved compared to previous quarter or latest available data, with 12 remaining static and six deteriorating. The position remains similar to Quarter Two, with Social Regeneration again remaining the most uneven level of performance.

#### Business imperatives

| Measure  | Status |
|--|--------|
| Council income from local sources              | →      |
| Customers using online self-serve              | ↑      |
| Employee satisfaction                          | →      |
| Employee sickness absence                      | ↓      |
| External Auditor's 'Value for Money' judgement | →      |

#### Physical regeneration

| Measure   | Status |
|---|--------|
| Town population   | →      |
| Satisfaction with Middlesbrough as a place to live      | →      |
| Visitors to Middlesbrough                               | →      |
| Inward investment                                       | ↑      |
| New business start-ups                                  | ↑      |
| Value of goods and services in Middlesbrough per worker | →      |
| New homes built   | ↑      |
| Affordable homes as proportion of housing stock         | →      |

#### Social regeneration

| Measure  | Status |
|--|--------|
| New jobs created                                       | ↑      |
| Council spending with local businesses                 | ↑      |
| Local employment rate                                  | ↑      |
| Gross weekly pay                                       | ↑      |
| Child & adult poverty                                  | →      |
| Children looked after by us                            | ↓      |
| Pupils achieving expected GCSE standards               | ↓      |
| Residents with technical & professional qualifications | ↓      |
| Child & adult obesity                                  | ↓      |
| Child & adult mental health                            | →      |
| Healthy life expectancy                                | →      |
| Adults living independently                            | ↑      |
| Waste recycled   | →      |
| Overall crime rate                                     | ↓      |
| Local life satisfaction                                | ↑      |

# 2

## Strategic Plan 2019-2022

### Quarter Three Highlights



For the first time in a number of years there are more children in internal fostering placements than agency fostering; demonstrating the impact of our commitment to re-balance foster care provision.



In line with the Mayor's community safety priority, additional street wardens have been recruited and commenced work.



A £62m housing scheme planning application was approved for the old Prissick Base site.



Commercial and housing investment in Middlesbrough continued to increase in line with our expectations, with 41.93% of the overall Investment Prospectus target now achieved.



The percentage of Council spending on local goods and services further increased to 41%.



The number of new homes built continued to increase, as did the number of new jobs created; with 24.6% and 21.9% of the overall Investment Prospectus targets achieved respectively.



Crime and anti-social behaviour combined has fallen in 14 of 20 wards from the end of Q2, a reduction of 3.4% overall.



Customer and employee digital transactions continue to significantly exceed targets.



The 2020/21 Budget Consultation commenced on the 24th December and to date over 800 responses have been received.

# 2

## Strategic Plan 2019-2022

### Issues arising at Quarter Three



Projected performance against the agreed revenue budget for 2019/20 worsened at Quarter Three, with budget pressures within Children's Services continuing to grow.



Children's Services were inspected in December by OFSTED and the Council's Safeguarding Services have been judged as Inadequate.



The rates of children subject to statutory intervention from Children's Services continued to increase. The Looked After Children rate rose from 171.6 per 10,000 in Q2 to 173.5 in Q3, and the Child Protection Plan rate from 93.2 per 10,000 to 98.4.



The number of referrals for Children's Services interventions continues to increase, demonstrating the increased demand placed on services.



Published data for 2018/19 shows a decline in performance for KS4 in English & Maths from 2017/18.

# 3

## Financial position

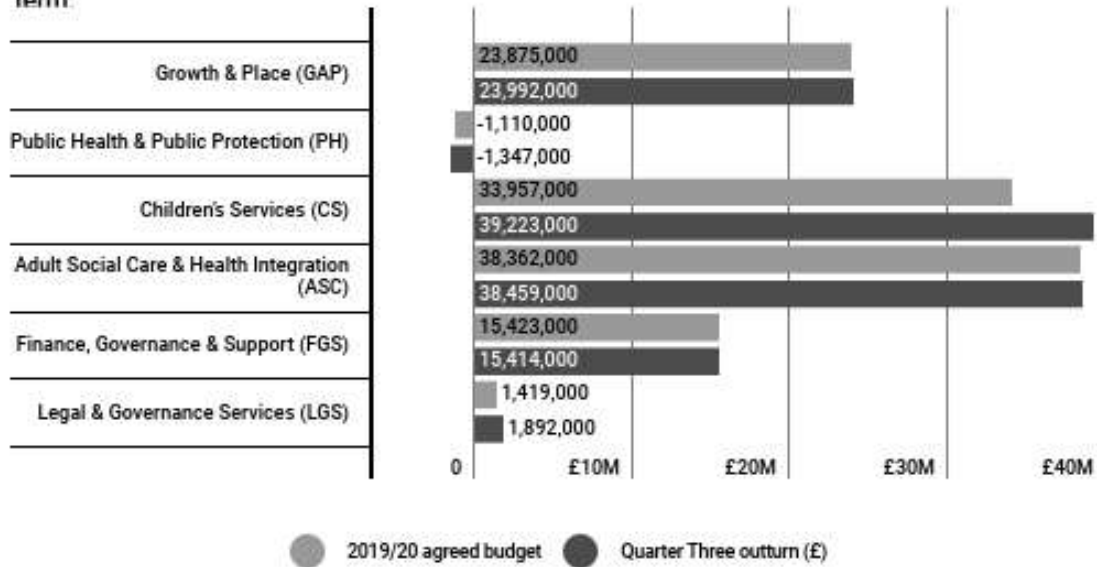
### Projected expenditure of 2019/20 Revenue Budget

The 2019/20 Revenue budget for the Council is £111,926,000.

A revised senior management structure within the Council was implemented during Quarter Three, and the financial position is reported against this new structure.

The Council's outturn position for 2019/20 is projected to be an overspend of £5,707,000. This is mainly due to an increase in the projected outturn position within Children's Services. Progress on actions to mitigate this projected pressure in 2019/20 are detailed in Section Five.

An overspend of this level would be covered by the Council's reserves in 2019/20, but if this continues beyond 2019/20 it is a significant risk to the Council's financial position in the medium-term



The Children's Services (Education) projection includes a £311,000 pressure relating to shortfall in secondary school places and GAP (Environment & Commercial Services) includes an associated £100,000 pressure for additional school transport costs. The ongoing effects of these pressures will be addressed as part of the refresh of the Council's Medium Term Financial Plan to be considered by Council in February 2020.

## 3

# Financial position

## Projected expenditure of 2019/20 Revenue Budget

It is to be expected that in a complex organisation there are variances in areas between budget and projected outturn. At Quarter Three, 26 budget areas (listed below) were projected to spend +/- £150,000 of the agreed budget during 2019/20.

| Owner    | Budget  | Over / underspend | %    | From Q2 | Reason   | Status               |
|----------|---|-------------------|------|---------|--|----------------------|
| CS / GAP | School places   | £411,000          | 100% | A       | Projected pressure in education of £311k due to shortfall in secondary school places and projected pressure of £100k in Environment and Commercial Services relating to associated additional transport costs                                      | One-off / Structural |
| CS       | Residential agency placements                                     | £3,646,000        | 54%  | A       | Slower than expected/no implementation of new initiatives and continued increased demand in Q3. Includes remaining unallocated Social Care support grant previously held centrally transferred into Children's Services to offset demand pressures | One-off / Structural |
| CS       | In-house Fostering / Fostering Team / Family & Friends Allowances | £1,524,000        | 41%  | R       | Significant increased number of placements/cases and full year effect of 2018/19 increases. An increase in this budget is positive as cost per child is cheaper than other demand budgets  | One-off / Structural |
| CS       | Independent Fostering Agency (IFA) Placements                     | £936,000          | 18%  | A       | Decreased number of placements, but pressure from full year affect of 2018/19 increases  | One-off / Structural |
| CS       | Edge of Care Project  | -£844,000         | -31% | A       | Slower than anticipated implementation of new initiatives  | One-off              |
| CS       | Savings mitigation plan   | -£1,884,000       | -6%  | A       | Mitigating actions being undertaken in 2019/20 to address delay in achieving savings and pressures outlined above  | One-off              |
| CS       | Management  | £284,000          | 46%  | R       | Significant agency and staffing costs  | One-off / Structural |
| CS       | Assessment & Care Planning Teams                                  | £699,000          | 14%  | A       | Agency costs of QWAP Team up to July 2019 relating to caseload issue highlighted by OFSTED   | One-off              |



## 3

# Financial position

## Projected expenditure of 2019/20 Revenue Budget

| Owner | Budget  | Over / underspend | %     | From Q2 | Reason   | Status               |
|-------|---|-------------------|-------|---------|--|----------------------|
| CS    | Looked After Children - Other Specialist Services | £317,000          | 13%   | R       | Agency costs due to vacant posts   | One-off              |
| CS    | Short Breaks Respite & Direct Payments            | £310,000          | 33%   | R       | Unexpected costs relating to previous years invoices. Edge of Care placement costs   | One-off              |
| GAP   | Town Hall Budgets (Consolidated)                  | £157,000          | 128%  | R       | Shortfall of income relating to promotions, bars and ticket sales, and some unexpected costs relating to the previous year                   | One-off / Structural |
| GAP   | Development Control                               | -£200,000         | -145% | G       | Council has received more major applications than budgeted for   | One-off              |
| GAP   | Emergency Planning                                | £181,000          | 372%  | R       | Marton Country Club Fire cost incurred. Insurance claim being made for this but no assumption currently made as to any funding towards costs | One-off              |
| GAP   | Bereavement Services                              | -£200,000         | -12%  | G       | Income shortfall for effect of Stockton Crematorium opening not being as high as anticipated   | One-off              |
| LGS   | Legal Services                                    | £295,000          | 20%   | A       | Increase in legal childcare costs due to increased court referrals, and increased agency costs to meet demand                                | One-off / Structural |
| LGS   | Coroner's Service                                 | £150,000          | 75%   | R       | Increase in Middlesbrough costs of Joint Arrangement, mainly due to increase in body removal costs & purchase of Case Management System      | One-off / Structural |
| FGS   | Business World                                    | £335,000          | 103%  | R       | Costs arising from unexpected invoices received covering 4 years for data hosting costs for Business World system                            | One-off              |
| FGS   | Section 31 Business Rates Relief Grant            | -£843,000         | -27%  | G       | Additional grant income received above budget  | One-off              |
| FGS   | General Fund                                      | £366,000          | 66%   | R       | Unbudgeted costs offset by unbudgeted income and various minor holding account balances  | One-off              |

## 3

# Financial position

## Projected expenditure of 2019/20 Revenue Budget

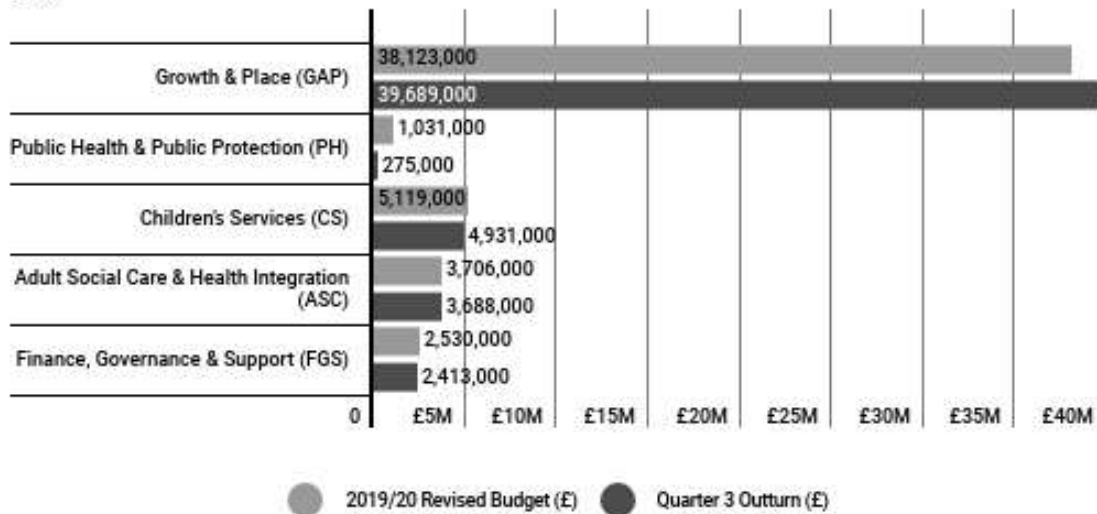
| Owner | Budget                                       | Over / underspend | %    | From Q2 | Reason  | Status               |
|-------|--|-------------------|------|---------|---|----------------------|
| FGS   | Vancouver House                              | -£153,000         | -47% | A       | Savings on running costs following sale of building   | One-off / Structural |
| FGS   | Pay & Prices Contingency                     | £242,000          | 100% | A       | Increased inflationary pressures due to Social Care Extra Housing contracts and Energy contracts                      | Structural           |
| FGS   | Cross Cutting Digital Savings Target         | £314,000          | 46%  | R       | Partial achievement of Digital savings owing to various implementation barriers, which will be re-profiled to 2020/21 | One-off              |
| PH    | Public Health - substance misuse             | £288,000          | 31%  | R       | Increase in the cost of the prescribed drug (Buprenorphine) used in addiction treatment                               | Structural           |
| PH    | Public Health - staffing                     | -£229,000         | -14% | A       | Delays in recruitment to vacant posts across the service, and freezing of posts in advance of 20/21 budget reduction  | One-off              |
| PH    | Public Protection - Staffing / Running Costs | -£155,000         | -27% | G       | Delays in recruitment to vacant posts across service  | One-off              |
| ASC   | Adult Social Care - staffing                 | -£588,000         | -4%  | A       | Delays in recruitment to vacant posts across the service and delay in implementation of Forensic Services review      | One-off              |
| ASC   | Purchasing of external care packages         | £739,000          | 3%   | A       | Additional demand for services, offset by early achievement of 2020/21 Change Programme 3 savings                     | One-off / Structural |

# 3

## Financial position

### Projected expenditure of 2019/20 Capital Budget

Following a review of schemes during Quarter Two, the Council's capital budget for 2019/20 was set at £50,509,000 in Quarter Two. Following a further review and the inclusion of three new additional externally funded schemes it is predicted at Quarter Three to be £50,996,000 at year end.



As reported at Quarter Two there was a shortfall of resources to support the capital programme of £7.3m in 2020/21 and £9.8m in 2021/22. This was due to capital receipts that were originally expected at the start of the financial year being forecast in later years, outside the timescale of the three year approved programme. A comprehensive review of all anticipated capital receipts and their expected timing has taken place during this quarter to establish the latest position. A further assessment of expenditure has also taken place to establish what could be removed or re-programmed into future years.

The table at the bottom of Appendix 3 shows that there are now no differences in the capital funding available in 2020/21. However there is a temporary shortfall in resources in the current financial year of approximately £1.1m, again due to the timing of capital receipts. It is suggested that this be funded from the Investment Funding reserve in the Council's Balance Sheet which is held for this purpose.

## 3

## Financial position

### Projected expenditure of 2019/20 Capital Budget

Three new schemes / investment have been included in the revised Investment Strategy for approval.

| Directorate | Scheme  | Total Value (£) | Reason  |
|-------------|---|-----------------|---|
| GAP         | A66 Throughabout / Cargo Fleet Lane                     | £916,000        | As an extension to the works being carried out to create the A66 throughout the Council has secured £916,000 funding from Tees Valley Combined Authority (TVCA) to create safer cycle routes on the Cargo Fleet Lane & Southbank Road roundabout. Works are now underway as part of the overall A66 Throughabout project  |
| GAP         | Historic England Heritage Action Zone High Street Grant | £986,000        | The Council has been successful in a bid to Historic England. Historic England have awarded the Council £986,000 (amount to be confirmed) capital funding, which has been combined with match funding of £1,000,000 from the Council's pre-existing City Centre Public Realm budget. The project will undertake public realm improvements at Exchange Square and around the rail station and, subject to match funding from property owners, improvement to commercial properties within the zone |
| GAP         | Housing Growth  | £304,000        | Of the £304,000, £248,000 related to a contribution made by Middlesbrough College for road construction   |

No schemes have been removed from the Investment Strategy at Quarter Three.

15 schemes have transferred from one service to another as part of the senior management review. One scheme has transferred outside of the review to fund costs associated with the project. There is no financial impact on the Council's overall Capital Programme from these changes.

| Transferred From                      | Transferred To                    | Total Value (£) | Scheme Description   |
|---------------------------------------|-----------------------------------|-----------------|--|
| Regeneration                          | Environment & Commercial Services | £2,031,000      | LTP - Highways Maintenance                                 |
| Regeneration                          | Environment & Commercial Services | £1,404,000      | Street Lighting  |
| Regeneration                          | Environment & Commercial Services | £500,000        | UTMC   |
| Culture, Communities & Communications | Regeneration                      | £8,205,000      | Town Hall Venue Development, includes previous years spend |
| Culture, Communities & Communications | Regeneration                      | £244,000        | Cultural Transformation                                    |

## 3

# Financial position

## Projected expenditure of 2019/20 Capital Budget

| Transferred From                      | Transferred To                | Total Value (£) | Scheme Description   |
|---------------------------------------|-------------------------------|-----------------|--|
| Culture, Communities & Communications | Regeneration                  | £122,000        | Christmas Lights, includes previous years spend                    |
| Culture, Communities & Communications | Regeneration                  | £120,000        | Theatre Winches/Lifts  |
| Culture, Communities & Communications | Regeneration                  | £48,000         | Municipal Buildings, includes previous years spend                 |
| Culture, Communities & Communications | Regeneration                  | £95,000         | Dorman Museum, includes previous years spend                       |
| Culture, Communities & Communications | Regeneration                  | £24,000         | Orange Pip Market Equipment  |
| Culture, Communities & Communications | Regeneration                  | £30,000         | Contribution to Public Arts Projects                               |
| Culture, Communities & Communications | Regeneration                  | £40,000         | Public Arts Works  |
| Environment & Commercial Services     | Regeneration                  | £2,100,000      | Newham Grange Leisure Farm, includes previous years spend          |
| Improving Public Health               | Regeneration                  | £75,000         | Leisure Strategy Investment - Equipment                            |
| Environment & Commercial Services     | Finance, Governance & Support | £5,000,000      | Town Centre Investment Strategy, includes previous years spend     |
| Finance, Governance & Support         | Regeneration                  | £404,000        | Housing Growth (Infrastructure), transferred from De-Risking Sites |

5 schemes are projecting expenditure of +/- £150,000 of the revised budget for 2019/20, requiring movement within our four year strategy but not affecting the overall investment or cost of borrowing.

| Directorate | Scheme                                | Variation (£) | %    | Reason   | Movement   |
|-------------|---------------------------------------|---------------|------|--|------------|
| GAP         | Middlesbrough Development Company     | £650,000      | 813% | Transfer to Middlesbrough Development Company for the acquisition and demolition of Tollesby Shops | From 20/21 |
| GAP         | LED Street Lighting Upgrade (Phase 2) | -£205,000     | -10% | Re-profiling due to a delay in the delivery partners ordering process                              | To 20/21   |

## 3

## Financial position

### Projected expenditure of 2019/20 Capital Budget

| Directorate | Scheme                     | Variation (£) | %    | Reason  | Movement   |
|-------------|----------------------------|---------------|------|---|------------|
| GAP         | Bereavement Services       | £412,000      | 100% | Drainage works at Cemeteries to release number of plots for sale. The works became urgent due to the deterioration of ground conditions | From 21/22 |
| PH          | Live Well Centre Expansion | -£756,000     | -96% | Delay as a result of council-wide buildings review  | To 20/21   |
| CS          | Edge of Care               | £132,000      | 23%  | Earlier than predicted implementation of Edge of Care project from that reported at Q2  | From 20/21 |

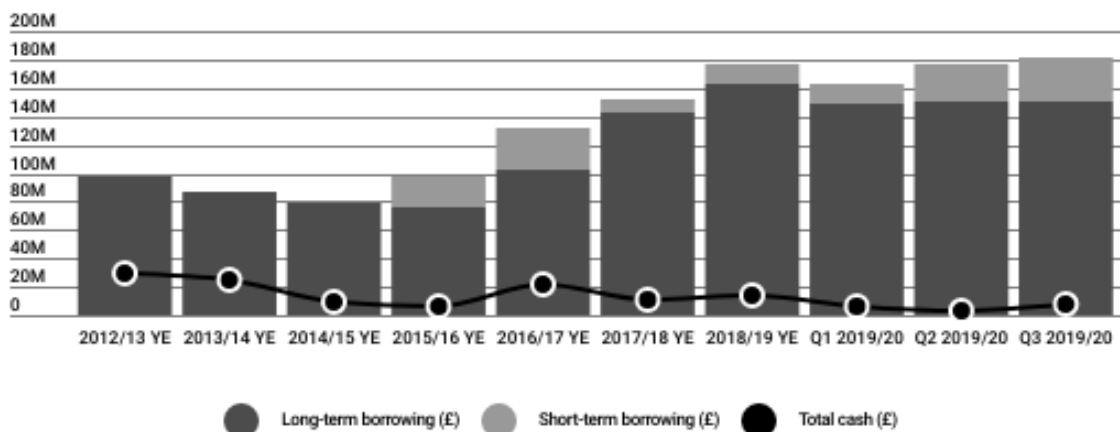
# 3

## Financial position

### Borrowing and Reserves

Our balance of borrowing at the end of Quarter Two was £177,449,591. Planned borrowing for 2019/20 at the end of Quarter Three was £182,449,591 – an increase of £5,000,000. The increase represents a combination of new borrowing needed to pay for the Investment Strategy plus some additional liquidity needed for general cash flow purposes. The new borrowing, as per previous decisions this financial year, is on a short term basis from other local authorities, maturing towards the end of January 2020.

The decisions on short term borrowing taken this financial year allows us to take a view on performance within the UK economy, as well as the increase in long term funding rates from the Public Works Loan Board. As the UK leaves the European Union we should get a better understanding of the value of longer term borrowing rates and be able to move back into long term funding for capital projects during 2020/21.



The following table sets out a summary of the balance of reserves and provisions at the start of 2019/20 and the projected balance at year-end. The level of reserves continues to reduce in a planned manner to smooth out future savings requirements and to fund investment as intended within the Council's Medium Term Financial Plan. The projected balance at year end on reserves has also reduced in 19/20 due to the use in covering the council's projected outturn.

| Reserves and Provisions    | Opening Balance    | Use in Year          | Additional Contributions | Transfers to General Fund | Projected Balance at Year End |
|----------------------------|--------------------|----------------------|--------------------------|---------------------------|-------------------------------|
| General Fund               | £11,904,000        | (£1,698,000)         | £0                       | (£806,000)                | £9,400,000                    |
| Earmarked reserves         | £21,767,000        | (£8,087,000)         | £3,566,000               | (£1,576,000)              | £15,670,000                   |
| Maintained school reserves | £2,345,000         | (£272,000)           | £0                       | £0                        | £2,073,000                    |
| <b>Total</b>               | <b>£36,016,000</b> | <b>(£10,057,000)</b> | <b>£3,566,000</b>        | <b>(£2,382,000)</b>       | <b>£27,143,000</b>            |

## 4

## Strategic risks

The table below sets out current risks to the achievement Council's strategic priorities following our Quarter Three review, following which the total number of risks on the Strategic Risk Register has increased to 33. Risks are displayed from highest scoring to lowest. Impact ranges from insignificant to extreme and likelihood ranges from rare to almost certain to happen.

| Risk  | Impact  | Likelihood | Trend |
|---|---------|------------|-------|
| Failure to control expenditure within Children's Services - MTFP pressure         | Extreme | Possible   | ↔     |
| Inadequate safeguarding practices lead to children and young people being at risk | Major   | Likely     | NEW   |
| Breach of data rights due to untimely response to information requests            | Major   | Likely     | ↔     |
| Waste Disposal Contract Costs - MTFP pressure                                     | Major   | Likely     | ↔     |
| Town has high residential voids/low sales values                                  | Major   | Likely     | ↔     |
| Partners' funding positions - MTFP pressure                                       | Major   | Likely     | ↔     |
| Children impacted by Social Care transformation                                   | Major   | Possible   | ↑     |
| Retail market distress impacting on the Town Centre                               | Major   | Possible   | ↔     |
| Historical child abuse claims   | Major   | Possible   | ↔     |
| Failure to have adequate governance   | Major   | Possible   | ↔     |
| Historical investigations requiring changes to practice                           | Major   | Possible   | ↔     |
| Any Brexit - Local Economy  | Major   | Possible   | ↔     |
| Failure to transform culture and deliver savings plans                            | Major   | Possible   | ↔     |
| Inaccurate MTFP leading to savings gap  | Major   | Possible   | ↔     |
| School Leavers - poor skills profile  | Major   | Possible   | ↔     |
| Failure to develop effective partnerships   | Major   | Possible   | ↔     |
| Decline in new housebuilding impacting on Council Income                          | Major   | Possible   | ↔     |
| Insufficient Year 7 School Places   | Major   | Possible   | ↓     |
| Transition to new housing provider for asylum seekers                             | Major   | Possible   | ↔     |
| No Deal Brexit - business continuity  | Extreme | Unlikely   | ↓     |
| Failure to comply with statutory duties   | Extreme | Unlikely   | ↔     |



## 4

## Strategic risks

| Risk   | Impact          | Likelihood      | Trend |
|--|-----------------|-----------------|-------|
| <b>Terrorist Incident (national threat level)</b>  | <b>Extreme</b>  | <b>Unlikely</b> | →     |
| Reduction in frontline policing impacting on crime / community resilience                              | Moderate        | Likely          | →     |
| <b>Disruption from national/local elections</b>  | <b>Moderate</b> | <b>Likely</b>   | →     |
| Insufficient primary school places in central Middlesbrough  | Major           | Unlikely        | ↓     |
| <b>Data protection legislation breaches - failure of staff to complete training</b>                    | <b>Major</b>    | <b>Unlikely</b> | →     |
| National Waste Review - MTFP pressures   | Major           | Unlikely        | →     |
| <b>Poor quality of services provided by Health Partners may impact/increase demand for the Council</b> | <b>Moderate</b> | <b>Possible</b> | ↑     |
| Failure to recruit/retain key staff  | Moderate        | Possible        | →     |
| <b>Inward migration - MTFP pressures</b>   | <b>Moderate</b> | <b>Unlikely</b> | ↓     |
| Centre Square - failure to provide expected returns  | Minor           | Possible        | →     |
| <b>Business Rates - MTFP pressures</b>   | <b>Minor</b>    | <b>Possible</b> | →     |
| TeesAMP - failure to provide expected returns  | Minor           | Possible        | →     |

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# 5

## Actions

### Action taken in response to issues identified

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A number of controls have been implemented to minimise overspending across the Council in-year and these will remain in place for the remainder of 2019/20, specifically:

- a vacancy control process overseen by the Corporate Management Team;
- a cessation of the use of agency staff;
- checks against proposed expenditure of £5,000+ by the procurement team; and
- controls over staff travel, the ordering of stationery and use of first class post.

These controls have reduced overall anticipated expenditure within the targeted areas, though the Quarter Three review demonstrated that work is needed to further strengthen controls over vacancy and agency staff, while also acknowledging that full cessation of agency staff is not feasible at this point. Instead the focus will be on minimising the use of agency staff going forward.

The following controls specifically in relation to Children's Services were agreed at Quarter Two and implemented during Quarter Three:

- a child-by-child review of the Council's 68 external residential placements, moving young people in-year where appropriate;
- resources and early help services redeployed to support children with the highest level of need in new ways; and
- robust professional panels in place to challenge care planning on all placements and newly looked after children.

During Quarter Three the child-by-child review was completed in full and resulted in an increase in the number of children being accommodated by in-house services, which cost less than agency places, with NHS funding also secured. However, an increase of 19 in the overall number of looked after children during Quarter Three outweighed the savings achieved by this work.

In relation to early help:

- Children Centre staff are now allocated to all children under five open to early help family casework, offering specialist early years support and encouraging access to children centre activities;
- the Stronger Families service will have staff located within the locality teams in Newport and North Ormesby, which are areas of high demands for Children's Services; and
- School Readiness and Work Readiness teams are both now taking family casework to increase capacity for early help support to children and young people.

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# 5

## Actions

### Action taken in response to issues identified

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A Vulnerable Parenting Pathway is also being developed in partnership with the Public Health service in order to improve early identification of parents with the highest levels of need and this will be in place for 1 April 2020.

Progress against delivery of savings and mitigation of the projected overspend within Children's Services has been monitored between quarters by:

- weekly placement updates at Directorate Management Team to monitor numbers, costs and trends; and
- monthly full budget monitoring for Children's Care, with results fed back to the Corporate Management Team and the Executive.

As reported at Quarter Two, an overspend of this scale in 2019/20 can be covered by the Council's reserves, however it would reduce the Council's General Fund Reserve to the minimum level (£9.4m) recommended by the Section 151 Officer and so represent a significant risk to the Council's financial position in the medium-term.

Clearly, strong action is required to address this, and other key associated financial issues, in particular the long-term funding settlement for local government. These matters are addressed in detail in a report to this meeting of the Executive restating the Council's Medium-Term Financial Plan and proposing the revenue budget for 2020/21.

## Appendix 2: Proposed virements at Quarter Three 2019/20

| Proposed budget virement   | Growth and Place |              | Children's Services |                        |               | ASC&HI          |                | L&GS<br>£000s | FGS<br>(inc.<br>General<br>Fund)<br>£000s | Change<br>Fund<br>£000s |
|--|------------------|--------------|---------------------|------------------------|---------------|-----------------|----------------|---------------|---|-------------------------|
|  | REGEN<br>£000s   | ECS<br>£000s | CC<br>£000s         | P&P &<br>EDUC<br>£000s | BP&C<br>£000s | ASC&HI<br>£000s | PH&PP<br>£000s |               |   |                         |
| <b>Permanent</b>   |                  |              |                     |                        |               |                 |                |               |   |                         |
| Centralisation of LMT business support and transfer to crosscutting digital savings target   | (96)             |              | (96)                |                        |               |                 | (26)           |               | 184                                       | 34                      |
| Transfer of civil enforcement officer team   | (360)            | 360          |                     |                        |               |                 |                |               |   |                         |
| Transport and Infrastructure restructure   | (1,358)          | 1,358        |                     |                        |               |                 |                |               |   |                         |
| Transfer of TWI income budget from commercial rents to capital financing   |                  |              |                     |                        |               |                 |                | 282           | (282)                                     |                         |
| <b>Temporary</b>   |                  |              |                     |                        |               |                 |                |               |   |                         |
| Correction of £480k virement approved at Q2, relating to utilisation of centrally-held Social Care Support Grant to offset pressures within Children's Services during 2019/20 – processed wrong way around. |                  |              |                     |                        | 960           |                 |                |               |   | (960)                   |
|  | <b>(1,814)</b>   | <b>1,718</b> | <b>(96)</b>         |                        | <b>960</b>    |                 | <b>(26)</b>    |               | <b>466</b>                                | <b>(1,028)</b>          |
|  |                  |              |                     |                        |               |                 |                |               | <b>Total:</b>                             | <b>0</b>                |

### Appendix 3: Proposed revised Investment Strategy at Quarter Three 2019/20

|  | Total Funding Required |               |               |               |                | Council Funding | External Funding |
|--|------------------------|---------------|---------------|---------------|----------------|-----------------|------------------|
|  | 2018/19                | 2019/20       | 2020/21       | 2021/22       | TOTAL          |                 |                  |
| <b>Regeneration</b>                                      | £000's                 | £000's        | £000's        | £000's        | £000's         | £000's          | £000's           |
| Town Centre Related Projects                             | 701                    | 811           | 1,223         | 2,306         | 5,041          | 4,055           | 986              |
| Teesside Media & Innovation Village                      | 40                     | 7             | -             | -             | 47             | 47              | -                |
| Middlehaven Related Projects                             | 3,860                  | 1,253         | 161           | 550           | 5,824          | 4,141           | 1,683            |
| Housing Growth   | 279                    | 365           | 2,023         | 2,861         | 5,528          | 5,224           | 304              |
| BOHO 8   | -                      | 100           | 2,400         | -             | 2,500          | -               | 2,500            |
| BOHO 10  | -                      | 500           | 8,000         | 18,500        | 27,000         | 2,900           | 24,100           |
| M Homes  | -                      | 730           | 6,873         | -             | 7,603          | 2,703           | 4,900            |
| Teesside Advanced Manufacturing Park                     | 4,254                  | 16,120        | 1,000         | -             | 21,374         | 12,523          | 8,851            |
| BOHO Car Park & Building Improvements                    | 584                    | 16            | -             | -             | 600            | 600             | -                |
| Great Cabinet Of Curiosities Retention                   | 5                      | -             | -             | -             | 5              | 5               | -                |
| Capitalisation Of Major Schemes Salaries                 | 440                    | 530           | 530           | 530           | 2,030          | 2,030           | -                |
| Affordable Housing Via Section 106                       | -                      | -             | 1,255         | -             | 1,255          | 830             | 425              |
| Highways Infrastructure Development Section 106          | -                      | -             | 786           | -             | 786            | -               | 786              |
| Stainton Way Dixon Bank Junction - Section 106           | 378                    | 1,302         | -             | -             | 1,680          | -               | 1,680            |
| Longlands to Ladgate Link                                | 69                     | -             | -             | -             | 69             | -               | 69               |
| Stainton Way Western Extension - Section 106             | 9                      | -             | -             | -             | 9              | -               | 9                |
| Acklam / Hall Drive Improvements - Section 106           | 46                     | 97            | -             | -             | 143            | -               | 143              |
| Rose Cottage Pedestrian Links - Section 106              | 14                     | 26            | -             | -             | 40             | -               | 40               |
| The Big Screen   | -                      | -             | 20            | -             | 20             | 20              | -                |
| A66 Throughabout   | 186                    | 2,368         | 1,827         | -             | 4,381          | -               | 4,381            |
| Newport Road & Acklam Road Improvements                  | 116                    | -             | -             | -             | 116            | -               | 116              |
| Ladgate Lane Cycle Paths                                 | 184                    | -             | -             | -             | 184            | -               | 184              |
| Mandale Interchange                                      | 22                     | 64            | -             | -             | 86             | -               | 86               |
| Replacement of Ticket Machines                           | -                      | -             | 189           | -             | 189            | 189             | -                |
| LED Street Lighting Upgrade (Phase 2)                    | -                      | 1,900         | 850           | -             | 2,750          | 2,750           | -                |
| Joint Air Quality Unit (JAQU) - All schemes              | 463                    | 1,183         | 318           | -             | 1,964          | -               | 1,964            |
| Members Small Schemes                                    | 18                     | 75            | -             | -             | 93             | 54              | 39               |
| Grove Hill Joint Venture Projects                        | 9                      | 14            | -             | -             | 23             | -               | 23               |
| Gresham Projects   | 1,578                  | 1,015         | 188           | -             | 2,781          | 2,728           | 53               |
| North Ormesby Housing Joint Venture - Section 106 funded | -                      | -             | 421           | -             | 421            | -               | 421              |
| Empty Homes 2015 To 2018                                 | 40                     | 74            | 426           | -             | 540            | -               | 540              |
| Local Transport Plan                                     | 2,696                  | 992           | 364           | -             | 4,052          | 9               | 4,043            |
| Hemlington Grange Way                                    | -                      | 318           | -             | -             | 318            | 318             | -                |
| Town Hall Venue Development                              | 343                    | 83            | 57            | -             | 483            | 483             | -                |
| Cultural Transformation                                  | -                      | -             | 244           | -             | 244            | 244             | -                |
| Christmas Lights   | 122                    | -             | -             | -             | 122            | 122             | -                |
| Theatre Winches / Lifts                                  | -                      | 76            | 44            | -             | 120            | 120             | -                |
| Municipal Buildings                                      | 28                     | 20            | -             | -             | 48             | 48              | -                |
| Dorman Museum  | 5                      | 60            | 30            | -             | 95             | 95              | -                |
| Orange Pip Market Equipment                              | -                      | 24            | -             | -             | 24             | 24              | -                |
| Contribution To Public Arts Projects                     | -                      | 30            | -             | -             | 30             | 30              | -                |
| Public Art Work  | -                      | 40            | -             | -             | 40             | 40              | -                |
| Newham Grange Leisure Farm                               | 1,111                  | 789           | 200           | -             | 2,100          | 2,100           | -                |
| Leisure Trust Investment - Equipment                     | -                      | -             | 75            | -             | 75             | 75              | -                |
| <b>Total Regeneration</b>                                | <b>17,600</b>          | <b>30,982</b> | <b>29,504</b> | <b>24,747</b> | <b>102,833</b> | <b>44,507</b>   | <b>58,326</b>    |

|  | Total Funding Required |              |              |              |               | Council Funding | External Funding |
|--|------------------------|--------------|--------------|--------------|---------------|-----------------|------------------|
|  | 2018/19                | 2019/20      | 2020/21      | 2021/22      | TOTAL         |                 |                  |
| <b>Environment and Commercial Services</b>                   | £000's                 | £000's       | £000's       | £000's       | £000's        | £000's          | £000's           |
| Purchase of New Vehicles                                     | 951                    | 1,417        | 1,200        | 1,200        | 4,768         | 4,768           | -                |
| Capitalisation of Wheeled Bin Replacement                    | 100                    | 100          | 100          | 100          | 400           | 400             | -                |
| Capitalisation of Street Furniture/Dog Fouling & Litter Bins | 55                     | 55           | 55           | 55           | 220           | 220             | -                |
| Capitalisation of Highways Maintenance                       | 275                    | 575          | 575          | 575          | 2,000         | 2,000           | -                |
| Property Services Building Investment                        | 340                    | 340          | 340          | 340          | 1,360         | 1,360           | -                |
| Parks Improvement  | -                      | 180          | -            | -            | 180           | 180             | -                |
| Bereavement Services   | 13                     | 412          | -            | -            | 425           | 425             | -                |
| Middlesbrough Sports Village                                 | -                      | -            | -            | -            | -             | (404)           | 404              |
| Nunthorpe Playing Fields S106                                | 37                     | 63           | -            | -            | 100           | -               | 100              |
| Waste Disposal Plant Investment                              | 2,808                  | -            | -            | -            | 2,808         | 2,808           | -                |
| Crematorium Works  | 517                    | -            | -            | -            | 517           | 517             | -                |
| LTP-Highways Maintenance                                     | -                      | 1,816        | 215          | -            | 2,031         | -               | 2,031            |
| Street Lighting  | -                      | 300          | 636          | 468          | 1,404         | 1,404           | -                |
| Urban Traffic Management & Control (UTMC)                    | -                      | 50           | 450          | -            | 500           | -               | 500              |
| Members Small Schemes  | 54                     | 71           | 60           | 60           | 245           | 245             | -                |
| Leisure Investment   | 121                    | -            | -            | -            | 121           | 121             | -                |
| Property Asset Investment Strategy                           | 1,565                  | 1,993        | 939          | 1,022        | 5,519         | 5,432           | 87               |
| Hemlington Community Asset Transfer                          | 25                     | -            | -            | -            | 25            | 25              | -                |
| Nunthorpe Sports Facilities                                  | -                      | -            | 100          | -            | 100           | -               | 100              |
| East Middlesbrough Community Hub                             | 104                    | 1,335        | 1,061        | -            | 2,500         | 2,500           | -                |
| <b>Total Environment and Commercial Services</b>             | <b>6,965</b>           | <b>8,707</b> | <b>5,731</b> | <b>3,820</b> | <b>25,223</b> | <b>22,001</b>   | <b>3,222</b>     |

|  | Total Funding Required |            |            |          |              | Council Funding | External Funding |
|--|------------------------|------------|------------|----------|--------------|-----------------|------------------|
|  | 2018/19                | 2019/20    | 2020/21    | 2021/22  | TOTAL        |                 |                  |
| <b>Children's Care / Business Performance &amp; Change</b>       | £'000                  | £'000      | £'000      | £000's   | £'000        | £'000           | £'000            |
| Block Budget - Edge of care                                      | -                      | -          | 7          | -        | 7            | -               | 7                |
| Gleneagles - Kitchen and External Works                          | 54                     | -          | -          | -        | 54           | -               | 54               |
| Purchase of a home for a Looked After Child in Hartlepool        | 12                     | -          | -          | -        | 12           | -               | 12               |
| Children's Homes - Refurbishment work                            | 19                     | -          | -          | -        | 19           | -               | 19               |
| Gleneagles and Holly Lodge (door/windows)                        | -                      | 12         | -          | -        | 12           | -               | 12               |
| Edge Of Care Project (Hub)                                       | -                      | 350        | 202        | -        | 552          | 525             | 27               |
| Edge Of Care Project (Spencerfield 117-120)                      | -                      | 135        | 15         | -        | 150          | 150             | -                |
| Edge Of Care Project (3 Broadwell)                               | -                      | 225        | -          | -        | 225          | 225             | -                |
| <b>Total Children's Care / Business Performance &amp; Change</b> | <b>85</b>              | <b>722</b> | <b>224</b> | <b>-</b> | <b>1,031</b> | <b>900</b>      | <b>131</b>       |

|   | Total Funding Required |            |          |          |            | Council Funding | External Funding |
|---|------------------------|------------|----------|----------|------------|-----------------|------------------|
|   | 2018/19                | 2019/20    | 2020/21  | 2021/22  | TOTAL      |                 |                  |
| <b>Prevention &amp; Partnerships</b>  | £'000                  | £'000      | £'000    | £'000    | £'000      | £'000           | £'000            |
| Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project) | -                      | 7          | -        | -        | 7          | -               | 7                |
| Caldicotes 2 year old provision   | -                      | 112        | -        | -        | 112        | 87              | 25               |
| <b>Total Prevention &amp; Partnerships</b>  | <b>-</b>               | <b>119</b> | <b>-</b> | <b>-</b> | <b>119</b> | <b>87</b>       | <b>32</b>        |

|   | Total Funding Required |              |              |            |              | Council Funding | External Funding |
|---|------------------------|--------------|--------------|------------|--------------|-----------------|------------------|
|   | 2018/19                | 2019/20      | 2020/21      | 2021/22    | TOTAL        |                 |                  |
| <b>Education</b>                            | £'000                  | £'000        | £'000        | £'000      | £'000        | £'000           | £'000            |
| Block Budget (Grant) Special Provision Fund | -                      | -            | 64           | -          | 64           | -               | 64               |
| Schemes in Maintained Primary Schools       | 1,535                  | 3,005        | 1,474        | 459        | 6,473        | 1,966           | 4,507            |
| Schemes in Primary Academies                | 10                     | 20           | -            | -          | 30           | -               | 30               |
| Schemes in Secondary Academies              | -                      | 865          | 542          | 135        | 1,542        | -               | 1,542            |
| Schemes in Special Schools                  | 415                    | 98           | 27           | 7          | 547          | 447             | 100              |
| Capitalisation of Salary Costs              | 101                    | 102          | 104          | -          | 307          | 50              | 257              |
| <b>Total Education</b>                      | <b>2,061</b>           | <b>4,090</b> | <b>2,211</b> | <b>601</b> | <b>8,963</b> | <b>2,463</b>    | <b>6,500</b>     |

|   | Total Funding Required |              |              |              |               | Council Funding | External Funding |
|---|------------------------|--------------|--------------|--------------|---------------|-----------------|------------------|
|   | 2018/19                | 2019/20      | 2020/21      | 2021/22      | TOTAL         |                 |                  |
| <b>Adult Social Care and Health Integration</b>       | £000's                 | £000's       | £000's       | £000's       | £000's        | £000's          | £000's           |
| Chronically Sick & Disabled Persons Act - All schemes | 614                    | 747          | 692          | 610          | 2,663         | 2,613           | 50               |
| Disabled Facilities Grant - All schemes               | 2,064                  | 2,507        | 2,918        | 1,999        | 9,488         | 939             | 8,549            |
| Capitalisation of Staying Put Salaries                | 50                     | 50           | 50           | 50           | 200           | 200             | -                |
| Home Assistance Loan                                  | -                      | 35           | 167          | -            | 202           | 184             | 18               |
| Home Loans Partnership (formerly 5 Lamps)             | -                      | -            | 71           | -            | 71            | -               | 71               |
| Small Schemes   | 35                     | 41           | -            | -            | 76            | -               | 76               |
| Connect/Telecare IP Digital Switchover                | -                      | 143          | 131          | 110          | 384           | 330             | 54               |
| Purchase of 4 vehicles - TCES                         | -                      | 165          | -            | -            | 165           | -               | 165              |
| <b>Total Adult Social Care and Health Integration</b> | <b>2,763</b>           | <b>3,688</b> | <b>4,029</b> | <b>2,769</b> | <b>13,249</b> | <b>4,266</b>    | <b>8,983</b>     |

|  | Total Funding Required |            |            |          |              | Council Funding | External Funding |
|--|------------------------|------------|------------|----------|--------------|-----------------|------------------|
|  | 2018/19                | 2019/20    | 2020/21    | 2021/22  | TOTAL        |                 |                  |
| <b>Public Health and Public Protection</b>       | £000's                 | £000's     | £000's     | £000's   | £000's       | £000's          | £000's           |
| Health & Wellbeing Hub                           | 14                     | 30         | 756        | -        | 800          | 679             | 121              |
| Healthy Pupils Funding                           | 85                     | -          | -          | -        | 85           | -               | 85               |
| Middlesbrough Alcohol Centre of Excellence       | -                      | 245        | -          | -        | 245          | -               | 245              |
| <b>Total Public Health and Public Protection</b> | <b>99</b>              | <b>275</b> | <b>756</b> | <b>-</b> | <b>1,130</b> | <b>679</b>      | <b>451</b>       |

|   | Total Funding Required |              |              |              |               | Council Funding | External Funding |
|---|------------------------|--------------|--------------|--------------|---------------|-----------------|------------------|
|   | 2018/19                | 2019/20      | 2020/21      | 2021/22      | TOTAL         |                 |                  |
| <b>Finance, Governance and Support</b>                  | £000's                 | £000's       | £000's       | £000's       | £000's        | £000's          | £000's           |
| Desktop Strategy / Device Refresh                       | 205                    | 315          | -            | -            | 520           | 520             | -                |
| Enterprise Agreements                                   | 168                    | 256          | -            | -            | 424           | 424             | -                |
| CRM   | 32                     | 19           | 96           | -            | 147           | 147             | -                |
| Town Hall Data Centre Build                             | 5                      | -            | -            | -            | 5             | 5               | -                |
| ICT BOHO  | 63                     | 20           | -            | -            | 83            | 25              | 58               |
| IT Refresh - Scanning                                   | 6                      | 81           | -            | -            | 87            | 87              | -                |
| Early Help Module (Children's)                          | 227                    | 46           | -            | -            | 273           | 273             | -                |
| Objective Upgrade                                       | 55                     | -            | -            | -            | 55            | 55              | -                |
| IT Refresh - Network Refresh                            | 29                     | 180          | 43           | -            | 252           | 252             | -                |
| IT Refresh - Lights On                                  | 214                    | 284          | 448          | -            | 946           | 946             | -                |
| IT Refresh - LCS Development Capture                    | -                      | 5            | 15           | -            | 20            | 20              | -                |
| IT Refresh - Business Intelligence                      | -                      | -            | 3            | -            | 3             | 3               | -                |
| ICT Essential Refresh & Licensing                       | -                      | 80           | 1,471        | 2,243        | 3,794         | 3,794           | -                |
| ICT Innovation Budget                                   | -                      | 7            | 246          | 247          | 500           | 500             | -                |
| GIS Replacement   | 12                     | 226          | 159          | -            | 397           | 397             | -                |
| Melrose House Data Centre                               | 221                    | 116          | -            | -            | 337           | 337             | -                |
| HR Pay  | -                      | -            | -            | 37           | 37            | 37              | -                |
| Former Partnership Investment (ICT Revenues & Benefits) | 33                     | 321          | 133          | 133          | 620           | 620             | -                |
| Derisking Sites   | 129                    | 200          | 212          | 1,119        | 1,660         | 1,660           | -                |
| Dashboards  | 154                    | 96           | -            | -            | 250           | 250             | -                |
| Town Centre Accommodation Strategy                      | 381                    | 161          | 3,000        | 1,458        | 5,000         | 5,000           | -                |
| <b>Total Finance, Governance and Support</b>            | <b>1,934</b>           | <b>2,413</b> | <b>5,826</b> | <b>5,237</b> | <b>15,410</b> | <b>15,352</b>   | <b>58</b>        |

|                               | Total Funding Required |               |               |               |                | Council Funding | External Funding |
|-------------------------------|------------------------|---------------|---------------|---------------|----------------|-----------------|------------------|
|                               | 2018/19                | 2019/20       | 2020/21       | 2021/22       | TOTAL          |                 |                  |
| <b>All Directorates</b>       | £000's                 | £000's        | £000's        | £000's        | £000's         | £000's          | £000's           |
| <b>Total All Directorates</b> | <b>31,507</b>          | <b>50,996</b> | <b>48,281</b> | <b>37,174</b> | <b>167,958</b> | <b>90,255</b>   | <b>77,703</b>    |

|                       | Total Funding |               |               |               |                | Council<br>Funding | External<br>Funding |
|-----------------------|---------------|---------------|---------------|---------------|----------------|--------------------|---------------------|
|                       | 2018/19       | 2019/20       | 2020/21       | 2021/22       | TOTAL          |                    |                     |
| <b>Funded by:-</b>    | £000's        | £000's        | £000's        | £000's        | £000's         | £000's             | £000's              |
| Borrowing             | 13,067        | 27,590        | 1,357         | 85            | 42,099         | 42,099             | -                   |
| Capital Receipts      | 4,390         | 1,788         | 19,158        | 17,623        | 42,959         | 42,959             | -                   |
| Grants                | 13,322        | 17,392        | 17,861        | 19,162        | 67,737         | -                  | 67,737              |
| Contributions         | 698           | 2,976         | 5,988         | 304           | 9,966          | -                  | 9,966               |
| Revenue Resources     | 30            | 150           | 53            | -             | 233            | 233                | -                   |
| Funding from Reserves | -             | 1,100         | 3,864         | -             | 4,964          | 4,964              | -                   |
|                       |               |               |               |               |                |                    |                     |
| <b>Total Funding</b>  | <b>31,507</b> | <b>50,996</b> | <b>48,281</b> | <b>37,174</b> | <b>167,958</b> | <b>90,255</b>      | <b>77,703</b>       |