

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on Tuesday 29 June 2021.

PRESENT: Councillors M Saunders (Chair), T Mawston (Vice-Chair), A Bell, D Coupe, A Hellaoui, C Hobson, J Platt, J Thompson and S Walker

OFFICERS: S Bonner, C Breheny, T Parkinson, R Horniman, A Humble, A Wilson, G Cooper and A Johnstone

APOLOGIES FOR ABSENCE: Councillors L Garvey, C McIntyre and M Storey

20/9 **DECLARATIONS OF INTEREST**

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

20/10 **MINUTES - OVERVIEW & SCRUTINY BOARD - 11 MARCH 2021**

The minutes of the Overview and Scrutiny Board meeting held on 11 March 2021 were submitted and approved as a correct record.

20/11 **MINUTES - OVERVIEW & SCRUTINY BOARD - 8 APRIL 2021**

The minutes of the Overview and Scrutiny Board meeting held on 8 April 2021 were submitted and approved as a correct record.

20/12 **EXECUTIVE FORWARD WORK PROGRAMME**

The Chief Executive submitted a report which identified the forthcoming issues to be considered by the Executive, as outlined in Appendix A to the report. The report provided the Overview and Scrutiny Board with the opportunity to consider whether any item contained within the Executive Forward Work Programme should be considered by the Board, or referred to a Scrutiny Panel.

NOTED

20/13 **CHIEF EXECUTIVE'S UPDATE**

The Chief Executive was attendance and provided an update to the Board in respect of the following:-

- COVID-19 update
- Liverpool City Council Best Value report
- Upcoming Executive decisions
- Council financial resilience

In terms of the latest local COVID-19 data, as at 28 June 2021 the rolling seven-day rate of cases per 100k of the Middlesbrough population was as follows:

- 53 new cases had been added to the system on 28 June 2021;
- 215 new cases had been diagnosed in the last seven days;
- 152.5 rate per 100k of population (last seven days); and
- 280.90 COVID-19 deaths per 100k population.

Reference was made to the vaccination rates and to date 91.1% of over 50's in Middlesbrough had been vaccinated, equating to 48,701 people. This left a total of 8.9% of over 50's in Middlesbrough who had not been vaccinated, equating to 4,758 people. Information was provided on the vaccination dose 1 uptake rate by Medium Super Output Area (MSOA), which highlighted that the highest proportions of over 50's who had not been

vaccinated were concentrated in the Ayresome, Middlesbrough Central and North Ormesby and Brambles areas.

In relation to the Liverpool City Council Best Value report a number of key findings were highlighted as follows:-

- Failure of senior officers to formally challenge / escalate concerning behaviour
- Individual officers not supported /protected when challenging concerning behaviour
- Member and officer roles and responsibilities not clearly understood / adhered to
- Lack of legal oversight of key processes around regeneration and asset disposals
- Active circumvention of corporate governance allowed without consequence
- Failure to follow policy and procedure on procurement, contract management, partnership governance and financial spending led to unlawful decisions and failure to achieve Best Value
- Weak Member training and lack of consequences for non-completion of training
- Failure to declare hospitality
- Poor records management

The report had identified fundamental corporate governance weaknesses and as a result, commissioners had taken on some Liverpool City Council powers and oversight. It was advised that in light of the publication the Council's Leadership Team had set ourselves against the Best Vale Liverpool Report to ensure our systems were as tight possible.

In terms of financial resilience the Board was advised that an annual assessment is prepared by CIPFA to assess Councils ability to respond to financial pressures. The assessment was based on 12 separate but linked indicators ranking Local Authorities. Although no overall league table was produced and some of the indicators were subjective, the assessment provided a good insight into the Council's medium to long term financial position.

The key findings for Middlesbrough were as follows:-

- Middlesbrough's size / demographics would always leave us vulnerable to financial shocks, therefore maximum mitigation was essential
- Expenditure needed to be carefully controlled
- Council Tax Base needed to grow and have higher average values
- Reserves needed to be protected and at an appropriate level
- We were not over-borrowed, though stringent monitoring is key

Structural position:

- A very high proportion of Council budget was spent on Social Care
- Middlesbrough had a very low Council Tax Base (lowest in the North East)
- Fees and charges and Business Rates income were relatively low (protected the LA from shocks such as COVID)
- There was a high-dependency on annual discretionary Central Government funding, leaving the LA vulnerable because of outside its control / short notice

In relation to Executive decisions scheduled for July it was noted that a number of reports were due to be considered. These included; a report on Community Engagement; the Community Safety Plan and the Built Asset Investment Plan. The Executive had recently held a meeting in respect of the Stainsby Masterplan, however, a decision had yet to be taken.

Following the update, Members were afforded the opportunity to ask questions.

A Member queried the number of Middlesbrough Borough Council vaccinated to date. In response it was advised that at present this figure was not known, as the only way to ascertain this information would be to ask staff individually.

A Member queried how Councillors could assist in encouraging those refusing vaccinations to take up the offer. It was advised that officers within the Council's Public Health Team were working closely with the Community Champions to ensure that a 'trusted voice' within the community were delivering those positive messages about the benefits of the vaccine to both the individual and the wider community.

A Member queried what impact the Government's decision to enforce vaccination in the care industry would have locally. It was advised that the Local Authority was liaising with the Care Sector, NHS and CCG to understand any potential impact.

In response to a query as to whether there were any issues in relation to the supply of the vaccine it was advised that there were no known issues. The reasons for non-take up were not supply related.

In terms of the Liverpool City Council Best Value report and the concerns raised in respect of Member Training the view was expressed that currently there was insufficient emphasis on the Nolan Principles and that these should be included in all Member Training. The Chair expressed the view that these should be discussed by the Board and views expressed be fed into the Constitution Committee.

In relation to the upcoming Executive decisions a Member queried whether the Transporter Bridge and Captain Cook Pub would be included in the Built Asset Investment Plan. It was advised that a comprehensive piece of work was being undertaken that would assess all of the Council's significant assets, as well as the investment required. This information would then be factored into the 2021/2022 budgetary process.

A Member queried the timescales associated with the Stainsby Masterplan particularly in relation to the Local Plan. It was advised that the Local Plan was a statutory document that had to be followed and dictated the requirement for a road. Whereas the Stainsby Masterplan demonstrated the how / approach. It would therefore be very difficult to include any further provisions in respect of that road, which fell outside of the detail in Local Plan.

A Member queried whether ward Members could be made aware when the Council was organising community litter picking events, as recently events were being promoted without the relevant ward Members being advised.

In terms of the Council's financial resilience it was queried as to how the nearest neighbours' information had been categorised by CIPFA and why Blackpool was not included. The Head of Financial Planning advised that he would seek clarification from CIPFA on this issue.

A Member queried why Middlesbrough's spend on children in care was so much higher than Hartlepool. It was advised that poor practice, as well as the high of children in care contributed to the high level of spend. However, new systems were in place that were helping to reduce the numbers in care, the type of care required and improve Social Work practice.

In response to a query about the Council's development of its own in-house care provision to reduce the costs of care it was advised that plans were on track. Although the plans had been impacted by Covid there were delivering results. An additional briefing on these developments would be provided at the next meeting of OSB.

The Chair thanked the Chief Executive for his attendance and contribution to the meeting.

NOTED

20/14

TOWN CENTRE REGENERATION UPDATE

The Director of Regeneration was in attendance to provide an update to the Board in respect of the Town Centre and future development. The Board was advised that there were in essence a number of stark messages that everyone nationally and locally was having to face as a result of the pandemic. The decline in traditional town centre models was irreversible and although the town had already lost a number of established national retailers there was no doubt more would be lost over the next couple of years. Although the Council was proactively working with retailers decisions were often taken nationally in respect of store closures.

National experts had already advised that Middlesbrough needed to broaden out the town centre offer. It needed to fulfil a number of functions including being a place where people went to live, to learn, to work, to attend civic functions and to take part in leisure activities. It was not simply for the retail offer, as in two years' time that would not be the dominant factor and 50 per cent of the town centre would have to offer something else.

In an effort to gain some control over the future of the town centre the Council had purchased a number of key properties including Captain Cook Square and House of Fraser. It was envisaged that Captain Cook Square would be transformed into a leisure offer and there was already substantial interest from businesses in the sector. The Future High Streets Fund and Future Towns Fund provided sufficient investment for the Council to be able to make the Town Centre look and feel different. The development of the Northern School of Art was another key project that would help to change the feel of the town centre. Urban living was a further key element that would play a significant role and Middlehaven would provide for the biggest urban living area.

A Member of the Panel queried whether it was possible to have a list of those businesses that were vulnerable to closure over the next 2 years. In response it was agreed that this information could be provided to Members but was not to be disclosed in the public domain.

NOTED

20/15

STRATEGIC PLAN 2020-23 - PROGRESS AT YEAR-END 2020/21

The Strategy Delivery Manager and Corporate Strategy Manager provided an update to the Board, which included the following points:

- This report set out in brief the key headlines relating to progress made in 2020-21 against the 2020-2023 Strategic Plan and COVID-19 Recovery Plan, and outlined strategic risks at Year-End;
- The Council refreshed its Strategic Plan during Quarter Four for the 2021-24 period to ensure that it remained current and reflective of major developments in the past year, in particular COVID-19 and the ongoing impact of Britain's exit from the European Union;
- The current overall Red RAG status of the plan reflected the previously approved pause in Recovery activities and the impact of Lockdown 3 and subsequent focus on related exit activities;
- Following an assurance exercise against existing Recovery plans, a summary of proposed changes and amends were included at Appendix Two, which had seen the overall Recovery RAG status shift to Green.
- Achievements made during 2020/21 were outlined, which referred to improvements in crime and ASB interventions; action to support children with remote learning; progress made in respect of Children's Services and the improvement journey; Future High Streets Fund and commercial and investment remained in line with targets.
- Strategic risks – at Year-End 2020/21, the total number of risks on the SRR remained at 35 (19 red, 15 Amber and one green) with some movement. One new risk had been added to the SRR during Quarter Four, namely failure of Boho X to deliver anticipated benefits and financial returns to Middlesbrough. In addition the severity of two existing strategic risks had increased during Quarter Four - future contract costs for waste disposal were likely to rise significantly in the longer term, impacting on future MTFPs; and there was some risk around the sufficiency of Year 7 school places in the medium term.

Following the update, Members were afforded the opportunity to ask questions.

A Member commented that the report had been extremely comprehensive and particularly honest. The report had also shown that Middlesbrough was ahead of the game particularly in respect of its pledge to be the first town or city in the UK to ensure every child had access to an internet device to support their education. Reference was also made to the role of community champions and introduction of locality working and the positive effect of these initiatives.

Reference was made to paragraph 40 and the decrease in town centre footfall, which it was acknowledged was worrying. Although it was anticipated that footfall would increase with the further lifting of COVID restrictions.

The Chair thanked the Strategy Delivery Manager and Corporate Strategy Manager for their attendance and contributions to the meeting.

AGREED that the information provided be noted.

REVENUE AND CAPITAL BUDGET - YEAR-END OUTTURN POSITION 2020/21

The Head of Financial Planning and Support presented the Board with information in respect of the Revenue Budget Outturn Year-End 2020/2021. The following points were made:

- As reported previously, the Covid-19 pandemic has had a significant impact on the Council's financial position. This has also made the management of the Council finances more difficult in 2020/21 due to the constantly evolving situation, including the receipt of Government grant funding at short notice throughout 2020/21.
- Covid-19 financial pressures were being monitored separately from the normal non-Covid-19 financial position, and these were reported separately in paragraphs 53 to 84.
- The Council underspent its revenue budget by £355,000 on non-Covid elements (following approval by Executive on 15 June 2021 of the following transfers to reserves:-

- 1) Public Health Grant underspend to Public Health Reserve (£438,000)
- 2) Adult Social Care underspend to an Adult Social Care Covid Recovery Reserve (£1,598,000)
- 3) Ofsted Improvement Plan Budget underspend in 2020/21 to carry forward to 2021/22 via an Ofsted Support Reserve (£188,000)
- 4) Net saving from the clearance of holding and other codes, which are no longer used within Education, to a Children's Services Improvement Reserve (£175,000)
- 5) School contributions to capital schemes to a Children's Services Demand Reserve (£732,000)
- 6) Saving in Adult Social Care in 2020/21 due to the reduction in demand for long-term residential care to a Social Care Demand Reserve (£500,000)
- 7) Section 31 Business Rates Relief Grant to a Business Rates Deficit Reserve to fund 2020/21 Collection Fund deficit (£10,555,000)

- It had been proposed to transfer £438,000 of the Public Health Grant underspend to a Public Health reserves and £1,598,000 of the Adult Social Care underspend to an Adult Social Care Covid Recovery Reserve, in order to help to fund future costs arising from Covid-19 recovery in these areas. Executive had approved these transfers to reserves on 15 June 2021.

- Paragraphs 74-81 detailed the revenue budget spending controls, which included a vacancy control process; checks against expenditure over £5,000; and strong controls over staff travel, stationery and first class post. Agency staff were also being looked at, but this had been difficult to implement fully (although was being minimised). The predominant area for agency staff was Children's Services, which was due to difficulties in recruiting staff.

- Paragraph 7 provided a breakdown of spend per directorate with Children's Care having the greatest overspend of £4,233 million (excluding Covid-19). Savings in other areas of the Council had resulted in a net underspend overall.

- The £355,000 underspend on non-Covid-19 elements had been transferred to the General Fund Reserve.

- The financial impact of the Covid-19 pandemic in 2020/21 was summarised in a table at paragraph 83, which showed that there had been a financial pressure due to Covid-19 of £416,000 in 2020/21. A breakdown of the funding split between the Government grant funding and the Council was also provided.

- Due to delays on major schemes resulting from the COVID-19 pandemic, the 2020/21 capital budget final outturn was £42.078m against a revised budget of £45.195m. Full details were provided in the report.

- Regarding borrowing and reserves, the Council's balance of borrowing had decreased from £242.7m at 31st March 2020 to £218.8m at 31st March 2021. This decrease reflected the repayment of £20m of short-term borrowing taken out in the early weeks of the Covid-19 pandemic in March 2020 to ensure sufficient liquidity on emergency business grants. The remaining decrease of £3.9m related to the repayment of principal on annuity loans held by the Council. No external borrowing had been needed for Investment Strategy purposes due to much of the Covid-19 funding being paid in advance of need by central government and cash balances being healthy. This position was expected to unwind during the 2021/22 financial year.

- The table shown at paragraph 123 set out a summary of the balance of reserves and provisions at the start of 2020/2021 and at Year-End.

A Member of the Board commented that the Finance Officers had performed a remarkable job

throughout 2019/20 and it was fantastic that the Council's budget had been underspent at the year end. However, it was emphasised that borrowing needed to be further reduced and the interest rates payable needed to be brought down.

A Member of the Board commented that the report was particularly comprehensive and it was encouraging to see that the number of looked after children in Middlesbrough had reduced. However, further emphasis needed to be placed on the importance of using internal provision to ensure the cost effectiveness of placements.

A Member of the Board queried the £538,000 repairs to the Captain Cook Pub and it was explained that the Council's plans had always been to renovate the building prior to work commencing on the adjacent housing development. The Director of Regeneration advised that a breakdown of the costs would be provided.

A Member of the Board made reference to the Council's balance of borrowing and the weekly interest accrued. The Head of Financial Planning appreciated the concerns raised but reassured the Board that the Council's current debt level was both affordable and manageable.

AGREED the information provided be noted and more detailed information in respect of the financial pressures facing Children's Care Services be provided at the next meeting.

20/17

AD-HOC SCRUTINY PANEL - FINAL REPORT - MEMBERS COMMUNICATIONS

The recommendations to be submitted to the Executive were:

1. That a communications plan be implemented that aligns with the refreshed Strategic Plan 2021-2024 to ensure consistency and direction of council communications.
2. To ensure Members are well versed on social media etiquette; a training package be delivered to Members on the appropriate use of social media. Training should be carried out as a mandatory requirement on an annual basis (minimum).
3. That the principles of proper behaviour on social media be reflected in the revised Member Code of Conduct; and
4. As a corollary of recommendations one and two; a framework be developed to provide clarity to all Members on the appropriate use of social media.

AGREED that the findings and recommendations of the Ad Hoc Scrutiny Panel be endorsed and referred to the Executive.

20/18

SCRUTINY CHAIRS UPDATE

The Scrutiny Chairs/Vice Chairs provided updates in respect of the work undertaken by their respective panels since the last meeting of the Board.

NOTED