

## EXECUTIVE

<b>Date:</b>	<b>Wednesday 16th July, 2025</b>
<b>Time:</b>	<b>5.00 pm</b>
<b>Venue:</b>	<b>Mandela Room</b>

## AGENDA

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9. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Tuesday 8 July 2025

## MEMBERSHIP

Mayor C Cooke (Chair) and Councillors I Blades, T Furness, P Gavigan, L Henman, J Rostron, J Ryles, P Storey and N Walker

### **Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Scott Bonner / Chris Lunn, 01642 729708 / 01642 729742, [scott\\_bonner@middlesbrough.gov.uk](mailto:scott_bonner@middlesbrough.gov.uk) / [chris\\_lunn@middlesbrough.gov.uk](mailto:chris_lunn@middlesbrough.gov.uk)**

## EXECUTIVE

A meeting of the Executive was held on Wednesday 11 June 2025.

**PRESENT:** Mayor C Cooke (Chair) and Councillors I Blades, T Furness, P Gavigan, L Henman, J Rostron, J Ryles, P Storey and N Walker

**PRESENT BY INVITATION:** Councillor L Young (Chair of the Overview and Scrutiny Board)

**ALSO IN ATTENDANCE:** Councillor J Ewan

**OFFICERS:** S Bonner, C Cannon, B Carr, G Field, A. Glover, L Grabham, R Horniman, A Humble, A Johnstone and E Scollay

**APOLOGIES FOR ABSENCE:** None

### 25/1 **MINUTES - EXECUTIVE - 14 MAY 2025**

The minutes of the Executive meeting held on 14 May 2025 were submitted and approved as a correct record.

### 25/2 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

The Mayor announced that he needed to leave the meeting part-way through and that the Deputy Mayor would assume the Chair at that point.

### 25/3 **CORPORATE PERFORMANCE: QUARTER FOUR 2024/2025, YEAR END**

The Mayor submitted a report for Executive's consideration the purpose of which advised Members of corporate performance at the end of Quarter Four and 2024 / 2025 Year End Where appropriate, it also sought approval of any changes, where those were within the authority of the Executive. The primary purpose of the report was to set out how effectively the Council was delivering activity to deliver against each of the Council Plan priorities, aims and ambitions and underpinning workplan activities.

The Council's Scheme of Delegation gave the Executive collective responsibility for corporate strategic performance, together with associated action. The report provided the necessary information to enable Executive to discharge its performance management responsibilities, setting out progress against priority performance disciplines and other key associated items, together with actions to be taken to address any issued identified.

The projected financial outturn at Quarter Four- and 2024/2025-Year End was presented separately to this meeting of Executive and was not repeated here. There were plans in development to integrate performance, risk and financial reporting for future financial years.

As part of continuous improvement in performance and risk management, the Council's Leadership Management Team (LMT) had implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard, drawing data from a range of performance feeder systems.

The output from these sessions was reflected through quarterly updates to the Executive and covered progress in delivering actions agreed by the Executive, key Directorate performance issues and other performance-related matters.

The Council's performance overall at the end of Quarter Four 2024/25 maintained achievement in two of the five corporate performance disciplines as set out in the Council's

risk appetite, which was a dip to that reported at Quarter Three 2024/25. It was noted that performance against Council Plan outcomes for Quarter Four 2024/25 was measured by tracking progress against baseline key performance indicators, as outlined in the Council Plan 2024-27 and the associated workplan. It was expected that over time, 90% of the outcome measures will be achieved.

For Executive actions agreed by the Executive to deliver approved decisions are tracked by LMT, each month. If, following Executive approval, any action was found to be no longer feasible, appropriate, or could be delivered within the approved timescales, Executive would be advised as such, with approval of alternative actions or amended timescales being sought.

The Council had also established a Transformation Programme; Recover, Reset, Deliver, which was designed to align with the vision and ambitions of the Council Plan, which aimed to deliver tangible outcomes that benefited the people of Middlesbrough whilst delivering value for money and a financially sustainable organisation.

The 'Approach to Transformation of Middlesbrough Council' report agreed by full Council on 27 March 2024 outlined the contents of the Transformation Portfolio, which was structured around six themed programmes. Those programmes encompassed a range of activities, key business changes, and complex projects aimed at addressing the emerging challenges and opportunities.

The Mayor expressed his thanks for all involved in the production and recognised a significant amount of work had been undertaken in improving the Council's performance position. The Mayor also stated that a potential refresh of the Council Plan was being discussed.

## **OPTIONS**

**The council was required to operate a performance management framework to ensure delivery of its best value duty; to not do so would have placed the council at risk of failing in its statutory responsibility in this regard.**

**ORDERED that Executive approve the proposed changes to the Executive actions, detailed at Appendix one in the report.**

**AGREED that Executive:**

1. **Notes the progress and position of the corporate performance disciplines, including the Transformation Portfolio.**
2. **Notes delivery status of the Council Plan 2024-27 supporting workplan at Quarter Four, detailed at Appendix two of the report.**
3. **Notes delivery status of Council Plan 2024-27 Outcome Measures at Quarter Four, detailed at Appendix three and Appendix four of the report.**
4. **Notes the activities / outcomes of completed Council Plan workplan initiatives as detailed at Appendix five of the report.**
5. **Notes the Strategic Risk Register, at Appendix six of the report.**
6. **Notes corporate projects benefits / outcomes delivered in 2024/25 as detailed at Appendix seven of the report.**
7. **Notes Transformation project benefits / outcomes in 2024/25 as detailed at Appendix eight of the report.**

## **REASONS**

**To enable the effective management of performance and risk in line with the Council's Local Code of Corporate Governance.**

The Executive Member for Finance submitted a report for Executive consideration. The purpose of the report allowed Executive to discharge its responsibilities to manage and control the revenue budget, capital programme and overall balance sheet position of the Council.

The Council's Scheme of Delegation gave the Executive collective responsibility for corporate strategic performance and financial management, monitoring and control. Standing Orders and Financial Procedures required Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Programme within approved Council resources within the approved policy framework.

The report enabled Executive to discharge its financial management responsibilities by setting out the Council's position for the financial year ended 31 March 2025.

Financial Procedure Rule 18.38.3 of the Council's Constitution required Executive's approval of revenue and capital programme budget virements over £250,000.

Executive had considered quarterly reports forecasting the 2024/25 Revenue and Capital Programme outturn during the course of the 2024/25 financial year and the report presented the final year-end outturn for 2024/25.

The previous Director of Finance (S151 Officer) issued her Section 25 Report to Members in the 2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report approved by Council on 8 March 2024. That report set out the basis upon which the revenue budget was considered to be robust and the basis upon which reserves were considered adequate, being dependent upon the approval of Exceptional Financial Support (EFS) by the Ministry of Housing, Communities and Local Government (MHCLG) (formerly DLUHC) as summarised in the table at paragraph 4.5 of the report.

Based on the year-end revenue budget outturn position detailed below, the only element of EFS required to be used in 2024/25 was £2.443m of the £4.700m approved in principle by MHCLG. This was approved to set a balanced budget for 2024/25, which was still subject to formal approval by MHCLG. As the amount of EFS required was now much smaller, capital receipts already held by the Council would be utilised for the EFS rather than borrowing, which was originally advised to Members. This would mean the Council would not incur any capital borrowing costs.

The use of capital receipts for EFS would not affect the planned use of capital receipts generated from asset sales for the Transformation required by the Council in future years.

The 2024/25 final year-end revenue budget outturn as at 31 March 2025 (Quarter Four) was an underspend of (£2.257m) (1.6%) against the approved budget of £143.190m. This represented an improvement of £5.999m from that forecasted at Quarter One and an improvement of £2.251m from that forecasted at Quarter Three. This was achieved by the budgetary control measures which existed during 2024/25 and which would be continued during 2025/26 which were detailed in paragraph 4.52 of the report. The agreed actions from the budget challenge sessions held during 2024/25 were detailed in the quarterly budget monitoring reports during 2024/25.

The analysis of the financial outturn by Directorate was set out in Table one of the report. This was also illustrated in Chart one which showed simply that 80% of the Council's expenditure in 2024/25 was spent on Social Care (Children's and Adult).

The Executive Member for Finance proposed an amendment to the report, specifically with regards to the Member's Small Schemes cited in the revised Capital Programme at Appendix nine of the report. The proposed amendment was for the Small Scheme Allocation to show £150,000 for 2025/26 and £120,000 for 2026/27 rather than £60,000 for 2025/26 and £210,000 for 2026/27 as was cited in the Appendix.

The Executive Member commented that a significant amount of work had been undertaken to improve the Council's financial position but that some areas still faced significant pressures, such as Children's Services. The Council needed to make delivering in-budget the norm and not the exception.

The Executive Member expressed her thanks to all staff involved in the creation of the report and the preparation of the budget. Thanks were also expressed to all Councillors that had provided input to the budget process.

The Mayor added his thanks to everyone involved in the budget setting process, especially the Executive Member for Finance. The Mayor stated there was a sense of rigour in the

budget setting process and as such the Council was able to invest in services for the first time in several years. Middlesbrough continued to experience challenges, and it was important the town continued to lobby government to ensure it received the right level of support.

## **OPTIONS**

The alternative was to not approve changes to the Council's capital programme and to not report the Council's financial year-end financial outturn for the financial year 2024/25. This would not enable the Executive to discharge their responsibilities to manage and control the revenue budget, capital programme and overall balance sheet position of the Council.

### **ORDERED that Executive:**

1. Approve the proposed amendment to Appendix nine of the report referring to Member's Small Schemes so that £150,000 be allocated in 2025/26 and £120,000 be allocated in 2026/27.
2. Approve the inclusion of additional expenditure budgets to the Capital Programme totalling £0.322m for 2024/25 which were externally funded and detailed in Appendix six of the report. Subject to approval this would increase the approved 2024/25 Capital Programme budget to £107.463m.
3. Approve the proposed virements over £250,000 between schemes in the 2024/25 Capital Programme approved by Council in March 2024 which were funded from within existing Council resources which were detailed in Appendix six of the report.

### **AGREED that Executive:**

Note the Council's year-end financial outturn for the financial year 2024/25, and the improved financial position which included the following:

- increased levels of usable unrestricted revenue reserves, with £21.654m available at 31 March 2025.
- an underspend of £2.257m on the revenue budget.
- a requirement to use only £2.443m of the £13.400m Exceptional Financial Support (EFS) approved in-principle by the Ministry of Housing, Communities & Local Government (MHCLG).
- no requirement to borrow for the EFS, as capital receipts already held will be used.

## **REASONS**

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

25/5

## **2024/25 TREASURY MANAGEMENT OUTTURN REPORT**

The Executive Member for Finance submitted a report for Executive's consideration. The purpose of the report provided important information regarding the regulation and management of the Council's borrowing, investments, and cash-flow for the 2024/25 financial year.

It was a requirement of the Council's reporting procedures under the CIPFA Treasury Management Code of Practice, and by regulations issued under the Local Government Act 2003, to produce an annual review that covered the treasury activity and compared the performance against the original strategy set by the Council.

Members were advised that the report should be read in conjunction with the Council's revenue and capital outturn report for 2024/25 also presented to Executive earlier in the meeting as both had a significant impact on treasury arrangements.

The report also provided the Prudential Indicators results for 2024/25 in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Capital Finance, which was best practice in terms of governance in this area.

The Council's treasury management strategy for 2024/25, including Prudential Indicators, was approved at the annual budget setting meeting on 8 March 2024. The Council both borrows and invests substantial sums of money to provide liquidity for its revenue and capital plans, and was therefore exposed to various financial risks, including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remained central to the treasury management strategy each year.

The Council was a net borrower overall. The borrowing required to fund its capital programme was significantly higher than its normal cash balances that were available for investment purposes. As a result, the timing of capital financing decisions had a significant impact on the overall treasury strategy within the Council and how risk was managed.

The structure of the report to assess performance against the 2024/25 approved treasury strategy was as follows: -

- Capital expenditure and financing for 2024/25
- The Council's overall borrowing need
- Prudential Indicators and any compliance issues
- Treasury position as at 31 March 2025
- The economic background for the 2024/25 financial year
- A summary of the Treasury Management Strategy approved for 2024/25
- Treasury Management activity and compliance during 2024/25

## **OPTIONS**

**No other options were put forward as part of the report.**

**AGREED that Executive:**

1. **Note the Prudential Indicators for 2024/25 as the Council's year-end position in relation to capital finance activities and overall indebtedness, detailed in tables one to five in the report.**
2. **Note the performance of the treasury management function against the Council's approved strategy for 2024/25, detailed in paragraphs 4.32 to 4.37 of the report.**

## **REASONS**

**The recommendations in the report would fulfil the following for the local authority:**

- **Compliance with the CIPFA Prudential Code for Capital Finance for local authorities.**
- **Compliance with the CIPFA Treasury Management Code for local authorities.**
- **Compliance with the Local Government Act 2003 Section 1 in relation to borrowing.**

25/6

## **MIDDLESBROUGH COLLEGE INVESTMENT**

The Executive Member for Development submitted a report for Executive consideration. The purpose of the report sought Executive approval to invest in expanded facilities, and capacity, at Middlesbrough College. The investment would allow for provision to meet the demand for expanded student capacity in engineering and technical qualifications and provided an enhanced skills pipeline for the major industrial developments planned across the Tees Valley.

Middlesbrough College was seeking Council investment of up to £1,600,000 to facilitate an expansion in educational facilities on the site. The recently opened £12,000,000 TTE facility has been welcomed as a world-leading engineering skills facility. The success of the relocation of TTE services, following near liquidation in 2019 and Middlesbrough College stepping in, had seen a doubling of student numbers, with further demand anticipated in the near future. As such, the new facility remained under capacity, in relation to the new and projected student numbers.

An expansion of a mezzanine level, to be attached to the new facility, would provide sufficient capacity to accommodate growth in student numbers. Middlesbrough Council had freehold ownership on all of the land on which Middlesbrough College was situated. These leases were subject to a 250 year coterminous lease, whereby a lease premium was paid at the beginning of the lease, leaving a peppercorn due for the remainder of the lease duration.

This legal structure allowed the Council to amend the existing lease to invest in the College site and realise a rental income stream, which was to be incorporated in the current lease structure, as a consequence of the investment, and to allow the investment to be recovered.

Council investment would result in an annual rent of £131,234 over 20 years. The urgency of the capacity requirement was due to the College being unable to access the funding through its own prudential borrowing or grant opportunities. Like any public body, Middlesbrough College was subject to borrowing ratios, as a proportion of its turnover.

The Mayor commented the Council was able to lend the funds to the College and still be able to capitalise on it. Middlesbrough College had expressed concern that the student population was expected to significantly increase, and this investment would allow them to keep up with demand.

The Mayor also stated he would welcome schemes such as this in the future.

## **OPTIONS**

**Alternative funding sources had been explored. However, the urgency of the capacity requirement meant that grant funding programmes were largely at capacity.**

**In 2022 Colleges in the UK were again classed as public sector bodies. Prior to this they were classed as private institutions and able to establish their own debt ratios.**

**Whilst Middlesbrough College had been prudent in its investments, the return into the public sector in 2022 meant that it did not have capacity to borrow this money, given the extant debt ratios. As such, Council investment was critical.**

**The College did forward this project to Tees Valley Combined Authority (TVCA) as part of the recent 2025/26 round of UK Shared Prosperity Fund (UKSPF) capital funding. However, the proposal was not prioritised for investment.**

**Towns Fund and Levelling Up Partnership Funds administered by Middlesbrough Council were fully committed / exhausted.**

**ORDERED that Executive:**

- 1. Approve investment in Middlesbrough College of up to £1,600,000 of capital funding from within the approved Capital Programme to enable facility expansion to grow the educational capacity of the college.**
- 2. Approve an amendment to the existing lease of land at Middlesbrough College to introduce a rental value of £131,234 per annum, for a period of 20 years.**
- 3. Approve that the arrangement set out was subject to acceptance by Middlesbrough College Board of Governors.**
- 4. Approve the delegation of any administration and determination of the terms of the lease amendment to the Chief Finance Officer (S151).**

## **REASONS**

**The proposed investment was cost neutral to the Council as the investment was recoverable through a rental agreement.**

**Investment in College capacity increased the propensity for major economic growth developments to directly benefit the skills and employment prospects of Middlesbrough's resident population. Those measures tackled a wide range of deprivation measures and supported personal and financial independence.**



**NEWPORT ROAD TRANSPORT CORRIDOR IMPROVEMENTS**

At this point the Mayor withdrew from the meeting and the Deputy Mayor assumed the role of Chair.

The Executive Member for Environment and Sustainability submitted a report for Executive consideration.

The purpose of the report sought an Executive decision following public consultation on the proposals to improve bus and walking/cycling provision on Newport Road.

Tees Valley Combined Authority (TVCA) gained funding from the Levelling Up Fund (LUF) to support ambitions to improve sustainable transport accessibility.

Newport Road was a key transport corridor into Middlesbrough Town Centre and formed part of regional bus routes due to its proximity to Middlesbrough bus station. Congestion on this corridor impacted upon bus reliability and journey times, and the lack of cycle provision acted as a barrier to uptake.

The project was part of a wider, regional delivery programme of sustainable transport projects; delivered under the 'Local Walking and Cycling Implementation Plan' (LCWIP) that was introduced at a national level by DfT.

Public consultation was undertaken by TVCA on the proposals during February 2025, which were detailed in Appendix one of the report. The consultation responses were detailed in Appendix two of the report.

Key issues raised from the consultation were as follows:

Derwent Street One Way – access to businesses would be difficult due to the alternate route via Lamport Street, which would be prohibitive to larger vehicles. There was an option to make this junction left out/left in which would partially mitigate this issue. Retaining two-way access would result in significant cost increase due to utility diversions identified in the Northern highway verge. This option would fully mitigate this issue.

Cannon Park One Way – issues surrounding the number of premises that were served would create congestion and journey time delays within the area. It was proposed that two-way access was retained into Cannon Park, which fully mitigated this issue.

VW Lookers access from Newport closed – this would create business access issues. It was proposed that this access was retained, and a pedestrian/cycle crossing provided over the junction. This fully mitigated the issue.

Closure of Evans Halshaw access points from Newport Road – this would prohibit business access to the unit. It was proposed that this access was retained, and a pedestrian/cycle crossing provided over the junction. This fully mitigated the issue.

Following preliminary investigations, existing landscaping/ vegetation may have been impacted upon by implementing the proposed scheme. An ecological survey for the corridor had been commissioned to understand the implications, and proposed mitigation to minimise the impact.

Public transport infrastructure improvements were included within the proposals. This included extension to the existing Westbound bus lane on Newport Road, which was currently camera enforced.

In addition, increasing pedestrian and cycle accessibility, safety improvements were part of the rationale for the scheme. Between 2020 and 2025, 15 accidents, all slight, had occurred on the Newport Road corridor.

One of the Members for Newport Ward was invited to address Executive. The Ward Member expressed concerns that the scheme was being proposed based on insufficient consultation. They stated the consultation had only received 14 responses, with only four of them expressing support for the scheme. The Ward Member stated consultation was a two-way

process and that there had been an insufficient amount of consultation undertaken. As such, the Ward Member was uncomfortable with the amount of money being proposed for the scheme based on the levels of consultation carried out.

It was clarified that the Tees Valley Combined Authority had carried out the consultation. It was also clarified that the proposed scheme would have had an adverse impact on local business. However, the Council had worked with those business and amended the scheme accordingly.

It was also commented that, while containing a cycle lane, the proposed scheme was not just a cycle lane and was, instead, part of a wider transport initiative to improve traffic flow on Newport Road.

The Chief Executive agreed to raise the concerns brought forward by the Ward Member for Newport with the Tees Valley Combined Authority.

## **OPTIONS**

**Do nothing. This was not recommended as it would not allow for the delivery of infrastructure improvements and risked the loss of funding, if unable to be reallocated.**

**ORDERED that Executive approve the Newport Road transport corridor improvements scheme, having considered the highlighted risk and proposed mitigation.**

## **REASONS**

**The proposals improved sustainable transport choices, which was assisting the Council's green strategy. It further supported social mobility, which was a key component for increasing economic activity for the surrounding area, which had typically low car ownership per capita.**

**This would improve access to Middlesbrough Town Centre, ensuring that transport was not a barrier to accessing employment, education, retail and leisure opportunities.**

**The proposals would improve bus journey times by creating infrastructure that allowed vehicles to bypass queuing traffic and provided priority at signals.**

**The proposals supported road safety for all by physically segregating cycles from pedestrians, signalling key junctions and creating additional crossing points.**

25/8

**ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

**All decisions will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.**

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Chief Executive, Erik Scollay
<b>Relevant Executive Member:</b>	Mayor, Chris Cooke
<b>Submitted to:</b>	Executive
<b>Date:</b>	16 July 2025
<b>Title:</b>	Delivery against the Continuous Improvement Plan - Progress update
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	All
<b>Key decision:</b>	No
<b>Why:</b>	Decision does not reach the threshold to be a key decision
<b>Subject to call in?</b>	Yes
<b>Why:</b>	The report is not urgent

<b>Proposed decision(s)</b>
<p>That Executive:</p> <ul style="list-style-type: none"> <li>• <b>APPROVES</b> the updated Continuous Improvement Plan</li> <li>• <b>NOTES</b> the progress made in delivering the commitments within the Continuous Improvement Plan.</li> </ul>

<b>Executive summary</b>
<p>This report provides an overview of delivery against the Council's Continuous Improvement Plan which captures strategic improvement action being delivered within the organisation to ensure the Council can fully demonstrate its compliance with the principles of the Best Value Duty.</p> <p>Provision of this report forms part of the assurance framework that has been put in place to demonstrate the Council's ongoing commitment to continuous improvement. It will also be considered by Overview and Scrutiny Board.</p>

The report summarises progress made since the plan was put in place in March 2025, highlighting key achievements, grouping them by Best Value theme.

## 1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

1.1 The purpose of this report is to set out the expanded Continuous Improvement Plan for Executive consideration and set out progress made against that plan. The purpose of the plan is to ensure the Council can articulate its ongoing commitment to Continuous Improvement and capture activity that has been undertaken to deliver that commitment.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
<b>A successful and ambitious town</b>	The Continuous Improvement Plan contains commitments to work collaboratively with partners, communities and businesses to develop a vision for the town. Delivery of this will positively impact on the Council's ability to work with partners to deliver all the ambitions within the Council Plan.
<b>A healthy Place</b>	The Continuous Improvement Plan contains a series of actions that will impact positively on the Council's ambitions around being a healthy place. In particular it includes commitments around poverty reduction ambitions.
<b>Safe and resilient communities</b>	Action is planned within the Continuous Improvement Plan to strengthen the Council's approach to community engagement which will positively impact on this ambition. It sets out plans to expand community development capacity and develop the proposed Neighbourhoods Strategy with a strong focus on community engagement and co-production of solutions.
<b>Delivering best value</b>	Successful delivery of the Continuous Improvement Plan will: <ul style="list-style-type: none"> <li>▪ improve partnership working</li> <li>▪ further enhance financial planning and management,</li> <li>▪ reset the Council's approach to transformation</li> <li>▪ strengthen internal audit arrangements</li> <li>▪ enhance scrutiny</li> <li>▪ better supporting Members.</li> </ul>

## 2. Recommendations

2.1 That the Executive:

- **APPROVES** the updated Continuous Improvement Plan
- **NOTES** the progress made in delivering the commitments within the Continuous Improvement Plan.

## 3. Rationale for the recommended decision(s)

3.1 Having a Continuous Improvement Plan that captures all strategic Continuous Improvement activity, provides Members and Officers with a comprehensive overview of improvement activity within the organisation as part of a framework of assurance reports. Agreeing the revised content of the plan will ensure the Council is tracking this type of activity within one document. Further revisions to this live plan will be identified as necessary going forward.

#### 4. Background and relevant information

4.1 In March 2025, Full Council considered the final reports of both the Local Government Association (LGA) Corporate Peer Challenge team and the Middlesbrough Independent Improvement Advisory Board (MIIAB).

4.2 Both those reports were hugely positive, recognising the improvements the Council had made over the previous two years on its improvement journey. They also contained a series of recommendations, designed to ensure the Council maintained an outcome focussed commitment to the principles of continuous improvement journey as it transitioned from a period of intervention.

4.3 Appended to this report, is a copy of the live Continuous Improvement Plan and its status as at June 2025. Since the plan was agreed at Full Council in March 2025, it has been expanded to reflect actions arising from the External Assurance review undertaken by Grant Thornton as part of the Exceptional Financial Support (EFS) application, where those actions are still relevant and in delivery. The plan also includes an action arising from the Care Quality Commission inspection of Adult Social Care services.

4.4 There are currently 47 actions within the live plan. Of those, 16 have been completed to date with the rest in progress. This is a live plan and a real commitment to continuous improvement. As such, even where actions have been completed, their impact will continue to be tracked, and further activity may be identified to ensure the actions have the required impact and / or to ensure the Council continues to proactively address the issues within the scope of the recommendations.

4.5 Key highlights, filtered by Best Value theme are set out below:



## Partnerships and Community Engagement

4.6 The Council has a commitment to improving the way it works with partners with the aim of establishing a consistent, place-based approach, focussed on what Middlesbrough needs, rather than individual organisations. Since progress was last reported to Members, the Council has:

- Re-established a Town Partnership Board. This will include key public sector partners. The first meeting is due to be held in July and will focus on coproducing a shared vision for the town and ensuring this is reflected within the strategic priorities of all partners.
- Increased its engagement with the Combined Authority to identify ways in which the relationship can be reset. It has agreed a way forward on working to unlock the potential positive impacts that the Middlesbrough Development Corporation could have.
- Worked proactively with the Combined Authority to support its improvement journey as part of wider engagement to reset relationships.

## Culture

4.7 One of the key documents the Council will deliver over the next three years is the People Strategy. The People Strategy sets out the steps the Council will take to ensure its staff have the skills, capabilities, behaviours and values that are needed to deliver improved outcomes for our residents and ultimately deliver the Council Plan ambitions. An annual review of the strategy was completed to ensure it continued to align with the organisation's direction of travel and reflected, where necessary, the recommendations made by the various supporting bodies that have worked with the Council on its continuous improvement journey.

4.8 The People Strategy sits alongside the Member Development Strategy which was successfully reviewed in February 2025 with input from Members to ensure the Council continues to focus on the skills and behaviours Members need to be able to deliver their roles.

## Use of Resources

4.9 Ensuring resources are used effectively has been, and will continue to be, a key focus of the Council given the financially challenging environment that it continues to operate in. Over the last three months the Council has continued to build on the positive progress it achieved in relation to financial management by strengthening its quarterly financial reports to include a focus on the impact of quarterly outturns on its Medium-Term Financial planning. This will continue to be an area which it will grow and strengthen as it moves through this year's financial outturn reporting programme. This was reflected in the significantly reduced use of Exceptional Financial Support (EFS) that was reported to Executive in June 2025. The original submission was for £13.4m in support, following exceptional financial rigour and grip, that actual requirement was reduced to £2.443m. This is a significant achievement.

4.10 In March 2025, Audit Committee considered a report recommending that it completed review of its effectiveness against guidance published by the Chartered

Institute of Public Finance and Accountancy (CIPFA). The Committee positively supported completion of an independent review and the Local Government Association (LGA) regional financial advisor is currently delivering this work at nil cost to the Council as part of the ongoing support offer available to all councils from the LGA. The outcome of this review will be reported to that committee in July.

- 4.11 The Council has a commitment to transformation as a method of ensuring the Council is better placed to be able to deliver its commitments within the Council Plan, on a financially sustainable footing. In April 2025, an action to reset the approach to transformation and identify additional capacity for its leadership was delivered when Executive agreed a report from the Chief Executive on the matter. Council is currently in the process of implementing that report's recommendations.
- 4.12 During the last three months the Council has also delivered commitments to secure additional capacity within key corporate teams to enable it to deliver on its commitments. Work to recruit to these posts is now in progress.

### Governance

- 4.13 Regular engagement with staff and Members will continue to be undertaken on specific issues, as well as regular 'temperature checks' to identify views and assess culture. Surveys and engagement have been undertaken in relation the recent review of scrutiny, there is ongoing engagement with Members in relation to the review of the Constitution which will be considered by Council in September and a regular staff survey went live in June 2025.
- 4.14 In April 2025, a further revision was made to committee, policy and strategy templates to increase focus on delivery of the Council Plan ambitions as well as supporting ongoing compliance with good public law decision making. This report is prepared on that new format.

## **5. Ward Member Engagement if relevant and appropriate**

5.1 Not applicable.

## **6. Other potential alternative(s) and why these have not been recommended**

- 6.1 The Council could choose to maintain multiple documents capturing continuous improvement activity; however this would be an inefficient approach and would reduce Members ability to see a comprehensive overview of the Council's ongoing activity in relation to continuous improvement.

## **7. Impact(s) of the recommended decision(s)**

Topic	Impact
Financial (including procurement and Social Value)	Responding to the recommendations fully that have been made by both the LGA Corporate Peer Challenge team and Independent Improvement Advisory Board as well as wider strategic continuous improvement activity captured within the Plan will inevitably have financial implications for the Council.

	Financial implications in relation to individual activities will be set out as necessary and appropriate authority sought to deliver actions.
Legal	While both the LGA peer challenge process and the Independent Improvement Advisory Board are discretionary exercises, the topics covered by both support the Council's compliance with its Best Value Duty. A Continuous Improvement plan ensures there is a systematic approach to continuous improvement that will provide future assurance to all stakeholders that the Council will respond effectively to any recommendations arising from inspections, reviews and other relevant reports.
Risk	If the Council failed deliver this Continuous Improvement Plan, this could have a negative impact on potentially all of the Strategic Risk Register.
Human Rights, Public Sector Equality Duty and Community Cohesion	The Continuous Improvement Plan includes actions that will impact positively on this theme, in particular there are planned actions to strengthen the Council's approach to equality, diversity and inclusion and community engagement.
Reducing Poverty	While not directly impacting on this theme, the LGA Corporate Peer Challenge acknowledged the Council's plans which are already underway to strengthen focus on the existing commitment within the Council Plan that tackling poverty should be at the heart of everything we do.
Climate Change / Environmental	The content of this report is not directly relevant to these areas of impact, however continued implementation of improvement activity will ensure the Council is better able to deliver its Council Plan ambitions and compliance with good governance.
Children and Young People Cared for by the Authority and Care Leavers	
Data Protection	

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

Action	Responsible Officer	Deadline
Report progress on delivery of the Continuous Improvement Plan to Overview and Scrutiny Board	Ann-Marie Johnstone, Head of Governance, Policy and Information	30 July 2025

### Appendices

1	Continuous Improvement Plan – Progress as at June 2025
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### Background papers

Body	Report title	Date
Full Council	Local Government Association Peer Review and Middlesbrough Independent Improvement Advisory Board reports and planned approach to Continuous Improvement – moving forward	26 March 2025

**Contact:** Ann-Marie Johnstone, Head of Governance, Policy and Information  
**Email:** ann-marie\_johnstone@middlesbrough.gov.uk



## Continuous Improvement Plan

Delivery of the Council's Continuous Improvement Plan has a clear relationship with the Best Value Duty. Delivery of actions will ensure it has a robust approach across all the seven themes that comprise the Best Value Duty:



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This will ensure the Council is in a stronger position to deliver the four ambitions it has set out within the 2024 – 2027 Council Plan that Middlesbrough will:

- Be a successful and ambitious town
- Be a healthy place
- Have safe and resilient communities
- Deliver Best Value.

This plan encompasses all strategic continuous improvement activity including:

- the findings of the Local Government Association (LGA) Corporate Peer Challenge team
- the last report of the Middlesbrough Independent Improvement Advisory Board (MIIAB).
- Outstanding recommendations from the CIPFA
- An action in response to the Care Quality Commission inspection of Adult Social Cares services.

There are currently 45 actions within this plan. Of those 16 are marked as complete, although some still have ongoing commitments and may result in further actions being identified.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
1	All	Partnerships and Community Engagement	(CPC) Develop in co-production with communities, residents, partners and businesses a long-term vision for the town that is inclusive, practical and deliverable. By looking outwards and harnessing untapped potential to deliver its vision, this will enable everyone to understand and contribute to delivering shared ambitions for the benefit of Middlesbrough and its communities.	The Council is in the process of reestablishing a town wide engagement mechanism for Partners which will be called a Towns Board and will replicate the best parts of the defunct Local Strategic Partnership arrangements to ensure there is a regular meeting of key strategic public, private and VCS partners to set the strategic direction for the town and identify and deliver system wide change to improve outcomes for our residents. Once established, the first key task will be to co-produce a vision in a process that engages local communities and residents.	Chief Executive	Board to be established by June 2025 and a co-produced vision will be developed during 2025/26.	Ongoing. Draft Terms of Reference developed, and initial communications will be issued this month with a view to setting up the first meeting in June 2025 to be held in July 2025.
2	All	Partnerships and Community Engagement	(CPC) Redefine Middlesbrough's strategic approach to partnership working based on principles of timely and meaningful collaboration, co-design and with common purpose to inspire and build a team beyond the council that are galvanised to deliver for the town.  This will strengthen delivery of Middlesbrough's place shaping ambitions, maximise use of collective resources, and help shift the focus from organisational recovery to delivery of improved outcomes for residents.	The Council is committed to working with partners more effectively to co-produce a vision for the town, alongside a strategy, underpinned by agreed principles which will govern how we will work together to deliver improved outcomes for our residents. It is planned to use the reestablished Towns Board to co-produce an agreed strategic approach to partnership working.	Chief Executive	March 2026	See above.
3	All	Partnerships and Community Engagement	(CPC) Develop and seek to strengthen relationships with the Tees Valley Combined Authority and Tees Valley councils. This will maximise the potential for Middlesbrough and the wider Tees Valley to realise the benefits from	Officers are continuing to engage with the TVCA officers to work positively with them and there are a range of officer working groups that are well established across the Tees Valley.	Mayor and Chief Executive	May 2025	<b>Complete.</b> Following publication of the LGA corporate peer challenge team report, the Chief Executive wrote to the Interim Chief Executive of TVCA to seek discussions.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
			being at the forefront of devolution and drive economic development and growth which will be critical to all the council's ambitions.	The Council will seek formal engagement with the TVCA other Local Government members of the Combined Authority to outline a proposed revised engagement approach across matters of mutual interests to enable improved outcomes for residents and businesses in the Tees Valley			<p>First sessions were held in May. The Council has also engaged with TVCA staff to provide support in response to the recent Best Value Inspection Notice and Section 24 statutory recommendations that have been issued to TVCA.</p> <p>This is just the start of work and while this specific action is complete, further actions will be generated in due course to build on this.</p> <p>Chief Executives have agreed their participation in recruitment of the development corporation chairs for other areas as part of steps to continue positive relationships.</p>
4	All	Partnerships and Community Engagement	<p>(CPC) Seek to resolve the hiatus with the Middlesbrough Mayoral Development Corporation to achieve a shared plan for the town.</p> <p>This will unlock its potential as a powerful mechanism for effectively delivering economic development and growth and integrating the resources and assets of the council and TVCA.</p>	The Council will seek formal discussions with TVCA and government on options to address the hiatus in the best interests of the residents of Middlesbrough.	Chief Executive	May 2025	<p><b>Complete</b> and ongoing.</p> <p>TVCA have agreed to develop a document which will articulate planned outcomes from the MDC and the timing of the Council and TVCA's contributions toward it.</p>
5	All	Culture	<p>(CPC) Develop and embed a comprehensive approach to strengthening equality, diversity, and inclusion, including:</p> <p>a. In organisational development, the workforce and democratic representation;</p>	We will raise the ambitions within the People Strategy and Member Development Strategy (expanding to include promotion of councillor roles to potential future councillors) to seize the opportunities that an improved approach to community engagement will bring as our residents increase their trust in the Council.	Head of HR and Head of Legal (People)	<p>People Strategy annual review (April 2025)</p> <p>Member Development Strategy annual review</p>	<p><b>Complete</b> and ongoing.</p> <p>Revised People Strategy considered and adopted by LMT in May. There is a detailed workplan in place which contains greater ambition and activity in</p>

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
			<p>b. Within strategy, policy, and service delivery; and</p> <p>c. Community engagement, ensuring it looks at this agenda strategically for Middlesborough as a whole, not only for the organisation and those elected or employed.</p> <p>This will ensure EDI is at the heart of everything it does, that the council is representative of the communities it serves and delivers better decision-making by harnessing different perspectives</p>			(February 2026)	<p>relation to community engagement.</p> <p>The Council now offers briefings to those who are considering standing for local election. This needs to be codified within the next review of the Member Development Strategy.</p>
				<p>We will review the Council's report formats, policy and strategy templates to strengthen the way the Council assesses the impact of its activities on equality, diversity and inclusion.</p>	Head of Governance, Policy and Information	May 2025	<p><b>Complete.</b></p> <p>Report formats were revised in April. Communications issued to report authors and all staff involved in the report development process. An Engagement session was held with Wider Leadership Management Team to outline the rationale for changes including improved consideration of impacts on EDI as well as improving the way reports demonstrate their impact on the four Council Plan ambitions.</p> <p>The Council has also reviewed its Impact Assessment Policy to capture impacts on poverty.</p>
				<p>Over the next 12 months the Council plans to increase community development capacity as part of the emerging Neighbourhoods Strategy which will include actions to also reset its approach to community engagement to ensure it better understands and responds to the needs of its communities as well as reestablishing a</p>	Director of Environment and Community Services	March 2026	Ongoing.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
				proactive approach to decision making that focusses on coproduction where possible.			
6	Delivering Best Value	Use of Resources	<p>(CPC) Bring further rigour to financial planning and management to support savings delivery and financial resilience by:</p> <ul style="list-style-type: none"> <li>a. Reviewing the MTFP assumptions and updating them on a quarterly basis, with clear plans for managing demand and delivering savings reported in monthly budget reports.</li> <li>b. Supporting Executive Members to own and shape the financial position, within their portfolio areas and collectively, working with senior officers to challenge, monitor and hold each other to account.</li> <li>c. Embed understanding and ownership of the financial position with budget holders to ensure the on-going delivery of transformation, savings and efficiencies.</li> <li>d. Ensuring that scrutiny and audit oversight is effective, transparent and supports understanding - beyond the council - with key partners and the public.</li> <li>e. Reviewing pay scales to support recruitment and retention of key staff,</li> </ul>	Effects on the Medium-Term Financial Plan (MTFP) are going to be included within future quarterly budget outturn reports.	Section 151 Officer	To commence within the year-end report for 2024/25 (June 2025)	<b>Complete</b> and ongoing. Impacts on the MTFP are reflected within the year end report being considered by Executive in June 2025. Going forward this will be expanded on in future reports.
				The Council already has a cycle of monthly budget reporting and agreement of actions in response to issues raised by this process. These are then formally reported to Members/ appropriate member decision making and engagement is undertaken. This is included within the quarterly outturn reports.			
				Executive role - Further training will be provided to Executive Members on financial management disciplines. The Council already has in place Executive involvement in the budget clinic cycle, attending on a quarterly basis for all areas except Children's Services where they attend monthly.	Section 151 Officer	March 2026	Ongoing. Following identification of the Executive Members, a training programme is being developed in consultation with the lead member for finance with a draft training programme to be in place by July for delivery from September onwards.
				NEW ACTION – Commence delivery of the Member training programme	Section 151 Officer	July 2025	In development.
				Regular monthly reports continue to be submitted to Leadership Team and Wider Leadership Management Team on the budget position. We have an ongoing training programme that we are committed to delivering to ensure we raise and maintain the financial skill sets of our budget holders. Additional support is targeted at new budget holders, on a risk-based approach, with the highest levels of support targeted at those managing the most volatile budgets.	Section 151 Officer	Monthly	Ongoing.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
			linked to workforce and succession planning, with a focus on both bringing in external, as well as nurturing internal, talent.	A proposal will be submitted to Audit Committee to recommend it completes a self-assessment against CIPFA Good Governance guidance in March. If agreed, it will be delivered during 2025/26.	Section 151 Officer	March 2025, with the review to be completed during 2025/26	<b>Complete</b> and ongoing. The review is underway and is being facilitated by an LGA regional advisory who is a former Section 151 Officer.  The outcome of that review will be agreed by committee and then reported within the first annual report from the Committee to full Council, anticipated to be delivered by September 2025.
				Scrutiny - the Monitoring officer and S151 officer are working towards development of an integrated approach to reporting the quarterly outturn position to improve members understanding of the overall position of the Council financially and their understanding of the impact on delivery of Council plan priorities.	Section 151 Officer and Monitoring Officer	June 2025 onwards  Revised target April 2026	Discussions on how to ensure that integrated performance and finance reporting works effectively to demonstrate a narrative across the two disciplines and informs Council decision making is ongoing.  It is proposed that this initial target is reset to allow the Council time to reset its wider approach to Performance management, with a view to implementing a new approach from 2026/27.
				The Town Board, once reestablished, will become the vehicle through which strategic discussions with our partners are held this will include sharing information about our spending power and priorities. The Board will be established during 2025.	Chief Executive	June 2025	See previous.
				We are securing additional capacity within the HR team to be able to look at options around the Council's recruitment and retention of key staff as well as ongoing delivery of the People Strategy to ensure our staff have the	Head of HR	May 2025	<b>Complete.</b> Growth bid has been approved to provide this additional capacity. Additional action captured to track recruitment to the post.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
				skills and capabilities to be able to meet the needs of succession planning.			
				NEW ACTION - Complete recruitment of the Pay and Reward Specialist to provide additional capacity to review the Council's approach on this matter.	Head of HR	September 2025	
7	All	Use of Resources	<p>(CPC) Reframe Middlesbrough's approach to transformation, shifting from tactical savings during a crisis, to long term financial sustainability and continuous improvement to deliver better outcomes, by:</p> <ul style="list-style-type: none"> <li>a. Undertaking a cross-council reset and relaunch of its transformation priorities, alongside the council plan and council values, underpinned by strong leadership, a robust communications and engagement plan, and organisational development strategy.</li> <li>b. Creating a senior transformation officer role to lead, consolidate and prioritise the current programme, identify new areas for transformation, track progress and delivery of desired outcomes, and drive the organisational change and buy-in required to deliver successful transformation.</li> <li>c. Reviewing capacity to deliver Middlesbrough's transformation ambitions, including within corporate services and supporting data and analysis and performance</li> </ul>	<p>Following successful delivery of a programme of projects which have been primarily focussed on putting the council on a sound financial footing.</p> <p>The Council is currently pausing slightly to ensure the next phase of its approach to transformation of services, using a refined set of projects and programmes that has an increased focus on delivery of improved outcomes for our residents to support delivery of the council plan vision and underpinning ambitions, within a sustainable cost envelope.</p> <p>A report on the revised approach and the plans to put in place the capacity to deliver it successfully will be presented to Executive shortly.</p>	Chief Executive and Section 151 officer	April 2025	<b>Complete.</b> The Council has taken a reset report to Executive in April which has set out how it will amend delivery of the Council's approach to transformation. This includes plans to recruit a senior transformation officer.
				NEW ACTION - Complete recruitment of a Strategic Lead for Transformation.	Chief Executive	September 2025	New action added following completion of the initial commitment to reset the Council's approach to transformation
				NEW ACTION complete recruitment of a Continuous Improvement Team.	Strategic Lead for Transformation	October 2025	New action added following completion of the initial commitment to reset the Council's approach to transformation

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
			management, to ensure that all relevant services are adequately resourced to support transformation outcomes.				
8	Delivering Best Value	Continuous Improvement	<p>(CPC) Establish a locally owned assurance and improvement approach for Middlesbrough once the voluntary improvement Board steps down.</p> <p>This will help embed and sustain continuous improvement and support, providing oversight of the golden thread between the council's vision, corporate plan, performance and delivery of outcomes. By doing so, it will provide the council, its partners, and residents with assurance that the improvement journey is continuing at pace.</p>	This Continuous Improvement plan and the regular reporting of it to Executive and Scrutiny will ensure there is a locally owned assurance and improvement plan in place.	Chief Executive	July 2025 onwards	Ongoing. This document forms part of the first reports that will be submitted.
9	Delivering Best Value	Use of Resources	<p>(CPC) Review and strengthen Middlesbrough's internal audit arrangements and provision. This will ensure they are fit for purpose and adequately support its continuous improvement and assurance journey, with internal audit a key tool when deployed strategically in the delivery of high-quality services, transformation and financial outcomes</p>	Commission an external review of the current arrangements for internal audit to provide assurance to the Council as to whether they remain fit for purpose or require adjustment to better support the Council's continuous improvement and assurance journey.	Section 151 Officer	Review to be commissioned by September 2025 for deliver in 2025/26.	<p>An initial meeting has been held with Veritau to discuss the scope of this review and timescales.</p> <p>It is anticipated that a draft scope setting out required outcomes from an Internal Audit Service will be developed in consultation with Leadership Management Team by August 2025.</p>
10	All	Governance	<p>(CPC) Review and strengthen Middlesbrough's overview &amp; scrutiny arrangements.</p> <p>This will ensure arrangements support robust and impactful scrutiny for the future, aligned with best practice.</p>	A planned review is already underway to assess the impact and effectiveness of the current arrangements following 12 months of their implementation with a view to changing if needed. Guidance from the Centre for Governance and Scrutiny will be used and members will be fully engaged in the review.	Monitoring Officer	May 2025	<b>Complete.</b> Review of scrutiny arrangements completed in December and the final report went to Overview and Scrutiny Board in April 2025. As a result of the review, scrutiny panels



Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
				In addition, a pre-scrutiny protocol will be developed to establish a collaborative working relationship between Executive and Scrutiny Councillors to enhance decision-making in the organisation.			have been amended to increase panel capacity from 3 to 4 (including OSB).  Pre-scrutiny protocol submitted to LMT in May 2025 prior to submission to OSB in June.
11	All	Governance	(CPC) Support councillors further in their roles through:  a. Providing the Executive with administrative support and training for their roles; b. Addressing issues with Councillor Gateway system; c. Providing sufficient advanced notice for meetings, and at times that meet councillors' needs; and d. Promote and encourage good councillor conduct, including on digital platforms.	We are securing additional democratic support capacity to support the Executive team administration their roles.	Monitoring Officer	September 2025	<b>Completed.</b> Agreed growth bid in place.
				NEW ACTION – complete recruitment to an additional Business Support Officer post to support the work of the Executive	Monitoring Officer	September 2025	<b>Completed</b> in June 2025.
				NEW ACTION – training for Executive Members to be developed	Monitoring Officer	Ongoing	<b>Complete and ongoing.</b> The incoming Executive have been offered access to the LGA Executive member leadership training course as well as bespoke training offered from the Deputy Monitoring Officer.  This will continue to be tracked to ensure a good take up.
				We are securing additional capacity to support the quality of responses to Members and to manage feedback from Members to establish a continuous improvement approach to both the system and the outcomes members are seeking.	Monitoring Officer	September 2025	<b>Completed.</b> Agreed growth bid in place.
				NEW ACTION – complete recruitment to the additional support to support an improved Member Enquiries experience for Councillors	Monitoring Officer	September 2025	Ongoing.
				Ongoing discussions will continue to be held with Members to identify the issues with timings and options the Council	Monitoring Officer	May 2025 committee diary setting by	<b>Complete.</b> In order to ensure this is member led, it has been decided to book provisional dates for

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
				could put in place to manage timings and support Members to attend.		Council and ongoing	meetings of committees and then facilitate a committee-by-committee discussion on timing and frequency of meetings to meet Member needs. The Council will continue to seek feedback on this and refine the approach as necessary.
				We have recently delivered further training to all Members on good conduct on social media and will regularly push out reminders on good practice on social media usage.	Monitoring Officer	Ongoing	Ongoing, social media posts continue to be a source of standards complaints.
12	All	Governance	<p>(CPC) Continue to improve member and officer relationships with clear understanding of the respective roles, responsibilities and promoting good behaviours.</p> <p>This will continue to strengthen Middlesbrough's governance guardrails, promote conduct in line with the Nolan Principles, and avoid the risks which in the past have arisen from Middlesbrough's Mayoral model.</p>	We are committed to an ongoing cycle of training and development of both officers and Members and will regularly take the temperature of the organisation through engagement and surveys to identify where more needs to be done.	Monitoring Officer	Ongoing regular surveys throughout the year	<p>Ongoing. Staff temperature check survey went live in June 2025.</p> <p>Members were surveyed as part of the review of the Member Development Survey in February 2025. The next planned survey will be undertaken in September 2025 and will focus on Member and Officer relationships.</p> <p>The Statutory Officers meet with group leaders on a monthly basis.</p>
13	Delivering Best Value	Use of Resources, Service delivery and Continuous Improvement	(MIIAB) Develop a medium-term plan, as organisational capacity improves, to integrate finance and performance reporting within the corporate governance framework.	Following successful growth bids to put in place the capacity within Finance, action is being taken to secure additional capacity to reestablish a more embedded performance management process as well. Action will initially be taken to recruit additional capacity, with a view to first working together to strengthen performance management and reporting and then jointly developing an integrated approach to reporting to improve the Council's ability	Section 151 Officer and Monitoring Officer	Staff will be recruited into post by September 2025.	<p>Ongoing. Additional posts have now been job evaluated for the performance team and are going through the VCF process.</p> <p>Recruitment to the Deputy 151 officer post has been completed. This post will be necessary to shape the nature of the additional</p>

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
				to demonstrate alignment of its resources with Council priorities and the relationship between resourcing and performance across its priority areas.			capacity within finance and complete recruitment. They will commence in post in late July 2025.
14	Delivering Best Value	Use of Resources	<p>(MIAAB) Focus on long term financial resilience and:</p> <ol style="list-style-type: none"> <li>tight control on 2025/26,</li> <li>develop a balanced position for the medium term,</li> <li>have a planned approach to growth,</li> <li>do not fund ongoing expenditure from one off funding pots,</li> <li>focus on transformational opportunities.</li> </ol>	<p>The Council has a robust budget management approach in place which it intends to maintain in 2025/26, including ongoing budget clinics, with Member involvement within them, as well as monthly budget reporting to inform these processes.</p> <p>Regular liaison with Executive will be undertaken as part of the quarterly review of the effects of decisions and expenditure on the MTFP. This will include medium term planning for growth.</p> <p>Not funding ongoing expenditure from one off pots of funding is a principle that is already robustly applied to Council budget setting processes. For example the proposed governance of the Middlesbrough Priorities fund includes such a principle.</p>	Section 151 Officer	<p>Quarterly throughout 2025/26</p> <p>Proposed revised target of April 2026 onwards</p>	<p>Discussions on how to ensure that integrated performance and finance reporting works effectively to demonstrate a narrative across the two disciplines and informs Council decision making is ongoing.</p> <p>It is proposed that this initial target is reset to allow the Council time to reset its wider approach to Performance management, with a view to implementing a new approach from 2026/27.</p>
15	Delivering Best Value	Use of Resources	<p>(MIIAB) Be prudent with extra money: top up reserves (to a level higher than currently suggesting), invest in contingency.</p>	<p>This is another principle within the Council's budget setting process and there are a number of contingencies built into the budget including a risk fund to manage risks around non-delivery of savings.</p> <p>The Medium-Term Financial Plan includes plans to grow the reserves prudently while balancing against the level of demand arising from being a local authority in one of the country's most deprived areas.</p>	Section 151 Officer	n/a - Ongoing over the life of the Medium Term Financial Plan	Ongoing. The Year end outturn report on 11 June 2025, shows a positive direction of travel on reserves over the life of the MTFP. On 31 March 2025, reserves were at £21.665m, compared to a target that was set during the section 24 action plan delivery of £18.1m by 31 March 2025.
16	All	All	(MIIAB) Build organisational capacity to strengthen resilience in	The Council has already taken action to identify funding for growth in these	Chief Executive	May 2025	<b>Complete and ongoing.</b> Finance growth bid is now

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
			finance, HR, OD and transformation to support delivery of your corporate plan priorities.	areas and it will consider whether there are any further growth needs within its reset approach to transformation which will be considered by Executive in April 2025.			<p>secured and a service review will be undertaken to ensure it is utilised effectively once the new Deputy 151 Officer is in post from late July 2025. The review is expected to commence by November 2025.</p> <p>The Council has reset its approach to transformation and set aside significant capital receipts that can be drawn down as needed to fund support services as the Strategic Lead of Transformation drives the Council's approach to transformation and develops, in detail, the activities that will need to be taken. In April 2025, Executive agreed flexible use of Capital receipts to fund a strategic lead for Transformation and additional support capacity in the form of a continuous improvement team.</p> <p>Recruitment to these posts is expected to commence in July 2025.</p>
17	All	Leadership	(MIIAB) Continue to focus on organisational development as an important part of your continuous improvement journey, with a particular focus on team development and embedding stable, permanent leadership arrangements.	Executive and Leadership team development programme has been put in place and is resuming at pace, with external support and expertise. In addition, the Council is refreshing support for its wider Managers, reestablishing a management training gateway, along with a wide range of programmes to develop skills and capacity. This is being overseen within the delivery of the People Strategy.	Monitoring Officer	Ongoing	The Council's Organisational Development (OD) Team has developed a leadership and management training programme that spans from aspiring manager level through to Chief Executive. The programme focusses on a core set of skills and behaviours to ensure they

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
							are embedded across the organisation.  The Council is working to increase the capacity of its OD team and aims to complete recruitment to a vacant post within the team by September 2025.
18	All	All	(MIIAB) Complete and implement your communications strategy and use it as an effective tool to bring the council vision to life and to ensure that both the internal and external environment understands the outcomes the council is trying to achieve.	Once the Council has reset its approach to transformation, a draft Communications Strategy will be developed to ensure that there is a plan in place, owned by senior leaders, that ensures the Council is clearly communicating its vision, priorities and actions to ensure Members, Staff, the public and partners understand and engage with the outcomes the council is trying to achieve.	Chief Executive	Draft Strategy June 2025, to be reviewed on a quarterly basis by Leadership team.  Reprofiled to September 2025.	In progress. The Communications team continues to prioritise topics that are linked to the Council Plan. The changes to the approach to transformation are still emerging. One key update is the briefings for staff held by the Chief Executive on the Council Plan, the organisation's values and transformation
19	Delivering Best Value	Use of Resources	(EFS) The council are mitigating this risk for 2024/25 through contingencies and EFS. There are also reserves though these are at a critically low level. From 2025/26 onwards, the council aims to deliver transformational savings but we consider there to be significant risk in this plan. We raise Recommendation 15 for the council to develop comprehensive mitigation plans for savings that have been designated as 'Amber' and 'Red' within the Transformation Programme, focusing on identifying barriers and implementing solutions to reduce risks. Ensuring these plans are regularly updated and integrated into the projects.	The Council has put in place a savings delivery risk budget and has also increased the levels of reserves to manage this risk and is in the process of also resetting its approach to transformation. Regular monitoring of savings delivery will continue to take place with mitigation being developed as appropriate.  <b>SMART action</b> – Any savings that are deemed to be undeliverable must be replaced with mitigation. Financial Regulations will be amended to set out clear expectations around this.	A Humble, Section 151 Officer	September 2025	Ongoing. The Section 151 Officer has in place a regular monitoring and reporting cycle on delivery of savings and sets out this performance within the Quarterly budget outturn reports to Executive and Overview and Scrutiny Board.  As of June 2025, no savings for 2025/26 have been identified as undeliverable. Performance by quarter will be reported in the Quarter One outturn report, due to be submitted to Executive in September 2025. Further actions as required will be developed following that.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
20	Delivering Best Value	Governance	(EFS) We raise Recommendation 3 encouraging the council to: a) consider the merits of appointing at least one independently, ideally two, co-opted independent members to its Audit Committee; b) ensure that the Audit Committee reports directly to Full Council and that this is documented within the Constitution; and c) include quarterly presentation of the Strategic Risk Register to the Audit Committee	Audit Committee to complete a self-assessment of its effectiveness with external independent support which will inform a develop plan for the committee.	A Humble, Section 151 Officer and C Benjamin, Monitoring Officer	September 2025	Ongoing. The self-assessment was already in train and was a commitment in the 2023/24 Annual Governance Statement. An independent LGA advisor is supporting the committee to complete this.
				Completion of the first annual report from Audit Committee to Full Council.		December 2025	Ongoing. The outcome of the self assessment will be reflected in the first annual report of the committee and will form a development plan for the Committee.
				The Risk Register is reported to the Audit Committee every 6 months and to Overview and Scrutiny Board every quarter.		N/a already in place every 6 months.	<b>Complete.</b>
21	Delivering Best Value	Governance	(EFS) We raise Recommendation 4 encouraging the council to explore options for growing report writing skills at the lower levels of the organisation.	A revised report format will be considered by Leadership team in April, alongside recommendations to refresh report writing support.	C Benjamin, Monitoring Officer	Complete	<b>Complete.</b> A new report format has been developed and engagement has been undertaken to identify report writing needs.
22	Delivering Best Value	Use of Resources	(EFS) We have raised Recommendation 9 that the council should more clearly articulate its approach to mitigating treasury management risks in the Treasury Management Strategy. From our review we have not identified any significant risk that the council is exposed to but recommend a clearer articulation of the steps taken to mitigate these risks.	Improved TMS taken to Council in February 2025 but further work will be undertaken to strengthen this within a revised TMS half year update to be presented to Executive.	A Humble, Section 151 Officer	October 2025	Ongoing.
23	Delivering Best Value	Use of Resources	(EFS) We have raised Recommendation 11 that the council should progress external management arrangements for its remaining commercial properties in a timely manner.	The Council has already commenced a soft market testing exercise with Cushman and Wakefield to assess the extent of the commercial portfolio that could be outsourced. Once completed this will inform next steps with a realistic	R Horniman, Director of Regeneration	Completion of soft market testing by March 2025	Ongoing. Soft market testing complete. The initial stage has been completed to assess the appropriateness of arrangements to ensure it is assured that it has the

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
				proposal for outsourcing based on market appetite.		Subject to findings, development of an appropriate approach to outsourcing will be undertaken during 2025/26 if the business case is supportive of that outcome.	correct management arrangements in place, which included consideration of external management.  The Council is currently continuing to review and refine its options appraisal in relation to this to ensure it has a sustainable medium term approach to commercial property management.
24	Delivering Best Value	Use of Resources	(EFS) We have raised Recommendation 12 that the council should continue to review and consider the most prudent approach to calculating MRP whilst considering both short-term and long-term impacts on the revenue budget.	The Council will review the MRP methodology and consider the effects on the MTFP as part of the 2026/7 budget setting process.	A Humble, Section 151 Officer	March 2026	Ongoing. This will be considered within the review of the MTFP as part of the 2026/27 budget setting process which will articulate the Council's considered approach, taking into account the costs of changes in approach, risks and the impact on the Council's Treasury Management Strategy.
25	Delivering Best Value	Continuous Improvement	(EFS) We raise Recommendation 16 that the council should develop a comprehensive change management framework that includes clear objectives, key performance indicators, and a culture of continuous improvement. There should be integrated accountability structures that clearly define roles and responsibilities for transformation initiatives. We also raise Recommendation 17 for the council to engage with stakeholders, including employees, residents, and partners, to build support for transformative initiatives and ensure alignment with broader community goals. The council should ensure all stakeholders are	Develop and finalise a Change Management Framework  Not applicable as already actions in place to address this within the CIP	A Humble, Section 151 Officer	December 2025	Ongoing. This will be picked up by the new Strategic Lead for Transformation to put in place a coherent approach to transformation that includes change management.

Rec.	Council Plan Ambition	Best Value Theme	Recommendation	Action	Owner(s)	Target date for completion	June 2025 update
			aligned with the transformation agenda through effective communication and engagement strategies.				
26	All	All	(EFS) The Council have put in place an improvement plan to address the recommendations within the Care Quality Commission (CQC) report on the Council's Adult Social Care services that was issued in February 2025.	Submit quarterly reports to Department of Health and Social Care following consideration of those items by the People Scrutiny Panel.	Director of Adult Social Care and Health Integration	Ongoing from September 2025 on a quarterly basis (revised from May 2025)	Ongoing. The outcome of the inspection was reported to People Scrutiny Panel in March 2025 The first progress report is now due to go to the Committee in September 2025.
27	Delivering Best Value	Continuous Improvement, Use of Resources and Leadership	(CQC) The CQC inspectors identified concerns that there was not much of a corporate view of adult social care performance data.	Refresh and reestablish a performance management cycle beyond the strategic level, to embed a 'golden thread' of Performance Management from the Council Plan down to departmental level.	Director of Legal and Governance Services	December 2025	Ongoing. A proposed way forward has been developed. A revised Performance Management Policy will be brought forward for Member decision in December 2025.



<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance and Transformation (s151 Officer) – Andrew Humble
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<b>Relevant Executive Member:</b>	Mayor – Chris Cooke
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<b>Submitted to:</b>	Executive
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<b>Date:</b>	16 July 2025
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<b>Title:</b>	Middlesbrough Priorities Fund
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>Council Plan priority:</b>	All
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<b>Key decision:</b>	Yes
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<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards
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<b>Subject to call in?</b>	Yes
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<b>Why:</b>	Non-urgent report
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<b>Proposed decision(s)</b>																																	
That Executive:																																	
<ul style="list-style-type: none"> <li>Approves that the second tranche of proposals totalling £1.310m as summarised below and detailed in this report, be funded from the Middlesbrough Priorities Fund</li> </ul>																																	
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### **Executive summary**

- A Middlesbrough Priorities Fund of £4.367m for 2025/26 only, was established and approved by Full Council on 19 February 2025 as part of the 2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report.
- Proposals approved in the initial Middlesbrough Priorities Fund report to Executive 30 April 2025 totalled £0.915m
- Following on from the recommendations included in the initial Middlesbrough Priorities Fund report to Executive on 30 April 2025, this report sets out the next tranche of proposals for support from the Fund for approval by Executive. The total of the proposals included in this report total £1.310m.
- Appendix 1 to this report details the budget available, the amount approved to date by Executive, and the amount of uncommitted budget which will be available if all of the proposals in this report are approved for support from the Fund.
- The recommended decision needs to be taken by Executive in line with the governance arrangements outlined in the initial report of 30 April 2025 to ensure effective use of the Middlesbrough Priorities Fund budget allocation set aside for 2025/26.
- The alternative would be for no further proposals to be submitted. However, the absence of any proposals being submitted for use of the Middlesbrough Priorities Fund would mean that the Fund is not utilised to its maximum potential provided for in the 2025/26 Budget approved by Council on 19 February 2025

## **1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions**

- 1.1 The initial Middlesbrough Priorities Fund report to Executive on 30 April 2025 outlined both the governance arrangements and the initial proposals for support from the Fund and recommended that all future requests for support from the Fund be approved by Executive. A standing item has since been added to the Executive agenda for 2025/26 to enable proposals for support from the Fund to be brought forward for consideration and approval by Executive.
- 1.2 Following on from the initial report to Executive on 30 April 2025, this report sets out the next tranche of proposals which are requested to be funded from the Middlesbrough Priorities Fund.
- 1.3 As outlined in the report of 30 April 2025, one of the key conditions of all proposals for support from the Fund is that projects must link to one of the thirteen aims of the Council Plan.
- 1.4 The table below demonstrates which of the four Council Plan themes each of the proposals contained in this report links to:

Proposed Scheme	Council Plan elements covered			
	A successful & ambitious town	A healthy place	Safe and resilient communities	Delivering best value
Homeless Intervention Team			✓	
Iris Programme		✓		
Domestic Abuse Coordinator		✓		
AI interactive 'coach' (Front Door)		✓	✓	
Grants for Schools	✓			
Energy Assessments			✓	
NEETS Programme	✓			
Focus Groups and Panels		✓		
MUSICINC Growth	✓			
In-House Arbor Team		✓	✓	
Multibank		✓		
Trading Standards	✓	✓	✓	
Financial Investigator	✓	✓	✓	
Investment Prospectus	✓			

## 2. Recommendations

### 2.1 That the Executive

- Approves that the second tranche of proposals totalling £1.310m as summarised below and detailed in this report, be funded from the Middlesbrough Priorities Fund

Proposal	Amount Requested (£m)
Homeless Intervention Team	0.100
Iris Programme	0.032
Domestic Abuse Coordinator	0.055
AI Interactive 'Coach' (Front Door)	0.050
Grants for Schools	0.150
Energy Assessments	0.015
NEETS Programme	0.200
Corporate Parenting/Foster Carers Forum and Survivors Panel	0.020
MUSICINC Growth	0.075
In-House Arbor Team	0.370
Multibank	0.060
Trading Standards	0.058
Financial Investigator	0.075
Investment Prospectus	0.050
	<b>1.310</b>

- Notes that if the proposed schemes included in this report are approved, that the unallocated balance remaining in the Fund will be £2.142m

## 3. Rationale for the recommended decision(s)

3.1 This will enable effective use of the Middlesbrough Priorities Fund budget allocation set aside for 2025/26 and ensure Best Value is obtained.

## 4. Background and relevant information

4.1 Proposals for funding from the Middlesbrough Priorities Fund from Directorates were subject to completion of a pro-forma outlining the proposal and detailing both which of the Council Plan objectives and scheme criteria the proposal linked to. All proposals received from Directorates were added to proposals received from Executive Members, and were collated into an overall 'log' spreadsheet which was assessed by the Mayor,

with support from the Chief Executive, to determine which were to progress for approval by Executive within each tranche and which measures were either of lower priority or could be funded by other means. As signalled in the Executive report of 30 April 2025, following this prioritisation the decision to implement the selected measures, or not, will be taken by Executive. Once implemented the measures will be tracked as part of the Council's performance management framework, including measurement of the impact and outcomes.

4.2 As detailed in the Middlesbrough Priorities Fund report to Executive on 30 April 2025, a Middlesbrough Priorities Fund of £4.367m for 2025/26 only was established and approved by Full Council on 19 February 2025 as part of the 2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report. The intention of the Fund is to deliver high impact, one-off projects for the benefit of the communities in Middlesbrough.

4.3 Proposals to date which have already been given Executive approval to proceed are set out in the table below:

Proposal	Amount approved (£m)	Date approved
Childhood Enrichment Team	0.250	30/04/2025
Youth Group Seed Funding	0.100	30/04/2025
Shopping Area Improvements Scheme	0.180	30/04/2025
Grass Verges Replacement	0.150	30/04/2025
Ward Councillor Initiatives	0.235	30/04/2025
	<b>0.915</b>	

4.4 This report sets out the next tranche of schemes, totalling £1.310m, which it is proposed will be supported by the Fund. All of these projects are one-off revenue funded activities with no financial recurrence being initially identified, which align with one or more of the principles to be assessed, and which contribute towards delivery of the Council Plan priorities and aims, as outlined in the governance arrangements in the report to Executive on 30 April 2025. More detail can be found within paragraphs 4.5 to 4.18 below.

#### **Homeless Intervention Team**

**£0.100m**

4.5 The funding would support the development of a small intensive intervention team (two posts) to work with the ten most complex individuals currently contributing to a high system cost across numerous stakeholders including health, police and retail. The dedicated posts would be able to spend more time with these individuals identified as requiring support to enable more successful outcomes. The posts would be fixed term for one year as a pilot to determine if this style of intervention can be successful. The initiative should result in a reduction in crime & anti-social behaviour, reduced complaints, and an improved outcome for the affected individuals in terms of housing and stability.

#### **Iris Programme**

**£0.032m**

4.6 Iris is a training programme for general practitioners to identify and support victims of domestic abuse. The funding would enable support for a further year of the programme whilst discussions progress with the Integrated Care Board for mainstream funding. The

programme will facilitate an increase in the number of GP's trained in regard to domestic abuse, and in how to identify and support victims and survivors.

**Domestic Abuse Co-ordinator**

**£0.055m**

- 4.7 The funding would enable appointment of a fixed term post of Domestic Abuse Coordinator, to support and track learning and actions from Domestic Homicide Reviews as outlined by the Community Safety Partnership and Internal Audit. The post would be fixed term for one year and beyond that would be considered for mainstream funding from the Medium-Term Financial Plan. The post would enable completion of outstanding actions from all Domestic Homicide Reviews, provide support to the Community Safety Partnership and facilitate improved joint working with Children's Services.

**AI Interactive 'Coach' (Front Door)**

**£0.050m**

- 4.8 This proposal is to identify and develop an Artificial Intelligence solution to support the Adult Social Care "front door" as part of the prevention initiative shift. This will be similar to that of "Bridgit Cares" in which individuals will receive personalised interactive support to navigate community connections and alternative solutions rather than entering adult social care for assessment. The funding would be used as seed funding for initial development, the ongoing revenue costs can be met from the revenue costs linked to the existing Middlesbrough Matters system. This new development would replace Middlesbrough Matters which is an outdated system which is difficult to navigate. The initiative would reduce contacts 'at the front door', leading to reduction in service users of Adult Social Care.

**Grants for Schools**

**£0.150m**

- 4.9 This proposal is to provide grants for schools to contribute to books, sports equipment and performing arts activities.

**Energy Assessments**

**£0.015m**

- 4.10 This proposal is to cover the costs of energy assessments for faith and community buildings, to aid them being able to prioritise capital spend and become more sustainable.

**NEETS Programme**

**£0.200m**

- 4.11 This proposal is a project led by Middlesbrough College and is an initiative to support those who are not currently in employment, education or training to progress. The programme requires initial first year funding but will be self-sustaining from then on, and will be a rent payer, providing an income stream for the Council.

**Focus Groups and Panels**

**£0.020m**

- 4.12 This proposal is to support the development of forums for Corporate Parenting and Foster Carers, and the creation of a Survivors Panel. The funding would enable the groups to be run on a trial basis, and dependent upon success, potential ongoing funding would be considered.

**MUSICINC Growth**

**£0.075m**

- 4.13 This proposal is to enable replacement of musical instruments and also to enhance the offer currently provided by the Service.

**In-house Arbor Team**

**£0.370m**

- 4.14 This proposal is to cover the staffing, fuel and replacement equipment costs necessary to enable an in-house Arbor Team to be established. The proposal would provide resilience to manage the Council's own tree stock without the need for external consultants. It would also enable the Council to better monitor tree standards and safety across the town, with enhanced adherence to tree management and maintenance legislation, and management of tree disease such as ash die back more effectively. An in-house Arbor Team would enable the Council to conduct its own tree surveys for monitoring purposes on a more frequent, pro-active basis. It would also provide resilience in terms of responding to reactive tree safety concerns, reducing the risks to the public by means of better tree management and more proactive approach to tree stock.

**Multibank**

**£0.060m**

- 4.15 This proposal is to provide an upfront payment to cover support costs for the Tees Valley Multibank for years two and three. Each of the Tees Valley authorities make contributions to the initiative which is a central hub which collects and then distributes essential items such as warm clothes, hygiene products, school uniforms, crockery, and household furnishings to people in need. The Council made a contribution of £0.025m in 2024/25 for year 1 of the initiative.

**Trading Standards**

**£0.058m**

- 4.16 This proposal is to secure an additional Trading Standards Officer on a fixed term basis to increase proactive work on product safety, counterfeit products and illicit tobacco products, including further and sustained operations targeting repeated offenders and premises, with enhanced partnership working with HMRC, Immigration and the Police.

The post will also undertake duties relating to prevention of underage sales including test purchasing and inspections, and preparation work for the new laws for tobacco products and vapes, fair trading and digital markets.

**Financial Investigator**

**£0.075m**

- 4.17 This proposal is to fund an Accredited Financial Investigator post on a fixed term basis to increase the financial investigation capabilities of the Council, in order to improve criminal case outcomes, increase civil debt recovery and increase asset recovery under Proceeds of Crime Act. The aim of the post is to improve the information available thereby improving outcomes of investigations into offences through more effective legal cases and increased levels of civil debt recovery. This, plus subsequent confiscation proceedings following conviction, should serve as an effective deterrent for offending and additionally improve compliance levels in relation to product safety, fair trading, illicit

tobacco products, counterfeit goods, health and safety, food safety, planning and crime and disorder.

## Investment Prospectus

**£0.050m**

- 4.18 The proposal would enable the Council to commission expert capacity to prepare an economic strategy, town centre plan and investment prospectus. This will be achieved by the development of a joint set of investment priorities with anchor organisations in the Town.

## 5. Ward Member Engagement if relevant and appropriate

- 5.1 There is no specific ward member engagement for the proposals contained in this report.

## 6. Other potential alternative(s) and why these have not been recommended

- 6.1 The alternative would be for no further proposals to be submitted. However, the absence of any proposals being submitted for use of the Middlesbrough Priorities Fund would mean that the Fund is not utilised to its maximum potential provided for in the 2025/26 Budget approved by Council on 19 February 2025.

## 7. Impact(s) of the recommended decision(s)

Topic	Impact																		
Financial (including procurement and Social Value)	<p>The use of the Middlesbrough Priorities Fund should have a positive impact on Social Value as the initiatives are required to link to the Council’s Council Plan. The table below shows the balance which would remain on the Fund, should the proposals included in this report be approved:</p> <table><tr><td></td><td>£m</td><td>£m</td></tr><tr><td>Budget</td><td></td><td>4.367</td></tr><tr><td>Approved in Executive Report 30/04/25</td><td>0.915</td><td></td></tr><tr><td>Requested for approval Executive Report 16/07/25</td><td><u>1.310</u></td><td></td></tr><tr><td></td><td></td><td><u>2.225</u></td></tr><tr><td></td><td></td><td>2.142</td></tr></table>		£m	£m	Budget		4.367	Approved in Executive Report 30/04/25	0.915		Requested for approval Executive Report 16/07/25	<u>1.310</u>				<u>2.225</u>			2.142
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Requested for approval Executive Report 16/07/25	<u>1.310</u>																		
		<u>2.225</u>																	
		2.142																	
Legal	The recommendations will be in accordance with the Council’s Constitution and Financial Regulations.																		
Risk	The recommendations should mitigate the risk of not providing Best Value in the use of the Middlesbrough Priorities Fund.																		
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no potential applicable issues to consider within this report affecting Human Rights or the Equality Duty. The application of some of the proposed initiatives may have a positive effect on Community Cohesion.																		

Reducing Poverty	Some of the proposals for the Middlesbrough Priorities Fund contained within this report may be relevant to these groups. In addition, future proposals may be relevant to these groups.
Climate Change / Environmental	Some of the proposals for the Middlesbrough Priorities Fund contained within this report may be relevant to these groups. In addition, future proposals may be relevant to these groups.
Children and Young People Cared for by the Authority and Care Leavers	Some of the proposals for the Middlesbrough Priorities Fund contained within this report may be relevant to these groups. In addition, future proposals may be relevant to these groups.
Data Protection	There are no concerns that the proposals within the report will impact negatively on data protection or GDPR.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
If approved by Executive on 16 July 2025 Directors will be informed that for the initiatives proposed in this report implementation can commence.	Director of Finance & Transformation (s151 Officer)	17/07/25 (subject to call in)
Further initiatives for the remaining funding will be submitted to Executive for approval	Director of Finance & Transformation (s151 Officer)	31/03/26
Monitoring of the Middlesbrough Priorities Fund to be included in the quarterly budget monitoring reports throughout 2025/26	Director of Finance & Transformation (s151 Officer)	30/06/26
Identify within existing resources, support to monitor impact and outcomes of approved schemes and feed back to Executive	Director of Legal & Governance / Head of Strategy, Business & Customer	31/03/26

### **Appendices**

<b>1</b>	Middlesbrough Priorities Fund 2025/26 – Summary of Schemes Approved and Proposed to date
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## Background papers

Body	Report title	Date
Executive	Middlesbrough Priorities Fund	30 April 2025

**Contact:** Andrew Humble – Director of Finance and Transformation (s151 Officer)  
**Email:** andrew\_humble@middlesbrough.gov.uk

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Regeneration, Richard Horniman
<b>Relevant Executive Member:</b>	Executive Member for Development, Cllr Theo Furness
<b>Submitted to:</b>	Executive
<b>Date:</b>	16 July 2025
<b>Title:</b>	Nunthorpe Community Centre – Next Steps
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	Safe and resilient communities
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000
<b>Subject to call in?</b>	Yes
<b>Why:</b>	Non-urgent

Proposed decision(s)
<p>That Executive approve:</p> <ul style="list-style-type: none"> <li>a) the proposed terms of the 25-year lease agreement with a consortium led by Nunthorpe Parish Council for the management of the facility;</li> <li>b) the authority to enter contracts and commence construction of the Community Centre; and,</li> <li>c) delegated authority for the Director of Regeneration and Section 151 Officer to jointly agree any variations between the Heads of Terms and the main lease.</li> </ul>

Executive summary
<p>This report is concerned with the development of a new Community Centre at Stokesley Road, Nunthorpe and provides a summary of the Executive approvals granted in a previous report in May 2024</p>

Executive approval is now sought for the proposed terms of the 25-year lease agreement with the consortium led by Nunthorpe Parish Council, and for the authority to enter into a construction contract to build the Community Centre.

Failure to proceed with the construction of the Community Facility would not meet the identified needs of the Nunthorpe community and would be a reputational risk for the Council.

## **1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions**

- 1.1 This report seeks Executive approval for the proposed terms of the lease agreement and the commencement of construction of the Community Centre.
- 1.2 The construction of the Community Centre will allow Management Consortium to deliver a programme of activities that will contribute to the achievement of the ambitions as set out in the table below.

<b>Our ambitions</b>	<b>Summary of how this report will support delivery of these ambitions and the underpinning aims</b>
<b>A successful and ambitious town</b>	The Management Consortium will partner with an existing provider to offer a Nunthorpe base for adult education and will offer ecological field trips in partnership with local schools and Our Greenways.
<b>A healthy Place</b>	The Centre will offer a range of healthy living and mutual support groups in partnership with the neighbouring Medical Centre and community support groups already operating in the town.
<b>Safe and resilient communities</b>	<p>The Centre will provide a warm meeting space to help integrate the building and garden users with residents across Nunthorpe, including walking groups, volunteers and young people.</p> <p>Local demand for specific social activities, such as children's parties will also be accommodated.</p> <p>The programme of music and sporting activities previously offered on an evening at the Nunthorpe Institute will also be delivered.</p>
<b>Delivering best value</b>	The management regime assumes that the lease to the approved operator is on a full repair and insure basis; with no revenue requirements from Council resources.

## **2. Recommendations**

### **2.1 That the Executive**

- a) approves the proposed terms of the 25-year lease agreement with a consortium led by Nunthorpe Parish Council for the management of the facility;
- b) approves the authority to enter contracts and commence construction of the Community Centre; and,
- c) delegates authority for the Director of Regeneration and Section 151 Officer to jointly agree any variations between the Heads of Terms and the main lease.

## **3. Rationale for the recommended decision(s)**

- 3.1 The planning application for the Community Centre scheme was submitted in March 2025 in accordance with the recommendations of the Developing a new Nunthorpe Community Facility report that was approved on the 22<sup>nd</sup> May 2024.
- 3.2 Further work has been undertaken with representatives of the Management Consortium to agree detailed design aspects of the building to enable the scheme to go out to tender and Executive approval is required to enter into contractual commitments and commence construction.

## **4. Background and relevant information**

- 4.1 In 2024, Executive considered the Developing a new Nunthorpe Community Facility report that provided an update on the progress on the scheme.
- 4.2 The report stated that an option appraisal had been undertaken, which identified the most appropriate location for the Community Centre as being the Council owned land adjacent to Nunthorpe Surgery on Stokesley Road.
- 4.3 The report further advised that a consortium led by Nunthorpe Parish Council with Nunthorpe Community Council and the Nunthorpe Institute had been identified as the preferred operator of the Community Centre following a formal selection process.

### Detailed Scheme Design

- 4.4 Since the appointment of the Management Consortium a number of workshops have been held with Council officers to agree minor variations from the layout that was used during the option appraisal process to identify the preferred operator. The variations permitted were limited in order to maintain the integrity of the option appraisal process.
- 4.5 A detailed planning application was submitted in March 2025 for the construction of a single-story building using traditional methods of construction and associated external works comprising, car parking, footpaths and minimal landscaping. The building will have two multi-purpose activity rooms, toilets, stores, kitchen and office space access from a central circulation area. The proposed layout and elevation plans are attached as Appendices 1 and 2.

- 4.6 The detailed planning application was heard at Planning Committee on the 3<sup>rd</sup> July 2025 and Members approved the development in line with the officer recommendation.

#### Capital Budget

- 4.7 The initial capital budget for the project was £0.971m and was made up from the following sources:
- £0.756m Towns Fund grant.
  - £0.100m Council capital.
  - £0.115m Section 106 developer contributions
- 4.8 Additional funding of £0.500m was approved by Council on the 19<sup>th</sup> February 2025 in the 2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report. The report highlighted that the initial budget may not be sufficient to complete construction of the Centre and the additional £0.500m is to ensure that there are enough available funds to complete the scheme.
- 4.9 The total available capital budget for the project is now £1.471m.

#### Construction Tender Process

- 4.10 Design Services invited five local contractors from the Middlesbrough Council Select List of which there is a rules-based system that determines which contractors are invited to tender for the works through the North East Procurement Organisation portal (NEPO).
- 4.11 The contractors that were invited to tender have worked with the Authority previously on similar type projects and all have a proven track record of providing the quality of workmanship and behaviours required by Middlesbrough Council.
- 4.12 The tender was published on the 28<sup>th</sup> May 2025 with a tender return date of 25<sup>th</sup> June 2025. The return date was subsequently extended by a week to the 2<sup>nd</sup> July after a number of requests were received from contractors.
- 4.13 The tenders are being assessed by Design Services, to ensure all costs that should be accounted for were included and specifications were complied with. After the financial and quality checks are completed, the total tender costs will be validated, including fees and a contingency amount.
- 4.14 If the recommendations of this report are approved, and the tenders are validated to be deliverable within the approved budget, the construction contract will be awarded, and Legal Services will be instructed.

#### Proposed Lease Terms

- 4.15 The proposed lease to the Management Consortium will be for a term of 25-years.

- 4.16 The rent payable will be one peppercorn exclusive of business rates and insurance with the tenant wholly responsible for all running costs, insurance, maintenance costs and repair costs associated with the premises.
- 4.17 A whole life costings exercise has identified expected running and maintenance costs for the new facility. The Management Consortium bid demonstrated their ability to run the site sustainably for the 25-year lease period, with no revenue requirements from Council resources.
- 4.18 The draft Heads of Terms are attached as Appendix 3.

## **5. Ward Member Engagement if relevant and appropriate**

- 5.1 The Members for Nunthorpe Ward have been briefed on the proposals and recommendations set out in this report.

## **6. Other potential alternative(s) and why these have not been recommended**

- 6.1 An option appraisal was previously undertaken, which considered an alternative site for the Community Centre, but Stokesley Road was identified as the preferred location.
- 6.2 Expressions of interest were also sought to identify a preferred management organisation. Three organisations submitted business cases, which were scored against pre-determined scoring criteria, with the consortium led by Nunthorpe Parish Council with Nunthorpe Community Council and the Nunthorpe Institute being identified as the preferred operator.
- 6.3 The scheme has now been submitted for Planning Approval, and the tenders have been returned, but the Executive could determine not to approve the start of construction of the Community Centre.
- 6.4 Failure to proceed with the construction of the Community Facility would not meet the identified needs of the Nunthorpe community and would be a reputational risk for the Council.

## **7. Impact(s) of the recommended decision(s)**

<b>Topic</b>	<b>Impact</b>
Financial (including procurement and Social Value)	The tenders need to be fully evaluated but two of those received are deliverable within the available budget. If the tender report excludes both of these tenders, then additional funding will need to be identified prior to the construction phase of the project. If the additional funding required exceeds officer delegation, then a further update will be provided to Executive.

	<p>The report of 22<sup>nd</sup> May 2024 identified two issues which required further assessment, the issues and financial implications are as follows:</p> <ul style="list-style-type: none"> <li>• Council's partial VAT exemption – As the proposed terms of the lease include rent payable at a peppercorn and the Parish Council are financially responsible for all running and management costs associated with the building, there is no impact on the Council's partial exemption calculation.</li> <li>• Accounting assessment of the lease: Although the community centre will be constructed by the Council and legal ownership will remain under the terms of the lease being agreed. The value of the building though will not be part of the Council's assets during the term of the lease. Under IFRS 16 as the community group operating the hub will have sole right to use the asset during the period, the value of the building will transfer to the leasee and will need to be written out of the Council's accounts on recognition.</li> </ul> <p>The changes to the design of the building have been assessed by the Council's Valuation &amp; Estates Team who have confirmed that the changes do not have any impact on the Parish Council's ability to run the building without any financial assistance from the Council.</p> <p>The proposed Heads of Terms include the tenants right to surrender the property subject to the following criteria:</p> <ul style="list-style-type: none"> <li>• The required number of trustees can no longer be supported.</li> <li>• The charity ceases to exist.</li> <li>• The charity is no longer financially viable.</li> <li>• A repair / incident occurs to the premises that is beyond the economic means of the charity.</li> </ul> <p>The tenant also has the option to break the lease at the end of year 10 subject to serving a break notice of no less than 6 months.</p> <p>In each case, ownership of and liabilities associated with the building would revert back to the Council. In this case, the Council would immediately seek alternative tenants for the building, minimising any revenue costs that the Council would incur.</p>
Legal	The leasehold disposal of this land is subject to the legal matters referred to in the earlier Executive Report dated 22 <sup>nd</sup>



	<p>May 2024 and any existing land designations (such as whether the land is public open space).</p> <p>The Council must always justify it has used appropriate powers of disposal under Section 123 of the Local Government Act 1972 and the General Consent under Circular 06/03, and the transaction will be documented in accordance with required governance and other legal procedures including, but not limited to the Council's Lettings Policy and Procurement rules.</p> <p>The process of letting this site and the proposed construction shall require continuing support from Legal Services and Procurement.</p>
Risk	<p><u>O1-061 Nunthorpe Community Centre</u> If the Nunthorpe Community Centre is not delivered, due to cost exceeding available budget, this may lead to potential claw back from the Towns Fund, causing reputational damage to the Council.</p> <p><u>Revenue Support</u> A whole life costings exercise has identified expected running and maintenance costs for the new facility. The consortium bid by the Parish demonstrated their ability to run the site sustainably for the 25-year lease period.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	<p>The proposal is not judged to have any negative impacts on Human Rights, Public Sector Equality Duty and Community Cohesion.</p>
Reducing Poverty	<p>Educational opportunities such as those proposed to be offered in the Nunthorpe Community Centre are one of the most significant determinants in reducing poverty within Middlesbrough.</p>
Climate Change / Environmental	<p>Developments in England must deliver a Biodiversity Net Gain of 10%. This means a development will result in more or better-quality natural habitat than there was before development.</p> <p>As part of the Planning Application for the Nunthorpe Community Centre, a biodiversity assessment was completed and a strategy has been developed to ensure compliance with these requirements.</p> <p>The construction of the new facility will adhere to all current planning and building control requirements and where possible include new renewable technologies, such as Air Source Heat Pumps and Solar Photovoltaics.</p>

Children and Young People Cared for by the Authority and Care Leavers	<p>The proposal would not have any disproportionately negative impacts on Children and Young People Cared for by the Authority and Care Leavers.</p> <p>The provision of the Community Centre would provide a safe meeting space for Children and Young People to integrate with residents across Nunthorpe.</p>
Data Protection	There are no Data Protection issues of consequence for this proposal.

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

Action	Responsible Officer	Deadline
Submit Delegated Authority to Legal Services to initiate the drafting of the Lease.	Angela Cooper	August 2025
Commence Construction	Nicola Norman / Design Services	August 2025
Lease Agreed	Ryan Harwood	March 2026
Complete Construction	Nicola Norman / Design Services	April 2026

### Appendices

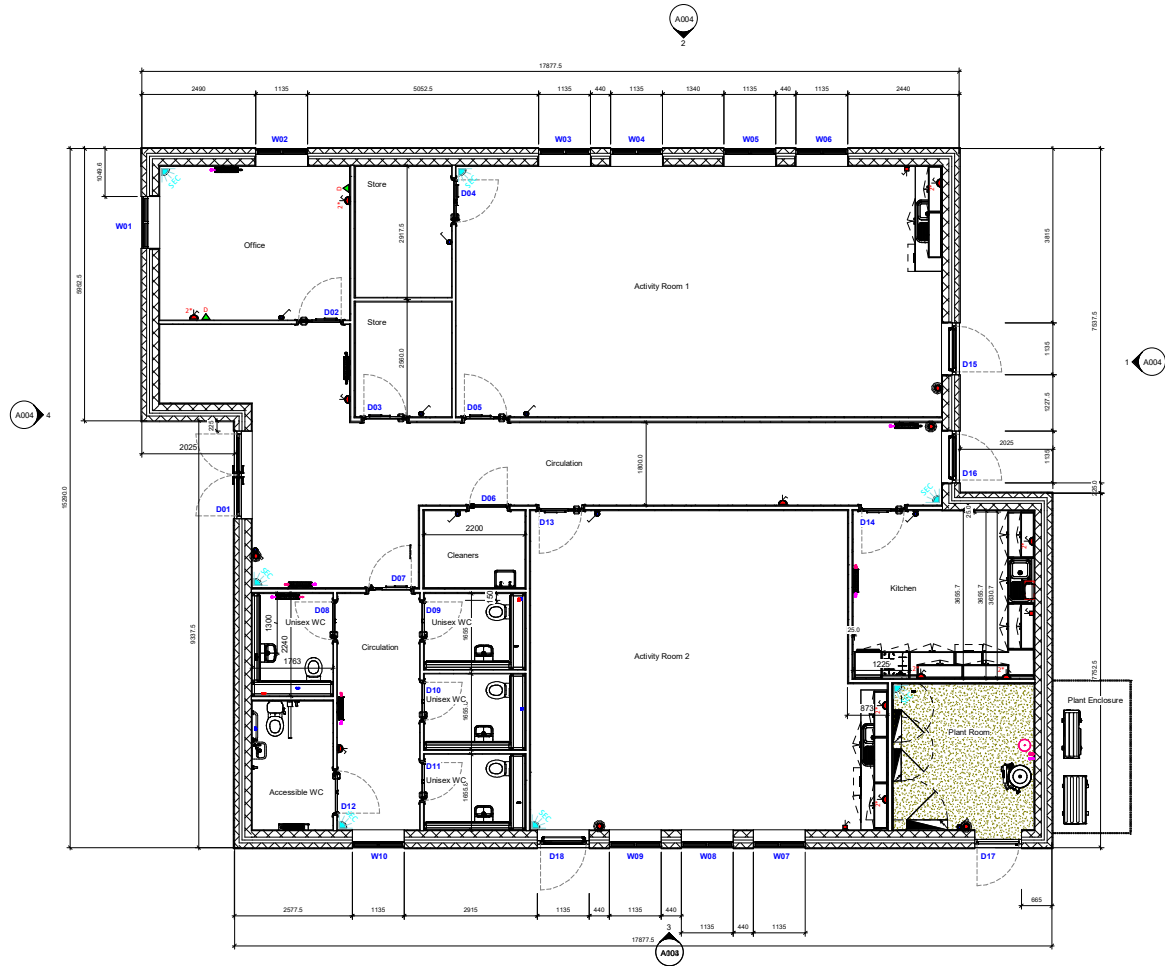
1	Nunthorpe Community Centre - Layout Plan
2	Nunthorpe Community Centre – Proposed Elevations
3	Heads of Terms

### Background papers

Body	Report title	Date
Executive	Developing a New Nunthorpe Community Facility.	22 May 2024

**Contact:** Andrew Carr

**Email:** andrew\_carr@middlesbrough.gov.uk

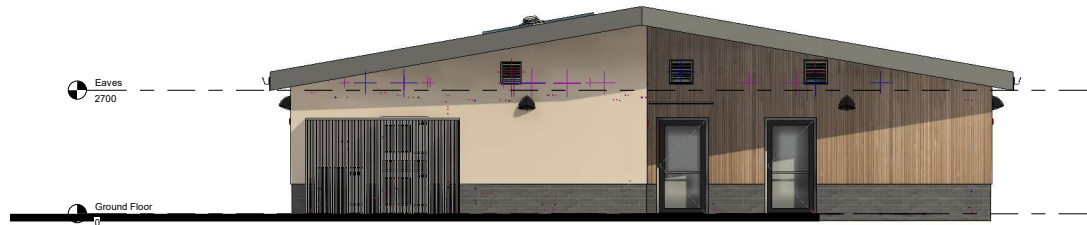


1 Ground Floor Planning  
1 : 50

REV	DATE	DESCRIPTION
1	03/20/25	Proposed Key Plan - Planning
2	03/20/25	Proposed Key Plan - Planning
3	03/20/25	Proposed Key Plan - Planning
4	03/20/25	Proposed Key Plan - Planning
5	03/20/25	Proposed Key Plan - Planning
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99	03/20/25	Proposed Key Plan - Planning
100	03/20/25	Proposed Key Plan - Planning

**Design Services**  
Regeneration | Middlesbrough Council  
Foundation Court, 111 Grange Road, Middlesbrough TS1 2DT  
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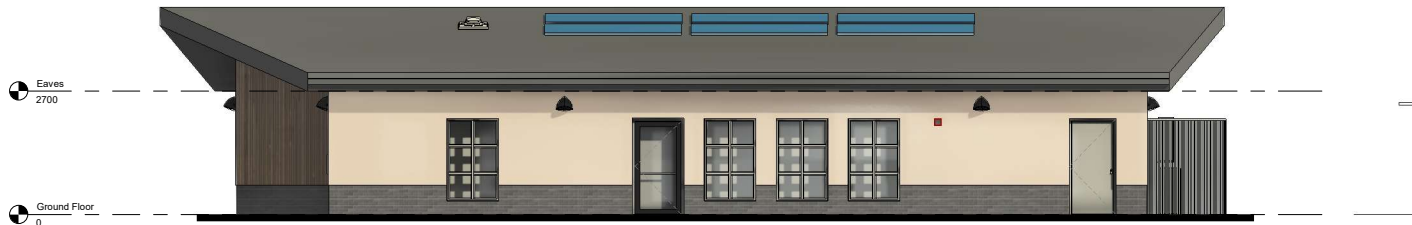
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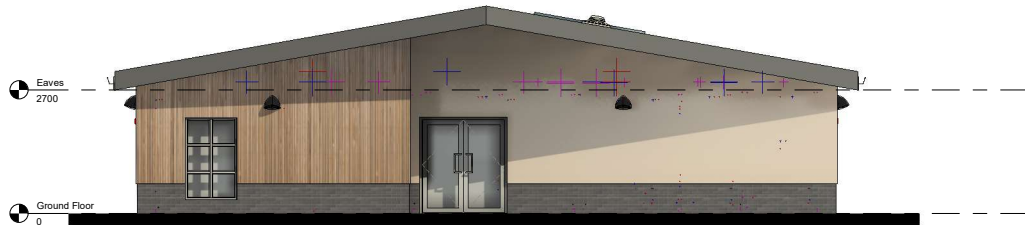
1 South East Elevation  
1 : 50



2 North East Elevation  
1 : 50



3 South West Elevation  
1 : 50



4 North West Elevation  
1 : 50

#### GENERAL NOTES:

PROPOSED EXTERNAL WALLS (to achieve min. u-value 0.23W/m<sup>2</sup>K)

#### EXTERNAL WALL TYPE 1:

Facing brickwork, type: Istobock Staffordshire Slate Blue Smooth Facing Brick, up to 600mm above DPC, laid using Tarmac Tuzone mortar colour: Black Grey Y14.  
100mm 7N/mm blockwork above, with 125mm cavity.  
uPVC weepholes (coloured to match brickwork) at 1000mm centres.  
External blockwork to be clad, from 600mm above dpc, to eaves, using Norclad Timber Cladding system. Colour: Canadian Western Red Cedar. To be installed as per manufacturers details and specification.

#### EXTERNAL WALL TYPE 2:

Facing brickwork, type: Istobock Staffordshire Slate Blue Smooth Facing Brick, up to 600mm above DPC, laid using Tarmac Tuzone mortar colour: Black Grey Y14.  
100mm 7N/mm blockwork above, with 125mm thick cavity.  
uPVC weepholes (coloured to match brickwork) at 1000mm centres.  
External blockwork to be clad, from 600mm above dpc, to eaves, using Pares Monotone through colour Render system. Colour - Smoke Grey (V420). To be installed as per manufacturers details and specification.

#### MASONRY BELOW DPC

Cavity wall to be continued down to foundation level, a minimum clear cavity to be maintained below DPC with a GEN1 concrete cavity fill below. Substructure blockwork to be min 7.3N/mm<sup>2</sup> compressive strength.

#### FOUNDATIONS:

Designed by structural engineers to suit existing ground conditions.

#### ROOF FINISH:

SkaShield® H879 MG 4 mm capsheet laid over insulation and metal deck finished with Sama decor trim roof bars.

#### RAINWATER GOODS:

Aluminium deepflow roof gutters and 100mm square down pipes, Colour Dark Grey.

#### WINDOWS AND DOORS:

Aluminium double glazed windows and doors powder coated Dark Grey. U Value 1.6W/K2.

#### PLANT ENCLOSURE:

2400mm High powder coated weld mesh type fence (Green) with single gate access for maintenance.

Manufacturer: Bedfords Limited, Sheffield.

PANELS: NYLOR 20 SUPER, Nominal Height: 2400mm, Width panels: 2500mm.

- Mesh and wire. Welded mesh spacing 50mm vertical x 200mm horizontal x 6mm vertical and 8mm twin horizontal wires on the front and rear face of panel. Galvanised & polyester powder coated Green RAL6005.

POSTS: SENTINEL TWIFIX 0000 BHS - Galvanised rectangular hollow section 60 x 60 x 2.0mm, Post centres: 2525mm.

#### PHOTOVOLTAIC:

PV array roof mounted on south west facing roof elevation.

#### EXTERNAL LIGHTING:

LED wall mounted low voltage light fittings.

#### EXTERNAL WORKS:

(See external site layout drawing)

Tarmac: car park hardstanding and footpaths with level access to every doorway.

Community garden area for future use and development by users.

Wildflower planting to vacant areas around the proposed new building.

REV	DATE	DESCRIPTION
PROJECT		
Nunthorpe Community Building		
DRAWING TITLE		
Proposed Elevations - Planning		
SCALE (B1)		DRAWN BY
1 : 50		N.R
FILE REF	DWG NO	DATE
953 / 2401	A004	27/02/25
Design Services		
Regeneration   Middlesbrough Council		
Fourteen Court, 115 Grange Road, Middlesbrough TS1 2DT		
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# HEADS OF TERMS - DRAFT

Site: Premises known as Nunthorpe Community Centre

Tenant Name: TBC

Transaction: Lease renewal

## SUBJECT TO CONTRACT

<b>Premises</b>	Land and Buildings situated at Stokesley Road, Middlesbrough,
<b>Area</b>	The site is illustrated on the attached plan.
<b>Landlord</b>	Middlesbrough Council Civic Centre Corporation Road Middlesbrough TS1 2RH
<b>Tenant Name &amp; Registered Office Address</b>	TBC
<b>Company/Charity No Number</b>	Registered Charity number
<b>Tenant's Works</b>	None required
<b>Landlord's Works</b>	The Landlord will provide the building as detailed in planning application 25/0189/FUL
<b>Lease Term</b>	<p>The lease will be for a term of 25 years contracted outside the security of tenure provisions (sections 24 to 28) of the Landlord &amp; Tenant Act 1954, Part II.</p> <p>The tenant will have the right to surrender subject to the following criteria:</p> <p>The required number of trustees can no longer be supported</p> <p>The Charity ceases to exist</p> <p>The Charity is no longer financially viable</p> <p>A repair/incident occurs to the premises is beyond the economic means of the Charity.</p> <p>The tenant will also have the option to break at the end of year 10 subject to serving a break notice of no less than 6 months</p>
<b>Permitted Use</b>	Provision of community-based activities for the benefit of the people of Nunthorpe and the wider community.
<b>Charges</b>	<p>The rent payable will be one peppercorn exclusive of business rates and insurance.</p> <p>The tenant will be wholly responsible for all running costs, maintenance costs and repair costs associated with the premises.</p>

	The tenant will be responsible for ensuring the building is fully compliant in terms of Statutory requirements and will be required to produce certification to that effect on an annual basis.
<b>Utilities</b>	The tenant will be responsible for all running and management costs associated with the building.
<b>Insurance</b>	The Council will insure the building, the cost of which will be recharged to the tenant. The tenant will need to have its own public liability insurance in the sum of a minimum of £5m.
<b>Repairs</b>	<p>The tenant will be responsible for all internal and external repairs and maintenance in respect of the building.</p> <p>The tenant will be responsible for all statutory inspections and compliance with Health and Safety legislation.</p> <p>The Landlord will be required to undertake the annual Health and Safety Audit and Fire Risk assessment providing a copy to the tenant who will be required to undertake any of the recommendations.</p>
<b>Alienation</b>	Assignment or subletting of the whole of the premises is not permitted. However, subletting of part may be permitted subject to Landlords consent, such consent not to be unreasonably withheld.
<b>Alteration</b>	Alterations to the structure of the premises will not be permitted without Landlords consent such consent not to be unreasonable withheld. Minor internal alterations/ decorations are acceptable without the requirement for seeking consent.
<b>Tenant's Solicitors</b>	TBC-Optional
<b>Tenants Leasing Contact</b>	<p>Name:</p> <p>Email:</p>

This document must be signed by a minimum of 2 Trustees and by signing below you are agreeing to the terms as outlined above.

Signed

Position in the organisation

Dated

Signed

Position in the organisation

Dated



<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Environment and Community Services, Geoff Field
<b>Relevant Executive Member:</b>	Executive Member for Environment and Sustainability, Cllr Peter Gavigan
<b>Submitted to:</b>	Executive
<b>Date:</b>	16 July 2025
<b>Title:</b>	Simpler Recycling – Legislation changes for Waste Streams
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	A successful and ambitious town
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will have a significant impact in two or more wards
<b>Subject to call in?</b>	Yes
<b>Why:</b>	Non-urgent report

Proposed decision(s)	
<ol style="list-style-type: none"> <li>1. That Executive notes the following statutory changes to the household waste refuse collection service: <ul style="list-style-type: none"> <li>• Weekly food waste collections service to be implemented from 31<sup>st</sup> March 2026.</li> <li>• Fortnightly paper and card recycling collection to be implemented from 31<sup>st</sup> March 2026.</li> <li>• Fortnightly microfilm plastics collection to commence from 31<sup>st</sup> March 2027.</li> </ul> </li> <li>2. That Executive note the estimated capital and revenue funding required to implement the statutory services above, and the proposed methods of funding the required costs.</li> </ol>	

**Executive summary**

This report outlines the Council's statutory requirement to implement the new Department for Environment, Food and Rural Affairs (DEFRA) Simpler Recycling legislation changes to the household waste collection service and sets out the required funding:

- To commence weekly implementation of food waste collections for all households from 31<sup>st</sup> March 2026.
- To commence fortnightly implementation of a separate household collection for paper and card from 31<sup>st</sup> March 2026.
- To commence with the fortnightly collection of microfilm plastic from households from 31<sup>st</sup> March 2027.

## **1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions**

1.1 To inform Executive of the following statutory changes to the household waste collection service:

- Weekly food waste collections service to be implemented from 31<sup>st</sup> March 2026.
- Fortnightly paper and card recycling collection to be implemented from 31<sup>st</sup> March 2026.
- Fortnightly microfilm plastics collection to commence from 31<sup>st</sup> March 2027.

1.2 To inform Executive of the capital and revenue funding required to implement the statutory services above and the proposed funding mechanisms to provide this.

<b>Our ambitions</b>	<b>Summary of how this report will support delivery of these ambitions and the underpinning aims</b>
<b>A successful and ambitious town</b>	This report supports delivery of this ambition by: <ul style="list-style-type: none"> <li>- Increase the amount of household waste recycling.</li> <li>- Improve in education in relation to waste minimisation.</li> </ul>
<b>A healthy Place</b>	This report supports delivery of this ambition by: <ul style="list-style-type: none"> <li>- Protecting and improve our environment by encouraging household recycling initiatives.</li> </ul>
<b>Safe and resilient communities</b>	This report supports delivery of this ambition by: <ul style="list-style-type: none"> <li>- Promoting new recycling initiatives and working with the community.</li> </ul>

<b>Delivering best value</b>	<p>This report supports delivery of this ambition by:</p> <ul style="list-style-type: none"> <li>- Adhering to the corporate procurement guidelines and utilising the best value frameworks for the purchasing of required materials and equipment.</li> </ul>
------------------------------	--

## 2. Recommendations

2.1 That Executive notes the following statutory changes to the household waste refuse collection service:

- Weekly food waste collections service to be implemented from 31<sup>st</sup> March 2026.
- Fortnightly paper and card recycling collection to be implemented from 31<sup>st</sup> March 2026.
- Fortnightly microfilm plastics collection to commence from 31<sup>st</sup> March 2027.

2.2 That Executive note the estimated capital and revenue funding required to implement the statutory services above, and the proposed methods of funding the required costs.

## 3. Rationale for the recommended decision(s)

3.1 The Department for Environment Food & Rural Affairs (DEFRA) has made the following legislative changes mandatory:

- A weekly household food waste collections service to be implemented from 31<sup>st</sup> March 2026.
- A separate fortnightly household collection service for paper and card to be implemented by 31<sup>st</sup> March 2026.
- The fortnightly collection of microfilm plastic from households by 31<sup>st</sup> March 2027.

## 4. Background and relevant information

### Food Waste Collection:

4.1 As cited in 3.1 above, Middlesbrough Council is required to commence with weekly food waste refuse collections by 31<sup>st</sup> March 2026.

4.2 DEFRA has recently distributed capital funding to 251 local authorities.

4.3 Middlesbrough Council initially received funding from DEFRA for the purchase of receptacles (to be provided to households) and vehicles as follows:

- £930,834 (£127,071 for kitchen caddies, £292,263 for kerbside caddies and £511,500 for vehicles).
- Additional funding of £145,160 was then received from DEFRA (which can be allocated to both caddies and vehicles as required), totalling £1,075,994

- A Transitional Resource Grant has also been received of £343,617 from DEFRA to support the delivery of introducing weekly food waste collections (for container delivery to households, project management, procurement and communications).
- DEFRA have yet to confirm if any additional revenue funding will be provided. In order to begin implementation, it must be assumed that they expect the Council to use the Extended Producer Responsibility (EPR) grant (detailed in paragraph 4.18) to cover any remaining costs.

4.4 To meet the statutory food waste collection implementation date of 31<sup>st</sup> March 2026, the Council has conducted a joint procurement exercise with Redcar and Hartlepool Councils to purchase the required vehicles to ensure best value and timely delivery.

4.5 Due to expected timescales for vehicle deliveries the new food waste service will commence implementation from 31 March 2026.

4.6 Each household will be provided with the appropriate food waste receptacles (an internal kitchen 5 litre caddy and an external 23 litre caddy). Larger households will be able to request to order more than one external caddy. It is proposed that we will not charge residents for additional and replacement / stolen caddies. It is proposed that the Council will provide bin liners to residents free of charge for the internal caddies for approximately one year.

4.7 Revenue costs to the Council – please see costs in table below:

- As noted above we are awaiting revenue funding from DEFRA, however this is expected not to cover the full revenue costs for the operational service.
- Due to the increased number of vehicles required, two additional Fleet Fitters are needed within Fleet Services to comply with the vehicle O licence obligations.
- Additional refuse service staff are required (18 Loaders and 6 Drivers). These additional staff will be required to start in April 2026 to allow for training in advance of the service commencing.
- Waste Disposal costs will be incurred.
- Internal caddy bin liners are to be purchased and delivered to all residents free of charge for approximately one year (propose to provide one bin liner per week to each household and the cost for this is included in the table at 4.8 below).

4.8 Capital costs to the Council – please see costs in table below:

- Food waste vehicles .
- Food waste receptacles.

<b>Food Waste Revenue Costs</b>			
<b>Detail</b>	<b>Cost / estimated cost</b>	<b>Funding received</b>	<b>Estimated Council funding required</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fleet Maintenance Costs (two additional fitters)	104,772	0	104,772

Labour (6 rounds)	794,898	0	794,898
Temporary cost Implementation (delivery, procurement, comms)	343,617	343,617	0
Internal caddy bin liners <i>Based on estimated cost of 1 bag @ 0.05p per week for one year</i>	156,000	0	156,000
Fuel	24,000	0	24,000
Waste Disposal	10,000	0	10,000
<b>Total Revenue</b>	<b>1,433,287</b>	<b>343,617</b>	<b>1,089,670</b>
<b>Food Waste Capital Costs</b>			
	<b>£</b>	<b>£</b>	<b>£</b>
Vehicles	1,017,331	656,660	360,671
Receptacles	455,334	419,334	36,000
<b>Total Capital</b>	<b>1,472,665</b>	<b>1,075,994</b>	<b>396,671</b>

#### Paper and card recycling

4.9 The implementation of fortnightly collection of separate paper and card recycling is to commence by 31<sup>st</sup> March 2026.

4.10 Additional vehicles will be purchased for this new collection service, to meet the statutory legislation for commencing the service.

4.11 Suitable collection receptacles will need to be provided to households in advance of the collection service commencing and will be purchased in line with the relevant procurement framework.

4.12 All households will be provided with a new 240 litre bin (this will be a black bin with a red lid) for paper and card collection, with the option for smaller households to change this to a smaller 140litre bin.

4.13 The current blue 240 litre recycling bin (which is a black bin with a blue lid) which all households have already will then become the plastics/glass/tin recycling bin.

4.14 Revenue costs to the Council – please see costs in table below:

- Additional refuse staff required. These additional staff will be required to start in April 2026 to allow time for training ahead of the service commencing .
- Waste disposal costs - it is expected with the introduction of the separation of paper and card recycling that contamination levels will reduce and therefore waste disposal costs will be monitored.
- Delivery of wheeled bins to all residents will be combined with the delivery of food waste receptacles. It is envisaged that deliveries will take place from April 2026.

4.15 Capital costs to the Council – please see costs in table below:

- Additional recycling vehicles x6. Due to the extensive lead in time for the delivery of vehicles, it is necessary to place the orders and fund from the current Fleet Services Capital Budget. It is not expected that DEFRA will provide any grant to cover this cost. This has significantly reduced the remaining Fleet Services capital resource, therefore it will be necessary to review the programme for the future purchase of all vehicles across the Council.
- 240 litre second bins (black bin with a red lid) for paper and card collections, with the option for smaller households to change to a 140litre bins.
- Communal bins.

<b>Paper / Card Recycling Revenue Costs</b>			
<b>Detail</b>	<b>Cost / estimated cost</b>	<b>Funding received</b>	<b>Estimated Council funding required</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Temporary cost of implementation (delivery, procurement, comms)	150,000	0	150,000
Recycling sacks for households without access to a communal recycling bin	24,000	0	24,000
Labour (6 rounds)	794,898	0	794,898
Fuel	30,000	0	30,000
Waste Officer	53,916	0	53,916
Ongoing Bin Deliveries	136,974	0	136,974
<b>Total Revenue</b>	<b>1,189,788</b>	<b>0</b>	<b>1,189,788</b>
<b>Paper / Card Recycling Capital Costs</b>			
<b>Detail</b>	<b>Cost / estimated cost</b>	<b>Funding received</b>	<b>Estimated Council funding required</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Vehicles	1,350,000	0	1,350,000
Wheeled bins	1,434,000	0	1,434,000
Communal bins	45,000	0	45,000
<b>Total Capital</b>	<b>2,829,000</b>	<b>0</b>	<b>2,829,000</b>

4.16 As a result of the new statutory waste legislation outlined above, DEFRA announced the requirement for enhanced accurate data collection, analysis and reporting for compliance to the new legislation. In order to meet this requirement, an additional Waste Officer post is essential. The revenue cost for this post is included in the tables above.

4.17 In addition to the costs listed above, there will be one-off costs incurred within the Fleet service in order to be compliant with the Operator's Licence requirements as a result of the increase of 13 new refuse vehicles for the food waste and paper / card recycling collection services. Costs are currently being established for the potential expansion of the Fleet workshop into a vacant shed adjacent to the current workshops (estimated at approximately £200,000-£300,000 for structural building works and

installation of power, water and drainage supplies, etc.) and a new ramp and pit are required (estimated at approximately £150,000). When finalised the costs relating to this will be considered as part of the review of the Council's Capital Programme which is currently being carried out and this will be subject to the appropriate approval by Executive and/or Council as required.

- 4.18 The Council has received an Extended Producer Responsibility (EPR) for packaging payment of £3,367,000 for 2025/26 from DEFRA in line with the new household waste recycling legislation covered in The Environment Act 2021. This is towards estimated net efficient costs associated with collection and disposal of household packaging waste from kerbside and communal collections, waste brought to Household Waste and Recycling Centres (HWRCs). The Government have confirmed as part of the Spending Review 2025 published on 11 June 2025 that local authorities will continue to receive EPR funding, however the level of funding in future years has not yet been confirmed.

#### Microfilm plastic recycling collection

- 4.19 Microfilm, often containing polyester-based film and flexibles is treated as plastic material and must be separated from general waste. This will be collected from households by 31<sup>st</sup> March 2027 on a fortnightly basis.
- 4.20 At this stage it is not expected that any additional vehicles or receptacles will need to be purchased in order to implement the microfilm plastic recycling collection.
- 4.21 For each of the statutory changes to the refuse waste collections listed above, a full communications plan will be developed in order to provide advance notice and recycling education to residents, which will include mediums such as leaflets, social media campaigns and posters, etc.
- 4.22 A further update will be provided to Council when DEFRA release further guidance.

### **5. Ward Member Engagement if relevant and appropriate**

- 5.1 The Executive Member for Environment is aware of the new legislation and service delivery requirements.
- 5.2 Ward Member engagement sessions will be delivered to confirm the processes of the new services.

### **6. Other potential alternative(s) and why these have not been recommended**

- 6.1 There are no other potential alternatives as the Council is statutorily required to comply with the DEFRA legislation listed above.

### **7. Impact(s) of the recommended decision(s)**

Topic	Impact
Financial (including procurement and Social Value)	Section 4 above provides details of the total capital and revenue costs of implementing the statutory changes.. Some of the costs detailed above have been covered from

DEFRA grant funding and existing Council funding within the current Capital Programme.

There are an estimated £2.279m remaining annual revenue costs that will be required to be incurred from 2026/27 onwards as detailed below. The Government have confirmed as part of the Spending Review 2025 published on 11 June 2025 that local authorities will continue to receive EPR funding and it is proposed that this will be used to cover the annual revenue costs arising from this. This will be included in the next review of the Council's Medium Term Financial Plan which is planned to be submitted to Executive in September.

<b>REVENUE</b>	<b>2026/27</b>
	<b>£</b>
Food Waste-Operatives	794,898
Food Waste-Fuel	24,000
Food Waste-Bin Liners	156,000
Food Waste- Disposal	10,000
Paper & Recycling-Operatives	794,898
Paper & Recycling-Delivery & Communications	150,000
Paper & Recycling-Fuel	30,000
Paper & Recycling-sacks	24,000
Ongoing Bin Deliveries	136,974
Fleet Fitters	104,772
Waste Officer	53,916
<b>Total Revenue Required</b>	<b>2,279,458</b>

There is an estimated £1.515m of Council capital resource required to enable the purchase of bins in advance of the implementation deadline (detailed below). This will be initially funded in 2025/26 from the existing approved Capital Programme by utilising the remaining £1.331m of funding from the reduction in the capital programme of £2.931m relating to the Children's Services Financial Improvement Plan scheme detailed in the 2024/25 Revenue and Capital Outturn report that was presented to Executive for approval on 11 June 2025, with the remaining capital funding required being provided by minor reprogramming of existing Council capital funding within the current capital programme.

<b>CAPITAL</b>	<b>2025/26</b>
	<b>£</b>
Food Waste-Communal Bins	36,000



	Paper & Recycling-Wheeled Bins	1,434,000
	Paper & Recycling-Communal Bins	45,000
	<b>Total Capital Required</b>	<b>1,515,000</b>
	<p>The contract to provide the receptacles will be directly awarded via a utilising framework.</p> <p>The Council capital funding for the changes required to the Fleet workshop as detailed in paragraph 4.17 will be considered as part of the review of the Council's Capital Programme which is currently being carried out and this will be subject to the appropriate approval by Executive and Council as required.</p>	
Legal	<p>The changes in household waste refuse collections are in line with the updated statutory legislation of The Environment Act 2021, specifically:</p> <ul style="list-style-type: none"> <li>• Simplifying recycling.</li> <li>• Mandatory weekly food waste collection.</li> <li>• Extended Producer Responsibility (EPR).</li> </ul>	
Risk	<p>The only risk is to not comply with the legislation. In order to address this risk, projects are underway to implement these changes.</p>	
Human Rights, Public Sector Equality Duty and Community Cohesion	<p>Please see Impact Assessment at appendix A. No protected groups will be affected by the decision.</p>	
Reducing Poverty	<p>The proposed decision does not impact upon Reducing Poverty.</p>	
Climate Change / Environmental	<p>The changes in refuse collection are in line with the Council's Climate Change / Environmental aspirations as they will reduce the amount of waste going to landfill and increase recycling.</p>	
Children and Young People Cared for by the Authority and Care Leavers	<p>The proposed decision does not impact upon Children and Young People Cared for by the Authority and Care Leavers.</p>	
Data Protection	<p>Not applicable. The proposed decision does not involve the collation / use of personal data.</p>	

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

Action	Responsible Officer	Deadline
<u>Food Waste Collection</u>	MBC Procurement Team and other procurement teams	July 2025

Order food caddies and arrange Waste Disposal contract	from neighbouring Local Authorities	
<u>Paper and card recycling</u>  Undertake procurement exercise for receptacles.	MBC Procurement Team	August 2025
<u>Microfilm plastic recycling</u>  Scope requirements for implementing the service.	Environment Waste Team	August 2026

## Appendices

1	Equality Impact Assessment
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## Background papers

Body	Report title	Date
N/A	N/A	N/A

**Contact:** Katie Bargewell, Interim Head of Environment Services

**Email:** [katie\\_bargewell@middlesbrough.gov.uk](mailto:katie_bargewell@middlesbrough.gov.uk)

Template for Impact Assessment Level 1: Initial screening assessment  
Appendix 3

<b>Subject of assessment:</b>	Food Waste Refuse and Paper / Card Recycling Collection			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input checked="" type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b>Key aims, objectives and activities</b> To purchase food waste and paper / card collection vehicles and household caddies / bins to enable the collection of food waste and paper / card separate recycling from households from April 2026.</p> <p><b>Statutory drivers (set out exact reference)</b> Food waste refuse collections and paper / card recycling collections are to come into effect for households from 1<sup>st</sup> April 2026, as required under S45A of the Environmental Protection Act 1990 (introduced by the Environmental Act 2021 legislation).</p> <p><b>Differences from any previous approach</b> N/A- MBC has never previously collected household food waste or paper / card separately.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Environmental Services, Residents &amp; Members.</p> <p><b>Intended outcomes.</b> Implement two new services in line with new legislation to collect household food waste separately to household refuse and recycling and to collect paper / card recycling separate to general recycling.</p>			
<b>Live date:</b>	To commence from 31 <sup>st</sup> March 2026 with the delivery of bins / caddies and collections to start from July 2026.			
<b>Lifespan:</b>	From 31 <sup>st</sup> Mach 2026.			
<b>Date of next review:</b>	N/A			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on human rights.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on equality.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on community cohesion.
<b>Armed Forces</b> Could the decision impact negatively on those who are currently members of the armed forces of former members in the areas of Council delivered healthcare, compulsory education and housing policies?*	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on Armed Forces.
<b>Care leavers</b> Could the decision impact negatively on those who are care experienced?*	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on care leavers.
<b>Reducing Poverty</b> Could the decision impact negatively on the Council's ambitions to reduce poverty in the town?	x <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on the Council's ambitions to reduce poverty.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Katie Bargewell	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	10 October 2024	<b>Date:</b>	10 October 2024

\* Consult the Impact Assessment further guidance for details on the issues covered by each of theses broad questions prior to completion.



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**MIDDLESBROUGH COUNCIL**

<b>Report of:</b>	Director of Finance and Transformation (S151 Officer) – Andrew Humble
<b>Relevant Executive Member:</b>	Executive Member for Finance – Cllr. Nicky Walker
<b>Submitted to:</b>	Executive
<b>Date:</b>	16 July 2025
<b>Title:</b>	Proposed Changes to the Veritau Structure
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	Delivering Best Value
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000
<b>Subject to call in?</b>	Yes
<b>Why:</b>	Non-Urgent Executive report

**Proposed decision(s)**

That the Executive:

- a) Notes the Business Case for Veritau Public Sector Limited and the reasons for the changes in the Veritau structure and how these impact on the Council.
- b) Approves the Council membership of Veritau Public Sector Limited, a company limited by guarantee, and the novation of the existing contract.
- c) Approves the payment of a dividend from Veritau Tees Valley Limited sufficient to fund the Council's subscription to the new company.
- d) Approves a special resolution to wind up Veritau Tees Valley Limited once the Council's membership of the new company is confirmed.
- e) Delegates the approval for the Council to enter into all other necessary agreements to participate in the new company to the S151 Officer.
- f) Approves the appointment of a director to the Board of the new company and a senior officer to the members' committee to oversee its governance arrangements and performance.

## Executive summary

This report seeks the Executive's approval to join a new company, limited by guarantee, for the provision of internal audit and counter fraud services, as per the attached business case at **Appendix 1**. Approval is also sought to an assignment of a contract for such services to the new company.

At present these services are provided by Veritau Tees Valley Limited (VTV), which is partly owned by the Council and part of the Veritau group of companies. Veritau is the current internal audit partner and adviser for the Council.

The current arrangement is mid-way through a ten-year contract for membership to VTV. This was approved by Executive in October 2019, started on 1 January 2020 and expires on 31 December 2029. The proposal is for these services to be provided in future by Veritau Public Sector Limited (VPS), a recently established company. There is no change in the level of audit services provided, the method of delivery, or the cost per annum, just the company delivering this to the Council.

The change in company provider is to allow continued compliance with Teckal requirements (provision under the Public Contract Regulations to not have to undertake a formal procurement exercise to award this work), but also to allow Veritau to grow their operations for the future with the admission of new members whilst remaining competitive.

Executive needs also to approve membership of the new company, VPS, whilst agreeing to the winding up of the old company VTV.

The new company has enhanced governance arrangements. The Council will appoint a senior officer to be a member of the VPS members' committee. The committee provides oversight of the governance and performance of VPS. As one of the initial members of VPS, the Council will also appoint a director to the VPS Board. The current director of VTV for Middlesbrough is the Director of Regeneration.

The service provision and monitoring of performance under the internal audit contract from Veritau will remain, under the remit of the Director of Finance and Transformation as Section 151 Officer, in line with current practice. VPS will also continue to report regularly to Audit Committee and LMT.



## 1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

- 1.1 This report seeks the Executive's approval to join a new company, limited by guarantee, for the provision of internal audit and counter fraud services, as per the attached business case at Appendix 1.
- 1.2 Executive is asked also to approve the payment of a dividend by VTV, which will fund Middlesbrough's subscription to VPS. The previous company will then be wound up, as the other member Redcar and Cleveland Borough Council has already moved over to the new arrangement. A Director from the Council will need to be appointed to VPS in a similar way to that already in place for governance purposes with VTV. A senior officer will also need to be appointed to the VPS members' committee.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
<b>A successful and ambitious town</b>	The internal audit programme, established by Veritau for Middlesbrough each financial year, covers all directorates of the Council. The main aim of this work is to ensure that appropriate financial and other controls are in place within council systems to protect staff, other resources and minimise the level of fraud. As a result, this work indirectly contributes to all areas and ambitions within the Council Plan.
<b>A healthy Place</b>	
<b>Safe and resilient communities</b>	
<b>Delivering best value</b>	<p>Internal audit and counter fraud services are a key tool in giving management, particularly the S151 Officer, relevant assurances that systems, processes, and people in place within the Council deliver value for money in all aspects of the Council's operations.</p> <p>Regular reports on key areas of risk and financial value, allow Directors and Members to understand the standards of governance in place and whether any weaknesses exist and need to be addressed. Regular progress on internal audit and counter fraud work are received by both the Leadership Management Team and Audit Committee to give visibility to this work and any concerns raised.</p>

## **2. Recommendations**

### **2.2 That the Executive:**

- a) Notes the Business Case for Veritau Public Sector Limited and the reasons for the changes in the Veritau structure and how these impact on the Council.
- b) Approves the membership of Veritau Public Sector Limited, a company limited by guarantee, and the novation of the existing contract.
- c) Approves the payment of a dividend from Veritau Tees Valley Limited sufficient to fund the Council's subscription to the new company.
- d) Approves a special resolution to wind up Veritau Tees Valley Limited once the Council's membership of the new company is confirmed.
- e) Delegates the approval for the Council to enter into all other necessary agreements to participate in the new company to the S151 Officer.
- f) Approves the appointment of a director to the Board of the new company and a senior officer to the members' committee to oversee its governance arrangements and performance.

## **3. Rationale for the recommended decision(s)**

3.1 The change in the structure of the company is necessary to allow new member local authorities to join Veritau going forward.

3.2 By the Council joining VPS for internal audit and counter fraud services, this will allow the previous provider VTV to be wound up. A similar decision has already been made by Redcar and Cleveland Borough Council; the other local authority who was a shareholder in VTV.

## **4. Background and relevant information**

4.1 VTV operates as a Teckal company (in accordance with the Public Contracts Regulations 2024 – see para 4.7) and is currently owned by the Council, Redcar and Cleveland Borough Council (RCBC) and Veritau Limited. Veritau Limited is jointly owned by North Yorkshire Council (NYC) and the City of York Council (CYC) and was also a Teckal company.

4.2 VTV provides internal audit and counter fraud services to the Council, reporting the outcomes of this work to the Leadership Management Team and Audit Committee. The work of VTV therefore forms a key part of the Council's overall framework of governance, control, and risk management.

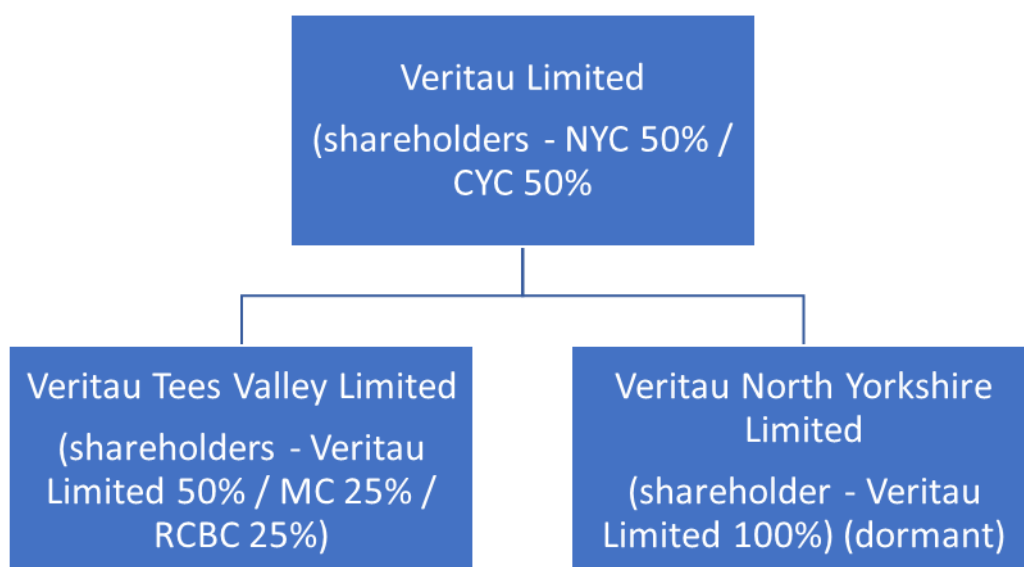
4.3 The business case for the establishment of VPS is attached as Appendix 1.

4.4 The proposal is to join a new Teckal compliant company, limited by guarantee, which will be jointly owned by the councils who buy services from it (once the Council joins VPS, its members will be NYC, CYC, RCBC, Leicester City Council, Cherwell District Council and Middlesbrough). The formation and operation of the new company will

provide a sustainable business model, enabling VPS to continue growing and allowing further member authorities to be admitted over time, as they buy services from VPS, whilst protecting its Teckal status.

### Current Group Structure and Proposal for Restructure

- 4.5 Following the establishment of VL in 2009, the shared service model proved to be successful, resulting in several other local authorities expressing an interest in joining. A further joint venture company called Veritau North Yorkshire Limited (VNY) was established in 2012, which was co-owned by VL and five of the North Yorkshire district councils. Following local government reorganisation in North Yorkshire, VL purchased shares in VNY previously held by the district councils. VNY is therefore now a wholly owned subsidiary of VL, and the company is currently dormant.
- 4.6 Veritau Tees Valley (VTV) was formed as a second joint venture company in December 2019. The staff who were previously employed by Redcar and Cleveland Borough Council (as part of a shared service with the Council) were transferred to the company. It started trading on 1 January 2020.
- 4.7 Both VL and VTV were established as Teckal compliant companies. This enabled the local authority members of both companies to take advantage of the exemption contained in Regulation 12 of the Public Contract Regulations 2015, to award contracts without the requirement to undertake a public procurement exercise, providing certain conditions were satisfied throughout the life of any long-term contracts they have with the local authority members.
- 4.8 Until August 2024 and the creation of VPS, the Veritau group structure was as follows:



- 4.9 In addition to providing services to its four local authority members, the Veritau Group provided assurance services to over 700 clients. To comply with the Teckal exemption requirements, this commercial activity must account for less than 20% of the overall value of the services provided. This limit therefore restricted the growth opportunities for the Veritau group.

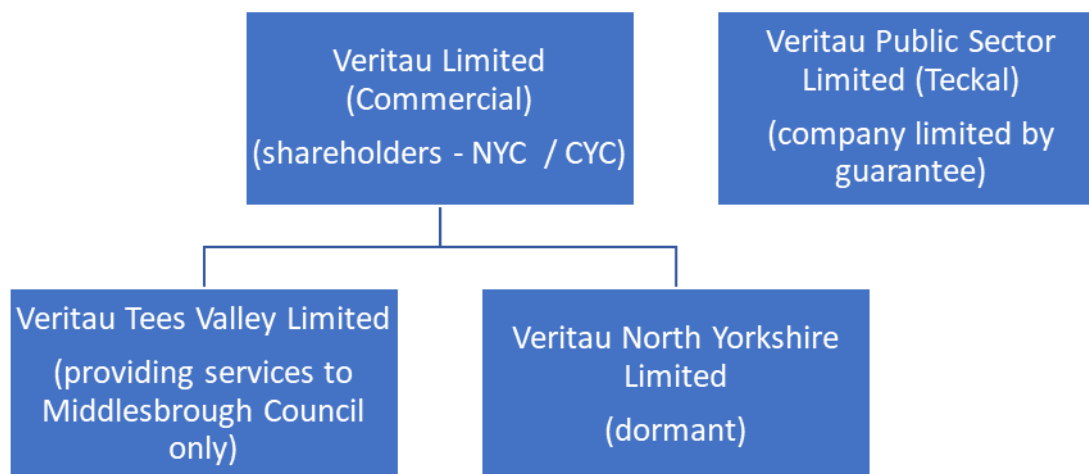
- 4.10 The shared services model also continues to attract interest from other councils. During 2024 two councils and one children's trust formally requested to join. However, the existing corporate structure for both VL and VTV did not allow new members to be easily admitted due to the need to issue additional shares, and the impact this has on existing shareholdings. Existing member councils cannot also easily leave.
- 4.11 The key drivers for change to the Veritau Group's current business model and corporate structure were therefore:
- g) To ensure Veritau could maintain its Teckal status, allowing it to continue delivering audit services to its current member councils, without being required to go through a public procurement process to deliver such services.
  - h) To ensure Veritau could continue to grow through the admission of new member councils and that the business remains competitive.

#### Veritau Public Services Limited

- 4.12 External legal advice was obtained and following a detailed evaluation of the different options, the decision was made to create VPS. This is a 'not for profit' company limited by guarantee and controlled by its member councils. It started operating on 1 August 2024.
- 4.13 The original proposal was that the four existing member authorities (CYC, NYC, MC and RCBC) were all invited to join VPS at the time the new company was established. The intention was that the existing contracts for the supply of assurance services were to be novated to VPS once individual councils agreed to join. There is no change to the core services offered by Veritau and all the service delivery arrangements and processes continue as before. Further member councils are expected to be admitted in the future. (In practice, what has happened prior to the Council joining is that two other local authorities, Leicester City Council – 1 August 2024 and Cherwell District Council – 1 November 2024, have already joined VPS).
- 4.14 The terms of membership of VPS are set out in the Members' agreement which will be adopted on approval to join the company. The agreement also includes certain reserved matters which require the unanimous or majority agreement of all the member councils. The company has also adopted articles of association, which includes details of the arrangements to appoint and remove directors and the arrangement for board meetings, including their frequency and quorum. Both have been reviewed by legal services and are acceptable to the Council.
- 4.15 Each member authority of VPS is required to pay a one-off subscription of £20,000 to join the new company to cover set-up costs, working capital and contingencies. VTV would pay a dividend to Middlesbrough and RCBC to fund each council's subscription.
- 4.16 The future liability of the Council and the other member authorities, otherwise known as the guarantee, would be capped at an agreed value of no more than £10. The guarantee is the maximum sum which would need to be paid by the member council to the company in the event of the company being wound up. If the Council or

one of the other local authorities ceased to be a member of VPS, the guarantee would continue to apply for one year after the date of exit.

- 4.17 As VPS is the sole employing organisation it has adopted the former Veritau HR policies, grading structure and pay and rewards scheme. It now has approximately 100 employees. It also recharges any payroll and overhead costs to VL at a market rate and would also charge VL a management fee for strategic leadership support.
- 4.18 To the extent that VPS makes a surplus in respect of any of its service provision (whether to VL or to its member councils), this would either be reinvested in its business operations or returned to its members in the form of a rebate.
- 4.19 VL has now become a commercial company, subject to the terms of the Procurement Act 2023, and limited by shares, providing services to non-local authority clients. All the existing commercial contracts remain with VL. The company continues to be owned by CYC and NYC as now. The existing staff and assets of both VL and VTV transferred to VPS on formation.
- 4.20 The intention is to start the process of winding up the dormant company VNY in the next six months. Once the Council approves joining VPS, it is also proposed to wind-up VTV over a similar timeframe.
- 4.21 The new corporate structure is now as follows. VTV will become dormant once the recommendations of this report are approved, and Middlesbrough formally joins VPS:



- 4.22 This corporate structure would satisfy the Teckal exemption within the Public Contract Regulations. A company limited by guarantee would also facilitate the admission and exit of member authorities which permits the future growth of VPS.

## 5. Ward Member Engagement if relevant and appropriate

5.1 Not relevant to this report as it relates to corporate financial management and governance issues.

## 6. Other potential alternative(s) and why these have not been recommended

6.1 Option 1 – Do Nothing – This is not considered to be viable as the Council's internal audit provider will not be allowed to grow its business, otherwise it would become Teckal non-compliant under the Procurement Act 2023. The Council would then need to re-procure the services currently provided by Veritau or bring the service in-house.

6.2 As such, the alternative option is not viable, and the proposal to join the new company, limited by guarantee, remains the most appropriate solution to ensure continued Teckal compliance and growth. This is the preferred route for both Veritau and the Council.

## 7. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	<p>The work of Veritau contributes to the effective management of the Council's financial risks and protects both staff and resources from potential fraud. The current cost of this contract is £0.252m per annum and rises annually with inflation.</p> <p>The payment of a dividend by VTV will provide the funding to enable the Council to pay the one-time subscription fee for admission to VPS.</p> <p>The recommendations contained in this report will ensure the Council is able to retain a cost-effective internal audit assurance service going forwards.</p>
Legal	<p>The Council will rely on its general trading powers in conjunction with its powers to carry out the activity in question. Both general trading powers require the authority to trade through a company. Section 95 of the Local Government Act 2003 enables relevant authorities 'to do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions' (anything they are empowered to do in legislation).</p> <p>The section 95 power can be limited by order and authorities exercising it must have regard to guidance issued by the Secretary of State. Section 4 of the Localism Act 2011 enables the local authority to do for a commercial purpose anything that it is empowered to do under section 1</p>

	<p>(the general power of competence). The section 4 power is therefore wider than the section 95 power.</p> <p>The section 95 and section 4 trading powers prescribe which company structures may be used, one of which is a company limited by guarantee.</p> <p>The local authority must prepare a business case supporting the exercise of the section 95 power, which the authority must approve (Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009). The business case attached at Appendix 1 fulfils this purpose.</p> <p>It is proposed that the new company will comply with the Teckal exemption as incorporated into the Procurement Act 2023, which enables a contracting authority to directly award contracts to a company it owns without undertaking a procurement exercise where the following criteria are satisfied:</p> <ul style="list-style-type: none"> <li>• the contracting authority exercises the same amount of control over the company as it does over any of its internal departments. This will be governed through reserved matters in the company's Articles of Association, Members Agreement and corresponding Scheme of Delegation and the composition of the Board of Directors of the company which will contain a majority of member authority directors; and</li> <li>• more than 80% of the company's turnover is derived through activities performed for the contracting authority; and</li> <li>• there is no direct private capital participation in the company.</li> </ul> <p>VPS has been set up and is operating in a way which will fulfil all three criteria. It is possible for the new company to admit new members provided it continues to satisfy the control and activities tests under Teckal. This is possible due to the company being limited by guarantee.</p> <p>The Procurement Act 2023 introduces slightly different tests for Teckal compared to the Public Contract Regulations 2015 (under the Act referred to as 'vertical arrangements') but in practice the control test contained in Schedule 2 of the Act is not fundamentally different from that currently contained under Reg 12(1) of the Public Contracts Regulations 2015.</p>
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	<p>There is a new component of the control test under the Procurement Act 2023, requiring that any controlling or member entity fulfils the requirement of 'parent undertaking' as defined under section 1162, Companies Act 2006.</p> <p>VPS's activities will be bound by the Public Contracts Regulations 2024. The company will therefore need (and has) its own Procurement and Contract Procedure Rules. It is proposed that where VPS requires the use of office accommodation it will enter appropriate commercial leasing or licencing agreements.</p> <p>VPS will also provide staff resources and strategic leadership services to Veritau Limited on an ongoing basis. Any services provided by VPS to VL would be charged at market rates (to ensure compliance with the Subsidy Control Act 2023) and would count towards the 20% Teckal limit.</p> <p>The proposal for VTV to declare a dividend to its shareholders is subject to shareholder's consent. Approval of the dividend by the Council is therefore required.</p> <p>The staff who were employed by VTV have transferred to VPS under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).</p>
Risk	There is minimal risk in joining VPS. The arrangements mirror those in place since 2020 with VTV and service provision and costs involved remaining at the current level.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no applicable issues to consider within this report.
Reducing Poverty	There are no applicable issues to consider within this report.
Climate Change / Environmental	There are no applicable issues to consider within this report.
Children and Young People Cared for by the Authority and Care Leavers	There are no applicable issues to consider within this report.
Data Protection	There are no applicable issues to consider within this report.



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

Action	Responsible Officer	Deadline
Resolution to wind up Veritau Tees Valley Limited (VTV), including payment of dividend to the Council.	Director of Finance and Transformation/Veritau Chief Executive	End of September 2025
Middlesbrough Council to formally join Veritau Public Sector Limited (VPS).	Director of Finance and Transformation	End of October 2025
Novation of the existing contract for internal audit and counter fraud services from VTV to VPS.	Head of Corporate Finance/Legal Services	End of October 2025

**Appendices**

1	Business Case – Veritau Public Sector Limited
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**Background papers**

Body	Report title	Date
Executive	Provision of the Internal Audit Service	8 October 2019
Audit Committee	Internal Audit and Counter Fraud Work Programmes – 2025/26	13 March 2025

**Contact:** Justin Weston, Head of Corporate Finance (Deputy S151 Officer)  
**Email:** [justin\\_weston@middlesbrough.gov.uk](mailto:justin_weston@middlesbrough.gov.uk)

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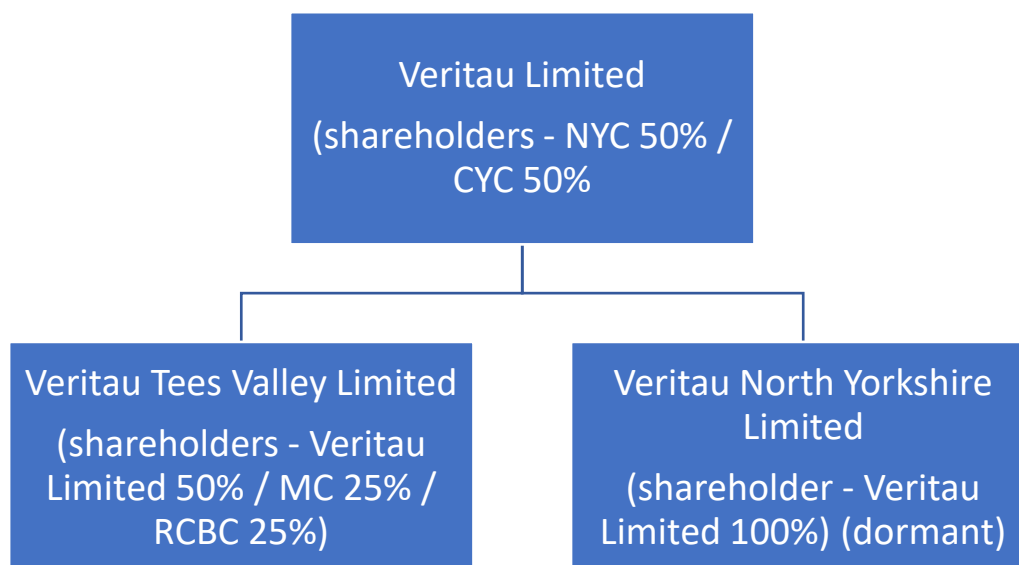
APPENDIX 1**Business Case****Background**

- 1 Veritau Limited was established in 2009 by North Yorkshire County Council (NYCC) and the City of York Council (CYC) as a shared service for internal audit, counter fraud and information governance services (the core services). The company was jointly owned with each council holding 50% of the share capital. The existing in-house teams were transferred to the company, and it started trading on 1 April 2009.
- 2 The shared service model proved to be successful, and a number of other councils therefore expressed an interest in joining Veritau. In February 2012, the company established a joint venture company called Veritau North Yorkshire Limited (VNY). Until local government reorganisation in North Yorkshire in 2023, VNY was owned by Veritau Limited and 5 of the North Yorkshire district / borough councils.
- 3 Following local government reorganisation in 2023, Veritau Limited purchased the shares in VNY previously held by the North Yorkshire district / borough councils. Since then, VNY has been a wholly owned subsidiary of Veritau Limited and dormant. The shares in Veritau Limited previously held by NYCC were also transferred to North Yorkshire Council (NYC) as part of LGR.
- 4 A second joint venture company called Veritau Tees Valley Limited (VTV) was formed in December 2019. Ownership of the company is as follows:

**Shareholding**

Middlesbrough Council (MC)	25%
Redcar & Cleveland Borough Council (RCBC)	25%
Veritau Limited	50%

- 5 Veritau Limited, Veritau North Yorkshire Limited and Veritau Tees Valley Limited were established as Teckal companies. This enabled the member councils to take advantage of the exemptions contained in the Public Contracts Regulations to award long-term contracts to the companies for the supply of services without the requirement to undertake a public procurement exercise, providing certain conditions were satisfied (see paragraph 9 below). Until August 2024, Veritau Limited and VTV operated as a single business entity and together formed the Veritau group. The structure was as follows:



- 6 The shared service model has continued to attract interest from other councils. As a result, discussions have been held with a number of councils about the possibility of them joining Veritau as full members. During 2024, two councils and one children's trust<sup>1</sup> formally requested to join. However, the existing corporate structure did not allow new member councils to be easily admitted due to the need to issue additional shares, and the impact this had on existing shareholdings. The two councils were Leicester City Council and Cherwell District Council. Further details about these councils are provided below.
- 7 In addition to providing assurance services to its member councils, Veritau also developed a commercial offering and now provides services to a number of other public sector clients, principally councils and schools. These clients include the York and North Yorkshire Combined Authority, Birmingham Children's Trust, Bradford Children and Families Trust and a significant number of schools. Services are also provided to a few charities and national sports' governing bodies. This expansion coincided with a reduction in the value of services provided to some of the member councils, due to the need to deliver budget savings. The commercial work has enabled Veritau to maintain operating capacity, avoid the need for redundancies, deliver further economies of scale and generate profits. The profits have also enabled Veritau to deliver a lower cost service to its member councils.

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<sup>1</sup> The request from the children's trust is still being considered.

## **Delivering value**

- 8 Veritau delivers both tangible and non-tangible benefits to its member councils through:
- economies of scale resulting in lower unit costs – the costs to each member council would be much higher for an equivalent quality of service if delivered in-house or if the service was fully outsourced
  - increased efficiencies and flexibility – standard working practices ensure there is less duplication of effort and best practice is more easily shared
  - improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) which would not otherwise be available to a small in-house team
  - increased resilience and the ability to accommodate changes in workload because of the larger pool of staff available
  - improved service continuity and less reliance on key members of staff for service delivery. The opportunities offered for career progression and development also make it easier to recruit and retain staff compared to small in-house teams
  - the ability to invest in new technologies and working practices
  - greater depth of knowledge and expertise – staff have more insight due to the experience gained through working for multiple clients. This improves the overall quality of the services being provided.

## **Teckal exemption**

- 9 The Teckal exemption was originally set out in the Public Contracts Regulations 2015. The Procurement Act 2023, which replaced the Public Contracts Regulations in February 2025, contains equivalent provisions. To benefit from the Teckal exemption, contracting authorities must be satisfied that the specific tests set out in the Procurement Act 2023<sup>2</sup> are met before the award of contracts. These conditions must continue to be met throughout the period of the contracts. The tests require that:
- the contracting authority on its own or jointly with other contracting authorities exercises control over the company
  - more than 80% of the activities undertaken by the company are for the benefit of the contracting authorities or for other organisations controlled by the same contracting authorities
  - no other person or organisation exerts a decisive influence over

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<sup>2</sup> Schedule 2, Part 1, Paragraph 2 of the Procurement Act 2023

- the activities of the company (either directly or indirectly)
- no shares in the company are held by a person or organisation which is not a public authority
- each contracting authority is represented on the board or equivalent decision-making body
- the company does not undertake any activities which are contrary to the interests of one or more of the contracting authorities

## **Governance arrangements**

- 10 The governance arrangements for Veritau Limited were set out in the company's articles and a shareholders' agreement. These were drafted to reflect local authority control and the Teckal provisions. The shareholders' agreement included a number of provisions including the appointment of directors and the chair, the frequency of board meetings, and the requirement to prepare an annual business plan and budget. The agreement also included a number of reserved matters which required the unanimous consent of both councils as shareholders. These reserved matters included any proposed changes to the company's name, the articles, the establishment of any subsidiaries, the admission of any new shareholders and any changes to the authorised or issued share capital.
- 11 Similar governance arrangements remain in place for VTV. The VTV board of directors currently comprises:

<b>Name</b>	<b>Position</b>
Phil Winstanley	Director of Finance - RCBC
Richard Horniman	Director of Regeneration - MC
Max Thomas	Chief Executive
Richard Smith	Deputy Chief Executive

## **Operating context**

- 12 In terms of its commercial offering, Veritau is in competition with a number of established providers of internal audit and information governance services. These include large and medium sized accountancy firms and smaller specialist providers. There is generally less competition for counter fraud services.
- 13 As noted in paragraph 6 above, discussions have also been ongoing with a number of other councils about the possibility of them joining Veritau. This reflects the changing landscape of provision in local government with councils moving away from having in-house internal audit and counter fraud teams to more partnership working

and other forms of collaboration. A number of shared services now exist, and this is increasingly seen as the preferred model because it helps to address capacity issues, delivers economies of scale and provides access to technical expertise. The difficulties faced by councils in retaining qualified and experienced staff in recent years has accelerated the move away from having standalone in-house teams.

- 14 Successful shared services include the South West Audit Partnership (SWAP), the Southern Audit Partnership and Orbis. However, there are also a number of smaller regional partnerships. As happened in the NHS, our expectation is that the larger shared services will increasingly come to dominate the market.
- 15 The difficulties faced by councils in resourcing the provision of assurance services has already created a number of opportunities for Veritau. This trend is expected to continue, particularly following the Government's recent decision to embark on wholesale reorganisation in local government. However, the emergence of other shared services is also potentially a threat because it increases competition. The need to further grow the number of member councils is therefore seen as a priority for the long-term success of Veritau.

## **Drivers for change**

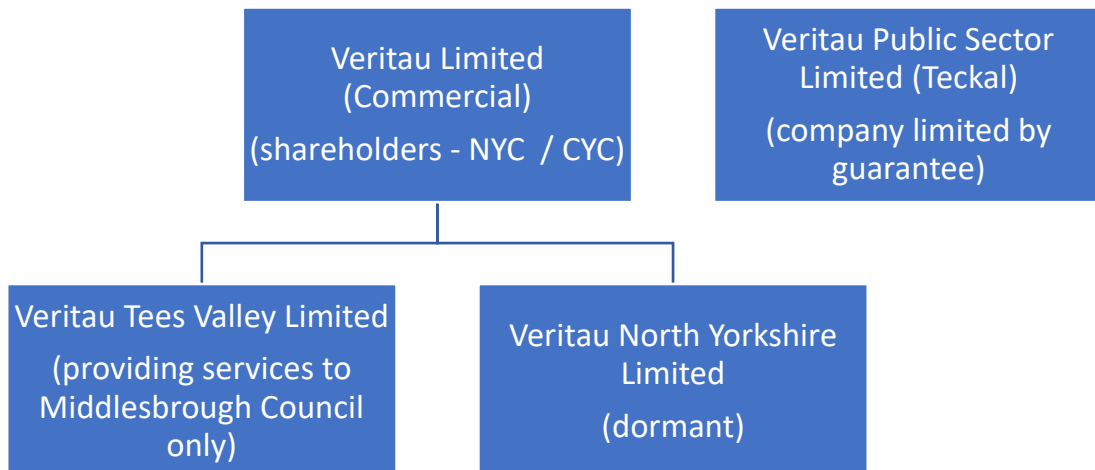
- 16 The two key drivers for change have been the need to ensure that:
  - the Veritau operating model remains Teckal compliant. The commercial service offer is well developed and Veritau has gained a good reputation in the local government and education sectors. Continued growth is therefore expected, which will deliver further economies of scale and profits which can then be reinvested into the development of services. In addition to delivering shareholder value, the success of the business also helps to attract and retain talent due to the career opportunities that are created. At the same time, the value of work undertaken for the existing member councils may further reduce in the future due to the need to deliver budget savings. Adopting a different operating model was therefore seen as necessary to ensure continued Teckal compliance.
  - the Veritau model remains sustainable in the long-term. Being able to admit new councils as full members supports this objective. Linked to this was the request made by the two councils to join Veritau.

## **Veritau Public Sector Limited**

- 17 External legal advice was obtained and following a detailed evaluation of the different options, the decision was made to create a new standalone Teckal company called Veritau Public Sector Limited (VPS). VPS is a 'not for profit' company limited by guarantee and jointly controlled by its member councils. It started operating on 1 August 2024 and its founder members were North Yorkshire Council, City of York Council, Redcar & Cleveland Borough Council and Leicester City Council. Cherwell District Council joined VPS on 1 November 2024. Each member was required to pay a one-off subscription of £20k (see paragraph 31 below).
- 18 Middlesbrough Council, as a shareholder in Veritau Tees Valley Limited, was invited to join VPS at the time the new company was established. However, the Council could not progress the required approvals at the time due other commitments. Instead, the Council has continued to receive services through Veritau Tees Valley Limited.
- 19 The existing contracts for the supply of assurance services to the member councils were novated to the new company. There has been no change to the core services offered and all the existing service delivery arrangements and processes have continued as before. Each council can still decide which services to receive from Veritau, although to remain as a member of VPS, a council must receive at least one of the three core services.
- 20 Veritau Limited has remained as a company limited by shares, jointly owned by North Yorkshire Council and City of York Council. All the existing commercial contracts held by Veritau Limited have also remained with the company. Veritau Limited is now operating as a standalone non-Teckal company providing services on a commercial basis.



21 The new corporate structure is now:



- 22 The primary purpose of VPS is to provide high quality but cost-effective services to its member councils. The company's values and objectives therefore remain unchanged. Veritau Limited as the commercial company now has an additional focus on business development, growth and profitability.
- 23 The intention is to start the process of winding-up the dormant company, Veritau North Yorkshire Limited (VNY) in the next 6 months. Subject to Middlesbrough Council obtaining the necessary approvals to join VPS, it is proposed to also wind-up Veritau Tees Valley Limited (VTV).
- 24 VTV currently has distributable reserves of approximately £116k. As part of the winding-up process, it is proposed that VTV will pay the remaining distributable reserves as a dividend to the existing shareholders. Middlesbrough Council and Redcar & Cleveland Borough Council will therefore each receive a dividend of approximately £25k (after the costs of winding-up the company). The payment of any dividend is however a reserved matter so would require the approval of the shareholders. The dividend will cover the cost of the initial subscription to join VPS.
- 25 VPS has become the sole employing organisation and has adopted the former Veritau HR policies, grading structure and pay and rewards scheme. The employees of both Veritau Limited and Veritau Tees Valley were subject to a TUPE transfer to VPS on 1 August 2024. Any new staff who have been recruited since then are now employed by VPS.
- 26 VPS now has approximately 100 employees, with a mix of professional and support staff, as well as a number of trainees.

- 27 As part of the establishment of the company, VPS obtained admitted body status to the North Yorkshire Pension Scheme (NYPF). The employees of VTV who were members of the Teesside Pension Fund were also transferred into the NYPF as this simplified the administrative arrangements. VTV is no longer a member of the Teesside Pension Fund. The member councils have each provided suitable guarantees to the NYPF to cover potential future pension liabilities.
- 28 VPS provides staff resources to Veritau Limited on a secondment basis with the charges calculated on a market rate basis<sup>3</sup>. VPS also charges Veritau Limited a management fee to reflect ongoing management and leadership support. Veritau Limited aims to make a profit from its trading activities. If VPS makes a surplus this will be reinvested into the business or returned to the member councils in the form of a rebate.
- 29 The terms of membership of VPS are set out in a Members' Agreement. The Members' Agreement also includes certain reserved matters which require either the unanimous or majority agreement of all the member councils. The company has also adopted articles of association, which include details of the arrangements to appoint and remove directors and the arrangement for board meetings including their frequency and quorum.
- 30 The future liability of the member councils, otherwise known as the guarantee, has been capped at an agreed value of no more than £10. The guarantee is the maximum sum which will need to be paid by each member council in the event of the company being wound up. If a council ceases to be a member of VPS, the guarantee continues to apply for one year after the date of exit.
- 31 As noted above, each member council has been required to pay a one-off subscription of £20k to join VPS. This subscription is intended to cover initial set-up costs and to provide the company with working capital. The subscription could be increased in future years for other councils wishing to join the company. Assuming Middlesbrough Council joins VPS, the company will then have total reserves of £120k. This is considered sufficient to cover future contingencies. There will be no external financing or any requirement for the member councils to provide additional loans to VPS.
- 32 VPS has a member oversight committee, and each member council

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<sup>3</sup> The market rate includes all payroll and overhead costs plus a notional allowance to cover accommodation costs and future contingencies. The market rate also includes a profit element to avoid any risk of subsidy.

can appoint a representative to the committee. The terms of reference for the committee are set out in the Members' Agreement, and its purpose is to ensure that the member councils can exert appropriate control over VPS to satisfy the Teckal requirements. VPS also has a board of directors. The board exercises strategic leadership of the company in accordance with the requirements of the members. Arrangements are in place for appointing directors to represent the interests of all VPS members and ensure an appropriate mix of skills and knowledge on the board.

- 33 Directors appointed by each member council will not receive any remuneration but are entitled to claim reimbursement for travel expenses incurred in attending meetings. Two executive directors have also been appointed who are employed by the company. These directors act as the company's Chief Executive and Deputy Chief Executive.
- 34 The specific responsibilities and powers of the member oversight committee are defined in the Members' Agreement but include approving the annual budget, financial statements and business plan, and receiving the annual report. The member oversight committee is also tasked with ensuring the company's priorities remain aligned with those of the member councils. Responsibility for operational decision-making rests with the company's management team, as set out in a scheme of delegation.
- 35 The annual service fees continue to be based on a standard daily fee rate payable by all the member councils, but taking account of the actual service levels required. Each council can also request additional work at any time during the year, the fee being calculated with reference to the standard daily fee rate.
- 36 The service contract specifies the actual mix of services to be delivered to each council. The length of the contract is also determined by each council but is expected to be 10 years plus possible extensions. This is necessary to provide a degree of certainty to all parties and to recognise that this is intended to be a long-term partnership where the councils are able to help shape and direct the future development of Veritau services.
- 37 Details of the annual VPS budget and business plan, and copies of the annual audited accounts and annual report will also be made available to each member council. Each member council can also request additional finance and performance related information to present to shareholder committees or the equivalent.

- 38 The registered office for VPS is West Offices, Station Rise, York, YO1 6GA. Each member council is also expected to provide serviced accommodation to VPS on terms equivalent to their own in-house departments. This is the same arrangement that existed before the creation of VPS. Any existing leases or licences to occupy have been novated from Veritau Limited to VPS.
- 39 The new company is exempt from the need to have its accounts audited due to the value of its assets and annual turnover. However, to ensure transparency, the member councils have appointed Veritau's existing external auditors, BHP LLP as the auditors for the new company.
- 40 The total savings achieved from winding-up VNY and VTV will be approximately £10k pa plus administrative time. This saving offsets the costs of establishing and operating the new company.
- 41 The projected fee income of VPS in 2025/26, is:

	<b>£k</b>	<b>%</b>
NYC	1,759	42.3
CYC	695	16.7
Middlesbrough Council (MC)	266	6.4
RCBC	233	5.6
Leicester City Council	264 <sup>4</sup>	6.4
Cherwell District Council	160	3.8
Management fee to Veritau Limited	34	0.8
Staff recharge to Veritau Limited	750	18.0
<b>Total</b>	<b>4,161</b>	<b>100.0</b>

- 42 VPS continues to obtain the majority of support services, for example HR, legal and payroll, from its member councils. Veritau Limited separately obtains support services as required, for example the company continues to work closely with North Yorkshire Education Services and pay annual fees to NYC for marketing and other support.
- 43 Many of the existing contracts for the supply of goods and services were novated from Veritau Limited to VPS unless they related principally to commercial activities, for example the hosting and maintenance costs of the website and client portal.
- 44 VPS has arranged appropriate insurance cover, opened new bank accounts and registered for VAT. Xero is used as the company's accounting system.

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<sup>4</sup> This is expected to increase due to other services being transferred into VPS.

## **Admission of new councils**

- 45 As noted above, two new councils, Leicester City Council and Cherwell District Council have joined VPS.
- 46 Leicester City Council was in a shared service with Leicestershire County Council for internal audit but decided to end that arrangement. The Council joined VPS on 1 August 2024, and two members of staff were subject to a TUPE transfer.
- 47 Cherwell District Council had been in a shared service with Oxfordshire County Council for a number of years. This arrangement covered various services including internal audit and counter fraud, but it ended in early 2024. The Council joined VPS on 1 November 2024. There was no TUPE transfer.
- 48 As with previous transfers, staff who are transferred to Veritau have the option to move across to Veritau terms and conditions. Any new staff recruited after the date of transfer are employed on Veritau's existing terms and conditions, and in accordance with the current pay and grading structure.
- 49 The aim is to continue to expand the number of member councils although each potential admission will be assessed to ensure it is beneficial to Veritau's long-term goals and objectives. In practice, the aim will be to admit no more than 20 members to ensure that VPS can continue to retain its business focus and satisfy the Teckal control test.

## **Legal Implications**

- 50 To establish the new company structure, the member councils have relied on their general trading powers as set out in Section 95 of the Local Government Act 2003 and Section 4 of the Localism Act 2011. Section 95 of the Local Government Act 2003 allows relevant authorities to undertake any commercial activities which they would otherwise be authorised to undertake for the purpose of performing their ordinary functions.
- 51 Section 4 of the Localism Act 2011 confers a general power on local authorities to undertake any commercial activities which they would be authorised to do in the exercise of their general power of competence. Where a local authority relies on these general trading powers then they must do so through a company.
- 52 The Section 95 and Section 4 general trading powers also prescribe

which company structures may be used. These include companies limited by shares and by guarantee.

- 53 Each local authority must also prepare a business case supporting the exercise of the Section 95 power, which the authority must approve (Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009). This business case is deemed to satisfy that requirement.
- 54 External legal advice was obtained which confirmed that the new corporate structure satisfied the Teckal tests as set out in the Public Contracts Regulations 2015, and the Procurement Act 2023.
- 55 The procurement activities of both companies are also covered by the Procurement Act 2023. In addition, as wholly owned local authority trading companies they are also covered by the provisions of the Freedom of Information Act 2000.
- 56 VPS has been established in a way that will enable its member councils to take advantage of the Teckal provisions and to award contracts to the company without the need to go through a procurement process. However, it will be for each member council to satisfy themselves that the Teckal provisions apply.