

**EXECUTIVE**

A meeting of the Executive was held on Tuesday 14 February 2023.

**PRESENT:** Mayor A Preston (Chair) Councillors B Cooper, D Coupe, TA Grainge, L Mason, E Polano, M Smiles and S Walker

**ALSO IN ATTENDANCE:** Councillors B Hubbard and J McTigue

**OFFICERS:** S Bonner, G Cooper, G Field, L Grabham, R Horniman, A Humble, D Johnson, A Pain, T Parkinson, E Scollay and A Wilson

**APOLOGIES FOR ABSENCE:** Councillors S Hill

22/86 **DECLARATIONS OF INTEREST**

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

22/87 **MINUTES - EXECUTIVE - 24 JANUARY 2023**

The minutes of the Executive meeting held on 24 January 2023 were submitted and approved as a correct record.

22/88 **CORPORATE PERFORMANCE REPORT -2022/23 Q3**

The Mayor submitted a report for Executive's consideration.

The report advised Executive of corporate performance at the end of Quarter Three 2022/23 and where appropriate sought approval of any changes, where those were within the authority of the Executive.

The Council's Scheme of Delegation gave Executive collective responsibility for corporate strategic performance, together with associated action.

This report provided the necessary information to enable Executive to discharge its performance management responsibilities, setting out progress against Executive action, the Strategic Plan and other key associated items, together with actions to be taken to address any issues identified.

The projected 2022/23 financial outturns were presented separately to this meeting of Executive at agenda item 5. Where performance had a significant impact on finances this was highlighted within the body of the report.

**OPTIONS**

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

**ORDERED**

**That Executive:**

- 1. Approve the proposed changes to Executive actions, detailed in Appendix 1;**
- 2. Note progress of delivery of the Strategic Plan 2022-24 at Quarter Three 2022/23, detailed in Appendix 2;**
- 3. Approve the proposed changes to the Strategic Plan workplan initiatives, detailed in Appendix 3;**
- 4. Note the Council's updated position in relation to Strategic Risk, at Quarter Three 2022/23 at Appendix 4; and**
- 5. Note progress of the 2022/23 Directorate Priorities at Quarter Three 2022/23, detailed in Appendix 5.**

## REASONS

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

22/89

## REVENUE AND CAPITAL BUDGET - PROJECTED OUTTURN POSITION AS AT QUARTER THREE 2022/23

The Executive Member for Finance and Governance submitted a report for Executive's consideration.

The report advised Executive of the Council's financial position as at Quarter Three 2022/23. The Council's Scheme of Delegation gave the Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated action. Standing Orders and Financial Procedures required Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Investment Strategy.

The report provided the necessary information to enable Executive to discharge its financial management responsibilities, setting out:

- Projected revenue and capital budget year-end outturns as at Quarter Three 2022/23;
- 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.

Standing Orders and Financial Procedures and Regulations required the Executive's approval of the proposed revenue budget virements over £150,000 (Appendix 1).

A revised Investment Strategy for the period to 2024/25 was attached at Appendix 2 for the Executive's consideration and approval.

## OPTIONS

No other options were submitted as part of the report.

## ORDERED

That Executive:

1. Note that there was a projected 2022/23 revenue budget year-end outturn as at Quarter Three of an approximate £3.4m overspend;
2. Note that it is proposed that the final 2022/23 revenue budget year-end outturn will be funded from the earmarked Social Care Transformation Reserve;
3. Note the progress against the Financial Recovery Plan 2022/23 as approved by Executive on 18 October 2022 and the effect on the projected 2022/23 overspend;
4. Note the management action being taken to address the shortfall and to improve this position further, wherever possible, in order to mitigate the risk on reserves;
5. Note the proposed implementation of a Flexible Use of Capital Receipts Strategy for 2022/23 to fund transformation costs, in particular in Children's Services, as approved by Full Council on 7 September 2022, though there is currently a risk attached to full realisation of capital receipts in-year;
6. Note that the current projected outturn and any non-implementation of the approved Financial Recovery Plan 2022/23 would have a negative impact on the Council's current Medium Term Financial Plan, and that the ongoing financial challenges would continue into 2023/24 and future years. The position regarding the 2023/24 budget and the updated MTFP would be reported in a separate report to Executive and then to Council on 27 February 2023 as part of the budget strategy for 2023/24 and future years. It was noted there was currently a great deal of uncertainty in forecasting created by potential future pay awards, inflationary pressures, and the impact on demand for services;

7. Approve the proposed revenue budget virements over £150,000 as detailed in Appendix 1 of the report;
8. Note the 2022/23 capital budget predicted year-end outturn of £62.167m as at Quarter Three against a revised capital budget of £69.241m;
9. Approve the revised Investment Strategy to 2024/25 as at Appendix 2 of the report and;
10. Note the current level of reserves and provisions as shown in the Reserves and Provisions Section of this report (paragraphs 136 to 141) and detailed in Appendix 3 of the report.

## REASONS

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.

22/90

## LOCAL COUNCIL TAX SUPPORT 2023/24

The Executive Member for Finance and Governance submitted a report for Executive's consideration which sought approval of the Council Tax Support (CTS) scheme for 2023/24.

From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new CTS scheme to be designed and administered by Local Authorities. The Government passed this responsibility to Councils with a 10% cut in the grant funding and prescribed that pensioners must have been no worse off under any local scheme. This translated into an effective reduction in funding for working age claimants of 20% and meant that some residents, many of whom had previously been required to pay nothing, now had to pay at least 20% of their Council Tax.

Middlesbrough's scheme was approved by full Council on 9 January 2013 and remained unaltered (apart from some minor legislative changes) until 2018/2019 when the scheme was amended to bring it in line with the current Housing Benefit scheme regulations, whilst also increasing the amount of support provided to 85% for working age residents. This, therefore, meant non-pensioner residents claiming CTS had a minimum 15% of the Council Tax charge to pay as opposed to the previous 20%.

A Member queried if a single point of contact existed for residents should they require any financial assistance. It was suggested that, if a contact existed, it should be circulated to all Members.

## OPTIONS

The Council could have retained its current income bandings, which would have reduced the amount of support awarded for those applicants subject to increases in their working age benefits that resulted in a band change. However, as indicated earlier in the report, the Council recognised the financial challenges placed on residents due to the Cost of Living and Energy crises and was therefore proposing that the level of support was maintained.

In addition, the Council was not in a financial position to consider awarding additional support through higher discounts or different income ranges without affecting other Council services due to current budgetary pressures. If this was to be considered, a full consultation exercise would also need to be carried out which had not taken place during the current financial year.

## ORDERED

1. That Executive approve the Council Tax Support (CTS) scheme for 2023/24; and
2. That enquiries be made with the relevant Service Area to establish if a single point of contact existed for residents, should they require financial assistance.

## REASONS

The proposed banding changes would have maintained the current simplified scheme

and maintained assistance for low-income households, supported the collection of Council Tax, whilst also fulfilling the obligations on Local Authorities to support the roll out of Universal Credit.

As the only changes to the scheme were minor income banding adjustments to reflect inflation benefit increases set by Central Government and provided for within the existing CTS scheme, no stakeholder consultation had been carried out. Similarly, these proposals had not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel due to the scheme remaining the same.

22/91

## **CHILDREN'S SERVICES FINANCIAL IMPROVEMENT PLAN**

The Deputy Mayor and Executive Member for Children's Services submitted a report for Executive's consideration.

The purpose of the report sought Executive's approval for the Children's Services Financial Improvement Plan. To progress delivery of the plan the report sought approval:

- To commission a single managed project team, linked to saving 2 on the plan; and
- To develop an in-house family support team.

In preparation for budget setting, focussed work had been undertaken within the arena of Children's care. This work has consisted of the following:

- Reviewed and completed a forecasting exercise for 23/24 to understand the realistic budget based on an "as is" basis;
- Reviewed the savings proposals for 23/24 to determine deliverables and identify any "at risk" savings; and
- Develop a children's financial improvement plan for 23/24 and 24/25 which would incorporate the "at risk" savings and identify new savings opportunities to be progressed.

The detail of those elements was included within the narrative of the report.

## **OPTIONS**

**Do nothing.** The projected increase in investment had been based on the "as is" position, therefore if no action were taken the £9.8million would need to be factored into the budget preparation with no mitigating actions, along with the consideration that a number of savings have been identified as "at risk" for delivery.

## **ORDERED**

**That Executive**

1. **Note the contents of the report;**
2. **Approve the implementation of the Children's Financial Improvement Plan; and**
3. **Approve the actions required to deliver the improvement plan, namely the commissioning of a single managed team and also development of an in-house team for delivery of edge of care.**

## **REASONS**

The service area had conducted due diligence in regard to proposed savings and completed focussed work to identify the projected expenditure for 23/24. Through this planning the position was understood as part of budget preparation, as opposed to a position of significant overspend in-year. The plan presented sought to mitigate in part the impact of increasing spend.

22/92

## **BUDGET 2023-24 - STATUTORY REPORT OF THE CHIEF FINANCE OFFICER**

The Director of Finance submitted a report for Executive's consideration. The purpose of the report was to enable Members to fulfil their responsibility to set a balanced budget for 2023/24.

Section 25 of the Local Government Act 2003 required the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also required the Authority to which the report is made to have regard to the report when making decisions about the budget. The Chief Finance Officer was as defined in Section 151 of the Local Government Act 1972 and was fulfilled by the Director of Finance.

The report was made in respect of the Budget 2023/24.

The report highlighted that, in general, the proposals to establish a net budget requirement of £126.4m and Council Tax requirement of £67.3m, as set out in the were robust and provided sufficient resource to enable the Council to set a balanced budget for 2023/24.

Reserves were adequate insofar as the minimum level of general balance following risk assessment was set at £12m and there were no plans to use them in 2023/24 as the fund of last resort. However, there was little resilience in earmarked reserves, and these were at a critical level. The lack of substantial earmarked reserves to support significant unplanned spending meant the overall reserves position, whilst adequate, was fragile and may require continuing reliance on cost control or the acceleration of future saving plans in the event any unexpected costs emerge.

The Council must take every opportunity to replenish reserves, some contribution to reserves was planned in 2023/24 and the Council must proactively plan for this in future budget rounds. In this way, reserves would be available to smooth budget fluctuations over the medium term and for investment in strategic priorities.

The current financial standing of the Council indicated a number of significant stressors and addressing the underlying issues would seek to improve future resilience. The CIPFA Financial Resilience index highlighted low levels of reserves and significant demand led pressures. At the time of drafting, the Council was awaiting findings from the more recent CIPFA Finance resilience review and it was imperative that a programme of work is set up in response to those findings when known.

#### **The report requested that Executive:**

- 1. Note the report and have regard to it when setting the Revenue Budget 2023/24. The report also asked Executive to note:**
  - **An unrelenting focus on delivery of 2023/24 savings and demand mitigation will be required to maintain a balanced budget; further work may be needed to accelerate future budget proposals, if necessary;**
  - **The CFO advice to adopt a medium-term strategy that seeks to maximise resources and replenish reserves; and**
  - **The requirement for a future programme of work to embed an organisational culture of good governance and financial management and within this a particular focus on strengthening financial practice in children's services.**

22/93

#### **REVENUE BUDGET, COUNCIL TAX, MEDIUM TERM FINANCIAL PLAN AND CAPITAL STRATEGY 2023/24**

The Executive Member for Finance and Governance and Director of Finance submitted a report for Executive's consideration.

The report presented the recommended Revenue Budget of £126,353,562, Council Tax increase of 3.99% (paragraphs 86 to 106), and Capital Strategy Report for 2023/24 (paragraphs 162 to 172). Attached to the report were a number of appendices, which were listed at the end of the report.

Following on from the previous report presented to Council on 30 November 2022, this report also provided a refreshed Medium Term Financial Plan (MTFP) for the period 2023/24 to 2025/26 to reflect the 2023/24 Local Government Finance Settlement (paragraphs 107 to 155).

The Medium-Term Financial Plan update in the report was integrated with the £231m Investment Strategy for Middlesbrough for the period from 2022/23 to 2025/26, supported by £114m of the Council's own resources. The updated Investment Strategy was shown in Appendix 7.

The budget continued to support the Mayor's commitment to invest in Middlesbrough and transform service delivery for residents. It was intended that through this strategy the Council could achieve the challenging financial targets faced in the Medium-Term Financial Plan period whilst ensuring that there was as minimum impact as possible on the level of service delivered to the public.

Executive was advised that Appendix 6 of the report had been amended since the papers were circulated on 6 February 2023.

Executive was advised that some minor amendments would also be required to the report, mainly around Appendices 3 and 5, when information regarding the Local Government Financial Settlement and Police and Fire precepts were confirmed. However, it was clarified the amended Appendix 6, and any subsequent amendments, did not affect the decisions being requested and would be reflected in the version of the report submitted to full Council on 27 February 2023.

## **OPTIONS**

**There were no other options put forward as part of report.**

## **ORDERED**

**That Executive:**

- 1. Endorses the proposed budget strategy for 2023/24 as set out in paragraphs 13 to 85;**
- 2. Endorses the proposed budget savings (Appendices 1 and 2), and other proposals for the 2023/24 budget;**
- 3. Having taken into account the matters set out in Section 32 of the Local Government Finance Act 1992 and the items set out within the report, that the Executive endorses the budget requirement for 2023/24 to be set at £126,353,562 as detailed in Appendix 3;**
- 4. Endorses the actual amount of Council Tax (Band D) for areas without parish precepts (excluding Fire and Police) be set at £1,881.86. This represents a total increase of 3.99%. This comprises of a 1.99% increase in general Council Tax, and an additional precept of 2% for Adult Social Care which has been continued by the Government to contribute towards the shortfall of funding for adult social care;**
- 5. Endorses the actual amount of Council Tax (Band D) for areas with parish precepts (excluding Fire and Police) be set at:-**

<b>• Nunthorpe Parish</b>	<b>£1,891.57</b>
<b>• Stainton and Thornton Parish</b>	<b>£1,891.17</b>
- 6. Endorses the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix 5 within the report;**
- 7. Notes the Flexible Use of Capital Receipts Strategy 2023/24 amounting to an estimated £3m in 2023/24, detailed in Appendix 6, and that subject to approval of the Strategy by Council on 27 February 2023, this will be implemented for 2023/24.**
- 8. Notes the refreshed Medium Term Financial Plan position for 2023/24 to 2025/26 set out in this report in paragraphs 107 to 155;**
- 9. Endorses the updated Investment Strategy for the period to 2025/26 as outlined in paragraphs 156 to 161 and detailed in Appendix 7 and;**
- 10. Endorses the Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2023/24 as outlined in paragraphs 162 to 172 and detailed in Appendix 8, and endorses the Authorised Limit for external borrowing of £328m for the Council for 2023/24 as set out in paragraph 172; and**

## 11. Note the changes made in Appendix 6 of the report.

### REASONS

The Council had a legal obligation in relation to setting a balanced budget and to meet the challenging financial targets faced in the MTFP. The setting of the budget was part of the policy framework and therefore required Full Council approval.

To enable the Council to meet its statutory responsibility to set a balanced revenue budget in 2023/24 and to ensure that a proper framework was in place for the medium-term financial management of the Council, which would enable the Council to take a systematic, coherent, and controlled approach to addressing ongoing financial challenges over the medium-term, while attempting to maximise its contribution to the Mayor's priorities for Middlesbrough.

22/94

### TENDER PIPELINE 2023/24

The Executive Member for Finance and Governance submitted a report for Executive's consideration.

The report sought approval of the Council's tender pipeline for 2023/24 and to agree delegation of award to the relevant Director in consultation with their Executive Member and the development and publication of the Corporate Procurement Strategy 2023-26.

A tender pipeline for April 2023 to 31st March 2024 had been developed as part of the Council's governance processes; the report sought Executive approval for that planned procurement activity and delegated authority for contract award to the relevant Director in consultation with their Executive Member.

The tender pipeline for 2022/23 had 28 tenders proposed with their status being:

- 18 – Tenders had been awarded
- 5 – Tenders were currently ongoing
- 1 – Tender did not progress and was no longer required
- 4 – Tenders publications dates were delayed and would now be published in 2023/24.

### OPTIONS

There were no options put forward as part of the report.

### ORDERED

That Executive approve the tender pipeline for 2023/24 including delegation of responsibility for award of contract to the relevant Director in consultation with their Executive Member and development and publication of the new Corporate Procurement Strategy 2023-26.

### REASONS

To continue to have strong governance arrangements in place for procurement activity carried out by the Council.

22/95

### EXPANSION OF THE DIGITAL SECTOR - BOHO 11

The Executive Member for Regeneration submitted a report for Executive's consideration.

The report sought approval from Executive to undertake feasibility works to support the expansion of the Digital Sector in Boho/Middlehaven through the development of Boho 11, which would see circa 35,000 of high-quality office development.

As set out in previous reports to Executive, the Digital Strategy for Middlesbrough built on the historical partnership with Digital City and Teesside University and aimed to set out a clear, long-term strategy designed to support further development of a vibrant cluster in the heart of

Middlesbrough.

In consultation with the sector, the Council developed a strategic approach to enabling the long-term accommodation requirements for the rapidly expanding digital sector in Middlesbrough through the development of new build accommodation, conversion of existing properties and exploration of models to support long-term ownership of private properties. This was geared at providing an environment to support business start-up and allowing existing companies within the sector to grow and mature within the cluster creating a critical mass that was also appealing to companies outside of Middlesbrough, attracting inward investment.

## **OPTIONS**

**Option 1 - Do nothing. This option would not support the Council's strategic priorities and would see the not support the further expansion of the Digital Sector. This could see expanding companies relocate outside of Middlesbrough. The development is unlikely to be viable to the Private Sector.**

**Preferred Option – Feasibility, Development Appraisal and Business case for the development of Boho 11. This option would allow the Council to ascertain the viability in the further expansion of the Digital Sector through the development of Boho 11.**

## **ORDERED**

**That Executive:**

- 1. Approve the commencement of full feasibility works including an indicative building design and development appraisal with a view to preparing a business case to progress the development of Boho 11; and**
- 2. Following the feasibility works a further report be presented to Executive highlighting the viability of any development.**

## **REASONS**

**The development of Boho 11 would support the further development of the Digital and Creative sector in Middlesbrough providing a critical mass of accommodation that would allow existing companies to expand and attract new companies and employment opportunities to Middlesbrough.**

**Undertaking the feasibility works, development appraisal and business case would determine if the development would be feasible and highlight any potential financial returns to the Council. It would also assist in determining the further regeneration benefits of the development such as the creation/supporting employment through the construction and supply chain and the wider town centre economy.**

22/96

## **TRANSPORT AND INFRASTRUCTURE 2023/24 CAPITAL PROGRAMME**

The Executive Members for Regeneration and Environment submitted a report for Executive's consideration.

The purpose of the report was to gain approval to allocate funding to develop and deliver transport and infrastructure improvements contained within the report.

Middlesbrough Council received Local Transport Plan (LTP) funding from the Department for Transport (DfT), via Tees Valley Combined Authority (TVCA), to undertake maintenance and improvement works on the Council's transport network.

The indicative LTP allocation for 2022/23 was £1.065m, specified against Integrated Transport (new works); £1.27m Highway Maintenance Formula and Incentive; and, £1.067m Pothole Funding (£3.4m total).

It was proposed that the Council approve the expenditure of the indicative LTP allocation for 23/24, as outlined in appendix 2. This would provide the Council time to identify the most prudent method of delivering a longer-term programme; ensuring that best value for money



was achieved.

The projects within the proposed programme had been identified from the Council's "Future Year scheme" list. This was a compiled table of all known requirements and suggestions received, which were matrix ranked for their suitability against a set criterion, forming a priority basis. However, this was also conditional upon external funding criteria, eligible uses, statutory obligations, and other implications.

### **OPTIONS**

**Re-assessing the project proposals – this was not recommended, as they had been identified using a robust scoring matrix and the prescribed funding criteria, to ensure best allocation of resources. Any changes would have deviated from this process and added delays to the delivery programme.**

### **ORDERED**

**That Executive be asked to:**

- 1. approve the allocation of funding to develop and deliver infrastructure improvements as outlined within the report;**
- 2. approve the programme package as set out in Appendix 2; and**
- 3. delegate any programme amendments and virements to new or prioritised projects, up to the value of £150,000, and where such activity is permissible within the funding criteria, to the Director of Regeneration/Director of Environment and Commercial Services in consultation with the Executive Member for Regeneration/Executive Member for Environment where appropriate.**

### **REASONS**

**Recommendation would allow strategic allocation of funding to ensure that the Council was not only working toward its ambitions and objectives but was allocating resources to ensure statutory requirements placed upon the Council as the Highway Authority, "to ensure the safe and expeditious movement of people and goods on its network".**

**The allocations that were being proposed were based on ensuring a balance between maintaining the existing assets and making improvements to the accessibility of the current network/alternate modes of transport enhancements. This balance was crucial to ensure the safety of the infrastructure, and to assist in encouraging sustainability and longevity of the network.**

22/97 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

22/98 **EXCLUSION OF PRESS AND PUBLIC**

**ORDERED** that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

22/99 **EXEMPT - HOTEL COMMERCIAL LOAN EXTENSION**

The Executive Member for Finance and Governance submitted a report for Executive's consideration.

### **ORDERED**

**That the recommendations of the report be approved.**

### **REASONS**

The decision was supported by the following reason:

For reasons outlined in the report.

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