

## OVERVIEW AND SCRUTINY BOARD

**Date:** Tuesday 22nd February, 2022  
**Time:** 10.00 am  
**Venue:** Virtual meeting

**Please note this is a virtual meeting.**

**The meeting will be livestreamed via  
the Council's YouTube channel at  
[Middlesbrough Council - YouTube](#)**

## AGENDA

1. Apologies for Absence
2. Declarations of Interest  
To receive any declarations of interest.
3. Minutes - Overview and Scrutiny Board - 18 January 2022 3 - 8
4. Executive Forward Work Programme 9 - 18
5. Executive Member Update 19 - 26
6. Chief Executive's Update 27 - 42  
Presentation
7. Scrutiny Chairs Update  
Adult Social Care and Services Scrutiny Panel  
Councillor J. Platt (Chair)  
Children & Young People's Learning Scrutiny Panel

Councillor D. McCabe (Chair)

Children & Young People's Social Care and Scrutiny Panel  
Councillor D. Davison (Chair)

Culture and Communities Scrutiny Panel  
Councillor C. McIntyre (Chair)

Economic Development, Environment and Infrastructure  
Scrutiny Panel  
Councillor S. Walker (Chair)

Health Scrutiny Panel  
Councillor D. Davison (Vice Chair)

- |     |   |          |
|-----|---|----------|
| 8.  | Revenue and Capital Budget - Projected Outturn position as at Quarter Three 2021/22 | 43 - 84  |
| 9.  | Corporate Performance Update: Quarter Three 2021/22                                 | 85 - 106 |
| 10. | Any other urgent items which, in the opinion of the Chair, may be considered.       |          |
| 11. | Date of next meeting - Wednesday 23 March 2022 at 10.00 am                          |          |

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Monday 14 February 2022

#### MEMBERSHIP

Councillors M Saunders (Chair), T Mawston (Vice-Chair), A Bell, D Davison, A Hellaoui, C Hobson, D McCabe, C McIntyre, J Platt, M Storey, J Thompson and S Walker

#### **Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Caroline Breheny, 01642 729752, [caroline\\_breheny@middlesbrough.gov.uk](mailto:caroline_breheny@middlesbrough.gov.uk)**

**OVERVIEW AND SCRUTINY BOARD**

A meeting of the Overview and Scrutiny Board was held on Tuesday 18 January 2022.

**PRESENT:** Councillors M Saunders (Chair), T Mawston (Vice-Chair), D Coupe, D Davison, A Hellaoui, C Hobson, D McCabe, C McIntyre, J Platt, S Walker and T Higgins (Substitute for J Thompson)

**OFFICERS:** C Breheny, T Parkinson, G Cooper, A Wilson, I Wright, A Humble and S Blood

**APOLOGIES FOR ABSENCE:** Councillors A Bell, M Storey and J Thompson

20/58 **DECLARATIONS OF INTEREST**

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

20/59 **MINUTES - OVERVIEW AND SCRUTINY BOARD - 7 DECEMBER 2021**

The minutes of the Overview and Scrutiny Board meeting held on 7 December were submitted and approved as a correct record.

20/60 **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**

20/61 **CHIEF EXECUTIVE'S UPDATE**

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

- COVID-19 update
  - Vaccine / booster uptake
  - Staff sickness / self-isolation
- Resident and business grant support update
- Executive update

In terms of the latest local COVID-19 data, as at 16 January 2022 the rolling seven-day rate of cases per 100k of the Middlesbrough population was as follows:

- 347 new cases had been added to the system on 16 January 2022;
- 2437 new cases had been diagnosed in the last seven days;
- 1728.6 rate per 100k of population (last seven days); and
- 314.20 COVID-19 deaths per 100k population.

Reference was made to the COVID case rate by age group and it was advised that the highest number of cases were amongst people aged 20-39. With regard to the number of COVID patients in South Tees Hospitals it was noted that there were currently 168 inpatients, with 8 of those in critical care. In terms of vaccination rates it was advised that 76.2 per cent of Middlesbrough's population had received their first vaccination, 69.3 per cent had received their second vaccination and 49.7 per cent had received their booster.

In terms of staff sickness and self-isolation rates it was advised that COVID-related sickness currently accounted for 44 per cent of all staff sickness and 2 per cent of staff were currently either self-isolating or shielding.

An update was provided in respect of resident and business grant support and it was advised that approximately 30 per cent of Revenues Services staff had been redirected to administer grants. The collections team had been significantly reduced and more experienced officers had been utilised to deliver grants. The service had been working at pace for 2 years; overseeing 25+ grants and variations, paying out £50m+ to approximately 3,500 businesses and 50,000 residents alongside numerous regulatory changes. In addition staff fatigue, COVID, stress-related sickness and other factors had all impacted on the service.

In terms of Council Tax collection it was advised that collection remained extremely challenging with an increasing number of residents who 'couldn't / wouldn't pay' alongside a strong reluctance to engage with the service. There was also an increased number of wards where payment problems and non-payers had worsened. Collection continued to be of the highest priority with additional staff recruited, though 50 per cent of Revenues Services staff had less than 18 months experience.

In relation to the Executive decisions taken recently it was noted that a number of reports had been considered. These included; approval of the Digital Inclusion Strategy; approval of the Corporate Crisis Policy; approval of the Elected Members Small Scheme Allocation and the Whortlton Road Industrial Estate Disposal.

A number of reports were expected to be considered by Executive in February 2022 and these included; An update on progress to date within Children's Services; a proposal to extend existing town-wide PSPO and CCTV Provision; Demolition of Slam Nightclub; Strategic Plan Refresh; Revenue and Capital Budget Projected Outturn position as at Q3 2021/2022; Strategic Plan 2021-24 Progress at Q3 2021/22; NAVSH Peer Review of Middlesbrough's Virtual School and Amends to Taxi Licensing Policy.

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

**NOTED**

20/62 **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**

20/63 **THE ADULT SOCIAL CARE AND SERVICES SCRUTINY PANEL - FINAL REPORT - THE RECRUITMENT AND RETENTION OF STAFF WITHIN ADULT SOCIAL CARE**

The recommendations to be submitted to the Executive were:

- A) That further work regarding the introduction of a one off financial incentive payment (termed "Golden Hello") be undertaken with Human Resources, and a further report be submitted to the Leadership Management Team. Consideration to be given to the payment amount; terms and conditions; and the potential impact upon existing staff. Work to be completed by Spring/Summer 2022.
- B) That exploratory work regarding the introduction of a Recruitment and Retention payment continue to be undertaken with Human Resources. Introduction of this payment would need to be in alignment with the Council's existing policies and other similar structures within the authority (e.g. Children's Services). Work to be completed by mid-2022.
- C) That further consideration be given to the restructuring of Adult Social Care; examining the roles of Social Workers and Occupational Therapists as part of this. Exploratory work to be undertaken with regards to roles; impact on existing staff and terms and conditions; salary column grading; and clear routes for career progression.

Update to be provided to the panel by Autumn/Winter 2022.

- D) That consideration be given to undertaking activities which raise awareness of and promote the role of social work within Middlesbrough Council. Specific work could be carried-out with Teesside University to encourage students to remain in Middlesbrough and apply for roles at the Council following completion of their degree programmes. Online events could also be offered to provide information and Frequently Asked Questions opportunities with current Social Workers. Update to be provided to the panel by Autumn/Winter 2022.
- E) That, in order to both promote the good work of Adult Social Care and the benefits of working for Middlesbrough Council, publicity be placed in as many news and media outlets as possible, e.g. 'Love Middlesbrough' magazine and the Council's social media platforms. Initial work to be completed by Spring 2022, however, this should be an on-going orchestrated campaign involving the Council's media team.
- F) That, in order to raise awareness of the roles of Social Workers and Social Care Workers, an online learning module be created and implemented on Middlesbrough Learns for all Elected Members and Council staff. This could provide a route into a potential 'refer a friend' scheme. Work to be completed by Autumn/Winter 2022.

**AGREED** that the findings and recommendations of the Adult Social Care and Services Scrutiny Panel be endorsed and referred to the Executive.

20/64

#### **MEDIUM TERM FINANCIAL PLAN / BUDGET CONSULTATION**

The Director of Finance and the Head of Financial Planning and Support were in attendance at the meeting to brief the Board on the latest Medium Term Financial Plan (MTFP) position, including the effects of the Provisional Local Government Finance Settlement, and other changes since the last reported position, which would form the basis for the Budget Report.

The Director of Finance delivered a presentation, which covered the following topics:

- Setting the scene of the Council's finances;
- Key points – 2022/2023 Budget;
- Last reported MTFP position as at November 2021;
- Changes since November position built into latest version of MTFP – From provisional LGFS / other;
- LGFS inflation contingencies;
- Increased reserves – rationale;
- Local Government Finance Reform;
- Capital Projects;
- Members' general responsibilities in setting the budget;
- The timeline for budget setting;

It was indicated that the share allocated to Children's Social Care had increased from 13 % of the total net budget in 2010/2011, to 32 % in 2020/2021; Adult Social Care had also increased from 27 % to 35% in that same period. In turn Central Services' percentage share of the net budget had decreased from 31% to 14% since 2010/2011. The proportion of budget allocated to all of the other Council services, which included Environment and Regeneration, had seen a reduction from 29 % to 19 % of the Council's net budget. In 2010/11 the Council's net budget had been £133.6m and in 2021/2022 it was £116.4m. Over the last 11 years the Council had received £16m less, not accounting for inflation and a higher proportion of funding had to be spent on statutory Children's and Adult Social Care Services.

A number of key points were made in respect of the 2022/2023 Budget as follows:-

- Proposals for spending and income for 2022/23 had been developed to support continued delivery of the Mayor's strategic priorities
- To deliver these priorities, we needed to protect frontline services and preserve our capacity to deliver major improvement programmes and projects
- Investment provided, including for increased employers NI costs, ongoing Covid19 effects, Children's Care, Adult Social Care Living Wage, car parking &

crematorium income shortfalls, energy inflation, Street Wardens, and borrowing costs for capital investment

- No service cuts or budget savings had been assumed
- The previous year's saving target re: reducing staff mileage paid had been fully removed
- A total Council Tax rise of 2.99% (within Government referendum limits) was proposed (comprising a 1.99% general increase, and a 1.00% Adult Social Care precept - precept applied to Council Tax as per Government recommendation to help to pay for the increased costs of Adult Social Care services). The proposal was currently out to public consultation.
- A lower Council Tax increase would require service cuts and/or reduced investment, a higher increase would mean potentially more funding available for additional investment.

It was explained that following submission of the proposed budget report to Full Council in November, the Provisional Settlement for 2022/2023 was received from Central Government, which changed the assumptions slightly. The Settlement was welcomed and improved upon when compared with the previous Medium Term Financial Plan (MTFP) assumptions, with the key changes being as follows:-

- A new one off Services grant had been awarded (£3.172m for Middlesbrough)
- There had been a continuation of Adult & Children's Social Care grant funding, and also an additional grant for 2022/23 of £2.204m for Middlesbrough
- Market Sustainability & Fair Cost of Care grant (£512k for Middlesbrough)
- New Homes Bonus Grant for 2022/23 only (£773k for Middlesbrough)
- Lower Tier Services Grant for 2022/23 only (£300k for Middlesbrough)
- Improved Better Care Fund grant increased by inflation
- Revenue Support Grant increased by inflation
- Increased NNDR Section 31 grant income
- Troubled Families grant assumed now to continue rather than 'fall off' (not part of provisional LGFS, but based on Government indications)
- Creation of additional inflation contingencies
- Amendment to MTFP amounts for Kerbside Recycling Contract re-tender
- The net position resulting from the additional money received via the LGFS, setting aside the provisions for inflation has been the creation of £495k budget for Service Investment on a recurring basis.
- Removal of remainder of Covid Scarring budget from 2023/24 as funding now provided elsewhere
- £300k of Children's Services additional MTFP support b/fwd from 2024/25 to 2022/23
- Contingency for future Council Tax/Business Rates losses from 2022/23
- Changes to planned use of Reserves

In terms of inflation contingencies it was advised that the additional funding provided within the LGFS over and above that anticipated had been used to create contingencies to address potential inflation rises in the following areas of expenditure:-

- Pay award - £450k contingency to provide for pay award up to a maximum of overall of 2.5% (MTFP already includes provision for 2% assumed pay award). Every 1% of pay award costs approximately £900k
- Energy - contingency of further £215k (this is in addition to £371k already provided for in MTFP)
- General supplies and services – contingency of £459k (this is on top of £1.4m already provided for in MTFP for contractual inflation)
- Vehicle fuel – contingency of £51k
- Food – contingency of £53k
- Agency staff – contingency of £123k
- Increased Adult Social Care Costs – contingency of £1,604k
- Increased Children's Care costs – contingency of £545k

In terms of creating increased reserves it was explained that the rationale was that there was a need for the Council to ensure prudent financial planning, to create sufficient contingency to

cover increased inflation; uncertainty around the level of the pay award; the anticipated Local Government Finance Reforms; the lack of clarity around the level of Government Grant provision going forward; the unknown impact of Health and Social Care reform; the ongoing effects of Covid-19, both on the Council and the wider economy and the need to smooth the available budget across the MFTP period. In light of the above it was advised that there was a need to ensure a reasonable increase in the Council's levels of financial reserves to protect us against the issues highlighted.

With regard to Local Government Finance Reform it was explained that a new Government Department had been created – DLUHC and they had renamed the Fair 72Funding Reform the Local Government Finance Reform. It was likely that these reforms would come into effect from 2023/24 onwards. It had been indicated that the Funding Reforms would be linked to 'levelling up' but as of yet that had not been clearly defined. Indications had, however been given that there would be transitional arrangements in place to protect authorities that would lose out on funding. In the worst case scenario Middlesbrough could lose the £3.172m service grant awarded in 2022/23 and therefore there was a need to ensure the appropriate level of reserves were made available. There continued to be a need for business rates to be reset but it was unclear at this stage what that would look like. The Health and Adult Social Care Bill reforms would have an impact, although this was yet to be clarified. More clarity was needed around the ongoing grant support that would be available in the future to the Council and as always the preference was for multi-year settlements / earlier settlements to be awarded.

Information was provided in respect of the Capital Projects that would be coming up over the next few years. It was noted that the Capital Programme for the period 2020/21 to 2023/24 totalled £240m, of which £118m was Council investment and £122m of external funding.

In terms of responsibilities for setting the budget, it was explained that the Section 151 Officer's responsibility was to propose and certify that a budget was balanced. In terms of Elected Members, responsibility was focused on working positively towards setting a balanced budget, which was a legal responsibility and not optional for the Council. It was commented that Members had contributed positively to the process this year.

Regarding the budget setting timeline, the legal cut-off point for setting the budget was 11 March 2022. Following consideration, the budget report would be submitted to Executive on 14 February 2022 for endorsement, and then subsequently to Council on the 23 February 2022 for approval.

Following the presentation, the Chair thanked the Finance Director for the presentation and Members of the Board were afforded the opportunity to ask questions.

A Member made reference to the provisional and assumed financial figures referenced during the presentation and it was queried whether the Council had yet received the Council had received the actual settlement from the Government. In response the Director of Finance advised that the Council had received the provisional settlement from the Government. It was anticipated that these figures would be confirmed later this month but it was unlikely the figures would change.

A Member made reference to the money initially set aside for the re-tendering of the Kerbside Recycling Contract, which was no longer needed and it was queried whether this meant there was additional funding available. In response it was advised that the monies had been taken from that service budget and used for general reserves / inflationary pressures.

A Member referred to the creation of £495k budget for Service Investment and queried whether given that many people were currently struggling with inflationary pressures / high energy costs would it not be better to use this funding to reduce the Council Tax increase by 0.5% or 1 %. In response the Director of Finance advised that a 1 % reduction in Council Tax equated to approximately £600k. It was a legitimate option that the Council could consider. From a financial perspective it was not be the better option, however, it was a political decision for Full Council to consider.

A Member made reference to the Council's finances more generally and queried whether from a financial perspective the Council was in a healthy position. In response the Director of Finance advised that the Council was in a secure position. The Council was not in a healthy position as the based on the level of demand in the town it was the Director of Finance's view

that the Council was underfunded particularly in respect of the pressures in Children's Social Care. There was no danger of the Council issuing a section 114 notice.

The Chair thanked the officers for their attendance and contributions to the meeting.

**AGREED** that the information provided be noted, and the agreed action be undertaken.

20/65 **ANY OTHER URGENT ITEMS WHICH, IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

20/66 **CORPORATE PERFORMANCE REPORT - QUARTER 2**

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

- This Q2 update was in respect of the Strategic Plan, which covered the period June – September 2021, and which was presented to Executive on 7 December 2021;
- On 24 February 2021, full Council approved a Strategic Plan for 2021-24, setting out nine strategic priorities for this period. At its meeting of 11 May 2021, the Executive agreed an associated set of outcome measures linked to these priorities and a supporting workplan to deliver sustained improvement up to and beyond 2024.
- At the end of Q2, six of 24 Strategic Plan outcomes were either improving or static against the Q1 position, with three measures. With many measures updated annually, there was no trend information for 15 outcome measures at the present time.
- At the end of Q2, Covid-19 had resulted in significant fluctuation in some measures and so targets for outcome measures (largely involving multi-agency working) were to be reviewed during Q3 and revised targets subsequently presented to the Executive for approval in the Q3 performance report. Crime and anti-social behaviour remained of concern at the end of Q2. A new town centre vacancy survey had been completed in the Q3, which showed a vacancy rate of 22.4% (up from 17.8% in the last, August 2018). Footfall was stabilising at a rate of £255k (select sites) per week, comparable with pre-COVID levels.
- Strategic risks – the total number of risks on the Strategic Risk Register reduced to 30 from 35 at Q1, comprising 19 high risks and 11 medium risks. Three new risks were added during the quarter as follows:-
  - a) Failure to have a legally compliant approach to CCTV – in particular, the need to have a comprehensive central register of Council-managed CCTV, which the Council's internal auditor had recently identified was not currently in place. Work was underway to develop this register by end December 2021.
  - b) Local uptake of the C19 vaccine was poor resulting in increased transmission – Middlesbrough's vaccine uptake of those currently eligible was currently approximately 8% below the North East average, with promotion of uptake being progressed by local COVID-19 response groups.
  - c) Insufficient funding available to meet demand / costs associated with the Health and Social Care Bill – while the MTFP assumed the Council would be able to cover costs relating to the provisions of the bill, likely costs remained uncertain at this stage and final confirmation of future local authority funding for adult social care was still awaited, so it was therefore prudent to add this risk.

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

**AGREED** that the information provided be noted, and the agreed action be undertaken.

<b>Report of:</b>	Chief Executive
<b>Submitted to:</b>	Overview and Scrutiny Board – 22 February 2022
<b>Subject:</b>	Executive Forward Work Programme

**Summary**

<b>Proposed decision(s)</b>
It is recommended that the Overview and Scrutiny Board consider the content of the Executive Forward Work Programme.

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?</b>
Information	No	N/A	N/A

<b>Contribution to delivery of the 2020-23 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
Open and transparent scrutiny supports all elements of the Mayor’s Vision.	Open and transparent scrutiny supports all elements of the Mayor’s Vision.	Open and transparent scrutiny supports all elements of the Mayor’s Vision.

<b>Ward(s) affected</b>
All Wards affected equally

**What is the purpose of this report?**

To make OSB aware of items on the Executive Forward Work Programme.

**Why does this report require a Member decision?**

The OSB has delegated powers to manage the work of Scrutiny and, if appropriate, it can either undertake the work itself or delegate to individual Scrutiny Panels.

One of the main duties of OSB is to hold the Executive to account by considering the forthcoming decisions of the Executive and decide whether value can be added by Scrutiny considering the matter in advance of any decision being made.

This would not negate a Non-Executive Member’s ability to call-in a decision after it has been made.

## **What decision(s) are being asked for?**

It is recommended that the Overview and Scrutiny Board consider the content of the Executive Forward Work Programme.

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

No other options were considered.

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

### ***Legal***

Not Applicable

### ***Financial***

Not Applicable

### ***Policy Framework***

The report does not impact on the overall budget and policy framework.

### ***Equality and Diversity***

Not Applicable

### ***Risk***

Not Applicable

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

Implement any decision of the Overview and Scrutiny Board with regard to the Executive Forward Work Plan.

## **Appendices**

The most recent copy of the Executive Forward Work Programme (FWP) schedule is attached as Appendix A for the Board's information.

## **Background papers**

Executive Forward Work Plan

**Contact:** Caroline Breheny  
**Email:** caroline\_breheny@middlesbrough.gov.uk



## APPENDIX A

FOR THE PERIOD 14 FEBRUARY 2022 TO 31 DECEMBER 2022

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
The Mayor and Executive Member for Adult Social Care and Public Protection							
T012224 All Wards	Final Report of the Adult Social Care and Services Scrutiny Panel - The Recruitment and Retention of Staff Within Adult Social Care - Service Response Response to Scrutiny report of the Adult Social Care and Services Scrutiny Panel following its investigation into	Executive 8 Mar 2022			Public		The Mayor and Executive Member for Adult Social Care and Public Protection <i>Erik Scollay, Director of Adult Social Care</i> <i>erik_scollay@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	'The Recruitment and Retention of Staff within Adult Social Care'.						
<b>Deputy Mayor and Executive Member for Children's Services</b>							
I011919 All Wards  Page 12	Children's Services - update on Progress To update Executive on the progress to date within Children's Services	Executive 8 Mar 2022			Public		Deputy Mayor and Executive Member for Children's Services <i>Sue Butcher, Executive Director of Children's Services</i> <i>sue_butcher@middlesbrough.gov.uk</i>
<b>Executive Member for Environment, Finance and Governance</b>							
I011309	Paper-lite Meetings Following the successful trial of paperless meetings of the Executive, Individual Executive Member and pre Executive meetings, Executive is requested to provide the necessary commitment to achieve paper-lite meetings for all						

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	Council, Executive or any other Council meeting, Panel or Working Group by embracing the current technology available to councillors and officers.						
1012235 Central	Demolition of the former Slam Nightclub To seek approval for the demolition of the building.	Executive 8 Mar 2022		KEY	Public		Executive Member for Environment, Finance and Governance <i>Chris Bates</i> <i>Chris_Bates@middlesbrough.gov.uk</i>
1012273 All Wards	EXEMPT - Tees Valley Energy Recovery Facility Local Authority Special Purpose Vehicle To seek approval for MBC to enter with seven other councils a Special Purpose Vehicle company in order to manage the Tees Valley energy recovery facility that will be responsible	Executive 8 Mar 2022		KEY	Fully exempt		Executive Member for Environment, Finance and Governance <i>Geoff Field</i> <i>geoff_field@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	for the disposal of Middlesbrough municipal waste.						
I012057 All Wards  Page 14	Tender Pipeline Approval 2022/23 That Executive approves the tender pipeline for 2022/23 including the delegation of responsibility for award to the relevant Director in consultation with their Executive Member.	Executive 8 Mar 2022		KEY			Executive Member for Environment, Finance and Governance <i>Keely Trainor</i> <i>Keely_Trainor@middlesbrough.gov.uk</i>
I010704 All Wards	Highways Asset Infrastructure Executive approval is required for the ECS Capital Highways Infrastructure Asset.	Executive 5 Apr 2022		KEY	Public		Executive Member for Environment, Finance and Governance <i>Chris Bates</i> <i>Chris_Bates@middlesbrough.gov.uk</i>
I011678 All Wards	Transporter Bridge Update The purpose of the report is to inform Executive of the current status of the	Executive 10 May 2022		KEY	Public		Executive Member for Environment, Finance and Governance <i>Chris Bates</i> <i>Chris_Bates@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
Page 15	Transporter Bridge, highlight what works have been carried and to seek approval/endorsement to identify funds and to carry out further repairs to the Transporter Bridge as identified in the Special Inspection carried out by Rapid Consultants and the follow up Principal Inspection carried out by Atkins Global.						

**Executive Member for Regeneration**

1009248 Ayresome; Kader; Trimdon	'This item is to be deferred to a future meeting of the Executive. The revised date of the meeting at which this item will be considered, will be published on the Forward Work Plan in due course.' Stainsby Country Park and	Executive Not before 26th Oct 2021		KEY	Public		Executive Member for Regeneration <i>Paul Clarke</i> <i>paul_clarke@middlesbrough.gov.uk</i>
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Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	Masterplan To adopt the Stainsby Country Park and Masterplan.						
I012236 All Wards  Page 16	2022/23 Transport and Infrastructure Capital Programme That Executive approves the proposals to allocate funding to deliver infrastructure as identified within the report.	Executive 8 Mar 2022		KEY	Public		Executive Member for Environment, Finance and Governance, Executive Member for Regeneration <i>Chris Orr</i> <i>Chris_Orr@middlesbrough.gov.uk</i>
I012245 Central	Fountain Court Refurbishment Phase Two Works The report to Executive on 5th October 2021 approved the £7m budget required to refurbish and fit out Fountain Court ahead of its occupation by Council staff This report provides an update to Executive on the project's	Executive 8 Mar 2022		KEY	Public		Executive Member for Environment, Finance and Governance, Executive Member for Regeneration <i>Steve Fletcher, Head of Development</i> <i>Steve_Fletcher@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	progress and seeks delegated approval for the phase two contract award to be given to the Director of Regeneration and Culture, Richard Horniman and Director of Finance, Ian Wright.						
1011647 Central Page 17	TeesAMP Next Phase To present the business case for additional investment in Tees Advanced Manufacturing Park (TeesAMP).	Executive 8 Mar 2022		KEY	Fully exempt		Executive Member for Regeneration <i>Sam Gilmore, Head of Economic Growth</i> <i>Sam_Gilmore@middlesbrough.gov.uk</i>
1012237 All Wards	Towns Fund Ward Initiatives Seek approval to deliver the programme of schemes developed as part of the Towns Fund Ward Initiatives projects and for the Council to adopt and maintain the assets.	Executive 8 Mar 2022		KEY	Public		The Mayor and Executive Member for Adult Social Care and Public Protection <i>Sam Gilmore, Head of Economic Growth</i> <i>Sam_Gilmore@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
I012073 Coulby Newham ; Nunthorpe  Page 18	Strategic Housing Site Disposals To seek approval to commence the process of preparing two Council owned housing sites (Newham Hall and Nunthorpe Grange) for sale. Both sites are contained within the 2014 Local Plan, and approval is needed to commence preparatory work.	Executive 5 Apr 2022		KEY	Public		Executive Member for Regeneration <i>Steve Fletcher, Head of Development</i> <i>Steve_Fletcher@middlesbrough.gov.uk</i>
I012243 Central	Middlehaven - Electricity Reinforcement Works The report is seeking approval from Executive for funding to facilitate the upgrade of electricity provision in Middlehaven.	Executive 10 May 2022		KEY	Public		Executive Member for Regeneration <i>Richard Horniman, Director of Regeneration</i> <i>Richard_Horniman@middlesbrough.gov.uk</i>

**MIDDLESBROUGH COUNCIL**

**OVERVIEW AND SCRUTINY BOARD**

**22 FEBRUARY 2021**

**ATTENDANCE OF EXECUTIVE MEMBERS AT  
THE OVERVIEW AND SCRUTINY BOARD**

**PURPOSE OF THE REPORT**

1. To provide information in respect of the scheduled attendance of Members of the Executive at the Overview and Scrutiny Board (OSB).

**RECOMMENDATIONS**

2. It is **RECOMMENDED** as follows:
  1. That Members of the Overview and Scrutiny Board are appraised of the work of the previously appointed Executive Member for Education and current Executive Member for Culture and Communities.
  2. That Board Members question the previously appointed Executive Member for Education and current Executive Member for Culture and Communities in respect of his portfolio and any issues which arise at the meeting.

**BACKGROUND**

3. Arrangements are in place in the Council to ensure that potential issues for consideration via the scrutiny process (i.e. by the Overview and Scrutiny Board or the relevant scrutiny panel) are highlighted and brought forward as necessary.
4. Overview and Scrutiny also has a responsibility of “holding the Executive to account.” This can happen in a number of different ways and at different stages in the decision-making process. In terms of decision making, this can be:
  - Before decisions are made - such as by examining policy options or considering issues included in the Council’s forward work programme.
  - Immediately after decisions are made, but prior to their implementation, through the call-in process; and
  - After decisions are implemented, through monitoring and evaluation of their effects.

5. Overview and Scrutiny can be involved in holding the Executive to account as a whole, by using the methods outlined in the preceding paragraph, or on an individual basis. The OSB's role in this area has been strengthened in recent years, with arrangements having been made for individual Members of the Executive to attend OSB.
6. This has given OSB Members the opportunity to hear directly from each Executive Member on matters such as their aims and aspirations, progress made, objectives and priorities and also any emerging issues or pressure areas relating to their portfolio.
7. The process has also presented an opportunity for OSB to highlight and question any issues of concern or difficulty (for example in respect of service areas where targets have not been reached or where objectives have not been achieved) and to question what action will be taken to address such issues.
8. Arrangements have been made for the previous Executive Member for Education and current Executive Member for Culture and Communities to be in attendance at today's meeting. Details of the relevant portfolios are attached at **Appendix 1**.

## **BACKGROUND PAPERS**

9. There were no background papers used in the preparation of this report.

**Contact Officer:**

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<b>Executive Portfolio:</b>	<b>Executive Member for Education</b>
<b>Portfolio Holder:</b>	Councillor Stephen Hill
<b>Lead Officer:</b>	Executive Director of Children's Services/Director of Education, Prevention and Partnerships
<b>SCOPE OF PORTFOLIO</b>	
<p>The Executive Member for Education has responsibility to ensure that all children are provided with the opportunity to realise their educational attainment potential. The Executive Member will also oversee the provision of educational statutory services to address the needs of all children and young people and adults who are in need of services (including youth justice).</p> <p>Quality education is the key to good life chances for all. The Executive Member is responsible for the following:</p> <ul style="list-style-type: none"> <li>• Access to Education</li> <li>• Achievement</li> <li>• Vulnerable learners and SEN</li> <li>• School Readiness (including Children's Centres)</li> <li>• Work Readiness</li> <li>• School partnerships</li> <li>• Adult and Community Learning</li> <li>• Youth Offending</li> </ul> <p><b>Policy Framework – Education</b></p> <ul style="list-style-type: none"> <li>• National Curriculum</li> <li>• Assessment &amp; Accountability Framework 2020/21</li> <li>• Children &amp; Families Act 2014 – SEND Reforms</li> <li>• Ofsted Framework</li> <li>• School Finance Regulations 2013</li> <li>• Education Act 2011</li> <li>• Academies Act 2010</li> <li>• Education and Skills Act 2008</li> <li>• Education and Inspection Act 2006</li> <li>• Children Act 2004(relevant to portfolio)</li> <li>• Education Act 2002</li> <li>• Crime and Disorder Act 1998</li> </ul>	

- School Standards & Framework Act 1998 as amended
- Education Act 1996 as amended
- Statutory Framework for Early Years Foundation Stage
- Apprenticeships, Skills, Children and Learning Act 2009
- Early Years Foundation Statutory framework
- Crime and Disorder Act 1998

#### **Other Plans and Strategies - Education**

- Children and Young People's Plan
- Education and Priorities Strategy
- School Effectiveness Strategy
- 14-25 Strategy
- Vulnerable Learners Strategy
- Children's Services Improvement Plan
- Capital Strategy & Asset Management Plan (Schools)
- Scheme for Financing Schools
- Adult Learning Plan
- Youth Employment Strategy
- Special Educational Needs and Disability Reforms
- School Improvement Strategy
- Healthy Child Programme (5 – 19) (including School Nursing service)
- School Improvement Strategy
- Youth Justice Plan
- SEND Strategy
- Inclusion Strategy

#### **Service Functions – Education**

- Advisory Service
- Special Educational Needs & Pupil Support
- Parent Partnership/Choice Advice
- Cleveland Unit nursery and child assessment centre
- Reduce first time entrants to criminal justice system (young people)
- Reduce reoffending (young people)
- Education Psychology

- Peripatetic Sensory Impairment Service (lead for joint arrangement)
- Pupil Referral Units
- Home & Hospital Education Service
- Virtual School for Looked After Children
- Ethnic Minority Achievement Service
- Traveller Education Service (lead for joint arrangement)
- Attendance & Child Employment Licensing
- School Admissions
- Governor Development Service
- School Business Relationship Management
- School Place Planning/School Organisation
- Capital Programme management (Schools)
- Middlesbrough Achievement Partnership support
- Community Learning and Employability
- Promote educational excellence for all children and young people
- Tackle underperformance
- Education of vulnerable children
- Special educational needs
- Strategic School place planning
- Liaison with education partners
- Skills Development
- School organisation
- Place planning
- Admissions
- Attendance
- Attainment
- SEN
- Cleveland Unit
- Sensory impairment
- Complimentary Education
- Adult and community learning

<b>Executive Portfolio:</b>	<b>Executive Member for Culture and Communities</b>
<b>Portfolio Holder:</b>	Councillor Stephen Hill
<b>Lead Officer:</b>	Director of Regeneration and Culture/Director of Environment and Community Services

### **SCOPE OF PORTFOLIO**

In relation to the responsibilities for Culture and Communities, the Executive Member for Culture and Communities has responsibility for strengthening the town's cultural sector and creating safer communities, in accordance with the Mayor's Priorities. The Executive Member for Culture and Communities will also have responsibility for:

- Services to support vulnerable people
- Community Safety and Community Development
- Empowering communities and individuals to access opportunities
- Supporting people into employment
- Cultural Strategy
- Migration and Asylum Seekers
- Welfare Rights
- Corporate Equality and Diversity Policy

#### **Policy Framework – Communities**

- Voluntary Sector
- Strategic Approach to Addressing Poverty
- Community Safety including Law and Order Issues
- Community Development
- Community Hub Development
- Civil Contingencies Act 2004
- Crime and Policing Act 2014
- Human Rights Act
- Cultural Strategy

#### **Service Functions – Communities**

- Myplace
- Community Hubs
- Libraries and Archives
- Community Safety

- Street Wardens
- Neighbourhood Safety
- Migration and Asylum Seekers
- Volunteering
- Welfare Reform
- Diversity (including Asylum Seekers / Refugees and Community Cohesion)
- Neighbourhood Working
- Events Management
- Town Hall and Theatre
- Museums
- Marketing and Communications

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# Overview and Scrutiny Board: Chief Executive update

Page 27

## 22 February 2022

Agenda Item 6

# Agenda

- COVID-19
- Quarter Three corporate performance update
- Governance issues in Local Government
- Executive update
- Questions

# COVID-19 overview

**73**

new cases added to the system today

**519**

new cases diagnosed (in last 7 days)

**368.10**

rate per 100k pop (last 7 days)

**319.20**

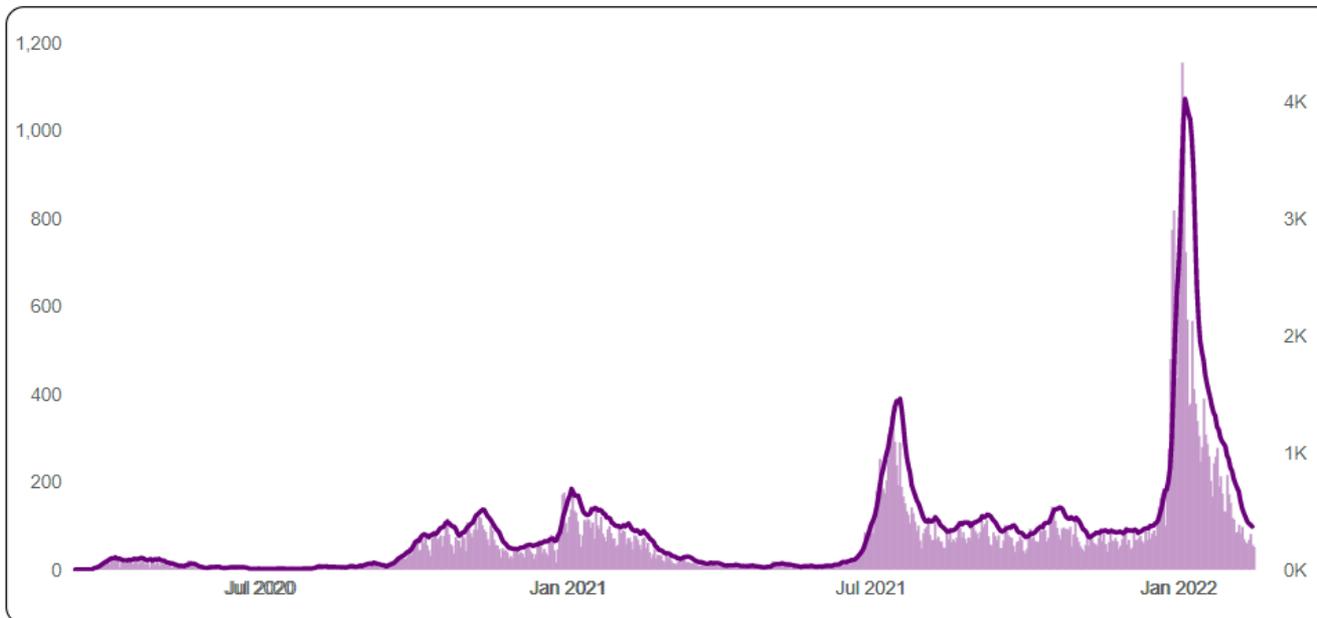
COVID deaths per 100k pop

PILLAR 2

41.83K

PILLAR 1

5.84K



# Quarter Three corporate performance update

The Council's performance overall at the end of Quarter Three saw a drop in performance from the Quarter Two reported position.

Page 30

Discipline	Q3	Last Quarter
Executive Actions	72%	97%
Strategic Plan: Outcomes	42%	58%
Strategic Plan: Workplan	96%	100%
Strategic Risk Register	71%	97%
Directorate Priorities	97%	98%
Directorate Risk Registers	81%	99%
Programmes and Projects	92%	91%

# Quarter Three corporate performance update

The dip in performance is accounted for owing to a slight lag in performance reporting over the Christmas period.

Whilst work will be undertaken in the final quarter of the year to get performance back to target wherever possible, performance reported for February 2022 shows an improved position.

Alongside this, work is currently underway to develop a refreshed Strategic Plan workplan (activities and associated delivery plans), which will be presented to Executive for approval in April 2022.

# Governance issues in Local Government

Governance failings have been identified within a number of Councils recently, which have led to direct Government intervention and a loss of local control.

The findings associated with each of the resultant Government-led reviews identify both circumstance and risks that have the potential to arise in Middlesbrough and other local authorities.

A brief synopsis of the recent findings associated with four Councils are provided in the following slides.

# Governance issues in Local Government

## Liverpool Council

### Trigger:

Following the arrest of the LCC Mayor and several senior officers.

### Findings:

- Failure of senior officers to challenge / escalate concerning behavior(s)
- Officers not supported when challenging concerning behavior(s)
- Member / officer roles not clearly understood or maintained
- Lack of legal oversight / involvement in regeneration projects
- Active circumvention of corporate governance without consequence
- Failure to follow policies and procedure in relation to contracts, procurement, finance and partnerships
- Weak Member training and a lack of consequence for non-compliance
- Poor records management

# Governance issues in Local Government

## Sandwell Council

### Trigger:

Government considering appointing Commissioners in response to a number of Governance concerns highlighted through external audit.

### Findings:

- Page 34
- Lack of stability in political leadership
  - Number of misconduct allegations against Councillors
  - Poor behaviour and lack of trust between Members and senior officers
  - An absence of intervention by senior officers
  - Lack of “corporate grip” and no real vision

# Governance issues in Local Government

## Wirral Council



### Trigger:

Assurance Review following Government concerns about governance and financial viability of Council.

### Findings:

Page 35

- Failure to build political consensus
- Culture of avoiding difficult decisions
- Delays in agreeing a Local Plan
- Officers “compromise too quickly with members”
- No connection between Council strategy and priorities and budget
- Insufficient lead member understanding / accountability

# Governance issues in Local Government

## Slough Council

### Trigger:

Assurance Review following Government concerns about governance and financial viability of Council.

### Findings:

- Page 36
- Lack of trust between officers and Members
  - Lack of improvement in Children's Services
    - Officer and Lead Member churn, impacting on improvement potential
    - Over-provision of some Children's Services and maintaining costly weekly refuse collection
    - Lack of systems and processes to ensure good governance
    - Scrutiny function not sufficiently developed or influential

# Executive update: February reports

**Corporate Performance update:** Updating the Executive of progress against all corporate performance disciplines, at Quarter Three 2021/22.

**Revenue and Capital budget outturn position update:** To advise the Executive of the Council's financial position at Quarter Three 2021/22.

**Revenue Budget, Council Tax and Medium Term Financial Plan and Capital Strategy 2022/23:** The setting of the Revenue Budget, Council Tax, Capital Strategy for 2022/23 prior to full Council.

Page 37

**Virtual School peer review:** Report outlining findings of the recent Peer Review of Middlesbrough's Virtual School. acknowledging excellent practice and providing suggestions for improvement and development of the Service.

**Appointment of External Auditors:** Seeking Executive endorsement for the Council's participation in the National Appointments Scheme for the procurement and selection of external auditors from April 2023.

# Executive update: February reports

**Local Council Tax Support 2022/23:** Seeking Executive approval for the proposed Council Tax Support Scheme 2022/23.

**Tackling Crime and Social Behaviour:** Seeking Executive approval for the proposals to extend existing town-wide Public Space Protection Orders (PSPOs) for a further 3 years and additional investment in CCTV.

Page 38  
**Final Report of the Culture and Communities Scrutiny Panel:** Service response to 'Cultural Events in Middlesbrough; their impact and future'.

**Final Report of the Economic Development, Environment and Infrastructure Scrutiny Panel:** Service response to 'Middlesbrough Regeneration post-COVID'.

# Executive update: expected March reports

**Final Report of the Adult Social Care and Services Scrutiny Panel:** Service response to 'The Recruitment and Retention of Staff Within Adult Social Care'.

**Children's Services:** Progress update on Children's improvement journey.

**Tender Pipeline Approval 2022/23:** Seeking Executive approval, including the delegation of responsibility for award to the relevant Director in consultation with their Executive Member.

**Transport and Infrastructure Capital Programme 2022/23:** Seeking Executive approval for proposals to allocate funding to deliver infrastructure.

**Fountain Court Refurbishment:** Progress update on refurbishment and fit out, ahead of occupation by Council staff, seeking delegated approval for the Phase Two contract award.

# Executive update: expected March reports

**Tees AMP:** Presentation of business case for additional investment in Tees Advanced Manufacturing Park (Tees AMP).

**Towns Fund Ward Initiatives:** Seeking approval to deliver the programme of schemes developed as part of the Towns Fund Ward Initiatives projects and for the Council to adopt and maintain the assets.

Page 40

# Questions?

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**MIDDLESBROUGH COUNCIL**



**Report of:** Councillor Barrie Cooper - Executive Member for Environment and Finance & Governance  
Ian Wright - Director of Finance

**Submitted to:** Overview & Scrutiny Board - 22 February 2022

**Subject:** Revenue and Capital Budget - Projected Outturn position as at Quarter Three 2021/22

**Summary**

**Proposed decision(s)**

- That OSB notes the 2021/22 revenue budget Quarter Three total projected outturn of £5.046m, representing a £3.225m (2.8%) overspend on non-Covid-19 elements, and the estimated financial effect of Covid-19 in 2021/22 of £1.821m, and the proposed actions to address this.
- That OSB notes the proposed use of the following Reserves to fund the total projected overspend of £5.046m in 2021/22 :
  - Social Care Demand Reserve (£0.5m)
  - Children’s Services Demand Reserve (£0.732m)
  - Covid Recovery Reserve (£3.814m)
- That OSB notes the implementation of the Flexible Use of Capital Receipts Strategy approved by Council on 20 October 2021, and that the projected amount of £4.9m arising from the implementation of the Strategy will be transferred to a Reserve at year-end.
- That OSB the revenue budget virements over £150,000 (Appendix 1), as approved by Executive on 14 February 2022.
- That OSB notes the 2021/22 capital budget Quarter Three predicted outturn of £59.035m against a budget of £64.814m, and the revised Investment Strategy to 2023/24 at Appendix 2, as approved by Executive on 14 February 2022.

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?</b>
Noting	NA	No	No

<b>Contribution to delivery of the 2021-24 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
Quarterly monitoring, review and action planning plays a central role in ensuring that the Strategic Plan is delivered effectively.		

<b>Ward(s) affected</b>
None.

## **What is the purpose of this report?**

1. This report advises OSB of the Council's financial position at Quarter Three 2021/22, including the projected effect of Covid-19 on the Council's finances.

## **Why does this report require a member decision?**

2. The Council's Scheme of Delegation gives OSB collective responsibility for monitoring corporate strategic performance and financial management / monitoring, together with associated action.
3. This report provides the necessary information to enable OSB to discharge its financial monitoring responsibilities, setting out:
  - projected revenue and capital budget outturns as at Quarter Three 2021/22;
  - position statements in relation to the Council's borrowing and prudential indicators, and its reserves and provisions; and
  - actions that the Council has taken and plans to address the issues raised.
4. Standing Orders and Financial Procedures require the Executive's approval of the revenue budget virements over £150,000. Those approved by the Executive on 14 February 2022 are detailed at Appendix 1.
5. A revised Investment Strategy for the period to 2023/24 is attached at Appendix 2, as approved by the Executive on 14 February 2022.

## **Report Background**

### **Revenue Budget Quarter Three Projected Outturn 2021/22**

6. As reported in previous reports, the Covid-19 pandemic is continuing to have a significant impact on the Council's financial position. This has made the management of the Council's finances more difficult due to the constantly evolving situation and also the level of uncertainty regarding the financial effects of Covid-19 in 2021/22 and future years. Covid-19 financial pressures are being monitored separately from the normal non-Covid-19 financial position, and these are reported separately in paragraphs 66 to 95 below.
7. The 2021/22 Revenue budget for the Council is £116,492,035. During Quarter One there were a number of transfers of services between Directorates due to managerial changes, and the financial position is reported against the new Directorate budgets. The Council's outturn position for 2021/22 for non-Covid-19 elements is projected to be an overspend of £3.225m (2.8%). The split by Directorate is shown in the table below, with the Quarter Two position also included for information :

Directorate	2021/22 Full Year Budget £'000s	2021/22 Q3 Projected Outturn (excluding £'000s)	2021/22 Q3 Projected Over / (under) spend (excluding Covid-19) £'000s	FOR INFORMATION Q2 Projected Over / (under) spend (excluding Covid-19) £'000s
Regeneration and Culture	3,464	2,566	(898)	(885)
Environment and Community Services	18,779	20,450	1,671	1,217
Public Health	(2,820)	(3,343)	(523)	(409)
Adult Social Care	41,336	41,271	(65)	107
Total - Adult Social Care and Health Integration	38,516	37,928	(588)	(302)
Education & Partnerships	480	(35)	(515)	94
Children's Care *	38,209	47,152	8,943	7,885
Total - Children's Services	38,688	47,116	8,428	7,979
Legal and Governance Services	9,423	9,472	49	147
Finance	33	(1,248)	(1,281)	(1,219)
Central Budgets **	7,588	3,432	(4,156)	(4,332)
<b>Revenue Outturn</b>	<b>116,492</b>	<b>119,717</b>	<b>3,225</b>	<b>2,605</b>

#### Note

\* Children's Care includes an estimated £2.5m of transformation and improvement costs, which will be funded from Flexible Use of Capital Receipts at year-end (see paragraphs 10 and 96 to 98 for further details)

\*\* Central Budgets includes an estimated £1.8m of transformation and improvement costs, which will be funded from Flexible Use of Capital Receipts at year-end (see paragraphs 10 and 96 to 98 for further details)

8. This when added to the estimated Covid-19 pressures of £1.821m detailed in paragraphs 66 to 95 results in a total projected outturn pressure at year-end 2021/22 of £5.046m, an increase of £0.891m from the position reported at Quarter Two.
9. It is proposed that the total projected overspend in 2021/22 will be covered by the full utilisation of the Social Care Demand Reserve of £0.5m and the Children's Services Demand Reserve of £0.732m, which were created at the end of 2020/21. It is proposed that the remaining £3.814m of the total projected outturn pressure is funded from the £4.512m Covid Recovery Reserve, which was created during 2020/21 to cover the potential costs arising from the Covid-19 recovery in 2021/22 and future years.
10. The financial position of the Council is further improved by the use of the Flexible Use of Capital Receipts Strategy, which was approved by Full Council on 20 October 2021. Full details are provided in paragraphs 96 to 98, with the impact of this being that the Council's financial position will potentially be improved by an estimated £4.9m at year-end. As the Covid and non-Covid pressures have already been funded by reserves as outlined above, it is proposed that this will be transferred to a Reserve at year-end to help support the significant and continued transformation work taking place within the Council, principally within Children's Services, which will deliver improvement and efficiencies. Currently no entries have been made in the Council's accounts for this, and therefore the projected outturns detailed in the table in paragraph 7 above have not been amended for these. Any adjustments to the

Council's accounts to comply with the Local Authority Accounting Code of Practice will be made at year-end when figures for each project are finalised. Further details of this are provided in the separate section of the report (paragraphs 96 to 98).

11. The level of Reserves remaining after the use and creation of these Reserves is shown in the Reserves and Provisions Section of this report (paragraphs 133 and 134) and in Appendix 3.

***Progress against budget savings***

12. £1.9m of additional budget efficiency savings were approved by Council on 24 February 2021 as part of the 2021/22 budget setting. There were also approximately £1m of savings approved in previous years relating to 2021/22.
13. As reported previously at Quarters One and Two it has not been possible to achieve one of the budget savings due to Covid-19 and this is detailed in paragraph 82 below.
14. In addition, as reported at Quarters One and Two there are £1,094,000 of planned Digital project savings and a £180,000 saving to reduce staff mileage rates across the Council, which are likely to not be fully achieved in 2021/22, due to delays in implementing the projects partly caused by the effects of Covid-19. These savings were approved in previous years and are part of the budget set for 2021/22. These savings have been allocated to Directorates. A total of £265,000 of the Digital project and mileage savings are projected to be achieved in 2021/22. The remaining £1,009,000 of the savings required will be fully covered by temporary one-off efficiency savings for 2021/22 that have been proposed by Directorates. These savings do not have a material effect on service delivery, and include the following main areas:
  - Keeping posts vacant / delaying recruitment to vacant posts
  - Further reducing the use of agency staff within Children's Care
  - Reducing discretionary supplies and services and exam and courses fees expenditure
  - Reviewing the amounts charged to grants in line with grant conditions
  - Maximising the amounts that are charged to corporate Ofsted Improvement Fund and Change Fund funding within Children's Services
  - Utilising surpluses held in joint arrangements budgets
  - Savings arising from predicted reduced demand for services during 2021/22 following further analysis
  - Deferring expenditure relating to Streetworks permit set up costs until 2022/23, where they can be covered by income to be received
  - Utilising up to £233,000 of the Adult Social Care Recovery Reserve, which was created at year end 2020/21 for the potential effects of increased service demand, as it is currently predicted that the full amount will no longer be required
15. The above temporary one-off efficiency savings for 2021/22 will mean that there is no financial effect on the projected outturns for Directorates in 2021/22 due to the unachieved Digital and mileage savings.
16. It should be noted that it is expected that the full amount of savings relating to Digital will be fully achieved from 1 April 2022 as per the original intended methods.

17. As reported in the MTFP Update Report to Council on 24 November 2021, in light of the recovery from Covid-19 and the potential effect on staff the £180,000 saving related to “reducing staff mileage rates across the Council” has been removed from the MTFP from 2022/23.

### ***Directorate variances***

18. The detail of the variances contained in the table in paragraph 7 are set out below. At Quarter Three, 24 areas are projected to be spent +/- £150,000 of the agreed budget. Where appropriate, the on-going effects of variances will be considered as part of future updates of the Council's Medium Term Financial Plan.

### *Regeneration and Culture*

19. As reported at Quarters One and Two, car parking income is projected to be below budget in 2021/22 due to the effects of Covid-19 lockdown and the recovery period throughout the rest of the year following the removal of lockdown restrictions. The pressure arising from this in 2021/22 is shown in the Covid-19 Reduction of Income section of the report (paragraphs 78 to 81).
20. Grant income of £850,000 is predicted to be received from the Tees Valley Combined Authority (TVCA) in 2021/22 for the provision of 2 to 3 hour free parking across the Tees Valley. £68,000 of the TVCA grant relating to the Captain Cook Car Park, where the Council provides 3 hour free parking, has been used, as per the scheme guidance, to mitigate the effects of the lost income for the first quarter of 2021/22 reported under the Covid-19 Sales, Fees and Charges lost income scheme.

### *Environment and Community Services*

#### *- Property Services*

21. The Property Services budget is currently projected to be overspent by £991,000 at year-end, an increase of £380,000 from the £611,000 projected overspend that was reported at Quarter Two.
22. Within this budget there is an anticipated pressure against the Running Costs budget of £455,000, primarily due to the rising costs of energy. This a significant increase of £305,000 from that reported at Quarter Two, due to a major rise in prices in November 2021. This is subject to further change and the final pressure at year-end will be funded from the Central Pay and Prices Contingency budget, and provision for this has built into the updated MTFP presented to Executive on 14 February 2022.
23. A pressure totalling £269,000 is projected on the Bereavement Services budget, mainly relating to a shortfall in income due to a decrease in the number of cremations following the opening of a crematorium in Stockton. This is an increase from the £200,000 reported at Quarter Two. The ongoing effects of this have been provided for in the updated MTFP presented to Executive on 14 February 2022.
24. The predicted overspend of £170,000 reported at Quarter Two against the Integrated Transport Unit budget has now decreased substantially to a current projected overspend of £50,000, due to the receipt of unbudgeted one-off grant income.

25. In addition, there are a number of budget areas within Property Services which have variances below £150,000, and these account for the overall £991,000 total projected overspend on the Property Services budget.

- *Environment Services*

26. The Environment Services budget is currently showing an anticipated pressure totalling £642,000, a minor decrease from that reported at Quarter Two.

27. The pressure is mainly as a result of the need to secure an alternative contractor to process kerbside recycling material following the previous contractor entering into administration. Currently, the increased cost is predicted to be £500,000 in this financial year. The final pressure at year-end will be funded from the Central Pay and Prices Contingency budget. Following the tender process a new contractor has been appointed effective from 1 April 2022, and this will mean that this pressure will no longer exist from 2022/23 onwards, and there will also be a projected saving of £180,000 on the current budget. The current MTFP has been updated accordingly to reflect this from 2022/23 onwards.

28. There are also a number of other pressures within the Environment Service below £150,000, including Catering (£30,000) due to the rising cost of food & drink supplies, Pest Control (£62,000) due to an income shortfall, and Waste Collection (£117,000) due mainly to an income shortfall following the temporary introduction of free junk jobs. These pressures have been partially offset by salary savings elsewhere within the Service.

- *Transport, Fleet & Highways Service*

29. The Transport, Fleet & Highways Service budget is expected to produce an overall pressure of £96,000 at year-end. This is primarily due to an anticipated overspend of £132,000 within Fleet Management as a result of the rising cost of fuel and materials associated with vehicle repairs.

*Public Health*

30. There are projected savings on Public Health budgets totalling £523,000, with £244,000 of the projected savings being due to reduced activity for some demand led services, such as Stop Smoking, NHS Healthcheck programme, rehabilitation, and prescribing costs as a result of Covid-19, and the remainder being due to staff and supplies and services savings.

*Adult Social Care*

31. There are projected staff savings across the Service totalling £600,000 mainly due to staff turnover and delayed recruitment to vacancies. Similar to Children's Care (as detailed in paragraph 49), there are emerging difficulties within Adult Social Care relating to the recruitment of permanent social work staff, and the Service are having to consider recruiting agency staff to fill vacant posts.

32. The first three quarters of 2021/22 have seen a net growth in purchased care costs (mainly residential care) of £1,333,000, with further growth of £150,000 forecast to the year-end. It should be noted that this forecast could vary significantly as Covid-19

restrictions ease and overdue reviews of care packages are undertaken during the remainder of the financial year. This pressure is offset by a corresponding increase in service user's contributions to care of £500,000 in excess of budgeted income. Other projected savings of £411,000, including additional health income and reductions in the cost of some care packages, are predicted to reduce the total overall pressure on the purchasing budget to £572,000.

33. In addition, there are a number of budget areas within Adult Social Care which have variances below £150,000, and these account for the overall £65,000 total projected underspend on the Adult Social Care budget.

#### *Education & Partnerships*

34. There is a projected overspend of £27,000 on the Education Services budget, mainly due to reduced income from lower take up of services at Children's Centres and Nurseries following the end of Covid-19 lockdown.
35. There is also a projected saving of £542,000 at year-end relating to school contributions to capital schemes, as contributions were funded from other sources, thereby creating a revenue saving.
36. For information, the Council received £160.3m (before deductions and recoupment) of Dedicated Schools Grant (DSG) for 2021/22. The funding comprises of a number of blocks - Schools Block, Central School Services Block, High Needs Block, and Early Years Block. A large proportion of the Schools Block is passported directly to academies (known as recoupment).
37. There was a £3.3m deficit on the DSG grant at the end of 2020/21, of which £3.9m was attributed to the High Needs Block. A total DSG deficit of £4.3m is currently projected for the end of 2021/22. The Council currently has to account for such DSG deficits separate from its own finances, and cannot use its General Fund to clear the deficit. However, this only lasts until the end of March 2023 and therefore there is uncertainty around this in the future and a risk that after March 2023 the Council may have to provide for the DSG deficit. This risk is accounted for in the determination of the General Fund Reserve included as part of the Revenue Budget, Council Tax, MTFP and Capital Strategy 2022/23 Report presented to Executive on 14 February 2022 and to be presented for approval by Council on 23 February 2022.
38. The increasing pressure in DSG and in particular the High Needs Block is due to the fact that alongside social care, the service is predicting an increase in more complex placements with a forecast increase in Education, Health and Care plans (EHCPs) in the future. The Government have partly recognised this by an increase in funding allocated in the latest finance settlement for 2022/23 for both Schools and High Needs Blocks.

#### *Children's Care*

39. The projected overspend on the Children's Care budget has increased by £1,058,000 from that reported at Quarter Two to a projected overspend of £8,943,000 as at Quarter Three. The split of the projected overspend between the individual budgets within Children's Care and the changes from the Quarter Two reported position are detailed in the paragraphs below.

40. A proportion of the projected overspend is linked to transformation and improvement within Children's Services which is part of as the Flexible Use of Capital Receipts Strategy detailed in paragraphs 96 to 98.
41. The external residential agency placements budget is currently projected to be £2,913,000 (30%) overspent at year-end. This is an increase of £431,000 from the Quarter Two projection, mainly due to price increases within the market generally and new placements initially being made at a higher cost whilst reduced cost long-term permanent placements are sought. The number of external residential placements has significantly reduced to 48 at the end of Quarter Three from 65 at the end of 2020/21, due to various initiatives introduced such as the Innovate Team, the Futures for Families Programme, and Daniel Court. It should be noted that whilst the number of placements has decreased significantly, there has however been increased costs for some of the remaining placements due to the complex nature of the remaining young people.
42. It should be noted that this increase should not affect the on-going plan to reduce Children's Care expenditure in future years, as a large proportion of the current increased cost is short-term in nature whilst reduced cost long-term permanent placements are being finalised, and also some of the young people involved will turn 18 years old soon and therefore should not result in any further cost to the Children's Care budget. The reduction in numbers of children in external placements is on track with that as per the action plan. In addition, Phase 2 of the Innovate programme has started, but it will take time to fully progress the placement moves of the complex young people and achieve further financial savings.
43. As mentioned at Quarter Two, further work led by the Directors within Children's Services has been undertaken to review all the young people in Residential Agency Placements and ensure that appropriate levels of funding are received from both the Clinical Commissioning Group (CCG) for Health and from Dedicated Schools Grant (DSG) for Education contributions. Due to the fact that the complexity of the Council's young people has increased along with the average placement costs, the Health and Education contributions should therefore also increase appropriately. The projected outturn for the external residential placements budget includes increased Education contributions to placements, some paid direct to providers, estimated at £760,000 for 2021/22. There is however a significant backlog of processing Education Health Care Plans and therefore this figure may increase further, and this could improve the position in the remainder of the year, and this will be reported as part of the 2021/22 Year-End Outturn report.
44. The above has however been partly offset by projected additional income from the CCG of £220,000 (18%) above the budget for the contribution from Health towards the increased cost of placements due to the complex needs of the young people. This is unchanged from that reported at Quarter Two.
45. The in-house fostering services budget is currently projected to be £1,002,000 (34%) overspent at year-end, broadly similar to the Quarter Two projection. There has been an increased number of placements/cases by 5 from the start of the year (from 164 to 169 currently). An increase in this budget should be positive as a whole as the cost per child is less expensive than other demand budgets, and the Service are working to further increase capacity over the next few years.

46. The Independent Fostering Agency (IFA) placements budget is projected to be £1,260,000 (24%) overspent at year-end, an increase of £70,000 from that reported at Quarter Two. The number of placements / cases has reduced to be currently at 153, but this is still significantly above the budget. Whilst capacity has been maximised within the internal in-house fostering service, an overspend will still exist on this budget to ensure that higher cost external residential placements are minimised. Without the increase in places in in-house fostering provision, the Independent Fostering Agency budget pressure would have increased significantly more than it has.
47. There is a projected overspend on the Family and Friends Allowances budget of £756,000 (33%), which is a slight increase from the projected overspend of £718,000 reported at Quarter Two, but still a significant reduction from that reported at Quarter One. It should be noted that demand on this budget is expected to continue to grow over the next few years as the Council continue to improve outcomes for Middlesbrough young people and make improvements to services. The costs associated with payments made under this budget are however significantly lower than those in other budgets, such as those in external residential agency placements or Independent Fostering Agency (IFA) placements. A working group is continuing to investigate processes and payments, and there is a plan to increase benefit claim checks in order to attempt to mitigate this pressure.
48. There is currently a predicted overspend of £1,815,000 (32%) on the Safeguarding, Care Planning and Referral and Assessment teams budget, which is a substantial total increase across these budgets of £403,000 from that reported at Quarter Two. This is predominantly due to increased Professional and Legal costs (including parenting assessments and substance testing) that have increased by £166,000 to support improved pre-court proceeding works to reduce the risk of young people going into care into higher cost placements. The Council have received significantly improved feedback from courts relating to this work and this has helped to support improving relations with courts. Section 17 payments, to support emergency support for young people and their families has increased by £78,000. The Service is working with Finance to analyse the costs further to evaluate value for money of these, and to determine if some of this cost is required to be included ongoing as part of longer term strategy to reduce/avoid higher Children Looked After costs.
49. As detailed at Quarter Two staff agency costs in 2021/22 to cover sickness and vacant posts are a major element of the pressure on the Safeguarding, Care Planning and Referral and Assessment teams budget, and there has been an increase in costs of £170,000 from that predicted at Quarter Two due to the fact that agency staff levels have not reduced by as much as previously projected. It remains a challenge to recruit and retain social workers, and a strategy for this is included within the Ofsted Improvement Plan, and supported by the Council's management team. The recruitment of permanent social work staff is a major challenge to the Council, with the continued reliance on the use of significant levels of agency staff being a significant risk to the long-term finances of the Council.
50. The projected overspend on the Review and Development budget is £324,000, similar to that reported at Quarter Two. The pressure on this budget is due to increased staffing costs to support the reduction in caseloads of social workers to more manageable levels, and the recruitment of agency staff to fill vacant posts due to challenges in recruiting to social worker positions across Children's Services.

51. Children Looked After teams are projecting a £445,000 (18%) overspend at year-end, a slight increase from that reported at Quarter Two. Similar to Safeguarding, Care Planning and Referral and Assessment teams budget, this is mainly due to agency staffing costs to fill vacancies and cover absences, and to support the Ofsted Improvement Plan. As stated in paragraph 49 the reliance on agency staff, is a significant risk to the Council in the medium to longer term.
52. There is a projected pressure of £388,000 (34%) on the Adoption Services budget. This is an increase of £244,000 from Quarter Two due to an increase in the projected costs from the Tees Valley Adoption Agency for inter-agency fee payments for 2021/22. This is however having a positive effect, as there have been 19 adoption orders completed in the year and there are also 38 other additional placement orders, of which 22 are awaiting adoption orders over the coming months.
53. The Internal Residential Services budget is currently projecting an overspend of £131,000 (5%) at year-end, a decrease of £167,000 from the £298,000 reported at Quarter Two, due to lower staffing costs than predicted at Quarter Two caused by delays in filling beds within internal provision. There have been pressures on staffing costs throughout the year as there has been a need to recruit agency staff due to challenges in recruiting permanent staff.
54. It should be noted that the pressures reported on the Directorate's management budgets in previous years have now been removed following senior staff moving from agency contracts to permanent contracts.

#### *Legal and Governance Services*

55. As reported at previous quarters there is an overspend expected against the budget for Middlesbrough's contribution to the Coroners Service, currently projected by £171,000. This is due to a rise in the number of cases, and also an increase in pathology and post-mortem costs. This overspend has been partially offset by savings within other areas of the Directorate.

#### *Finance*

56. As reported at Quarters One and Two continued successful lettings at Tees Advanced Manufacturing Park (TAMP) have resulted in unbudgeted net additional revenue income, currently estimated to be £339,000. This is reported under the Commercial Rents income budget which, following the inclusion of the additional income from TAMP, is projecting an overall surplus of £26,000 at year-end. There is also a predicted underspend on the Valuation budget of £115,000 due to an increase in valuation fees income from work undertaken.
57. There is additional unbudgeted income of £500,000 estimated to be received by year-end, due to rental income from the recent purchase of the Captain Cook Shopping Centre. This is unchanged from that reported at Quarter Two.
58. The Revenues and Benefits budget is currently projected to be underspent by £452,000 at year-end, an increase in underspend of £27,000 from that reported at Quarter Two. This underspend is mainly due to an increase in unbudgeted new burdens grant funding from the Government for additional work arising from the

distribution of Covid-19 grants to business and individuals. It should be noted that the Service is actively trying to recruit staff, however there is a lack of people with the available skills in the market. The underspend assumes the carry forward of £240,000 of resources into 2022/23 to help support the staffing requirements within the Service.

59. As reported at Quarter Two, there is a projected pressure of £100,000 on the Insurance budget for Middlesbrough's contribution to the potential cost of historic claims relating to Cleveland County Council.
60. In addition, there are a number of budget areas within Finance which have variances below £150,000, and these account for the overall £1,281,000 total projected underspend on the Finance budget.

#### *Central Budgets*

61. As part of the budget for 2021/22 approved by Council on 24 February 2021 a central contingency budget of £3m was created in 2021/22 only, to provide for the potential continuing effect of Covid-19 and recovery in 2021/22 above the funding provided by the Government. Pressures have been reported against individual Directorates and within the Covid-19 costs, and therefore the £3m is reported as a projected saving in Central Budgets.
62. The central contingency budget for Pay and Prices is currently projected to underspend by £931,000 at year-end based on the current expected calls on the budget during 2021/22. However, this may change dependant on the outcome of the final settlement of the local government pay award for 2021/22 for which 2% (equating to £1.8m) has been provided in 2021/22, and where negotiations between employers and the trade unions are still continuing, and also if any other calls on the budget come to light for the remainder of the year. It should also be noted that it is expected that the pressures currently reported within Environment and Community Services relating to Kerbside Recycling and Energy will be funded from the Pay & Prices budget by year-end. This budget will be closely monitored and updates will be provided in future reports.
63. The Capital Financing budget is currently projected to be overspent by £81,000 at year-end, which is a change of £171,000 from that reported at Quarter Two. The increase relates to a review of asset lives as part of the calculation of minimum revenue provision for the year, plus some amendments to long-term debtor repayments.
64. There is predicted rental income of £307,000 above the budget for Centre Square Buildings 1 and 2 following the successful lettings of these buildings, this is broadly similar to that reported at Quarter Two. However, there are non-rent pressures of £68,000 predicted in 2021/22 relating to business rates and service charges for Centre Square Buildings 1 and 2, which the Council will have to incur in 2021/22 whilst tenants are not in place. The total net excess rental income on Centre Square Buildings 1 and 2 is therefore currently projected to be £239,000 in 2021/22, based on confirmed tenants for the buildings. Tenants who have signed contracts but have not yet occupied the buildings will do so throughout the remainder of the financial year following fit out of the buildings.

65. There is a potential £183,000 saving on the remaining £322,000 ongoing contingency pressures budget in 2021/22, due to Legal Services not requiring all the available funding in 2021/22 allocated for increased childcare cases demand. This budget will be fully utilised in 2022/23.

### **Covid-19**

66. As reported during 2020/21 in the quarterly budget monitoring and year-end reports and the Medium Term Financial Plan Update and Budget reports to Executive and Council and in the 2021/22 Quarters One and Two budget monitoring reports to Executive, the Covid-19 pandemic has had and will continue to have a significant impact on the financial position of all local authorities, including Middlesbrough. The ongoing pandemic has continued in Quarter Three and continues to pose a number of challenges and uncertainties for local authorities going forwards. Whilst the service and financial risk is not fully known and it could be potentially be severe for the country and local government sector, the Council is well prepared for these risks as part of its financial planning over the medium term.
67. The paragraphs below provide an update of the position as at Quarter Three 2021/22 detailing the current estimated costs of Covid-19 and the grant funding provided by the Government in 2021/22. The table contained in paragraph 92 summarises the overall projected financial position for 2021/22, along with a breakdown of the funding split between the Government grant funding and the Council. It should be noted that this is a constantly changing position and therefore estimates are subject to change, and are dependent on any potential further outbreaks and the impact of any potential further local and/or national lockdowns which currently are not expected to occur but will further increase the Covid-19 costs if they occur.

#### *Government funding*

68. As reported previously the financial impact of Covid-19 on local authorities has been recognised by the government and they have responded by making a number of announcements about supporting local authorities financially.
69. The Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22 report to Council on 24 February 2021 detailed the funding likely to be available to Middlesbrough in 2021/22 relating to the Covid-19 pandemic. This is summarised below:
- Covid-19 Expenditure Pressure Grant, which provides general support funding totalling £5.310m for 2021/22.
  - Sales, fees and charges (SFC) – the SFC compensation scheme for lost income is to be continued for the first three months of 2021/22, using 2020/21 budgeted income as the baseline. It is currently estimated that Middlesbrough will receive funding of approximately £733,000 in 2021/22 from the scheme. It should be noted that the SFC scheme does not cover commercial income lost from investment activities and rental income.
  - A further allocation of Contain Outbreak Management Fund (COMF) funding of £1.370m in 2021/22 to provide funding to local authorities to support public health activities, such as local enforcement and contact tracing.

- Local Tax Income Guarantee – the Government also confirmed that Government funding would be provided to compensate councils for an element of the Collection Fund deficit, based on a methodology which was provided to councils that 75% of any losses below a pre-determined level would be funded. However, due to improved collection rates later in 2020/21, under the method of the calculation Middlesbrough Council will not qualify for any compensation funding from this in 2021/22.
- Local Council Tax Support Grant – The allocation for Middlesbrough is £2.592m in 2021/22. In the Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22 report to Council on 24 February 2021 it was approved that this funding would be used over the MTFP period to mitigate pressures on the council tax base.

### Costs

70. It is currently estimated that there will be approximately £4.7m of additional costs associated with Covid-19 in 2021/22 and these cover a wide range of areas and services. It should be noted that this is a constantly changing position and therefore estimates are subject to change, and are dependent on any potential further outbreaks and the impact of any potential further local and/or national lockdowns which currently are not expected to occur but will further increase the Covid-19 costs if they occur.
71. Adult Social Care – there are total projected additional costs of approximately £0.4m, mainly due to the additional staffing that is required in Social Care to deal with the effects of the Covid-19 recovery on services provided.
72. Children’s Social Care Costs – there are currently estimated to be approximately £1.9m of total additional costs within Children’s Social Care, mainly due to delays in placements of children (approximately £0.2m) and increased staffing and agency staffing costs (approximately £1.5m) to deal with an increased number of cases and case backlogs caused by Covid-19. There is also some emerging evidence that following the end of restrictions there may be further increases in numbers of children requiring support, but these are currently not known and will be updated in future reports.
73. Other expenditure relating to Children’s Services is predicted, in particular around Legal Childcare case backlogs (estimated to be £0.03m) and costs within Education & Partnerships (estimated to total £0.4m) which mainly relate to additional Education Psychologists that are required to provide additional capacity for mental health support to young people and various additional costs relating to early years support.
74. Environment and Community Services – there are projected total additional costs estimated to be approximately £0.4m for a wide range of areas, including estimated increased costs of £0.1m relating to increased costs of waste collection and disposal due to increased tonnages of waste.
75. Direct Covid-19 Costs - a number of direct costs associated with the current situation are predicted in 2021/22, such as the procurement of various expenditure within marketing and communications relating to additional signage and leaflets in order to provide messages to the public relating to the Covid-19 pandemic (currently

estimated to be £0.07m), and other costs of approximately £0.1m relating to the storage of Personal Protective Equipment (PPE). There has also been increased payments to providers of Bed & Breakfast accommodation, estimated to be £0.04m, due to the requirements to house people during the Covid-19 pandemic.

76. Other Covid-19 costs –Additional staff costs of approximately £0.12m are estimated within Legal Services due to the need to recruit agency staff to help with backlogs in cases and difficulties in recruiting permanent staff caused by the Covid-19 pandemic. Additional staff costs of approximately £0.11m are predicted within HR for additional counselling and Health and Wellbeing services for staff following the Covid-19 pandemic. There is also additional IT expenditure for additional equipment and licences, currently estimated to be approximately £0.075m.
77. SLM Leisure Trust – As detailed in 2020/21 in previous quarterly and year-end reports and in the Quarters One and Two budget monitoring reports, significant payments have been made to SLM, the Council's provider of leisure facilities. Following the reopening of leisure facilities SLM have not been able to operate to their normal subsidy, with the effects of a restricted operation following the end of lockdown restrictions and the post Covid-19 recovery period impacting on their current levels of income. It is currently estimated that payments to SLM will total approximately £901,000 in 2021/22. The Department of Culture, Media and Sport (DCMS) announced the "National Leisure Recovery Fund" to which the Council were awarded a grant of £305,542. £164,473 of the grant was utilised in 2020/21 and therefore £141,069 of grant is remaining for use in 2021/22 to offset any payments to be made to SLM, meaning that currently there is predicted to be a net pressure of approximately £760,000 in 2021/22. This is a slight increase of £29,000 on the position reported at Quarter Two following confirmation of estimated figures. Detailed discussions are currently taking place with SLM in order to reduce as far as possible the financial pressure to the Council in 2021/22 and any potential pressures in future years, and updates will be provided in future reports regarding this.

#### *Reduction in income*

78. The impact of the lockdown and closure of facilities and services and the recovery period following the end of restrictions has resulted in for the first three quarters of 2021/22 and will result in for the rest of 2021/22, a loss of income across a broad range of areas. The following list shows the main areas and the estimated loss for each main area in 2021/22:
- Car Parking (£1.2m)
  - Cultural activities (Town Hall, Middlesbrough Theatre, Museums, Newham Grange Country Park, Parks) (£0.4m)
  - Catering income from schools (£0.2m)
  - Adult Social Care - In house day centre care provision (£0.4m)
  - Libraries and Community Hubs – room hire, book sales, and fines (£0.1m)
  - Council run Nurseries (£0.2m)
  - Bus station – departure charges and loss of income from toilets (£0.1m)
  - Capital Finance – Rent and Interest (£0.1m)
  - SLM – expected loss of profit share in 2021/22 (£0.2m)

79. The overall pressure due to a reduction of income will be linked to the recovery of Council services, and in some areas economic activity, and it is currently estimated to total approximately £3.1m in 2021/22 which is an increase on the £2.9m reported at Quarter Two due to the further restrictions that occurred in Quarter Three.
80. As mentioned in paragraph 69 it is currently estimated that the Council will receive approximately £0.7m from the SFC scheme in 2021/22.
81. Provision has made in the updated MTFP presented to Executive on 14 February 2022 for the future potential ongoing effects of Covid-19 on income in a number of areas mentioned above.

#### *Unachievable savings*

82. It has not been possible to fully achieve a budget saving of £313,000 relating to a review of cleaning, caretaking, security and facilities management (ECS02), due to the inability to reduce cleaning hours and standards and additional cleaning required because of Covid-19. It is currently projected that £82,000 of the saving is at risk of not being achieved, and it is proposed that this be charged to Covid-19 costs in 2021/22.

#### *Council Tax and Business Rates Income*

83. Income from Council Tax and Business Rates (NNDR) is accounted for within the Collection Fund. Because of the way that this works in relation to the General Fund, the financial impact of any reduction in income does not immediately affect this year's financial position, it is effectively a shortfall to be resolved next year and will need to be reflected in an updated Budget and Medium Term Financial Plan (MTFP) at the appropriate time.
84. During 2020/21, there were a number of issues, which resulted in significant pressures on Council Tax and Business Rates income. Within the Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22 report to Council on 24 February 2021 it was noted that the overall financial impact of Covid-19 on Council Tax and Business Rates income to the Council in 2020/21 was estimated to be £3.696m. It is normal practice that any arising deficit would need to be fully funded in 2021/22. However, the Government announced that this could be spread over the next three years meaning that it was estimated that there would be an effect of £1.232m p.a. in 2021/22, 2022/23, and 2023/24. The final outturn positions for Council Tax and Business Rates were much improved from the statutory amounts incorporated into the budget setting in February 2021 by approximately £0.4m per year over the 3-year spread period to 2023/24. The improved amounts have been incorporated into the latest refresh of the Council's Medium Term Financial Plan presented to Executive on 14 February 2022.
85. As mentioned in paragraph 69 Government funding was provided to compensate councils for an element of the 2020/21 deficit, based on a methodology that was provided to councils that 75% of any losses below a pre-determined level would be funded. However, due to improved collection rates later in 2020/21, under the method of the calculation Middlesbrough Council will not qualify for any compensation funding from this in 2021/22.

86. Whilst full final complete information is not yet available this financial year it is already clear that there are a number of issues which may result in pressures continuing on Council Tax and Business Rates income during 2021/22 and potentially in future years, and appropriate provision has been made in the updated MTFP for this.
87. The phasing out of the furloughing scheme from the start of July 2021 and the closing of it at the end of September 2021 may mean that there are a number of residents who will struggle to pay their Council Tax bills in the future. This may mean that there will be an increase in people claiming Local Council Tax Support (LCTS) as the economic impact of the pandemic increases the number of households eligible for LCTS support. This will lead to a reduction in the overall amount of Council Tax assessed/collected compared to the level budgeted. This will be closely monitored through 2021/22 and future years.
88. Our budgeted Council Tax base includes assumptions on housing growth. If there is reduced growth in housing numbers, this will impact on income levels.
89. The Government provided support for businesses through increased business rates reliefs and grants in 2020/21. These largely remained in place during the first quarter of 2021/22 but have reduced throughout the remainder of 2021/22. Following the reduction in the level of this support, businesses may struggle to pay their business rates, and therefore there is a risk that Business Rates revenue reduces if businesses fail or are unable to pay.
90. In addition, the level of outstanding Council Tax and Business Rates debt is likely to rise and the Council will need to review the potential to collect that debt.
91. The position relating to Council Tax and Business Rates income for 2021/22 and the effects on the Collection Fund are being closely monitored, and updates will be provided in future budget monitoring reports.

*Summary of Covid-19 Financial Pressures*

92. The projected financial impact of the Covid-19 pandemic in 2021/22, based on experience in the first nine months of the financial year, is summarised below along with a breakdown of the estimated funding split between the Government grant funding and the Council, based on assumptions made following the Government announcements detailed in paragraph 69:

<u>see also note on Other Covid Grants below</u>	<u>Grant Allocation</u> <u>2021/22</u> <u>£m</u>	<u>Projected</u> <u>2021/22</u> <u>£m</u>	<u>Projected Council Cost</u> <u>21/22</u> <u>£m</u>
Extraordinary costs incurred		4.662	
Commercial income losses		0.080	
Non-SFC income losses		0.172	
Unachievable Change Programme savings		0.082	
<b>Total Covid-19 Main grant (2021/22)</b>	<b>5.310</b>	<b>4.996</b>	<b>-0.314</b>
<b>Sales, Fees and Charges (SFC) income loss grant (2021/22)</b> (note only receive grant for 1st quarter of 2021/22)	<b>0.733</b>	<b>2.868</b>	<b>2.135</b>
<b>DRAFT PROJECTED NET COST OF COVID TO COUNCIL 2021/22</b>			<b>1.821</b>

**NOTE - OTHER COVID GRANTS**

	<u>Grant Allocation</u> <u>2021/22</u>	<u>Projected Spend</u> <u>2021/22</u>	<u>Projected Grant</u> <u>Remaining 2021/22</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Clinically Extremely Vulnerable (CEV) - see Note 1	0.198	0.198	0.000
Test And Trace - see Note 2	0.512	0.512	0.000
Contain Outbreak Management Fund (COMF) - see Note 3	1.157	1.157	0.000
<b>Total Other Covid Grants</b>	<b>1.867</b>	<b>1.867</b>	<b>0.000</b>

**NOTE 1**

For CEV Grant - no new allocation in 2021/22, but £198k of remaining grant from 2020/21 was carried forward for use in 2021/22.

**NOTE 2**

For Test & Trace - no new allocation for 2021/22 but £687k of remaining grant from 2020/21 was carried forward for use in 2021/22 (£512k) and 2022/23 (£175k).

**NOTE 3**

For COMF - the Council received £1.37m for 2021/22, however £180k of funding is likely to be required in 22/23 for the continuation of Public Protection schemes.

93. The overall financial position is being regularly reviewed to assess impact across all areas and it is likely that this will identify additional pressures and also some potential savings. It should also be noted that this is a constantly changing position and therefore estimates are subject to change, and are dependent on any potential further outbreaks and the impact of any potential further local and/or national lockdowns which currently are not expected to occur but will further increase the Covid-19 costs if they occur.
94. The above table indicates that there will be a potential financial pressure due to Covid-19 of £1.821m in 2021/22, which is an increase of £271,000 from the £1.550m pressure reported at Quarter Two, mainly due to the effects of the further restrictions during Quarter Three.
95. It is intended that this pressure will be funded from the Covid Recovery Reserve of £4.512m set aside for this.

**Flexible Use of Capital Receipts**

96. Full Council on 20 October 2021 approved a Flexible Use of Capital Receipts Strategy. The report to Council stated that the Strategy will be monitored throughout the financial year as part of regular budget monitoring arrangements and be reported accordingly as part of the current quarterly budget monitoring reports to Executive, and that the Strategy may be updated and replaced as proposals are developed and expenditure is incurred. The following table provides an update of the schedule of the projects to transform services that are proposed to be funded through flexible use of capital receipts for 2021/22 along with the current estimated projected costs, and the associated estimated annual revenue savings or future cost avoidance.

Project	Further Details	Estimated Projected Investment Required 2021/22 £000	Estimated annual savings by end of 2022/23 £000
<b>Children's Services - Children's Care</b>	<b>Funding for transformation of service and Ofsted Improvement Plan to improve services and outcomes</b>		
	Specialist agency teams in Referrals & Assessments to improve the "front door model"	1,179	Cost avoidance
	Specialist agency team examining placements in order to reduce high cost placements	565	1,040
	Workforce remodelling - experienced social worker recruitment and retention / agency worker reduction strategy	15	735
	Transformation costs associated with increasing internal residential provision	300	521
	One-off transformation costs associated with improvements in practice to reduce future numbers of children looked after (includes professional fees, legal costs, increased S17 payments)	200	Cost avoidance
	Transformation of Children with Disabilities long-term packages of support to prevent young people entering care	60	520
	Additional posts to drive improvement and transformation	170	Enabling
<b>Central budgets - Ofsted Improvement</b>	Ofsted Improvement Plan additional posts to drive improvement and transformation	1,811	Enabling
		<b>4,300</b>	<b>2,816</b>
<b>Central budgets - Change Fund</b>			
<b>Digital Transformation</b>	One-off implementation costs related to the Digital Transformation Project	236	1,094
<b>Management and Staffing Review</b>	Service reconfiguration, restructuring or rationalisation of management and staff, where this leads to ongoing efficiency savings or service transformation	249	404
<b>Organisational Development</b>	Organisational Development upskilling linked to the Council's values	23	Enabling
<b>HR System</b>	Development of the Council's HR system	34	Enabling
<b>Project Support for Transformation Projects</b>	Support for the transformation across the Council	67	Enabling
<b>TOTAL</b>		<b>4,909</b>	<b>4,314</b>

97. Currently no entries have been made in the Council's accounts for these and therefore the projected outturns detailed in the table in paragraph 7 have not been amended for these. This will effectively mean that the Council's financial position will be improved by approximately £4.9m and allow the Council to potentially increase the level of reserves that the Council holds by approximately £4.9m, at this time of high financial uncertainty with minimal impact on the Council Tax payer. This will help support the significant and continued transformation work taking place within the Council, principally within Children's Services, which will deliver improvement and efficiencies. Further details of the effect on the level of reserves are provided in paragraphs 133 and 134 of this report.

98. This will be finalised at year end when final figures are confirmed for each project and will have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding the projects within the Council's Statement of Accounts. In order to help provide an indication of which budget areas will be potentially amended at year-end, the relevant budget areas are shown in the table above.

### **Revenue budget spending controls**

99. As previously reported to the Executive, a number of controls were implemented from 2019/20 to minimise overspending across the Council in-year and these remain in place for 2021/22, specifically:

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

100. The Council is continuing to minimise the use of agency staff where it is appropriate to do so, but it is acknowledged that currently there will be a need for the use of agency staff within Children's Care, principally to support the Ofsted Improvement Plan and also due to the impact of Covid-19. The use of additional recruitment and retention packages to support the reduction of use of agency staff in future years. Monthly reports on agency costs are reported to senior managers for consideration.

101. A number of plans have been put in place for 2021/22 to mitigate overspending within Children's Services. These are outlined below :

- Subjecting cases of children looked after by the Council to ongoing audit, consistent decision making processes and a solutions panel chaired by the Director of Children's Care.
- Development of Stronger Families teams within Early Help and Prevention to increase skills to support additional work and complexity at this level to prevent future young people entering care.
- Development of the Middlesbrough Multi Agency Children's Hub to secure the consistency of thresholds and increasing step-downs to early help and more timely support for children and young people.
- Utilising two specialist project teams to support referral and assessments at the front door of Children's Care.
- Continuing to keep internal residential places at a high occupancy level. Re-opening Rosecroft in late summer, once registered, will produce a further 5 places. Plans to increase Fir Tree by 1 place later in 2021/22. Other Internal Residential opportunities are to be reviewed as invest to save models when identified and assessed. Potential sale of any spare places that are not occupied with Middlesbrough young people to neighbouring Tees Valley Local Authorities.
- All external residential placements are being reviewed by a specialist project team set up by the Director of Children's Services to ensure that no children are in residential care who can be fostered or safely returned to their families or the care of relatives. In addition this team will look at all cases that are nearing

requirement for residential care with the aim of making sure that all alternative options for support are fully explored before residential provision is approved.

- Work continues to build on increasing the number of internal foster placements achieved over the past 2 years, allowing children to be placed in high quality, local authority foster care as an alternative to more expensive agency placements.
- An in depth review is taking place of the processes around the placement of children with friends and family to ensure that these are only made where necessary and that financial support represents value for money.
- Maximising, where appropriate, health contributions from Clinical Commissioning Group (CCG) and education contributions from the Dedicated Schools Grant (DSG).

102. While the mitigations above will be progressed, the experience in 2020/21 suggests that whilst efficiencies may have been made in placement methods these will not have a positive effect on the bottom line position unless the overall numbers of children in care are brought under control.

103. The position around our numbers of children in care has been specifically referenced by the DfE Commissioner, and it is clear that for both quality of practice and financial reasons the number needs to be safely reduced. This will entail improvement of edge of care provision to support families and prevent children needing to become looked after and crucially improving practice and care planning to allow those children who are able to return home, be placed with family or friends or be adopted in as timely a manner as possible. This work is interdependent on our overall improvement journey and will not be a short term fix, however prioritisation in these areas is crucial to ensuring that our resources, both human and financial, are sufficient to deliver improvement. The position is constantly monitored and in future MTFP reviews an informed and prudent view will be taken of the length of time that will need to be allowed for this work to deliver results as well as the monitoring arrangements required. The revised MTFP presented to Council on 24 November 2021 provided further detail of this.

104. As mentioned in the budget report to Council of 24 February 2021 the Council has set aside approximately £1.6m of Council funding for 2021/22, to support the Ofsted Improvement Plan. This will be combined with £188,000 of unspent funding carried forward from 2020/21, and funding from a separate Childrens Services Improvement Reserve of £175,000 created at the end of 2020/21 to further improve Childrens Services. Progress against the plan is being monitored by the Multi Agency Strategic Improvement Board, and any variances from the budgets contained in the Ofsted Improvement Plan will be detailed in future budget monitoring reports.

### **Capital budget Quarter Three Projected Outturn 2021/22**

105. As part of the Quarter Two report to Executive on 9 November 2021, Executive approved a revised capital budget for 2021/22 of £64.814m. Following a further review and the inclusion of new additional schemes, increases to existing schemes, and the reductions to existing schemes (as detailed in paragraphs 107 to 109), it is currently predicted at Quarter Three that the Council will spend £59.035m at year-end.

106. The revised Investment Strategy to 2023/24 is included at Appendix 2 for noting. It should be noted that capital receipts assumptions have been re-evaluated in light of Covid-19 and the Revised Investment Strategy takes accounts of this.
107. No schemes are currently proposed to be removed from the Investment Strategy. Also, no schemes over the £150,000 threshold were transferred between Directorates.
108. The following transfer of funds occurred within schemes with the same Directorate :
- On 13 October 2021, the Executive Member for Regeneration approved the “Tackling Eyesore Sites” report. The report approves investment of up to £1,000,000 to tackle eyesore land and property within Middlesbrough, including the possible acquisition of sites if the approved business case recommends this. This scheme has been funded from the Indigenous Growth Fund grant, provided by Tees Valley Combined Authority (TVCA). The grant has been transferred from the surplus funds allocated within the Boho X scheme to Middlesbrough Development Company who will lead on the scheme.
109. The following scheme above £150,000 has been added to the revised Investment Strategy, set out at Appendix 2:
- On 9 November 2021, Executive approved :
    - In principle, the freehold acquisition and associated works, of the Cleveland Centre, to a maximum value of £15,000,000;
    - To delegate the completion of the acquisition to the Director of Regeneration and Culture and the Director of Finance, in consultation with the Executive Member of Regeneration and the Mayor, within the parameters of the report; and'
    - That subject to the satisfaction of the above point, approval for the interim appointment, via the relevant procurement process, of managing agent Praxis for the acquisition of the property.

The Council purchased the Cleveland Centre Shopping Centre on 7 January 2022 as per the delegated powers of the Director of Regeneration and Culture and the Director of Finance. It should be noted that currently no additional income (after paying capital financing costs) has currently been assumed in 2021/22 from the purchase. Further updates of this will be provided in the Year-End Outturn 2021/22 report to Executive.

- On 9 November 2021, Executive approved the Environment and Community Services Built Asset Capital Investment report. The report approved capital funding for the Town Hall, Municipal Buildings, Resolution House and Central Library, to ensure the ongoing condition of these assets for future operational and community use. The report approves a total allocation of approximately £5,196,000 which is allocated as follows:

- £4,500,000 to the Municipal Building and Town Hall for essential work to the slate tiled roof, associated lead flashing and stonework. In addition, works will be undertaken on the internal building elements, fire compartmentation and fire detection systems. £1,000,000 of these works will commence in 2024/25, as such this amount is not included within the revised Investment Strategy;
- £609,000 for the replacement of cladding and associated building works to the workshops, and the installation of a passenger lift at Resolution House. This is what is deemed as a custodian building which is in shared ownership with the Other Local Authorities (OLA's). The Council investment of £609,000 is contingent upon the OLA's providing match funding in order to fully fund the intended works;
- £87,000 for a ground floor accessible toilet and baby change facilities at the Central Library.

110. The split by Directorate is shown in the table below, which also shows the “real” projected outturn variance if all of the additional new schemes, increased schemes, reduced schemes, and transfers between directorates are excluded. Explanations for variances of +/- £150,000 across fifteen schemes are set out in the following paragraphs. These variances require movement within the Council’s four-year Investment Strategy, but do not affect the overall investment or cost of borrowing.

Directorate	2021/22	2021/22	2021/22	MEMO	
	Investment Strategy Budget (as per 21/22 Q2 report to Executive £'000)	Projected Investment Strategy Outturn £'000	Projected Investment Strategy Outturn Variance £'000	New, increased & reduced Schemes / transfers £'000	Real outturn variance excluding new, increased, & reduced schemes / transfers £'000
Regeneration and Culture	43,820	40,672	(3,148)	12,800	(15,948)
Environment and Community Services	10,920	9,059	(1,861)	29	(1,890)
Public Health	0	0	0	0	0
Education & Partnerships	3,238	2,934	(304)	(38)	(266)
Children’s Care	690	728	38	114	(76)
Adult Social Care and Health Integration	3,517	3,033	(484)	0	(484)
Legal and Governance Services	2,288	2,297	9	0	9
Finance	341	312	(29)	(76)	47
<b>Total</b>	<b>64,814</b>	<b>59,035</b>	<b>(5,779)</b>	<b>12,829</b>	<b>(18,608)</b>

### *Regeneration*

111. Future High Streets Fund – A total of £6,580,000 of grant funding requires re-profiling into 2022/23, primarily for the following reasons:

- £2,295,000 of funds were expected to be transferred to Middlesbrough Development Company in relation to the urban living element of the grant, specifically the construction of the apartment block at the old Cleveland Scientific Institute site (CSI). In order for the scheme to progress it requires

planning approval and confirmation of a grant from Homes England, both of which are now expected in 2022/23.

- £2,775,000 of funds relating to the conversion of retail units to leisure provisions at the Captain Cook Shopping Precinct. Significant progress has been achieved in this respect with leases already agreed for Lane 7, with the development expected to complete in May 2022, and the e-sports facility, alongside proactive discussions with other leisure providers. The Council's contribution to the schemes for landlord works will now be predominantly made in 2022/23.
- There were minor delays in the awarding of the contract relating to the public realm works at the Captain Cook Shopping Precinct, this has resulted in £1,260,000 of the public realm and associated network adaptations allocations being transferred into 2022/23.

112. Middlesbrough Development Company – £3,563,000 of funds anticipated to be transferred to the company in 2021/22 have been delayed and will now be made in 2022/23 for the following reasons:

- The Newbridge Court (formally Tollesby Shops) project is experiencing delays of approximately 15 weeks due to issues with regard to the required diversion of an underground electricity cable on the site. The timing of these works are outside of the company's control as they can only be done by Northern Powergrid. The delay is limiting the development to work on substructures resulting in re-profiling of £2,094,000 into 2022/23.
- The contractor for Boho Village provided the company with a cash-flow forecast which formed the basis of the assumed in year expenditure. The actual requirements have been less than anticipated and coupled with a slight delay due to inclement weather, £1,304,000 of expected expenditure being transferred into 2022/23.
- £285,000 of funds associated with the Empty Homes programme have been moved into 2022/23 due to the time required to undertake a competitive process in relation to the appointment of the preferred project partner.
- £120,000 has been transferred from 2022/23 to 2021/22 in relation to general company costs and preparatory work at the CSI development.

113. Brownfield Housing Fund – The potential developer of the wider Middlehaven housing site is in discussions with both the Highways and Planning departments to ensure that the plans for the site are compatible with all parties requirements prior to the submission of the detailed planning application. These discussions have taken longer than anticipated, resulting in £1,100,000 of assumed expenditure transferring into 2022/23. The tenders for works at Commercial Street have resulted in significant savings against budget expectations, this has freed up £530,000 of funds which will be transferred for use in 2022/23 and future years.

114. Towns Fund - £1,400,000 of grant funding has be re-assigned to 2022/23. This is predominantly with respect to the £1,000,000 allocated within the programme for Ward Initiatives. An extensive consultation exercise was conducted which included

all Councillors to ensure that these funds would be maximised in terms of benefitting the whole of the town. Due to the length of the consultation the physical works are now anticipated to be undertaken in 2022/23.

115. Llnthorpe Road Cycleway – An external contractor has been appointed to undertake the works associated with preparation of the tender documents. However, the issuing of the documents were delayed due to issues encountered with the appointment surrounding both data protection and the procurement process. This has consequently delayed the submission of the tenders by the contractors, which have now been received but has ultimately resulted in the scheme now being completed in 2022/23 with £1,000,000 of assumed expenditure being re-profiled accordingly.
116. Boho X – Slight delays with respect to starting on site have been experienced due to extended contractual negotiations. This has resulted in £900,000 of funds transferring into 2022/23. Whilst the start has been delayed, the expected completion date of the project remains at December 2022.
117. Housing Growth – Protracted negotiations continue with the developers in respect of the apportionment of costs relating to the new road and roundabout at Nunthorpe Grange. Works are anticipated to commence in March 2022 but these will be limited to earthworks until an agreement with the developers can be reached. The delays as a consequence of the negotiations have resulted in £319,000 of expected expenditure being re-profiled into 2022/23.
118. Local Authority Delivery 2 Green Homes Grant – Contractual negotiations with the schemes delivery partner have taken longer than anticipated. The negotiations have now concluded and works on eligible properties are underway, however, less properties will benefit from the scheme in 2021/22 than originally estimated with £300,000 of the grant being transferred to 2022/23 as a consequence. This has no detrimental impact on the number of households that will ultimately benefit from the scheme.
119. Town Centre Projects – Delays are being experienced in the High Streets Action Zone scheme due to longer than envisaged lead in times for obtaining materials required for the public realm aspect and planning approvals for the property grants. £237,000 of planned expenditure has been transferred to 2022/23 accordingly.

#### *Environment and Community Services*

120. Bridges and Structures (Non Local Transport Plan) – £500,000 of planned expenditure has been re-profiled into 2022/23 due to issues including a delay within the construction supply chain, meaning that the contractor now cannot commence works to the bridge deck at Newport Bridge. Delays on principal inspections resulted in a further £188,000 being transferred into 2022/23.
121. East Middlesbrough Community Hub - £651,000 of funds, which are part of the wider funding package for the construction of the new Community Hub, have been transferred into 2022/23.
122. Street Lighting Maintenance – Covid-19 related issues have impacted the evaluation of street lighting assets programme. The works have commenced but are now

expected to conclude in Spring 2022, resulting in £224,000 of expenditure now not being required until 2022/23.

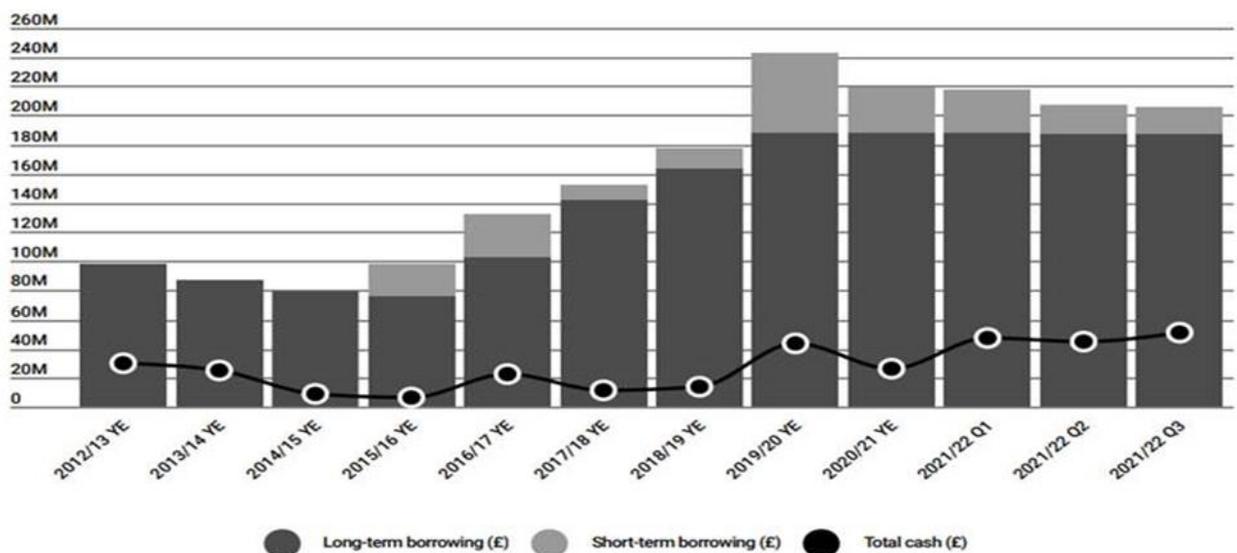
- 123. Urban Traffic Management Control – £150,000 of expenditure has been re-profiled into 2022/23 due to the fact that the level of installations upgrades were not as high as anticipated.
- 124. Property Asset Investment Strategy – £170,000 of expenditure has been brought into 2021/22 from future years in order to undertake urgent works at a commercial unit within Cannon Park, these works will enable a letting of the unit which will result in additional revenue income.

*Adult Social Care and Health Integration*

- 125. Disabled Facilities Grant – Delays are being experienced due to difficulties in acquiring contractors to undertake the backlog of work that has built up as a consequence of Covid-19. This has resulted in £261,000 of anticipated expenditure being re-profiled into 2022/23.

**Borrowing and prudential indicators**

- 126. The Council's total borrowing decreased from £206.2m at 30 September 2021 to £205.2m at 30 December 2021. This decrease of £1.0m reflects the repayment of principal amounts on existing annuity loans held by the Council. No external borrowing was required for the Investment Strategy or cash flow purposes during the quarter. This is due to cash balances still being healthy with residual Covid-19 funding available for use plus other income in advance balances yet to be spent during the financial year.
- 127. The ratio of short-term to long-term borrowing has remained stable during the quarter with no further borrowing required. It is expected this position will change somewhat during Quarter Four as a large borrowing requirement will be required, and with a background of possible increasing interest rates.



128. The affordability and sustainability of the Investment Strategy and its total level of external borrowing and capital financing costs is self-regulated by the Council through a set of prudential indicators. These thresholds are set as part of the integrated annual budget setting process in late February each year. CIPFA and Government view this approach as best practice in ensuring resources are allocated prudently to capital schemes.
129. The table below gives a summary comparison of the budget against the actual position as at Quarter Three 2021/22 on each of the prudential indicators adopted by the Council.

<u>Prudential Indicators - 2021/22 Quarter 3</u>		
	<u>Budget</u>	<u>Actual</u>
	<u>(£M)</u>	<u>(£M)</u>
Capital Expenditure	93.716	59.035
<u>Financing</u>		
External Sources	57.114	27.005
Own Resources	12.103	15.158
Debt	24.499	16.872
Capital Financing Requirement	255.164	257.747
External Debt	248.100	205.202
Investments	15.000	50.853
Capital Financing	9.518	9.599
Cost as a % of Revenue Budget	8.2%	8.3%

130. The total capital spend & level of financing has reduced by £34.7m since the original budget was set for 2021/22. This is explained in more detail in the Investment Strategy section of the report but essentially reflects reprofiling of scheme requirements to later years due to the ongoing impact of the pandemic, changing needs on individual schemes and low contractor availability. The reduction is a mix of borrowing and grant funding being deferred into future years.
131. The Council's total under borrowed position (external debt compared to the capital-financing requirement – or underlying need to borrow) is £52.5m at 30 December 2021. As cash balances reduce during the remainder of the financial year, with Covid-19 amounts and reserves planned to be spent, plus the borrowing requirements within the Investment Strategy, around £30m of this under borrowing will be required to ensure the Council has enough liquidity to meet its cash commitments over the last three months of the year.
132. The amount of external debt at £205.2m and the total underlying need to borrow of £257.7m are both well below the Council's authorised debt limit of £320m. This is the threshold above which any borrowing would be illegal. The cost of capital financing to the Council is slightly higher than set as part of the budget process due

to review of asset lives as part of the minimum revenue provision calculation for the year.

## Reserves and Provisions

133. The table below sets out a summary of the balance of reserves and provisions at the start of 2021/22 and the projection as at year-end and further detail is provided in Appendix 3.

Reserves and Provisions	Opening Balance	Proposed Use in Year	Additional Contributions	Transfers between reserves	Transfers from General Fund	Proposed Transfers to fund projected outturn	Projected Balance at Year End
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Reserve	10,500	0	695	0	0	0	11,195
Covid Recovery Reserve	4,512	0	0	0	0	(3,814)	698
Reserve created from Flexible Use of Capital Receipts Strategy	0	0	4,909	0	0	0	4,909
Earmarked Reserves	28,970	(11,946)	275	187	0	(1,232)	16,254
Earmarked Reserve - Dedicated Schools Grant (DSG)	(3,291)	(1,004)	0	0	0	0	(4,295)
School balances	4,864	0	0	0	0	0	4,864
Provisions	2,555	0	0	(187)	0	0	2,368
<b>TOTAL</b>	<b>48,110</b>	<b>(12,950)</b>	<b>5,879</b>	<b>0</b>	<b>0</b>	<b>(5,046)</b>	<b>35,993</b>

134. The projected year-end balance assumes the use of Reserves (as detailed in paragraphs 9 and 136) to cover the projected total 2021/22 revenue budget overspend, and the adoption of the Flexible Use of Capital Receipts Strategy as detailed in paragraphs 96 to 98.

### What decisions are being asked for?

135. That OSB notes the 2021/22 revenue budget Quarter Three total projected outturn of £5.046m, representing a £3.225m (2.8%) overspend on non-Covid-19 elements, and the estimated financial effect of Covid-19 in 2021/22 of £1.821m, and the proposed actions to address this.
136. That OSB notes the proposed use of the following Reserves to fund the total projected overspend of £5.046m in 2021/22 :
- Social Care Demand Reserve (£0.5m)
  - Children's Services Demand Reserve (£0.732m)
  - Covid Recovery Reserve (£3.814m)
137. That OSB notes the implementation of the Flexible Use of Capital Receipts Strategy approved by Council on 20 October 2021, and that the projected amount of £4.9m arising from the implementation of the Strategy will be transferred to a Reserve at year-end.
138. That OSB notes the revenue budget virements over £150,000 (Appendix 1) approved by Executive on 14 February 2022.

139. That OSB notes the 2021/22 capital budget Quarter Three predicted outturn of £59.035m against a budget of £64.814m, and notes the revised Investment Strategy to 2023/24 at Appendix 2, as approved by Executive on 14 February 2022.

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

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

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

141. Not applicable.

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

#### **Legal**

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

#### **Financial**

143. The Council's revenue outturn position for 2021/22 for non-Covid-19 elements is projected to be an overspend of £3.225m (2.8%). This, when added to the estimated Covid-19 pressures of £1.821m, detailed in paragraphs 66 to 95 results in a total projected outturn pressure at year end 2021/22 of £5.046m. It is proposed that the total projected overspend in 2021/22 will be covered by the full utilisation of the Social Care Demand Reserve of £0.5m and the Children's Services Demand Reserve of £0.732m, which were created at the end of 2020/21. It is proposed that the remaining £3.814m of the total projected outturn pressure is funded from the £4.512m Covid Recovery Reserve, which was created during 2020/21 to cover the potential costs arising from the Covid-19 recovery in 2021/22 and future years.

144. It is estimated that the Council's financial position will potentially be improved by an estimated £4.9m at year-end due to the implementation of the Flexible Use of Capital Receipts Strategy approved by Council on 20 October 2021, and that the projected amount of £4.9m arising from the implementation of the Strategy will be transferred to a Reserve at year-end.

145. The predicted 2021/22 capital budget outturn at Quarter Three is £59.035m.

#### **Policy framework**

146. The revenue and capital budgets form part of the Council's Policy Framework.

#### **Equality and diversity**

147. As reported to Council on 24 February 2021, no negative differential impact on diverse groups and communities are anticipated from the Council's planned budgetary expenditure.

## Risk

148. In line with the Council's Risk Management Policy, the corporate Strategic Risk Register was reported to Executive on 14 February 2022, as part of the Strategic Plan 2021-24 – Progress at Quarter Three 2021/22 report.

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

149. Mitigating activity set out in the main body of the report will continue to be applied by Directorates as stated.

150. The actions outlined within the body of the report in relation to overspending within Children's Services will continue to be implemented.

151. The revised Investment Strategy included at Appendix 2 was approved by Executive on 14 February 2022 and will be adopted.

## Appendices

1. Revenue budget virements over £150,000 at Quarter Three 2021/22
2. Revised Investment Strategy to 2023/24
3. Detail of projected reserves and provisions as at Quarter Three 2021/22

## Background papers

24/02/21	Council	Strategic Plan 2021-24
24/02/21	Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22
7/09/21	Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter One 2021/22
9/11/21	Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2021/22
9/11/21	Executive	Medium Term Financial Plan Update
24/11/21	Council	Medium Term Financial Plan Update
14/2/22	Executive	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2022/23
14/2/22	Executive	Revenue and Capital Budget - Projected Outturn position as at Quarter Three 2021/22

**Contact:** Andrew Humble, Head of Financial Planning & Support  
**Email:** [andrew\\_humble@middlesbrough.gov.uk](mailto:andrew_humble@middlesbrough.gov.uk)

<i>Virement Request</i>	Regeneration & Culture £000s	Environment & Community Services £000s	Public Health £000s	Education & Partnerships £000s	Children's Care £000s	Adult Social Care and Health Integration £000s	Legal & Governance Services £000s	Finance £000s	Central Budgets £000s
<b><i>Permanent</i></b>									
Transfer of management responsibility for Welfare Rights and the Payments & Charging Team from ASC to Revenues & Benefits (full year effect for 22/23 onwards £621k)						(661)		661	
<b><i>Total Virement</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(661)</b>	<b>0</b>	<b>661</b>	<b>0</b>
								<b>Total:</b>	<b>0</b>

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## Appendix 2: Revised Investment Strategy to 2023/24

	2020/21
<b>Regeneration and Culture</b>	£'000
Town Centre Related Projects	592
Middlehaven Related Projects	139
Housing Growth	91
BOHO X	1,112
BOHO 8	2,428
Brownfield Housing Fund	-
Towns Fund	-
Future High Streets Fund	-
Acquisition of Town Centre Properties	9,619
New Civic Centre Campus	1,863
Middlesbrough Development Company	865
Teesside Advanced Manufacturing Park	1,533
Local Authority Delivery 2 Green Homes Grant	-
Capitalisation Of Major Schemes Salaries	530
Capitalisation of Planning Services Surveys	-
Affordable Housing Via Section 106	-
Highways Infrastructure Development Section 106	-
Stainton Way Dixon Bank Junction - Section 106	15
The Big Screen	-
A66 Throughabout	2,630
Mandale Interchange	397
Tees Amp Footway / Cycleway	293
Linthorpe Road Cycleway	-
Replacement of Ticket Machines	-
LED Street Lighting Upgrade (Phase 2)	348
Joint Air Quality Unit (JAQU) - All schemes	529
Members Small Schemes	26
Grove Hill Joint Venture Projects	-
Gresham Projects	779
North Ormesby Housing Joint Venture - Section 106 funded	66
Empty Homes 2015 To 2018	-
Local Transport Plan	900
Town Hall Venue Development	48
Cultural Transformation	-
Theatre Winches / Lifts	4
Dorman Museum	2
Contribution To Public Arts Projects	-
Public Art Work	23
Newham Grange Leisure Farm	113
Leisure Trust Investment - Equipment	-
Town Hall Telephone Kiosks Upgrade	15
Stewart Park Section 106	-
Investment In Parks	-
Teessaurus Park	-
Archives Relocation	-

<b>Total Regeneration and Culture</b>	<b>24,960</b>

	2020/21
<b>Environment and Community Services</b>	<b>£'000</b>
Purchase of New Vehicles	298
Capitalisation of Wheeled Bin Replacement	100
Capitalisation of Street Furniture/Dog Fouling & Litter Bins	55
Capitalisation of Highways Maintenance	575
Property Services Building Investment	340
Parks Improvement	-
Nunthorpe Playing Fields S106	57
Local Transport Plan - Highways Maintenance	1,412
Street Lighting-Maintenance	401
Urban Traffic Management Control	202
Flood Prevention	237
Department For Transport Pothole Fund	1,100
Members Small Schemes	2
Property Asset Investment Strategy	1,177
Nunthorpe Sports Facilities	-
East Middlesbrough Community Hub	178
Christmas Lights	350
Section 106 Ormesby Beck	-
Section 106 Cypress Road	-
Hostile Vehicle Mitigation	196
Transporter Bridge	476
Bridges & Structures (non Local Transport Plan)	-
Henry Street	-
CCTV	-
Captain Cook Public House	-
Outer Area Shopping Centres	-
Waste Procurement Project	368
Lighting up the Town	-
Built Asset Capital Investment - Town Hall Roof	-
Built Asset Capital Investment -Municipal Buildings Refurbishment	-
Built Asset Capital Investment -Resolution House	-
Built Asset Capital Investment -Central Library WC	-
<b>Total Environment and Community Services</b>	<b>7,524</b>

	2020/21
<b>Public Health</b>	<b>£'000</b>
Health & Wellbeing Hub	-
<b>Total Public Health and Public Protection</b>	<b>-</b>

	2020/21
<b>Education &amp; Partnerships</b>	£'000
Block Budget (Grant) Devolved Formula Capital - Various Schools	-
Block Budget (Grant) Section 106 Avant Low Gill	-
Block Budget (Grant) School Condition Allocation	-
Block Budget (Grant) Basic Needs	-
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	-
Schemes in Maintained Primary Schools	2,387
Schemes in Primary Academies	195
Schemes in Secondary Academies	865
Schemes in Special Schools	544
Capitalisation of Salary Costs	102
Contribution to New School at Middlehaven	-
Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project)	-
<b>Total Education &amp; Partnerships</b>	<b>4,093</b>

	2020/21
<b>Children's Care</b>	£'000
Edge Of Care Project (Hub)	347
Edge Of Care Project (Spencerfield 117-120)	18
Edge Of Care Project (3 Broadwell)	10
Rosecroft Renovations	35
34 Marton Avenue, Fir Tree - Garage Conversion	1
Contact Centre - Bus Station Unit 1	3
Willow Tree - Bathroom Refurbishment	-
Holly Lodge Sensory Room	-
<b>Total Children's Care</b>	<b>414</b>

	2020/21
<b>Adult Social Care and Health Integration</b>	£'000
Chronically Sick & Disabled Persons Act - All schemes	533
Disabled Facilities Grant - All schemes	2,285
Capitalisation of Staying Put Salaries	50
Home Loans Partnership (formerly 5 Lamps)	29
Small Schemes	15
Connect / Telecare IP Digital Switchover	100
<b>Total Adult Social Care and Health Integration</b>	<b>3,012</b>

	2020/21

<b>Legal &amp; Governance Services</b>	£'000
Desktop Strategy / Device Refresh	307
Enterprise Agreements	353
Customer Relationship Manager	19
IT Refresh - Network Refresh	4
IT Refresh - Lights On	241
IT Refresh - LCS Development Capture	7
IT Refresh - Business Intelligence	-
ICT Essential Refresh & Licensing	233
ICT Innovation Budget	326
GIS Replacement	38
Civic Centre Device Refresh	8
Prevention & Partnership Tablets	-
HR Pay	-
Dashboards	60
<b>Total Legal &amp; Governance Services</b>	<b>1,596</b>

	2020/21
	£'000
<b>Finance</b>	
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	37
Business World Upgrade	30
Derisking Sites	412
Town Centre Accommodation Strategy	-
Capitalisation of Property Finance Lease Arrangements	-
Middlesbrough Share in Veritau Tees Valley	-
White Feather Project North Ormesby	
<b>Total Finance</b>	<b>479</b>

	2020/21
	£'000
<b>ALL DIRECTORATES</b>	
<b>Total ALL DIRECTORATES</b>	<b>42,078</b>

	2020/21
	£'000
<b>FUNDED BY:</b>	
Borrowing	18,228
Finance Leases	-
Capital Receipts	6,374
Grants	16,418
Contributions	1,052
Revenue Resources	6
<b>Total FUNDING</b>	<b>42,078</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
1,271	1,437	204	3,504
65	500	-	704
391	3,277	-	3,759
7,824	16,011	-	24,947
34	-	-	2,462
1,709	5,583	630	7,922
2,051	19,540	309	21,900
1,590	12,580	-	14,170
12,806	3,200	-	25,625
1,500	5,513	-	8,876
5,666	18,639	-	25,170
855	-	-	2,388
791	300	-	1,091
530	530	530	2,120
40	40	40	120
-	1,339	-	1,339
-	2,010	-	2,010
-	-	-	15
10	-	-	10
4	-	-	2,634
62	-	-	459
-	-	-	293
496	1,498	-	1,994
-	189	-	189
69	-	-	417
-	-	-	529
38	-	-	64
14	-	-	14
24	-	-	803
355	-	-	421
281	-	-	281
1,320	537	-	2,757
59	-	-	107
13	-	-	13
18	19	-	41
17	-	-	19
17	-	-	17
35	-	-	58
-	-	-	113
75	-	-	75
-	-	-	15
-	45	-	45
100	-	-	100
160	90	-	250
382	-	-	382

Council Funding	External Funding
£'000	£'000
2,625	879
704	-
3,708	51
1,362	23,585
-	2,462
-	7,922
-	21,900
-	14,170
25,625	-
8,876	-
19,203	5,967
2,005	383
-	1,091
2,120	-
120	-
830	509
-	2,010
15	-
10	-
-	2,634
-	459
-	293
-	1,994
189	-
417	-
-	529
29	35
-	14
803	-
-	421
-	281
-	2,757
107	-
13	-
41	-
19	-
17	-
58	-
113	-
75	-
15	-
-	45
100	-
250	-
95	287

<b>40,672</b>	<b>92,877</b>	<b>1,713</b>	<b>160,222</b>

<b>69,544</b>	<b>90,678</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
1,272	658	1,200	3,428
100	100	100	400
55	55	55	220
575	575	575	2,300
340	340	340	1,360
83	-	-	83
-	-	-	57
3,019	428	-	4,859
236	877	468	1,982
141	150	-	493
11	-	-	248
-	-	-	1,100
79	120	60	261
967	591	1,200	3,935
34	66	-	100
200	651	-	1,029
-	-	-	350
15	-	-	15
20	-	-	20
339	35	-	570
251	-	-	727
452	1,574	-	2,026
42	-	-	42
50	-	-	50
538	-	-	538
40	-	-	40
-	-	-	368
200	-	-	200
	1,000	1,000	2,000
	1,500	-	1,500
	609	-	609
	87	-	87
<b>9,059</b>	<b>9,416</b>	<b>4,998</b>	<b>30,997</b>

Council Funding	External Funding
£'000	£'000
3,428	-
400	-
220	-
2,300	-
1,360	-
83	-
-	57
-	4,859
1,982	-
-	493
-	248
-	1,100
261	-
3,870	65
-	100
1,029	-
350	-
-	15
-	20
570	-
364	363
2,026	-
-	42
50	-
538	-
40	-
368	-
200	-
2,000	-
1,500	-
609	-
87	-
<b>23,635</b>	<b>7,362</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
-	756	-	756
-	<b>756</b>	-	<b>756</b>

Council Funding	External Funding
£'000	£'000
679	77
<b>679</b>	<b>77</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
157	-	-	157
-	35	-	35
-	3	-	3
-	5,883	1,645	7,528
262	760	-	1,022
1,448	749	131	4,715
162	234	399	990
321	1,658	414	3,258
473	370	-	1,387
104	106	-	312
-	1,700	-	1,700
7	-	-	7
<b>2,934</b>	<b>11,498</b>	<b>2,589</b>	<b>21,114</b>

Council Funding	External Funding
£'000	£'000
-	157
-	35
-	3
-	7,528
-	1,022
937	3,778
-	990
-	3,258
464	923
-	312
700	1,000
-	7
<b>2,101</b>	<b>19,013</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
35	-	-	382
-	-	-	18
-	-	-	10
150	20	-	205
249	25	-	275
234	93	-	330
22	-	-	22
38	-	-	38
<b>728</b>	<b>138</b>	<b>-</b>	<b>1,280</b>

Council Funding	External Funding
£'000	£'000
382	-
18	-
10	-
205	-
275	-
330	-
22	-
-	38
<b>1,242</b>	<b>38</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
666	776	610	2,585
2,158	1,260	-	5,703
50	50	50	200
30	49	-	108
31	97	-	143
98	40	-	238
<b>3,033</b>	<b>2,272</b>	<b>660</b>	<b>8,977</b>

Council Funding	External Funding
£'000	£'000
2,513	72
816	4,887
200	-
-	108
-	143
238	-
<b>3,767</b>	<b>5,210</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL

Council Funding	External Funding

£'000	£'000	£'000	£'000
346	-	-	653
819	121	-	1,293
47	49	-	115
239	-	-	243
320	-	-	561
-	25	-	32
3	-	-	3
368	3,137	2,185	5,923
12	148	-	486
36	93	-	167
-	-	-	8
70	-	-	70
37	-	-	37
-	-	-	60
<b>2,297</b>	<b>3,573</b>	<b>2,185</b>	<b>9,651</b>

£'000	£'000
653	-
1,293	-
115	-
243	-
561	-
32	-
3	-
5,923	-
468	18
167	-
8	-
70	-
37	-
60	-
<b>9,633</b>	<b>18</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
177	220	-	434
10	25	-	65
116	200	1,355	2,083
-	-	-	-
-	3,500	1,000	4,500
-	-	-	-
9			9
<b>312</b>	<b>3,945</b>	<b>2,355</b>	<b>7,091</b>

Council Funding	External Funding
£'000	£'000
434	-
65	-
2,083	-
-	-
4,500	-
-	-
9	-
<b>7,091</b>	<b>-</b>

Total Funding Required			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
<b>59,035</b>	<b>124,475</b>	<b>14,500</b>	<b>240,088</b>

Council Funding	External Funding
£'000	£'000
<b>117,692</b>	<b>122,396</b>

Total Funding			
2021/22	2022/23	2023/24	TOTAL
£'000	£'000	£'000	£'000
16,872	40,335	4,083	79,518
-	3,500	1,000	4,500
14,616	6,072	5,840	32,902
24,178	68,158	3,178	111,932
2,827	6,186	399	10,464
542	224	-	772
<b>59,035</b>	<b>124,475</b>	<b>14,500</b>	<b>240,088</b>

Council Funding	External Funding
£'000	£'000
79,518	-
4,500	-
32,902	-
-	111,932
-	10,464
772	-
<b>117,692</b>	<b>122,396</b>

### Appendix 3 : Detail of projected reserves and provisions as at Quarter Three 2021/22

Reserves and Provisions	Opening Balance	Proposed Use in Year	Additional Contributions	Transfers between reserves	Transfers from General Fund	Proposed Transfers to fund projected outturn	Projected Balance at Year End
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>General Fund Reserve</b>	10,500		695				11,195
<b>Covid Recovery Reserve</b>	4,512					(3,814)	698
<b>Reserve created from Flexible Use of Capital Receipts Strategy</b>	0		4,909				4,909
<b>Earmarked for specific purposes</b>							
Public Health Reserves	438	(199)					239
Adult Social Care Covid Recovery Reserve	1,598	(168)					1,430
Ofsted Support Reserve	188	(188)					0
Children's Services Improvement Reserve	175	(175)					0
Children's Services Demand Reserve	732					(732)	0
Social Care Demand Risk Reserve	500					(500)	0
Business Rates Deficit Reserve	10,555	(10,555)					0
Business Rates Risk Reserve	1,670						1,670
Business Rates Relief Reserve	49						49
Change Fund	445	(609)	275	187			298
Investment Fund	0						0
Insurance Fund (MBC)	270						270
CCC Insurance Fund	35						35
Insurance Fund (Fire)	0						0
Capital Refinancing Reserve	175						175
Other Reserves & Provisions	12,140	(52)					12,088
<b>Earmarked Reserves</b>	<b>28,970</b>	<b>(11,946)</b>	<b>275</b>	<b>187</b>	<b>0</b>	<b>(1,232)</b>	<b>16,254</b>
<b>Earmarked Reserve - Dedicated Schools Grant (DSG) Reserve</b>	<b>(3,291)</b>	<b>(1,004)</b>					<b>(4,295)</b>
<b>School balances</b>	<b>4,864</b>						<b>4,864</b>
<b>Provisions</b>	<b>2,555</b>			<b>(187)</b>		<b>0</b>	<b>2,368</b>
<b>TOTAL</b>	<b>48,110</b>	<b>(12,950)</b>	<b>5,879</b>	<b>0</b>	<b>0</b>	<b>(5,046)</b>	<b>35,993</b>

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Andy Preston - The Mayor and Executive Member for Adult Social Care and Public Protection Tony Parkinson - Chief Executive
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<b>Submitted to:</b>	Overview & Scrutiny Board - 22 February 2022
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<b>Subject:</b>	Corporate Performance Update: Quarter Three 2021/22
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**Summary**

**Proposed decision(s)**

- That OSB notes the proposed amendments to Executive actions outlined at Appendix 1.
- That OSB notes progress in implementing the Strategic Plan 2021-24 at Quarter Three 2021/22 (Appendix 2) and notes the revised deadline for the action at paragraph 20.
- That in light of the position outlined in the report, OSB notes the Council’s updated Strategic Risk Register at Appendix 3.
- That OSB notes progress in implementing 2021/22 Directorate priorities, which are set out at Appendix 4.

Report for:	Key decision:	Confidential:	Is the report urgent?
Decision	No	No	No

**Contribution to delivery of the 2021-24 Strategic Plan**

People	Place	Business
Quarterly monitoring, review and action planning plays a central role in ensuring that the Strategic Plan and associated activity is delivered effectively.		

**Ward(s) affected**

None.

## **What is the purpose of this report?**

1. This report advises OSB of corporate performance at the end of Quarter Three 2021/22.

## **Why does this report require a member decision?**

2. The Council's Scheme of Delegation gives OSB collective responsibility for the monitoring of corporate strategic performance, together with associated action.
3. This report provides the necessary information to enable OSB to discharge its performance monitoring responsibilities, setting out progress against Executive action, the Strategic Plan and other key associated items, together with actions to be taken to address any issued identified.
4. The projected 2021/22 financial outturns for Quarter Three are presented separately to this meeting of OSB, and so not repeated here. Where performance has had a significant impact on finances this is highlighted within the body of the report.

## **Report Background**

5. As part of continuous improvement in performance and risk management, the Council's Leadership Management Team (LMT) has implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard, drawing data from a range of performance systems.
6. The output from these sessions is reflected through quarterly updates to the Executive and Overview and Scrutiny Board and covering in addition, progress in delivering actions agreed by the Executive, key Directorate performance issues and other performance-related matters.

## **Overall progress at Quarter Three 2021/22**

7. The Council's performance overall at the end of Quarter Three saw a drop in performance from the Quarter Two reported position, with progress towards expected performance standards as set out in the Council's risk appetite projected to be achieved in three out of seven areas. Work will be undertaken in the final quarter of the year, as set out within the report, to get performance back to target wherever possible.

## **Progress in delivering Executive actions**

8. Actions agreed by the Executive to deliver approved decisions are tracked by LMT on a monthly basis. If, subsequent to the Executive's approval, any action is found to be no longer feasible or appropriate, or cannot be delivered within the approved timescales, a report will be submitted to advise the Executive of this and approval will be sought for alternative actions or amended timescales.
9. At Quarter Three, 56 of 78 live actions (72%) were reported as on target to be delivered by the agreed timescales, down from the 89% reported at Quarter Two and below the 90% standard of achievement of actions, with five proposed amendments

for Executive approval on 14 February 2022 set out at Appendix 1. All remaining Executive actions are expected to be achieved within their approved timescales.

10. The proposed amendments relate to:

- ‘Final Report of the Adult Social Care and Services Scrutiny Panel - Physical Activity for Older People (aged 65 plus) - Service Response’ which has seen delays of approximately 18 months in total, as a result of prioritisation of mandatory training over Dementia Friendly sessions by Boro Taxis, resulting in lack of dementia awareness for drivers and which could further impact upon dementia and carer isolation.
- ‘Reducing Empty Homes in Middlesbrough Report’ and an action to create a full time role within the Revenue and Benefits Service to reduce avoidance and increase the collection of Council Tax on empty homes was delayed as a result of non-essential visits being suspended. Job evaluation has now recommenced.
- ‘Community Asset Transfers’ report seeking extension to three actions as a result of late receipt of business cases and subsequent assessment, impacting upon completion of community asset transfers.

### **Progress in delivering the Strategic Plan 2021-24**

11. The Strategic Plan for 2021-24, sets out nine strategic priorities for this period which are supported by an associated set of outcome measures and a workplan, which will see delivery of sustained improvement, up to and beyond 2024.

### **Outcomes**

12. At the end of Quarter Three, 11 of 24 (45.8%) Strategic Plan outcomes were either improving or static against the Quarter Two position, with 3 (12.5%) worsening. As many measures are updated annually, there is no trend information available for 10 (41.7%) outcome measures at the present time.

- Household waste and recycling shown slight decrease from previous reported position at Quarter Two, in the main due to seasonal green waste levels. It is expected that the overall 12 month average will see an improved position and the target met.
- Data from the National Highways and Transport Network annual report (based on 2020 survey data) identifies that road conditions show a slight worsening from the position previously reported and is likely as a result of data lag not demonstrating recent improvement works and will feed into ongoing Highways investment works.
- Children’s Care audits Requiring Improvement or better outcome reduced during Quarter Three as a result of audits focusing on specific areas of weakness to support learning and improvement in practice. As the 12 month rolling average figure stands at 78%, there is no concern in respect of the general direction of travel on this measure, which remains positive.

13. Whilst Quarter Three source data shows short-term trend in a worsening position in relation to the Strategic Plan outcome for the number of Street Warden enforcement actions, this is due to a number of reasons, prompting changes which have seen significant improvements to ways of working, performance management and refined processes and systems within the service.

14. The introduction of mobile incident management system has enabled calls and complaints received to be processed and serviced more productively and as such, the service is now in a position to record more accurately the level of activity undertaken which shows increases as follows:

Street Warden activity	2020/21	Q1-Q3 2021/22
Interventions	2,178	14,125
Enforcement actions	1,444	5,832

15. Whilst trend data has improved, crime and anti-social behaviour remains of concern at the end of Quarter Three. Anti-social behaviour is now at its lowest level in five years, with levels of crime continuing to be the issue. Work and discussions continue with Cleveland Police to bring crime down which includes the need to increase and reinforce police numbers across the town.
16. COVID-19 has resulted in significant fluctuation in performance and outcome measures (will largely involve multi-agency working) will be reviewed during Quarter Four and revised targets will subsequently presented to the Executive for approval in the Year-End performance report.

### **Workplan**

17. Current workplan activity in respect of Strategic Plan outcomes has been reviewed and assessed to ensure it is sufficient to recover performance to agreed target. Where required, any additional activities required will be brought forward for approval within future quarterly updates to the Executive.
18. At the end of Quarter Three, performance against Strategic Plan workplan was as set out below, exceeding the corporate target of 90%.

Status	Q2 21/22	Q3 21/22	Expected standard	Standard achieved	Trend
COMPLETED	13.4%	29.8%	90%	Yes	↓
GREEN	86.6%	68.7%			
AMBER	0%	0	N/A	N/A	N/A
RED	0.0%	1.5%	N/A	N/A	N/A

19. Quarter Three saw an additional 8 (11.9%) of the 67 Strategic Plan initiatives within the workplan completed (to the eight completed in Quarter Two), four of which were COVID-19 Recovery related:

- Increase town centre footfall to 85% of pre-COVID levels
- Initiate repurposing of Captain Cook Square and House of Fraser for leisure and commercial use
- Resume service plans impacted by COVID-19 to support children in remaining with their families e.g. futures for families and family group conferencing
- Ensure high achievement for all from the early years, by closing the gaps for the most vulnerable and focusing on Key Stage 4 outcomes
- Target young people who are NEET and provide support to progress into education, employment and training opportunities

- Support all Middlesbrough schools following COVID-19 spikes / outbreaks, ensuring all vulnerable children have continued access to education, by December 2021
- Deliver and extend the 50 Futures programme 2020 - 2022 to provide meaningful work experience opportunities to those Middlesbrough residents who find it most difficult to gain employment
- Installation of a town-wide lighting scheme, highlighting key buildings and landmarks to improve the physical appearance of the town

20. There was one Red / off-track workplan initiative at the end of Quarter Three, which is set out below and requires revised dates in order to avoid future slippage. Executive was asked to approve proposed deadlines where specified.

Initiative	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Revised Due Date
Key Council plans (MTFP, Strategic Plan, Business Continuity, Operations Strategy, etc.) will reflect the impact of COVID, to support Recovery / new normal, by June 2021.	LGS	31/12/2021	(R) Revisions to Strategic Plan, underway. (I) Minimal.	30/06/2022

### Strategic Risk Register

21. Issues raised within this report which impact on the risk profile of the Council are reflected within the Council's Strategic Risk Register (SRR), which was reviewed in the quarter in line with the Council's policy and is set out at Appendix 3.
22. The total number of risks on the SRR reduced to 28 from 30 at Quarter Three, comprising 18 high and 10 medium risks.
23. Two risks were de-escalated to directorate risk registers during the quarter:
- Inaccurate MTFP resulting in funding gap requiring further savings, which was deescalated following the development of the proposed draft budget and release of the local government finance settlement.
  - Failure of Boho X to deliver anticipated benefits and financial returns, due to the extent of the interest in the site and the high likelihood of the building being let in the near future.
24. No new risks were added or scores amended during the quarter. Performance in delivering mitigating actions associated with high or medium risks on the SRR has fallen below the expected performance standard of 90% in Quarter Three, to 71%.
25. Work continued on a fundamental review of the SRR throughout Quarter Three, to reflect revisions to the Council's strategic priorities outlined in the Strategic Plan 2021-24. It was anticipated that this work would be concluded in time to present a revised SRR to the Executive in the Quarter Three report, however due to detailed analysis work underway, this work is still ongoing and will be reported to the Executive in the Year- End report. This work will also address any issues with mitigating actions outlined in paragraph 23.

## **Progress in delivering Directorate Priorities for 2021/22 and risk mitigations**

26. Directorates are accountable for a number of Directorate-specific actions each year to ensure ongoing compliance with legal duties and best practice and that business change is well managed. Directorate Priorities for 2021/22 are set out at Appendix 4.
27. At the end of Quarter Three, 96% of Directorate Priorities were rated either Green or Amber (i.e. some milestone slippage but still expected to be delivered in-year), above the expected standard of 90%. Performance in delivering mitigating actions associated with high or medium risks on Directorate Risk Registers is 86% and 71% respectively, below the performance standard of 90%.
28. Quarter Three saw 9 (8.3%) of 108 Directorate Priorities completed, as follows:
  - Embed Making Every Adult Matter (MEAM) guidance to ensure improved support to adults with multiple disadvantages
  - Completion of sexual health procurement
  - Deliver the Multi-agency Early Help and Prevention Strategy to support a commitment to intervening at the earliest stage possible
  - Deliver the Achievement Plan to deliver school improvement and improve educational outcomes in Middlesbrough
  - Deliver the Inclusion and Specialist Support Strategic Plan to remove barriers to learning and wellbeing for children and young people and reduce exclusions and out-of-area educational placements
  - Build capability and embed the Values to support the achievement of the Council's Strategic Aims through recruitment, recognition, performance management and employee engagement
  - Conduct Local planning Referendums
  - Launch and embed the revised corporate Information Governance Framework, completing outstanding actions from the ICO Data Protection Audit
  - Update the business intelligence dashboard plan to reflect revisions to performance management arrangements and roll-out learning from work within Children's Services

## **Progress in delivering Programmes and Projects**

29. The Council maintains a portfolio of programmes and projects in support of achievement of the Council's strategic and directorate priorities. At the end of Quarter Three, 26 (76%) of the 34 programmes / projects were rated Green or Complete, 4 (12%) Amber, slightly below the expected combined standard of 90%. Much of this relates to post-COVID reprofiling, and no programmes or projects required escalation to the Executive at the end of Quarter Three.

## **Progress in other corporate performance matters**

30. In addition to the above performance and risk issues, LMT reviews a range of other performance measures on a monthly basis, including compliance with agreed actions from internal audits, responsiveness to statutory information requests, information security incidents and complaints.

31. At Quarter Three the key points of note were:

- There was a slight reduction in compliance with statutory deadlines in relation to Freedom of Information (FoI) and Environmental Information Regulations (EIR) from 65.3% in Quarter Two to 63.1% in Quarter Three, as a result of increased complex cases. The Council has increased capacity in this team to improve performance longer term.
- The number of information security incidents continues to be low.
- There continues to be improvements in compliance in key areas in relation to the management of complaints. Overall the percentage of complaints closed in time improved from 79% at the end of Quarter Two and to 93% at the end of Quarter Three.

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

32. That OSB notes the proposed amendment to Executive actions outlined at Appendix 1.
33. That OSB notes progress in implementing the Strategic Plan 2021-24 at Quarter Three 2021/22 (Appendix 2) and notes the revised deadline for the action at paragraph 20.
34. That in light of the position outlined in the report, OSB notes the Council's updated Strategic Risk Register at Appendix 3.
35. That OSB notes progress in implementing 2021/22 Directorate priorities, which are set out at Appendix 4.

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

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

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

37. Not applicable.

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

##### **Legal**

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

##### **Financial**

39. Any financial implications relating to issues set out in this report, were summarised in the Revenue and Capital Budget – Projected Outturn Position at Quarter Three 2021/22 report also considered by the Executive at its meeting of 14 February 2022.

## Policy framework

40. The Strategic Plan and associated budgets form part of the Council's Policy Framework.

## Equality and diversity

41. As reported to Council in February 2021, no negative differential impact on diverse groups and communities is anticipated from the direction of travel set out in the Strategic Plan 2021-24.

## Risk

42. Risk implications are set out in the main body of the report.

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

43. Mitigating activity set out in the main body of the report will continue to be applied by Directorates as stated and monitored by LMT as part of monthly Performance Dashboard reviews.

## Appendices

- 1 Proposed amendments to Executive actions at Quarter Three 2021/22
- 2 Strategic Plan Workplan: progress at Quarter Three 2021/22
- 3 Summary Strategic Risk Register at Quarter Three 2021/22
- 4 Directorate Priorities 2021/22: progress at Quarter Three 2021/22

## Background papers

24/02/21	Council	Strategic Plan 2021-24
11/05/21	Executive	Strategic Plan 2021-24: approach to delivery
15/06/21	Executive	Strategic Plan 2020-23 – Progress at Year End 2020/21
07/09/21	Executive	Corporate Performance Update: Quarter One 2021/22
07/12/21	Executive	Corporate Performance Update: Quarter Two 2021/22
14/02/22	Executive	Corporate Performance Update: Quarter Three 2021/22

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## Appendix 1: Amendments to Executive actions at Quarter Three 2021/22

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
16/02/21	'Final Report of the Adult Social Care and Services Scrutiny Panel - Physical Activity for Older People (aged 65 plus) - Service Response'	PROPOSED ACTION 10 - A list of the vehicles that have been designated as wheelchair accessible under Section 167 of the Equality Act 2010 are listed on the Middlesbrough Council website. Dementia Friends Sessions delivered to approximately 40 Boro Taxi Drivers.	PH	31/12/21	31/03/22
13/04/21	'Community Asset Transfers'	That a future report be presented to Executive, outlining the outcome of the financial appraisal and recommendations for approval of each community asset transfer, based on its own merits following appropriate due diligence.	ECS	31/10/21	30/04/22
		That community asset transfer policy be actioned for potential execution of community asset transfer leases for Brambles Farm Community Centre CC, Langridge Initiative Centre, The International Centre and 22 Holylake, subject to appropriate expressions of interest and submission of business cases.		31/10/21	30/04/22
		That the Community Asset Transfer Policy be refreshed alongside the Community Governance Review process, currently being progressed.		31/10/21	30/04/22
23/06/21	'Reducing Empty Homes in Middlesbrough'	That the creation of a full time role within the Revenue and Benefits Service on an 'invest to save' basis, to reduce avoidance and increase the collection of Council Tax on empty homes, be approved.	FIN	31/10/21	30/05/22

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## Appendix 2: Strategic Plan Workplan: Progress at Quarter Three 2021/22

Quarter Three saw an additional 9 (13.4%) of the 67 Strategic Plan initiatives within the workplan completed (to the eight completed in Quarter Two), four of which were COVID-19 Recovery related.

<b>We will show Middlesbrough's children that they matter and work to make our town safe and welcoming and to improve outcomes for all children and young people.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Deliver the Children's Services Improvement Plan to achieve OFSTED rating of 'Requires Improvement' by 2023	31/3/2022	Green	Green	Green
Increase attainment and attendance levels and reduce exclusions for all children across Middlesbrough	30/9/2021	Green	Complete	Complete
Deliver the Youth Justice Plan to reduce re-offending, safe and effective use of custody and reducing the number of first time entrants	30/04/2022	Green	Green	Green
Ensure high achievement for all from the early years, by closing the gaps for the most vulnerable and focusing on Key Stage 4 outcomes	31/10/2021	Green	Green	Complete
Target young people who are NEET and provide support to progress into education, employment and training opportunities	31/12/2021	Green	Green	Complete
Ensure the best start in life for Middlesbrough children by reducing early health inequalities, with a focus on the first 1001 days of life	30/06/2022	Green	Green	Green
Develop a universal town-wide Children and Young People's strategy that will aim to improve the lives of all children	31/12/2022	Green	Green	Green

<b>We will work to address the causes of vulnerability and inequalities in Middlesbrough and safeguard and support the vulnerable.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Deliver and extend the 50 Futures programme 2020 - 2022 to provide meaningful work experience opportunities for Middlesbrough residents who find it most difficult to gain employment	30/11/2021	Green	Green	Complete
Implement Locality Working pilots in Newport and North Ormesby wards, working with partners and services to address key priorities and issues for residents to consider within Council's new operating model	31/08/2022	Green	Green	Green
Further develop the 'Dementia Friendly' Middlesbrough programme to improve the wellbeing of individuals with dementia and their carers, connecting communities and business	31/03/2022	Green	Green	Green
Achieve 'Age Friendly Communities' status, thereby reducing the prevalence and impact of loneliness and isolation in Middlesbrough	31/03/2024	Green	Green	Green
Launch and deliver an integrated model of support for Middlesbrough, bringing together services for domestic abuse, homelessness and substance misuse and development of mental health partnership provision, through the vulnerable persons model	31/03/2024	Green	Green	Green
Create and deliver a strategy to increase digital inclusion for children, young people and adults across Middlesbrough	31/03/2022	Green	Green	Green
Develop and deliver an improved offer of support for addiction recovery through employment, housing and social / community re-integration	31/03/2023	Green	Green	Green

<b>We will tackle crime and anti-social behaviour head on, working with our partners to ensure local people feel safer.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Develop and deliver the Community Safety Strategy to reduce crime and anti-social behaviour across Middlesbrough	31/10/2022	Green	Green	Green

<b>We will tackle crime and anti-social behaviour head on, working with our partners to ensure local people feel safer.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Increase CCTV in public areas / Council facilities to prevent and detect crime and ASB, improving public confidence in the Council	31/03/2023	Green	Green	Green
Increase Street Warden enforcement activity and provision of advice and education to residents to reduce levels of environmental crime and ASB	30/04/2022	Green	Green	Green
Deliver a targeted education and enforcement programme in conjunction with Police and Fire Safety Partners to reduce crime and ASB.	31/01/2023	Green	Green	Green

<b>We will ensure our town acts to tackle climate change, promoting sustainable lifestyles.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Deliver a town-wide programme of education, increasing recycling levels in Middlesbrough	31/12/2022	Green	Green	Green
Deliver the Green Strategy to meet Government targets for greenhouse gas emissions and make Middlesbrough more climate resilient and minimise the environmental impact of Council services in future.	31/03/2022	Green	Green	Green
Work with partners to identify community growing sites, providing skills development to 'Grow Your Own Food', contributing to Middlesbrough's bid for the Sustainable Food Cities Gold Award in 2022	30/09/2023	Green	Green	Green
Work towards achievement of Tree City Status, demonstrating responsibility and management of town tree stock	31/03/2022	Green	Green	Green
Plant an additional trees 20,000 trees across the town by 2023, improving air quality	31/03/2023	Green	Green	Green
Explore the potential to designate sites across the town as a local wildlife / nature reserve, increasing biodiversity in Middlesbrough	31/03/2022	Green	Green	Green
Develop an Urban Farm (in conjunction with Camphill Trust) to improve the physical environment and provide additional training opportunities for vulnerable residents across Middlesbrough	31/05/2022	Green	Green	Green

<b>We will ensure the recovery of local communities, businesses and the Council's operations from COVID-19, taking opportunities to build back better.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Delivery of the Council's COVID19 Recovery Plan to enable individuals, families, communities and business across Middlesbrough achieve a proper level of functioning, post-Pandemic	31/08/23	Complete	Complete	Complete
		Red	Green	Amber
Ensure effective Council response to immediate issues of COVID19 impacting upon individuals, families, communities and business	31/08/23	Complete	Complete	Complete
		Red	Green	Amber

<b>We will work closely with local communities to protect our green spaces and make sure that our roads, streets and open spaces are well-designed, clean and safe.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
30,000m2 of wildflower planting across Middlesbrough green spaces and land to benefit local wildlife and improve the physical appearance of the town	31/05/21	Complete	Complete	Complete
Implement an annual pothole maintenance programme across the town, consistently improving road conditions	31/03/2024	Green	Green	Green
Introduction of community environmental initiatives improving local environmental standards	30/04/2022	Green	Green	Green
Implement a community grant scheme, providing funding to improve the physical environments of residential alleyways to create a useable community space / asset	28/02/2022	Green	Green	Green

<b>We will transform our town centre, improving accessibility, revitalising unused assets, developing iconic new spaces and building more town centre homes.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Development of central Middlehaven for 60,000 sq. ft. of commercial space (Boho X), 400+ housing units and restoration of the Old Town Hall and Captain Cook Pub	31/03/2024	Green	Green	Green
Initiate repurposing of Captain Cook Square and House of Fraser for leisure and commercial use	31/03/2022	Green	Green	Complete
Commercial and residential development of west and south side Middlehaven sites	31/03/2024	Green	Green	Green
Installation of a town-wide lighting scheme, highlighting key buildings and landmarks to improve the physical appearance of the town	30/11/2021	Green	Green	Complete
Develop new homes and apartments to expand the urban living offer in the town	31/03/2024	Green	Green	Green

<b>We will invest in our existing cultural assets, create new spaces and events and improve access to culture.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Improve Teesaurus Park, re-establishing its purpose as a visitor attraction and recreational facility	31/10/2021	Green	Green	Green
Create an expanded programme of festivals and events to raise the cultural profile of Middlesbrough	31/03/2023	Green	Green	Green

<b>We will ensure that we place communities at the heart of what we do, continue to deliver value for money and enhance the reputation of Middlesbrough.</b>	<b>Due Date</b>	<b>RAG at Q1</b>	<b>RAG at Q2</b>	<b>RAG at Q3</b>
Encourage community participation in the development of Council plans and initiatives, increasing community cohesion and resilience	30/09/2021	Green	Red	Green
To secure additional funding and improve the condition of the Council's operational estate and highways infrastructure	31/12/2022	Green	Green	Green
Evolve corporate website into a 'digital platform', increasing online transactions where appropriate, and making the site more personalised and even easier to use	30/11/2022	Green	Green	Green
Develop new Middlesbrough Council headquarters	31/07/2022	Green	Green	Green
Deliver a ward-based cash collection strategy, supporting vulnerable groups with payment solutions to improve Council Tax collection levels	31/01/2022	Green	Green	Green
Stimulate investment in our local economy through procurement opportunities and the promotion of our buy local initiative	31/03/2022	Green	Green	Green
Provision of a new resident-led community facility at Southlands and Nunthorpe	30/11/2022	Green	Green	Green
Deliver sound business management practice through the delivery of the asset disposal policy framework, ensuring best value is achieved and the benefit of disposals are shared with local communities	31/03/2022	Green	Green	Green

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### Appendix 3: Summary Strategic Risk Register: Status at Quarter Three 2021/22

The table below sets out risks to the achievement of the Council's strategic priorities at Quarter Three 2021/22 in order of severity, with impacts ranging from insignificant to extreme, and likelihood ranging from rare to almost certain to happen.

In line with its Risk and Opportunity Management Policy, the Council aims (where possible) to manage down High risks to the lowest practicable level immediately and Medium risks to the lowest practicable level within three months.

Risk Level	Risk	Likelihood	Impact	Trend
High	Failure to control expenditure within Children's Services (MFTP pressure).	Likely	Extreme	➔
High	Local uptake of the C19 vaccine is poor resulting in increased transmission	Likely	Extreme	➔
High	Insufficient funding available to meet demand / costs associated with the Health and Social Care Bill	Likely	Extreme	➔
High	Retail market distress impacting Middlesbrough town centre.	Almost Certain	Major	➔
High	Insufficient funding to meet increased expenditure that might be incurred from increased demand as a result of COVID-19 (MFTP pressure).	Possible	Extreme	➔
High	Failure to have a legally compliant approach to CCTV	Possible	Extreme	➔
High	Breach of data rights due to untimely response to information requests.	Possible	Major	➔
High	Insufficient year 7 school places available to meet demand over the next 5 years	Possible	Major	➔
High	High residential voids / low sale values within Middlesbrough.	Possible	Major	➔
High	Historical investigations requiring changes to social work practice.	Possible	Major	➔
High	New historic child abuse claims.	Possible	Major	➔
High	Failure to maintain adequate corporate governance.	Possible	Major	➔
High	Failure to align operations and culture within strategic objectives.	Possible	Major	➔
High	Decline in new housebuilding impact on Council income.	Possible	Major	➔

Risk Level	Risk	Likelihood	Impact	Trend
<b>High</b>	External factors (e.g. Brexit, COVID-19) impacting Middlesbrough's economy.	Possible	Major	➔
<b>High</b>	Future waste disposal contract costs (MTFP pressure).	Possible	Major	➔
<b>High</b>	Failure to adequately plan for new COVID-19 wave or subsequent pandemics.	Unlikely	Extreme	➔
<b>High</b>	Disruption from national / local elections.	Likely	Moderate	➔
<b>Medium</b>	UK / EU Trade and Security Deal adversely affecting Council operations.	Unlikely	Major	➔
<b>Medium</b>	Failure to develop effective partnerships.	Unlikely	Major	➔
<b>Medium</b>	National Waste Review (MTFP pressure).	Unlikely	Major	➔
<b>Medium</b>	Reduction in frontline policing impacting on crime / community resilience.	Possible	Moderate	➔
<b>Medium</b>	Failure to recruit and / or retain key staff.	Possible	Moderate	➔
<b>Medium</b>	Limited or no partnership involvement due to COVID-19 with the Children's Service Safeguarding Improvement Plan.	Possible	Moderate	➔
<b>Medium</b>	Terrorist incident (reflects National Threat Level).	Rare	Extreme	➔
<b>Medium</b>	Failure to adapt service delivery to COVID-19 Secure guidelines.	Rare	Extreme	➔
<b>Medium</b>	Poor skills profile of school leavers.	Unlikely	Moderate	➔
<b>Medium</b>	Inward migration increasing demand for services.	Unlikely	Moderate	➔

## Appendix 4: Directorate Priorities 2021/212: Progress at Quarter Three 2021/22

### Environment and Community Services

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Submit Expression of Interest and then subsequent funding bid for A66 improvements in conjunction with the TVCA and neighbouring authorities.	31/10/21	Green	Amber	Amber
Complete works in respect of Column 22b.	31/10/21	Amber	Amber	Amber
Update 'Flooding and Severe Weather Plan' (Flood Action Plan) for Middlesbrough.	31/03/22	Amber	Amber	Amber
Undertake immediate works to allow Transporter Bridge mitigation measures to be removed.	30/11/21	Amber	Amber	Amber
Implement Hostile Vehicle Mitigation scheme in Centre Square and at MFC.	16/07/21	Amber	Red	Amber
Undertake inspection of all bridges and structures and joint procurement with RCBC.	31/03/22	Amber	Green	Green
Complete five-year highways asset investment plan and report to Executive.	31/03/22	Green	Amber	Green
Undertake year-one HIAP investment.	31/03/22	Green	Amber	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green	Green	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green	Green	Green
Launch staff volunteering scheme allowing employees to support local voluntary groups during working hours.	30/09/21	Green	Red	Green

### Regeneration and Culture

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Develop site infrastructure at Middlehaven through the Brownfield Housing Fund.	31/03/22	Green	Amber	Amber
Work with Thirteen Group to deliver development at Gresham.	31/12/21	Green	Amber	Red
Improve Middlesbrough Rail Station and the areas around it.	28/02/22	Green	Amber	Green
Deliver transport schemes to improve efficiency and capacity of the network.	31/03/22	Green	Amber	Amber
Market the premium housing sites at Nunthorpe Grange and Newham Hall.	31/03/22	Green	Amber	Amber

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Deliver 450 new homes across Middlesbrough.	31/03/22	Green	Green	Green
Prepare a new balanced Local Plan for adoption, based on greater community engagement.	31/03/22	Green	Amber	Amber
Deliver new location for Teesside Archives.	31/12/21	Green	Amber	Amber
Deliver Future High Streets Fund programme.	31/07/21	Green	Complete	Complete
Deliver Town's Fund programme.	31/08/21	Green	Complete	Complete
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green	Green	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green	Green	Green

## Finance

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Set a balanced budget for the Council and maintain an accurate and timely Medium Term Financial Plan (MTFP).	31/03/22	Amber	Green	Amber
Monitor the financial position of the Council including close working with Directorates ensuring correct allocation/maximising use of grants received, e.g. Covid, and the monitoring of the Investment Strategy and the effects on the Council's MTFP.	31/03/22	Amber	Green	Amber
Analyse impacts of Fair Funding Review / Comprehensive Spending review and the provision of information to support the Council's position and representations to Government.	31/03/22	Amber	Green	Amber
To support Children's Services in the improvement journey and in making reductions in costs.	31/03/22	Amber	Green	Amber
Improved working and integration between services provided by Financial Planning & Support and Financial Governance & Revenues to maximise available resources and improve the overall service provided.	31/03/22	Amber	Green	Amber
Achieve an unqualified set of accounts for the 2020/21 financial year.	31/03/22	Amber	Amber	Amber
Implement the new accounting regulations in relation to leasing.	31/03/22	Green	Amber	Green
Implement the insurance service review and tender insurance contract arrangements to commence from 1st April 2022.	31/03/22	Amber	Amber	Green
Corporate Welfare Solution.	31/03/22	Green	Green	Green
Corporate Voicescape Solution.	31/03/22	Green	Green	Green

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Improving collection activities.	31/03/22	Green	Green	Green
Re-procure pensions administration contract.	31/03/22	Amber	Amber	Amber
Pension Fund Actuary procurement and on-boarding.	31/12/21	Amber	Amber	Red
Preparation for 31/03/2022 Pension Fund triennial valuation.	31/03/22	Green	Amber	Green
Review procurement policy and practice in preparation for the outcome of the procurement green paper, including the opportunity for transformation and innovation.	31/10/21	Amber	Amber	Green
Lead on the green strategy theme for sustainable procurement.	31/10/21	Green	Amber	Amber
Support COVID recovery ensuring that markets remain sustainable and continue to meet the needs of our vulnerable population.	31/03/22	Amber	Green	Amber
Undertake a review of valuation and estates to ensure that both the development function and commercial management of assets are resourced and have clear strategic plans	31/03/22	Amber	Amber	Amber
Support the children's improvement journey through the improved relationship with local providers to ensure local provision maps to local need.	31/03/22	Amber	Green	Green
Renegotiate the section 75 arrangement with health to ensure services delivered are funded and fully accountable.	31/10/21	Amber	Amber	Green
Roll out training in a number of areas of financial governance, including: Business World e-learning modules, treasury management training for Members, counter-fraud awareness and training for staff and VAT training for DMT's & SMT's on relevant topics.	28/02/22	Amber	Amber	Amber
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green	Green	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green	Green	Green

## Adult Social Care and Health Integration

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Complete review of the Occupational Therapy service and implement an improved service model to ensure that provision is in line with demand.	30/09/21	Amber	Complete	Complete
Embed Making Every Adult Matter (MEAM) guidance to ensure improved support to adults with multiple disadvantages.	30/11/21	Amber	Amber	Complete
Implement the requirements of the Domestic Abuse Act.	31/08/21	Amber	Amber	Red
Prepare for 01/04/22 implementation of the Liberty Protection Safeguards (LPS).	31/03/22	Amber	Amber	Green
Review ASC senior management structure and implement changes as required.	31/07/21	Amber	Red	Amber

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Review of Direct Payments system to ensure consistency and equitability.	31/03/22	Amber	Green	Green
Review autism provision and implement improved service model.	31/03/22	Amber	Complete	Complete
Review Levick House provision.	28/02/22	Amber	Amber	Amber
Deliver 2021/22 Better Care Fund.	31/03/22	Amber	Green	Green
Develop Clean Air Strategy.	31/12/21	Amber	Green	Green
Review of Gambling Act Policy.	31/01/22	Green	Green	Amber
Review Licensing Act Statement of Licensing Policies.	31/03/22	Green	Green	Green
Implement Newport 2 Selective Landlord Licensing scheme.	31/01/22	Green	Green	Green
Embed our values within Directorate and make staff feel more valued.	31/03/22	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green	Green	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium Term Financial Plan.	31/03/22	Green	Green	Green
Ensure equality improvement actions are based on data that is complete and accurate as possible.	31/03/22	Green	Green	Green

## Public Health

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Complete review of the Pharmaceutical Needs Assessment.	31/03/22	Green	Green	Green
Publish DPH Annual Report.	31/12/21	Green	Green	Red
Complete health protection assurance report.	31/03/22	Green	Green	Green
Completion of sexual health procurement.	30/09/21	Green	Complete	Complete
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green	Green	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green	Green	Green

## Children's Care

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
<b>Deliver the Participation Strategy to support our service users to develop the services they receive in partnership with the Children and Young People's partnership</b>	31/03/22	Amber	Green	Amber
<b>Deliver the Quality Assurance and Performance Strategy</b>	31/03/22	Amber	Green	Green
<b>Develop and deliver a workforce strategy to support a stable, skilled and focussed leadership at all levels and stable permanent skilled frontline workforce.</b>	31/03/22	Amber	Amber	Amber
<b>Deliver the Multi-agency Early Help and Prevention Strategy to support a commitment to intervening at the earliest stage possible.</b>	31/03/22	Amber	Green	Complete
<b>Strengthen the way the Children and Young People partnership work together and challenge the quality of practice through the delivery of the Safeguarding Partnership plan</b>	31/03/22	Amber	Green	Amber
<b>Embed our Values within the Directorate and make staff feel more valued.</b>	31/03/22	Green	Green	Green
<b>Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.</b>	31/03/22	Green	Green	Green
<b>Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.</b>	31/03/22	Green	Green	Green

## Education and Partnerships

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
<b>Deliver the Inclusion and Specialist Support Strategic Plan to remove barriers to learning and wellbeing for children and young people and reduce exclusions and out-of-area educational placements.</b>	30/11/21	Green	Amber	Complete
<b>Deliver the Access to Education strategy, to ensure sufficient appropriate, high-quality places are available for children and young people now and in the future.</b>	31/03/22	Amber	Green	Green
<b>Facilitate the delivery of the local area SEND plan for the Partnership to improve outcomes for children and young people with SEND.</b>	31/03/22	Amber	Green	Green
<b>Deliver the Middlesbrough Community Learning Strategy to deliver more learning opportunities in Middlesbrough</b>	31/03/22	Green	Green	Green
<b>Deliver the Achievement Plan to deliver school improvement and improve educational outcomes in Middlesbrough</b>	31/12/21	Green	Green	Complete
<b>Embed our Values within the Directorate and make staff feel more valued.</b>	31/03/22	Green	Green	Green
<b>Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.</b>	31/03/22	Green	Green	Green
<b>Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.</b>	31/03/22	Green	Green	Green

## Legal and Governance Services

Priority	Due Date	RAG at Q1	RAG at Q2	RAG at Q3
Ensure continued implementation of the ICT Strategy to underpin the delivery of all strategic objectives.	31/03/22	Amber	Green	Green
To ensure the continued provision of legal advice and support to the wider authority to contribute to the implementation and delivery of the strategic objectives.	31/07/21	Green	Complete	Complete
Conduct Local planning Referendums	31/03/22	Green	Complete	Complete
Conduct Community Governance review parish and community councils.	31/03/22	Green	Green	Green
Conduct Combined Elections PCC and TCVA.	31/05/2021	Complete	Complete	Complete
Build capability and embed the Values to support the achievement of the Council's Strategic Aims through recruitment, recognition, performance management and employee engagement.	30/11/21	Green	Green	Complete
Launch and embed the revised corporate Information Governance Framework, completing outstanding actions from the ICO Data Protection Audit.	30/09/21	Green	Red	Complete
Develop and implement an overarching surveillance policy for the Council, communicating the approach to members, employees and customers.	31/07/21	Green	Complete	Complete
Update the business intelligence dashboard plan to reflect revisions to performance management arrangements and roll-out learning from work within Children's Services	31/10/21	Amber	Amber	Complete
Continue the implementation of corporate health and safety policy, procedures and applications to ensure that the Council has a fully auditable system in place.	31/12/21	Amber	Green	Red
Manage projects and initiatives relating to outstanding digital targets within the MTFP.	31/03/22	Green	Green	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green	Green	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green	Green	Green
Continue proactive promotion of vacancies within communities that are under-represented in the Council's workforce.	31/03/22	Green	Green	Green
Explore means of comparing the diversity of applicants with the diversity of subsequently successful candidates.	31/03/22	Green	Green	Green
Deliver a programme of training to all elected members, senior managers and recruiting managers on the history of diverse communities in the UK, issues of bias how they manifest themselves in society.	31/03/22	Green	Green	Green
Encourage all staff to update their equality information.	31/03/22	Green	Complete	Complete
Ensure staff equality monitoring includes all protected characteristics.	31/03/22	Green	Green	Green