

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on Wednesday 21 September 2022.

PRESENT: Councillors M Saunders (Chair), B Hubbard, D Jones, D McCabe, C McIntyre, J McTigue, J Platt, M Storey and P Storey (Substitute for J Thompson)

ALSO IN ATTENDANCE: A Preston (The Mayor)

OFFICERS: C Breheny, G Cooper, C Benjamin and R Horniman

APOLOGIES FOR ABSENCE: Councillors T Mawston, C Cooke, D Davison, C Hobson, J Thompson and T Parkinson

20/115 **DECLARATIONS OF INTEREST**

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

20/116 **MINUTES - OVERVIEW & SCRUTINY BOARD - 22 JUNE 2022**

The minutes of the Overview and Scrutiny Board meeting, held on 22 June 2022 were submitted and approved as a correct record.

20/117 **MAYOR'S ATTENDANCE AT OSB**

The Mayor, Andy Preston, was in attendance at the meeting to update the Board on his aims and aspirations, progress made to date and to highlight any emerging issues relating to his portfolio.

As part of his update to the Board, the Mayor focused on the key challenges and opportunities facing the town and the following points were made:

- There was currently a hiring frenzy in some sectors, with businesses experiencing shortages in skilled and unskilled staff. Middlesbrough had some amazing digital businesses and their growth rates were nothing short of outstanding. The Mayor was extremely optimistic about the opportunities for young people that were now available here in the town and it was the beginning of a really exciting era.
- The proposal to establish a Middlesbrough Mayoral Development Corporation (MDC) presented a huge opportunity to help the town progress better and faster. Often the Council's hands were tied but the MDC would not be held back by the same restrictions. The challenge with the MDC was to ascertain how the Council could place assets into this third party without being negatively impacted financially. The Director of Regeneration and his team were currently working on this issue and it was anticipated that the MDC would be created as a separate legal entity. The Chair of the MDC would be Ben Houchen and the Deputy Chair would be Andy Preston.
- Reference was made to the challenges the town faced in terms of housing and the need to ensure that new good quality and affordable housing was made available in central Middlesbrough. Thirteen had developed brave proposals to develop new housing in Gresham but in the current cost of living crisis the cost of building materials had increased significantly. Despite these challenges the Mayor was optimistic that Thirteen Housing would continue with their plans and development would be going ahead.
- In terms of cultural activities taking place within the town reference was made to the African parade, which had attracted a huge number of people into the town centre at the weekend. The importance that culture can play in regeneration was emphasised and the point was made that there was a real need to revive the market in North Ormesby. As often people in North Ormesby often felt unappreciated and forgotten. There was a real need to ensure the people of North Ormesby felt cared for and this had to be a focus for Council.
- Crime in Middlesbrough remained a major issue and there were two areas that stood out in terms of the statistics, namely Hemlington and the town centre. The Mayor

stated that the biggest single issue was out of control kids, some under the age of 10 but generally they were aged between 10 and 16. The Mayor stated that there needed to be a way to better control and reduce bad behaviour in young people and suggested that tagging some young people would serve as an example to others. It would also enable the Police and the local authority to prove a young person was in the area when for example the allotments were burnt out. The Council had to date undertaken as many measures as possible to deter crimes being committed and invested heavily in additional cameras throughout the town.

- Children Services continued to improve, however, the financial costs associated with the service were unsustainable. This issue was being looked at nationally. The Mayor thanked the Executive Director of Children's Services and her team for all of the work undertaken in prioritising the care of Middlesbrough children.
- Reference was made to the proposals for an Eton College Sixth Form to be developed in Middlesbrough and the fact that the Northern School of Art had recently received an outstanding judgement from OFSTED. Teesside University continued to grow and the booming gaming companies set up locally had been created by Teesside graduates. Middlesbrough was becoming more of an educational powerhouse and Eton's investment would be targeted at helping bright young people from poorer homes achieve their full potential.
- It was acknowledged that progress with the leisure development at Captain Cook Square had been slower than had been hoped. However, investors were onsite and new leisure venues would be opening later this year.
- The current financial situation for all local authorities was extremely challenging and it was inevitable that there would be cuts next year. This was a national issue and nothing would be left unscathed.
- Finally, the tensions between politicians and officers in Middlesbrough had been well documented in the recent audit report and an Improvement Board was to be set up an effort to address the issues raised. The Board would be overseen by an Independent Chair and everyone had a role to play especially when entering into a financial crisis. The Mayor stated that everyone working together was more important than ever.

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

A Member made reference to the Middlesbrough Mayoral Development Corporation (MDC) and expressed the view that it was certainly very welcomed news that there would be less red tape. However, there still needed to be a degree of caution and it was questioned as to whether any elected Members, other than the Mayor, would form part of the MDC Board. In response the Mayor advised that he was unsure, however, meetings of the Board would be broadcast publically and visibility increased accountability. The Mayor made reference to the establishment of MHome's several years ago, similarly the MDC would be a cross between a private and public sector body, which would enable it to more nimble.

Reference was made to the consultation exercise undertaken by the TVCA in respect of the establishment of the MDC and the fact that only 52 responses had been received out of a population of 150,000. The question was posed to the Mayor as to whether the public had any understanding of what the purpose of the MDC was and what it wanted to achieve. In response the Mayor stated that the majority of the public had very little understanding about how the local authority was governed and the MDC would be a public body that had to meet its financial responsibilities. Appropriate expertise would be sought and there would be nothing undemocratic about the leadership of the MDC. The Mayor expressed the view that in his opinion planning would fall within the MDC's responsibilities. However that position was yet to be fully clarified.

In terms of the budgetary challenges a Member of the Board queried as to why earlier in the year, around July time, this year's budget had seemed manageable and now that situation looked very different. In response the Mayor advised that the pay award would be significantly higher than had been anticipated. Everyone had set aside around 2 to 3 per cent in the budgets whereas this figure would be significantly higher. Energy inflation, the costs of children's residential placements and the fact that there was huge uncertainty around the level of local authority funding provided by Government this year added to the financial pressures being placed on the budget. A Member of the Board acknowledged these pressures but requested that careful consideration be given to ensure that permanent cuts were not made based on temporary increases in costs. Inflation would come down and it was important not to

overact.

The Mayor expressed his concerns with regard to the process that had been undertaken recently in placing a freeze on discretionary spend, although he acknowledged that given the pressure being faced by the local authority it was right decision.

A Member queried how the events team, for example, would be able to increase the amount of cultural activities taking place in the town when £60,000 had been removed from their budget. The Mayor concurred that this would only be possible if resources could be accessed from other parts of the organisation. In addition some funding from the TVCA could be prioritised for this purpose.

In response to a query regarding what the Mayor had done personally to pressure the Government for more money for Middlesbrough the Mayor stated that he had written to Simon Clarke MP, Secretary of State for Levelling Up, Housing and Communities and requested a meeting.

A Member made reference to whether there was any possibility of establishing a 6000 seater arena in the centre of town, as whenever events were hosted in central Middlesbrough they brought huge economic benefits to the town. The Mayor advised that unfortunately the most recent estimate the Council had received for establishing such a venue was in the region of £100million and in the current economic climate such a proposal was financially unviable.

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

NOTED

20/118

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

20/119

CHIEF EXECUTIVE'S UPDATE

Unfortunately the Chief Executive was unable to attend the meeting and the item was deferred for consideration at the next meeting of the Board.

AGREED that the item be deferred.

20/120

CORPORATE PERFORMANCE UPDATE: QUARTER ONE 2022/23

The Head of Strategy, Information and Governance provided an update to the Board, which included the following points:

- This Q1 update was in respect of the Strategic Plan, which covered the period April – June 2022, and which was presented to Executive on 6 September 2021;
- On 23 February 2022, full Council was advised that an annual refresh for the Strategic Plan for 2021-24 would not be brought forward and that as such the Strategic Plan would remain in place for 2022/23, to ensure that at the Council had sufficient time to consider implications of national and potential forthcoming local changes on its strategic direction.
- At its meeting on 5 April 2022, the Executive agreed the refreshed Strategic Plan workplan for the 2022-2024 period and Directorate Priorities for 2022/2023, which combined provide a cohesive approach to the delivery of key priority activities across Council Services.
- At the end of Q1, 100% of Strategic Plan outcomes were on target against the corporate standard of 90%.
- Key points of note in relation to compliance were as follows – complaints dealt with

within timescales continued to improve to 83%; Freedom of Information Requests (FOI) and Environmental Information Requests (EIR) responded to within statutory timescales improved, increasing to 80% from 76.8% at the end of 2021/2022 and overdue Subject Access Requests had been reduced further.

- Strategic risks – the Council's strategic risks were as follows:- Failure to achieve a balanced budget; Failure to comply with the law; Failure to achieve good governance; Failure to deliver the Strategic Plan and Directorate Plans and Failure of partnership risks,

The Chair thanked the Head of Strategy, Information and Governance and the Strategic Delivery Manager for their attendance and contribution to the meeting.

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

20/121

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

The Head of Financial Planning and Support provided an update to the Board; the following points were highlighted:

- The information detailed in the report was separated into two elements: COVID-19 related and non-COVID-19 related;
- The 2022/23 Revenue budget for the Council was £118,328,934. The Council's projected year-end outturn position for 2022/23 as at Quarter 1 was an overspend of £9.12m (7.6%).
- The current projected outturn would have a negative impact on the Council's current Medium Term Financial Plan and the ongoing financial challenges would continue into 2023/34 and future years. The position was currently being assessed and would be reported to Members in due course as part of future Medium Term Financial Plan updates and as part of the budget strategy for 2023/24 to Executive and Council.
- It was noted that there was currently a great deal of uncertainty in forecasting created by the pay award, inflationary pressures and the impact on demand for services.
- Paragraphs 92-113 of the report detailed expenditure against the Investment Strategy, which had a revised budget of £104.675m. The current latest estimated outturn for 2022/2023 was £90.614m;
- Paragraph 114 of the report indicated that borrowing had decreased from £208.8m at 31 March 2022 to £202.1m at 30 June 2022. This decrease reflected maturing debt on short-term borrowing of £6.5m, and repayment of principal amounts on existing annuity loans held by the Council at £0.2m.
- Total reserves were detailed in paragraph 121, which showed projections for 2022/23 to be £43.083m. A large proportion of the reserves were earmarked for special purposes and could not be used generally or to balance the budget.
- Appendix 1 of the report detailed virements; Appendix 2 showed the revised Investment Strategy which would be used from this point onwards.

The Chair thanked the Head of Financial Planning and Support for his attendance and contributions to the meeting.

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

20/122

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.