

## OVERVIEW AND SCRUTINY BOARD

**Date: Wednesday 22nd February, 2023**  
**Time: 10.00 am**  
**Venue: Mandela Committee Room**

### AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Executive Forward Work Programme 3 - 16
4. Corporate Performance Update: Quarter Three 2022-2023 17 - 54
5. Revenue and Capital Budget - Projected Outturn Position as at Quarter Three 2022/23 55 - 92
6. Children's Finance Improvement Plan 93 - 108  
  
 For Overview and Scrutiny Board to receive and consider the Children's Finance Improvement Plan as approved by Executive on 14 February 2023.
7. The Statutory Finance Report (Section 25 report) 109 - 122  
  
 For Overview and Scrutiny Board to receive and consider the Statutory Report of the Chief Finance Officer as noted by Executive on 14 February 2023.
8. Mayoral Budget Proposals 2023/24, MTFP and Investment Strategy, including outcome of Consultation 123 - 308  
  
 For Overview and Scrutiny Board to receive and consider the Revenue Budget, Council Tax, MTFP and Capital Strategy 2023-24 as approved by Executive on 14 February 2023.
9. Final Report of the Children and Young People's Learning Scrutiny Panel 309 - 326
10. Final Report of the Culture and Communities Scrutiny Panel 327 - 334

11. Scrutiny Chairs Update
12. Any other urgent items which, in the opinion of the Chair, may be considered.

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Tuesday 14 February 2023

### MEMBERSHIP

Councillors M Saunders (Chair), T Mawston (Vice-Chair), R Arundale, C Cooke, D Davison, C Hobson, B Hubbard, D Jones, D McCabe, C McIntyre, J Platt, M Storey and J Thompson

### **Assistance in accessing information**

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

<b>Report of:</b>	Chief Executive
<b>Submitted to:</b>	Overview and Scrutiny Board – 22 February 2023
<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.

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

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
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.

Ward(s) affected
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:** Scott Bonner  
**Email:** scott\_bonner@middlesbrough.gov.uk



## Forward Plan 1 January 2023 - 31 December 2023

### FOR THE PERIOD 1 JANUARY 2023 TO 31 DECEMBER 2023

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
I014314 All Wards	Corporate Performance Report: Quarter Three 2022/23 To review the corporate performance of Q3	Executive 14 Feb 2023		KEY	Public		The Mayor
I015186 All Wards	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2023/24 To brief executive on the setting of the Revenue Budget, Council tax, Medium Term	Executive 14 Feb 2023		KEY	Public		

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	Financial Plan, and Capital Strategy for 2023/24. That the Executive endorses the proposed budget strategy for 2023/24, the proposed Council Tax increase for 2023/24, notes the Medium Term Financial Plan for 2023-26, endorses the updated Investment Strategy and Capital Strategy Report for 2023/24. The report will be presented to Council on 27 February 2023 for approval by Full Council.						
I015253 All Wards	Children's Services MTFP Children's Services MTFP Update	Executive 14 Feb 2023			Public		Councillor Mieka Smiles, Deputy Mayor and Executive Member for Children's Services <i>Sue Myers, Intemin DCS</i> <i>Sue_myers@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
I015042 All Wards	Special Educational Needs and Disabilities Local Government Peer Review Request to have a Local Government Association SEND Peer Review	Executive 7 Mar 2023			Public		Deputy Mayor and Executive Member for Children's Services <i>Caroline Cannon, Strategic Lead for Inclusion and Specialist Support Service</i> <i>caroline_cannon@middlesbrough.gov.uk</i>
I015424 Newport	Selective Landlord Licensing - Consultation Responses and Approval to designate the Newport 2 area This report provides a summary of the responses to the consultation for Executive to consider and to seek their approval for the Selective Landlord Licensing Scheme to go ahead in the Newport 2 area	Executive 7 Mar 2023		KEY	Public		Executive Member for Adult Social Care, Public Health, Public Protection and Digital Inclusion <i>Judith Hedgley, Head of Service - Public Protection</i> <i>judith_hedgley@middlesbrough.gov.uk</i>
I015043 All Wards	Adult Social Care: Respite Charging Review of the charging policy for	Executive 7 Mar 2023		KEY	Public		Executive Member for Adult Social Care, Public Health, Public Protection and Digital Inclusion

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	respite care services						<i>Ruth Musicka ruth_musicka@middlesbrough.gov.uk</i>
I014027 All Wards	Approval for consultation on the Draft Statement of Licensing Policy 2023-2028 and Cumulative Impact Assessment This report seeks Executive approval for the draft Statement of Licensing Act Policy 2022-27 for a period of consultation to be undertaken. It sets out the proposed changes to the Statement of Licensing Policy 2022-27 and the proposed Cumulative Impact Assessment which support the Cumulative Impact Policies in the town.	Executive 7 Mar 2023		KEY	Public		Executive Member for Adult Social Care, Public Health, Public Protection and Digital Inclusion <i>Judith Hedgley, Head of Service - Public Protection judith_hedgley@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
I015038 All Wards	Breastfeeding Borough Declaration to outline summary of a proposed local authority declaration on breastfeeding also known as 'Breastfeeding Boroughs'.	Executive 4 Apr 2023		KEY	Public		Executive Member for Adult Social Care, Public Health, Public Protection and Digital Inclusion <i>Karen Sproston</i> <i>Karen_Sproston@middlesbrough.gov.uk</i>
I013777 All Wards	Healthy Weight Declaration Adoption This report outlines the purpose and process of signing up to the Healthy Weight Declaration in Middlesbrough.	Executive 1 Jun 2023		KEY	Public		Executive Member for Adult Social Care, Public Health, Public Protection and Digital Inclusion <i>Mark Adams, Director of Public Health - South Tees</i> <i>mark_adams@middlesbrough.gov.uk</i>
<b>Executive Member for Culture and Communities</b>							
I014857 All Wards	Refugee Resettlement To seek agreement to resettle 5 families per year, being a mixture of ARAP/ACRS and UKRS.	Executive 4 Apr 2023		KEY	Public		Executive Member for Culture and Communities <i>Marion Walker, Head of Stronger Communities</i> <i>marion_walker@middlesbrough.gov.uk</i>
I015403	Highways Capital	Executive 7 Mar 2023		KEY			Executive Member for Environment

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
All Wards	Approve the revised prioritisation process undertaken to address the approach to Red / Amber carriageway defects and the capital spend of £7.5m						<i>Chris Bates Chris_Bates@middlesbrough.gov.uk</i>
1012273 All Wards	Tees Valley Waste Report 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 for the disposal of Middlesbrough municipal waste.	Executive 4 Apr 2023		KEY	Public		Executive Member for Environment <i>Geoff Field geoff_field@middlesbrough.gov.uk</i>
1015166 All Wards	Middlesbrough Joint Commissioning Strategy Presentation of the Middlesbrough Joint Commissioning Strategy	Executive 14 Feb 2023			Public		Executive Member for Finance and Governance <i>Claire Walker claire_walker@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
I015188 All Wards	Revenue and Capital Budget - Projected Outturn position as at Quarter Three 2022/23 The report advises the Executive of the Council's financial position as at Quarter Three 2022/23	Executive 14 Feb 2023		KEY	Public		Executive Member for Finance and Governance <i>Andrew Humble</i> <i>andrew_humble@middlesbrough.gov.uk</i>
I015317	Budget 2023-24 - Statutory report of the Chief Finance Officer  Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also requires the Authority to which the report is made	Executive 14 Feb 2023		KEY			Executive Member for Finance and Governance

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	to have regard to the report when making decisions about the budget.						
1015039 All Wards	Tender Pipeline 2023/24 and Corporate Procurement Strategy 2023-26 Report to present Middlesbrough Council's tender pipeline for 2023/24 in order to seek Executive agreement for the tender publication and award if appropriate and to agree the development and publication of the new Corporate Procurement Strategy 2023-2026.	Executive 14 Feb 2023		KEY	Public		Executive Member for Finance and Governance <i>Claire Walker</i> <i>claire_walker@middlesbrough.gov.uk</i>
1015220 All Wards	Local Council Tax Support 2023/24 This report outlines the proposed Council Tax	Executive 14 Feb 2023		KEY	Public		Councillor Stefan Walker, Executive Member for Finance and Governance <i>Janette Savage, Head of Resident and Business</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	Support scheme for 2023/24. Each Billing Authority in England has a statutory requirement to make a Council Tax Support scheme by no later than 11 March each year, approved by full council decision.						<i>Support Janette_Savage@middlesbrough.gov.uk</i>
1012905	Impact Assessment policy 2024-27 (Date TBA - March 23) The policy sets out how the council ensures that it impact assesses decisions.	Executive Member for Environment 1 Mar 2023			Public		Executive Member for Environment <i>Keely Trainor Keely_Trainor@middlesbrough.gov.uk</i>
I015006 All Wards	Transport and Infrastructure 2023/24 Capital Programme To gain approval to develop and deliver the proposed projects associated with the Local Transport Plan allocation.	Executive 14 Feb 2023		KEY	Public		Executive Member for Regeneration <i>Chris Orr Chris_Orr@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
I013444 Central	Expansion of the Digital Sector - Boho 11 To seek approval for the capital funding to progress with the expansion of the digital sector in Middlesbrough through the development and delivery of Boho 11.	Executive 14 Feb 2023		KEY	Public		Executive Member for Regeneration <i>Steve Fletcher, Head of Development</i> <i>Steve_Fletcher@middlesbrough.gov.uk</i>
I014925 Nunthorpe	Nunthorpe Community Centre Approval required to spend over 150k developing a new asset at Nunthorpe.	Executive 7 Mar 2023		KEY	Public		Executive Member for Culture and Communities <i>Richard Horniman, Director of Regeneration</i> <i>Richard_Horniman@middlesbrough.gov.uk</i>
I015420 All Wards	Approach to Nutrient Neutrality and delivery of Middlesbrough Council housing schemes To discuss the approach to Nutrient Neutrality and delivery of Middlesbrough Council housing schemes. The	Executive 7 Mar 2023			Public		Executive Member for Regeneration <i>Paul Clarke</i> <i>paul_clarke@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
	proposals will meet financial thresholds.						
I015425 Central	Middlehaven Site Disposal Disposal of land at Middlehaven to facilitate future development	Executive 7 Mar 2023		KEY	Public		Executive Member for Regeneration <i>Richard Horniman, Director of Regeneration</i> <i>Richard_Horniman@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 4 Apr 2023		KEY	Public		Executive Member for Regeneration <i>Richard Horniman, Director of Regeneration</i> <i>Richard_Horniman@middlesbrough.gov.uk</i>
I014849 Coulby Newham	Newham Hall - Collaboration with Homes England - Part A To seek Executive approval to enter into a Collaboration Agreement with Homes England to develop the	Executive 4 Apr 2023		KEY	Public		Executive Member for Finance and Governance, Executive Member for Regeneration <i>Andrew Carr</i> <i>Andrew_Carr@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
	Newham Hall housing site.						
I014850 Coulby Newham	EXEMPT - Newham Hall - Collaboration with Homes England - Part B To seek Executive approval to enter into a Collaboration Agreement with Homes England to develop the Newham Hall housing site.	Executive 4 Apr 2023		KEY	Fully exempt		Executive Member for Finance and Governance, Executive Member for Regeneration <i>Andrew Carr</i> <i>Andrew_Carr@middlesbrough.gov.uk</i>
I013742 Central	Tees Advanced Manufacturing Park – Phase 2 Funding Agreement Executive to approval an additional 1.5 million pounds of capital which will be repaired through retention through business rates of the enterprize zones site.	Executive 1 May 2023		KEY	Public		Executive Member for Finance and Governance <i>Paul Shout</i> <i>paul_shout@middlesbrough.gov.uk</i>



**MIDDLESBROUGH COUNCIL**

<b>Report of:</b>	The Mayor Chief Executive
<b>Submitted to:</b>	Overview and Scrutiny Board
<b>Date:</b>	22 February 2023
<b>Title:</b>	Corporate Performance Update: Quarter Three 2022/23
<b>Report for:</b>	Information
<b>Status:</b>	Public
<b>Strategic priority:</b>	All
<b>Key decision:</b>	Not applicable
<b>Why:</b>	Not applicable
<b>Urgent:</b>	Not applicable
<b>Why:</b>	Not applicable

### Executive summary

This report advises Overview and Scrutiny Board of corporate performance at the end of Quarter Three 2022/23, providing the necessary information to enable the Executive to discharge its performance management responsibilities and where appropriate, seeks approval of any changes (where these lie within the authority of the Executive).

This report also asks that Overview and Scrutiny Board:

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

## **Purpose**

1. This report advises Overview and Scrutiny Board of corporate performance at the end of Quarter Three 2022/23 and where appropriate seeks approval of any changes, where these lie within the authority of the Executive.

## **Background and relevant information**

2. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance, together with associated action.
3. This report provides the necessary information to enable the 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 issued identified.
4. The projected 2022/23 financial outturns are presented separately to this meeting of the Executive, and so not repeated here. Where performance has had a significant impact on finances this is highlighted within the body of the report.
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**

7. The Council's performance overall at Quarter Three saw a slight dip in performance, with progress towards expected performance standards as set out in the Council's risk appetite, achieved in two out of five performance disciplines and a further two within tolerance.
8. Significant work has taken place to address the projected 2022/23 overspend position and to provide for a balanced budget in 2023/24. The outcome of the budget preparatory work has seen some impact on current Strategic Plan workplan initiatives, previously approved by Executive and has a result, impacted on performance monitoring outcomes in Quarter Three 2022/23, as detailed in Appendix 2.

## **Progress in delivering Executive actions**

9. Actions agreed by the Executive to deliver approved decisions are tracked by LMT, monthly. If following to the Executive's approval, any action is found to be no longer feasible or appropriate, or cannot be delivered within the approved timescales, this report will be used to advise the Executive of this and seek approval of alternative actions or amended timescales.

10. At the end of Quarter Three 2022/23, 55 of 89 live actions (62%) were reported as on target to be delivered by the agreed timescales, worsened from the reported position at Quarter Two of 67% and below the 90% standard of achievement of actions.
11. There are 10 amendments to Executive actions presented for Executive approval, summarised below, and detailed in Appendix 1. It is assumed that outside of these revisions, Executive actions will be achieved within their approved timescales:
- An action relating to examining the roles of Social Workers and Occupational Therapists through restructuring has been delayed, to align with Scrutiny panel timescales
  - Online training module to raise awareness of roles of social workers / social care workers has been delayed, so as to ensure focus on service practice assurance in readiness for CQC inspections
  - The action requiring notification to be severed regarding Poole Hospital map modification, is no longer relevant and is proposed to be removed
  - The action requiring a legal order regarding Poole Hospital was delayed as a result of minor amendments made
  - Dates to be amended to reflect delayed submission and resubmission of expression of interest for Heritage Lottery Fund
  - Delayed commencement of selective landlord proposal consultation
  - Two actions relating to the new community centre at Southlands; specifically in relation to alignment of planning application and funding bid timescales
  - Two actions relating to the final report of the Children and Young People's Social Care and Services Scrutiny Panel for sufficiency and permanency, specifically to extend due date to allow for scoping exercise to inform data for both actions

### **Progress in delivering the Strategic Plan 2022-24**

12. At the 23 February 2022 meeting, Council was advised that an annual refresh for the Strategic Plan 2021-24 would not be brought forward and that as such the Strategic Plan would remain in place for 2022/23, to ensure that the Council has sufficient time to consider implications of national and potential forthcoming local changes on its strategic direction.
13. At a meeting of the Executive on 5 April 2022, the refreshed Strategic Plan workplan for the 2022-24 period and Directorate Priorities for 2022/23 was approved, which combined provide a cohesive approach to the delivery of key priority activities across Council services.
14. Progress continues to be monitored via detailed milestone plans, adhering to the corporate programme and project management framework, where applicable. Progress will continue to be reported to all senior managers and Members as part of the quarterly corporate performance results reports presented to Executive and Overview and Scrutiny Board.
15. The Strategic Plan for 2022-24, 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

16. The Strategic Plan measures are the outcomes expected from successful delivery of the Strategic Plan workplan and initiatives. As the Strategic Plan workplan was refreshed for 2022-24 in isolation to the existing Strategic Plan outcome measures, there is a diluted relationship between progress against delivery and outcome measures.
17. This will be addressed in the next annual refresh of the Strategic Plan, to ensure demonstrable impact and effective reporting against Strategic Plan outcomes measures and on that basis, reporting of Strategic Plan 2022-24 outcome measures will be deferred to the Year End 2022/23 Corporate Performance Update.

## Workplan

18. At Quarter Three 2022/23, performance against the Strategic Plan workplan was as set out below, slightly under the target corporate standard of 90%, with 84% (52 of 63) of initiatives on track, with RAG-rated progress detailed at Appendix 2.

Status	Q3 2022/23 position	Q2 2022/23 position	Q1 2022/23 position	Expected standard	Standard achieved	Trend
COMPLETED	17%	1.6%	0%	90%	No	↓
GREEN	65%	96.8%	100%			
AMBER	2%	0%	0%	N/A	N/A	N/A
RED	16%	1.6%	0%	N/A	N/A	↓

19. There are 11 off-track workplan initiatives at the end of Quarter Three, which is detailed in Appendix 2, requiring Executive approval of revised dates in order to avoid future slippage and to ensure delivery.

## Strategic Risk Register

20. The Council's strategic risks are:

- 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
- Failure of partnership agreements.

21. All individual organisational risks are aligned to one of the above categories, with work ongoing to refine their content, which should see a reduction in the volume of risks. The heat maps appended to this report demonstrate the number of risks that contribute to those overall strategic risks.

22. Corporate performance reports advise on trend information and reasons for changes to those heat map positions, providing an overview of risk movement within the organisation and the narrative / context for such movement, with Appendix 3 setting out the movement of risks, split by risk category alongside a Quarter Two comparison.

23. During Quarter Three rationalisation of risks continued, with risks meeting target and / or completed, removed from the register. During Quarter Three a review of the overarching approach was commenced to assess whether this new approach meets the organisation's needs. This review will be concluded within Quarter Four.

24. The following significant changes to risk during Quarter Three to note, are listed below.

- During Quarter Three, five new strategic risks were created:

Category	Risks Title	Reason for addition
Failure to achieve balanced budget	Fair cost of care; ability to deliver services within budget	To reflect the lack of clarity given by the government in relation to the fair cost of care.
Failure to achieve good governance	Internal resources available to support compliance with requirements of the forthcoming CQC inspection regime	Added in recognition of requirement for internal resources for forthcoming inspection regime and the potential impact, should they not be available.
Failure to comply with law	Non-compliance with charging reforms	If the Council is unable to understand and implement the social reforms requirements, the impact would be non-compliance with the law and unbudgeted financial pressure.
Failure to achieve balanced budget	Winter planning; managing the impact of the cost of living and energy costs on the town	In recognition of the increase cost of living pressures being felt across the town
Failure to meet Strategic and Directorate Plans	Insufficient IT coverage on-site in Middlesbrough Alcohol Centre of Excellence (MACE)	Insufficient bandwidth on-site in MACE has the potential to disrupt critical services, due to information not being communicated through the appropriate systems.

- 32 strategic risks were deactivated across the five categories, due to a cleanse of duplicated risks, risks with completed actions that are now business as usual, deactivation of risks created in relation to non-compliance with mandatory COVID safety measures, and risks that have reached their target score with no further action required.
- Seven strategic risks were re-categorised from 'Failure to achieve balanced budget' to 'Failure to meet Strategic and Directorate plans', to better reflect their potential impact.
- One strategic risk was reassessed and updated, reducing the current score:

Risks Title	Category	Previous Score	New Score	Reason
Government proposed changes to funding model and business rates system	Failure to achieve balanced budget	15 – Major - Possible	10 – Major - Unlikely	Reduced likelihood because of deferred funding model by the government.

### Progress in delivering Directorate Priorities 2022/23

25. Each year, Directorates set and are accountable for a set of Directorate-specific actions to ensure ongoing compliance with legal duties and best practice and that business change is well managed. Directorate Priorities for 2022/23 are set out at Appendix 3.

26. At Quarter Three 2022/23, 80% (77 of 96) of Directorate Priorities are on-track or completed; slightly under the target corporate standard of 90% against reported position at Quarter Three.

Status	Q3 2022/23 position	Q2 2022/23 position	Q1 2022/23 position	Expected standard	Standard achieved	Trend
COMPLETED	18%	6%	0%	90%	Yes	↓
GREEN	62%	85%	100%			
AMBER	0%	0%	0%	N/A	N/A	-
RED	20%	9%	0%	N/A	N/A	↓

27. Within this reporting period the following Directorate Priorities have been flagged as unachievable within 2022/23, due to various factors detailed below:

Directorate Priority	Reason
ASCHI01: Prepare for the implementation of the Liberty Protection Safeguards.	Implementation for LPS has now confirmed for October 2023 / April 2024.
ASCHI07: Prepare for the implementation of the People at the Heart of Care While Paper.	Implementation of the Care Act Cap is now deferred until 2025.
ASCHI09: Prepare for the implementation of the two-day reablement standard in April 2023.	No additional funding to support reablement element of the Urgent Community Response.
ECS03: Complete works on Column 22b.	Delays relating to design revisions and impact on tender window, mean unachievable within 2022/23.
ECS08: Secure additional Capital funding to improve the condition of the Council's operational and commercial built asset portfolio	Report to be deferred until informed position on potential impact on building closures, as a result of proposed 2023/24 budget proposals.
ECS10: Seek funding to improve the A66 through Middlesbrough.	Due to the Council's current financial position any funding for remedial works will have to be from external sources, deeming unachievable in 2022/23.
F01: Analyse impacts of Local Government finance reforms, including the Fair Funding Review	No local government finance reforms likely to be announced during current financial year.
F02: Implementation of a centralised corporate welfare solution, to support the financial wellbeing of Middlesbrough residents.	Superseded by cost of living cross-Directorate plan - which includes Welfare Strategy.
F03: Review procurement policy and practice in preparation for the outcome of the Procurement Green Paper.	Further delays to publication of Green Paper means that this action is unachievable within 2022/23.
F09: Implement the new accounting regulations in relation to leasing.	Regulatory body delay by 12mths, means that this action is unachievable within 2022/23.
LGS01: Commence implementation of revised business intelligence dashboard plan following agreement by LMT.	Vacancy freezes as part of financial recovery plan for 2022/23 will see maintenance of existing dashboards only.
LGS03: Develop an Operations Strategy for the Council, to reflect post-COVID changes / new ways of working.	Change in strategic and operational directional. Directorate Priority will therefore not be delivered.
LGS08: Ensure effective implementation and transition to the new Liberty Protection Safeguards, through Legal advice and support to Adults Services.	Implementation for LPS has now confirmed for October 2023 / April 2024.
R&C06: Prepare a new balanced Local Plan for consultation, based on greater community engagement.	Council approval of local draft plan not expected until June 2023, as agreed by Executive in October 2022.
R&C03: Development of central Middlehaven for commercial space (Boho X), housing units and restoration of the Old Town Hall and Captain Cook Pub.	Ongoing power supply issues have delayed completion of BOHO X, HLF bid confirmation delaying Old Town Hall work and housing planning application delayed due to Neutrality directive.

## Progress in delivering Programmes and Projects

28. The Council maintains a portfolio of programmes and projects in support of achievement of the Council's strategic and directorate priorities. At Quarter Three 2022/23, 96% (24 out of 25) of the programmes / projects were on-track to deliver against project time, cost, scope and benefits, remaining above the expected combined standard of 90%.

Status	Q3 2022/23 position	Q2 2022/23 position	Q1 2022/23 position	Expected standard	Standard achieved	Trend
GREEN	72%	81%	77%	90%	Yes	↑
AMBER	24%	10%	20%	N/A	N/A	↑
RED	4%	10%	3%	N/A	N/A	↓

## Progress in other corporate performance matters

29. 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.

30. At Quarter Three 2022/23, the key points of note in matters of compliance, were:

- Complaints dealt with within timescales remain at 83%.
- Freedom of Information Requests (FOI) and Environment Information Requests (EIR) responded to within statutory timescales, reduced very slightly from 86.9% to 86%.
- There were no overdue Subject Access Requests at the end of Quarter Three, reflecting the outcome of an ongoing exercise to tackle overdue SARs and improve performance going forward.

## What decision(s) are being recommended?

31. That the Executive:

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

## Rationale for the recommended decision(s)

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

## Other potential decision(s) and why these have not been recommended

33. Not applicable.

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

### *Legal*

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

### *Strategic priorities and risks*

35. The proposed recommendations are key to and consistent with supporting deliver of the Council's strategic priorities and risks, as set out in the Strategic Plan.

### *Human Rights, Equality and Data Protection*

36. 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.

### *Financial*

37. Any financial implications relating to issues set out in this report, are summarised in the Revenue and Capital Budget – Quarter Two Outturn Position 2022/23 report, also considered by the Executive at its meeting of 8 November 2022.

## Appendices

1	Executive actions; proposed amendments at Quarter Three 2022/23
2	Strategic Plan Workplan: progress at Quarter Three 2022/23
3	Strategic Plan Workplan: proposed amendments at Quarter Three 2022/23
4	Strategic Risk at Quarter Three 2022/23
5	Directorate Priorities 2022/23: progress at Quarter Three 2022/23

## Background papers

Body	Report title	Date
Council	Strategic Plan 2021-24	24/02/21
Executive	Strategic Plan 2021-24: approach to delivery	11/05/21
Executive	Strategic Plan 2020-23 – Progress at Year End 2020/21	15/06/21
Executive	Corporate Performance Update: Quarter One 2021/22	07/09/21
Executive	Corporate Performance Update: Quarter Two 2021/22	07/12/21
Executive	Corporate Performance Update: Quarter Three 2021/22	14/02/22
Executive	Refreshing the Strategic Plan workplan for the 2022-24 period	05/04/22



Executive	Corporate Performance Results: Year End 2021/22	14/06/22
Executive	Corporate Performance Results: Quarter One 2022/23	06/09/22
Executive	Financial Recovery Plan 2022/23	18/10/22
Executive	Corporate Performance Results: Quarter Two 2022/23	08/11/22

**Contact:** Gemma Cooper, Strategic Delivery Manager  
**Email:** [gemma\\_cooper@middlesbrough.gov.uk](mailto:gemma_cooper@middlesbrough.gov.uk)

## Appendix 1: Executive actions; proposed amendments at Quarter Three 2022/23

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
18/10/2022	Final report of the Adult Social Care and Services scrutiny panel; the recruitment and retention of staff within adult social care	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.	ASCHI	31/12/2022	08/02/2023
		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.	ASCHI	31/12/2022	30/06/2023
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		Legal Order made and advertised.	ECS	01/12/2022	01/02/2023
12/07/2022	Restoration of the Old Town Hall	Expression of Interest to the Heritage Lottery Fund be submitted, to support the restoration and redevelopment of the Old Town Hall.	REG	30/09/2022	31/07/2024
18/11/2022	Selective Landlord Licensing	Consultation on proposal.	ASCHI	30/11/2022	31/01/2023
14/06/2022	Developing a New Community Centre at Southlands	That authority be delegated to the Director of Regeneration and Culture and Director of Finance, to adjust any final budget allocations.	REG	30/11/2022	30/11/2023
		That discussions continue with Sport England to enable the lifting of planning conditions relating to Marton Avenue	REG	30/11/2022	30/11/2023
06/09/2022	Final Report of the Children and Young People's Social Care and Services Scrutiny Panel - Sufficiency and Permanency	A specific piece of work be undertaken to establish why high percentage of children (15.1%) become looked after at birth.	CS	31/10/2022	31/03/2023
		Working with young people, develop a dictionary of terms used with the aim of changing the language used to describe the care system.	CS	30/09/2022	31/03/2023

## Appendix 2: Strategic Plan Workplan; progress at Quarter Three 2022/23

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Expand the current model for youth provision in areas that suffer high levels of deprivation	Green	Green	Red
Make steps towards every child playing a musical instrument by extending to one other school or year group	Green	Green	Green
Evidence that Middlesbrough Council listens to children's voices	Green	Green	Red
Create and deliver a strategy to increase digital inclusion for children, young people and adults across Middlesbrough	Green	Green	Blue
Consolidate and build on recent Children's Services progress to improve Ofsted rating	Green	Green	Green
Explore potential for the establishment of an Eton Sixth Form in Middlesbrough	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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Deliver and extend the 50 Futures programme	Green	Green	Red
Further develop the Dementia Friendly Middlesbrough programme	Green	Green	Green
Achieve 'Age Friendly Communities' status	Green	Green	Blue
Implement and extend locality working	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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Support the police and hold them to account for each neighbourhood	Green	Green	Green
Establish and support Neighbourhood Watch schemes across the whole town	Green	Green	Green
Increase CCTV across the whole town	Green	Green	Blue
More environmental action and punishment for fly tipping	Green	Green	Blue
Encourage more residents to report crime and ASB	Green	Green	Green
Reward and champion individuals for being good neighbours	Green	Green	Green
Increased enforcement against problem properties / streets / gardens in disrepair	Green	Green	Green

<b>We will ensure our town acts to tackle climate change, promoting sustainable lifestyles.</b>	<b>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Develop an Urban Farm	Green	Green	Red
Develop local wildlife / nature reserve in North Ormesby and one other site	Green	Green	Green
Demonstrate increased recycling rates	Green	Green	Green
Establish six community growing areas	Green	Green	Green
Double the size of our urban meadows / wildflower planting sites	Green	Green	Green
15 new EV charging points across town	Green	Green	Green
Big community tree planting days	Green	Green	Blue
Middlesbrough hosts inaugural climate conference	Green	Green	Red

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</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	Blue	Blue	Blue
Ensure effective Council response to immediate issues of COVID19 impacting upon individuals, families, communities and business	Blue	Blue	Blue

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Improve identified play parks and spaces in line with our Towns Fund Recommendation	Green	Green	Green
Establish the requirement for potential CPO of derelict buildings and problem sites	Green	Green	Blue
Improve our Highways	Green	Green	Green
12 new back alleys are reclaimed, improved and showcased	Green	Green	Blue
Neighbourhood and town wide front garden competitions	Green	Red	Red
Vastly improve Thorntree and Pallister Parks in line with Towns Fund Recommendation	Green	Green	Yellow
Creation of Tree Maintenance Squad and ongoing maintenance work programme	Green	Green	Green
Creation of a subsidised Pest Control service	Green	Green	Red

<b>We will transform our town centre, improving accessibility, revitalising unused assets, developing iconic new spaces and building more town centre homes.</b>	<b>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Complete town-wide lighting scheme			
Consider potential for BOHO digital expansion			
St Hilda's housing starts around Old Town Hall			
Protect and celebrate heritage through marketing and comms strategies and complete planned works on Captain Cook pub and Old Town Hall			
Open three entertainment facilities within Captain Cook Square (cinema, Lane 7, eSports)			
Commence construction on the south side of the dock			
Action plan agreed and commenced for House of Fraser building			
Action plan agreed and commenced for Centre North East			
Action plan agreed and commenced for The Crown Pub building			
Action plan agreed and commenced for Gurney House			

<b>We will invest in our existing cultural assets, create new spaces and events, and improve access to culture.</b>	<b>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Increased ticket sales and attendance of events through effective marketing			
Complete improvements to Teesaurus Park			
Create three new annual events in 2022 as per existing approvals			
Aim for all children to get an experience of live theatre			
Increase attendance at existing Council events like Orange Pip			
Increase visitor numbers to museums and attractions			
Increase tickets sales at town hall performances			

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Encourage public to help drive decision making			
Introduce a marketing campaign and associated support to significantly grow Middlesbrough Lottery			
Work with the voluntary sector to create and promote volunteering opportunities and an increase in volunteers			
Introduce Neighbourhood Action Weeks, driven by volunteers			

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Market a small local grant programme	On-track	On-track	Unachievable
Market a strong buy-local campaign	On-track	On-track	On-track
Commence work on the new Southlands Centre	On-track	On-track	On-track
Commence work on Nunthorpe community centre	On-track	On-track	On-track
Promote Middlesbrough on the national stage	On-track	On-track	Complete
Increase sponsorship income from businesses for various council activities	On-track	On-track	On-track
Improve user experience of the council website, increasing online transactions	On-track	On-track	On-track

<b>Key</b>	
Complete	Complete
On-track	On-track
Some slippage	Some slippage
Unachievable	Unachievable

### Appendix 3: Strategic Plan Workplan; change controls

Initiative	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Due Date
CCH 01: Develop an Urban Farm	REG	31/03/2024	(R) No suitable site approved by Camphill Trust. (I) Request for approval to close initiative.	n/a
CCH 08: Middlesbrough hosts inaugural climate conference	ECS	30/11/2022	(R). Included as part of 2022/23 financial recovery plan (I) Request for approval to close initiative.	n/a
PEN 08: Creation of a subsidised Pest Control service	ECS	31/03/2023	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2023
CYP 01: Expand the current model for youth provision in areas that suffer high levels of deprivation	CS	31/10/2022	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2023
CYP 03: Evidence that Middlesbrough Council listens to children's voices	CS	30/11/2022	(R) Delays due to capacity / resource. (I) Minimal. Revised completion date.	31/05/2023
PEN 05: Neighbourhood and town wide front garden competitions	ECS	30/09/2022	(R) Droughts in summer months not conducive to front garden competitions. (I) Revised completion date.	30/06/2023
PEN 06: Vastly improve Thorntree and Pallister Parks in line with Towns Fund Recommendation	ECS	28/02/2023	(R) Delays relating to bidding window / match funding requirements. (I) Revised completion date.	31/03/2024
QOS 05: Market a small local grant programme	ECS	31/03/2023	(R) No funding allocated to this initiative. (I) Request for approval to close initiative.	n/a
TOC 01: Complete town-wide lighting scheme	ECS	31/12/2022	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2023
TOC 05: Open three entertainment facilities within Captain Cook Square (cinema, Lane 7, eSports)	REG	31/12/2023	(R) Delay due to cost inflation, amended legal agreements, planning permission and licencing committee. (I) Revised completion date.	31/03/2023
VUL 01: To deliver and extend the 50 Futures programme	REG	30/11/2022	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2024

## Appendix 4: Strategic Risk at Quarter Three 2022/23

		Quarter One				Quarter Two				Quarter Three						
Failure to achieve a balanced budget	Likelihood			1	2			2	1			1	2			
	Impact			4	3	1		4	4	1		3	3	1		
Failure to comply with the law	Likelihood		6	10	15			4	10	11			3	5	6	
	Impact		3	4				3	5	1				2	1	
Failure to achieve good governance	Likelihood			1	3			1	3						3	
	Impact															
Failure to deliver Strategic and Directorate plans	Likelihood															
	Impact															
Failure of partnership agreements	Likelihood															
	Impact															



## Appendix 5: Directorate Priorities 2022/23; Progress at Quarter Three 2022/23

### Environment and Community Services

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Review and deliver the Community Safety Strategy to reduce crime and anti-social behaviour across Middlesbrough	Green	Green	Blue
Complete works on Column 22b.	Green	Green	Red
Complete inspections of bridges and structures and implement resulting works where appropriate.	Green	Green	Green
Determine the future operational status of the Transporter Bridge and secure appropriate investment.	Green	Red	Red
Secure additional Capital funding to improve the condition of the Council's operational and commercial built asset portfolio	Green	Green	Red
Review the Asset Management Framework for Middlesbrough.	Green	Green	Green
Seek funding to improve the A66 through Middlesbrough.	Green	Green	Red
Implement Year Two actions of the Council's Green Strategy.	Green	Green	Green
Embed corporate values within the Directorate and make staff feel more valued.	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	Green	Green	Green

### Regeneration and Culture

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Commence programme of investment in Middlesbrough Rail Station and the areas around it.	Green	Green	Green
Complete relocation of Teesside Archives.	Green	Blue	Blue
Development of central Middlehaven for commercial space (Boho X), housing units and restoration of the Old Town Hall and Captain Cook Pub.	Green	Green	Red
Commence programme of site infrastructure at Middlehaven through the Brownfield Housing Fund.	Green	Red	Green
Complete relocation of Council headquarters to Fountain Court.	Green	Green	Blue
Prepare a new balanced Local Plan for consultation, based on greater community engagement.	Green	Green	Red
Market the premium housing sites at Nunthorpe Grange and Newham Hall.	Green	Green	Green
Deliver 450 new homes across Middlesbrough.	Green	Green	Green

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Deliver Middlesbrough's Future High Streets Fund programme.			
Deliver Middlesbrough's Town Fund programme.			
Deliver transport schemes to improve efficiency and capacity of the network.			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Finance

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Analyse impacts of Local Government finance reforms, including the Fair Funding Review and the provision of information to support the Council's position and representations to Government.			
Implementation of a centralised corporate welfare solution, to support the financial wellbeing of Middlesbrough residents.			
Review procurement policy and practice in preparation for the outcome of the Procurement Green Paper, including the opportunity for transformation and innovation.			
Review Valuation and Estates to ensure that both the development function and commercial management of assets are resourced and have clear strategic plans.			
Renegotiate the Section 75 arrangement with health partners to ensure services delivered are funded and fully accountable.			
Achieve an unqualified set of accounts for the 2021/22 financial year.			
Implement the 'payment to provider' solution, futureproofing with approach to procurement cards, ensuring the Council supports the local economy while delivering sound financial governance.			
Set a balanced budget for the Council and maintain an accurate and timely Medium-Term Financial Plan.			
Implement the new accounting regulations in relation to leasing.			
Implement the insurance service review and tender insurance contract arrangements to commence 1 April 2023.			
Monitor the financial position of the Council, including close working with Directorates ensuring correct allocation / maximising use of grants received (e.g. COVID-19), and the monitoring of the Investment Strategy and the effects on the Council's MTFP.			
Improve working and integration between services provided by Financial Planning & Support and Financial Governance & Revenues to maximise available resources and improve the overall service provided.			
Deliver a ward-based cash collection strategy, supporting vulnerable groups with payment solutions to improve Council Tax collection.			
Prepare and complete the Pension Fund triennial valuation as at 31 March 2023.			

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Deliver ongoing training and development to the Pension Fund Committee and Board.			
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.			
Re-procure pensions administration contract.			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Adult Social Care and Health Integration

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Prepare for the implementation of the Liberty Protection Safeguards.			
Develop a Clean Air Strategy for Middlesbrough.			
Review the Gambling Act Policy.			
Review the Licensing Act Statement of Licensing Policies.			
Implement the Newport 2 Selective Landlord Licensing scheme.			
Deliver next phase of integrated model of support for complex needs in Middlesbrough.			
Prepare for the implementation of the <i>People at the Heart of Care</i> White Paper.			
Prepare for the implementation of the two-day reablement standard in April 2023.			
Complete the implementation of the Domestic Abuse Act and evaluate provision.			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Public Health

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Implementation of a partnership approach to ensure the best start in life for Middlesbrough children, reducing early health inequalities and focusing on the first 1001 days of life.			
Publish a revised Pharmaceutical Needs Assessment for South Tees.			

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Publish the Director of Public Health's Annual Report.	Green	Green	Green
Develop the Public Health workforce plan.	Green	Red	Blue
Recruit to shared Public Health Consultant roles with NHS and Teesside University.	Green	Red	Green
Develop robust plans to deliver the Holiday Activity Fund, building on the learning from 2021.	Green	Blue	Blue
Pilot the use of the health inequalities assessment tool on policies and business cases in at least five key areas across Council.	Green	Green	Green
Develop the 'Work Well' offer in collaboration with education partners to include the development of a bespoke employer-led programme for Public Health, with routes into long-term health and social care opportunities.	Green	Green	Red
Complete the action plan for the Health and Happiness strand of the Green Strategy.	Green	Green	Green
Complete in-depth insight work to understand how the Council can work with local communities to understand better local experiences of poverty and build better relationships.	Green	Green	Green
Complete the health protection assurance report.	Green	Green	Green
Develop and deliver an improved offer of support for addiction recovery through employment, housing and social / community re-integration.	Green	Green	Green
Embed corporate values within the Directorate and make staff feel more valued.	Green	Green	Blue
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	Green	Blue	Blue

## Children's Services

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
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.	Green	Red	Blue
Develop and deliver a workforce strategy to support a stable, skilled and focussed leadership at all levels and stable, permanent, skilled frontline workforce.	Green	Red	Red
Deliver the multi-agency Early Help and Prevention Strategy to commit to supporting families at the earliest stage possible and increase the offer of youth provision.	Green	Green	Green
Deliver the placement sufficiency strategy to increase our internal placement capacity (internal residential homes and in-house foster carers).	Green	Green	Red
Target young people who are NEET and provide support to progress into education, employment and training opportunities.	Green	Green	Green
Deliver the Inclusion and Specialist Support Strategic Plan to remove barriers to learning and wellbeing for children and young people.	Green	Green	Green
Deliver the Pupil Place Strategy, to ensure sufficient appropriate, high-quality school place are available for children and young people now in the future.	Green	Green	Green

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Work with partners across Education, Health and Social Care to deliver the priorities within the local area SEND Strategy 2021-24.			
Deliver Middlesbrough Community Learning Strategy to increase learning opportunities across Middlesbrough in line with local, regional and national priorities.			
Deliver the Learning and Education Strategy to help school improvement and support educational outcomes in Middlesbrough.			
Work with school and partners to help improve attainment and attendance levels and reduce exclusions for all children across Middlesbrough.			
Deliver a refreshed Youth Justice Plan aligned to the Youth Justice Board's 'Child First' principle			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Legal and Governance Services

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Commence implementation of revised business intelligence dashboard plan following agreement by LMT.			
Commence implementation of Robotic Process Automation within the Council.			
Develop an Operations Strategy (incl. Customer, ICT, operational estate, etc.) for the Council, to reflect post-COVID changes / new ways of working.			
Develop and implement a strategic planning cycle to inform the Council's approach to budget planning and consultation.			
Carry out Local Government Pension Scheme re-enrolment, in-line with legal obligations and duties.			
Ensure limitation dates are met in-line with the Prosecutors Code when dealing with instances of Crime and Anti-Social Behaviour.			
Further embed the Legal Business Partner approach to ensure Regeneration project deadlines and legal needs of the Council are aligned.			
Ensure effective implementation and transition to the new Liberty Protection Safeguards, through Legal advice and support to Adults Services.			
Continued Legal Services support to Children's Services Improvement Journey.			
Review implementation of revised approach to appraisal framework to ensure employee objectives are aligned to the Council's values and Strategic Priorities.			
Complete the Community Governance Review to establish future parish and community councils for Middlesbrough.			

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Oversee delivery of actions within the 2020/21 Annual Governance Statement.	On-track	Unachievable	On-track
Oversee delivery of actions with the 2021 Annual Equality and Inclusion Report.	On-track	On-track	Some slippage
Embed corporate values within the Directorate and make staff feel more valued.	On-track	On-track	On-track
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	On-track	On-track	On-track

Key	
Complete	Complete
On-track	On-track
Some slippage	Some slippage
Unachievable	Unachievable

## Appendix 1: Executive actions; proposed amendments at Quarter Three 2022/23

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
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		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.	ASCHI	31/12/2022	30/06/2023
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		That discussions continue with Sport England to enable the lifting of planning conditions relating to Marton Avenue	REG	30/11/2022	30/11/2023
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		Working with young people, develop a dictionary of terms used with the aim of changing the language used to describe the care system.	CS	30/09/2022	31/03/2023

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## Appendix 2: Strategic Plan Workplan; progress at Quarter Three 2022/23

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Expand the current model for youth provision in areas that suffer high levels of deprivation	Green	Green	Red
Make steps towards every child playing a musical instrument by extending to one other school or year group	Green	Green	Green
Evidence that Middlesbrough Council listens to children's voices	Green	Green	Red
Create and deliver a strategy to increase digital inclusion for children, young people and adults across Middlesbrough	Green	Green	Blue
Consolidate and build on recent Children's Services progress to improve Ofsted rating	Green	Green	Green
Explore potential for the establishment of an Eton Sixth Form in Middlesbrough	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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Deliver and extend the 50 Futures programme	Green	Green	Red
Further develop the Dementia Friendly Middlesbrough programme	Green	Green	Green
Achieve 'Age Friendly Communities' status	Green	Green	Blue
Implement and extend locality working	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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Support the police and hold them to account for each neighbourhood	Green	Green	Green
Establish and support Neighbourhood Watch schemes across the whole town	Green	Green	Green
Increase CCTV across the whole town	Green	Green	Blue
More environmental action and punishment for fly tipping	Green	Green	Blue
Encourage more residents to report crime and ASB	Green	Green	Green
Reward and champion individuals for being good neighbours	Green	Green	Green
Increased enforcement against problem properties / streets / gardens in disrepair	Green	Green	Green

<b>We will ensure our town acts to tackle climate change, promoting sustainable lifestyles.</b>	<b>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Develop an Urban Farm	Green	Green	Red
Develop local wildlife / nature reserve in North Ormesby and one other site	Green	Green	Green
Demonstrate increased recycling rates	Green	Green	Green
Establish six community growing areas	Green	Green	Green
Double the size of our urban meadows / wildflower planting sites	Green	Green	Green
15 new EV charging points across town	Green	Green	Green
Big community tree planting days	Green	Green	Blue
Middlesbrough hosts inaugural climate conference	Green	Green	Red

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</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	Blue	Blue	Blue
Ensure effective Council response to immediate issues of COVID19 impacting upon individuals, families, communities and business	Blue	Blue	Blue

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Improve identified play parks and spaces in line with our Towns Fund Recommendation	Green	Green	Green
Establish the requirement for potential CPO of derelict buildings and problem sites	Green	Green	Blue
Improve our Highways	Green	Green	Green
12 new back alleys are reclaimed, improved and showcased	Green	Green	Blue
Neighbourhood and town wide front garden competitions	Green	Red	Red
Vastly improve Thorntree and Pallister Parks in line with Towns Fund Recommendation	Green	Green	Yellow
Creation of Tree Maintenance Squad and ongoing maintenance work programme	Green	Green	Green
Creation of a subsidised Pest Control service	Green	Green	Red

<b>We will transform our town centre, improving accessibility, revitalising unused assets, developing iconic new spaces and building more town centre homes.</b>	<b>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Complete town-wide lighting scheme			
Consider potential for BOHO digital expansion			
St Hilda's housing starts around Old Town Hall			
Protect and celebrate heritage through marketing and comms strategies and complete planned works on Captain Cook pub and Old Town Hall			
Open three entertainment facilities within Captain Cook Square (cinema, Lane 7, eSports)			
Commence construction on the south side of the dock			
Action plan agreed and commenced for House of Fraser building			
Action plan agreed and commenced for Centre North East			
Action plan agreed and commenced for The Crown Pub building			
Action plan agreed and commenced for Gurney House			

<b>We will invest in our existing cultural assets, create new spaces and events, and improve access to culture.</b>	<b>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Increased ticket sales and attendance of events through effective marketing			
Complete improvements to Teesaurus Park			
Create three new annual events in 2022 as per existing approvals			
Aim for all children to get an experience of live theatre			
Increase attendance at existing Council events like Orange Pip			
Increase visitor numbers to museums and attractions			
Increase tickets sales at town hall performances			

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Encourage public to help drive decision making			
Introduce a marketing campaign and associated support to significantly grow Middlesbrough Lottery			
Work with the voluntary sector to create and promote volunteering opportunities and an increase in volunteers			
Introduce Neighbourhood Action Weeks, driven by volunteers			

<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>Q1 2022/23 position</b>	<b>Q2 2022/23 position</b>	<b>Q3 2022/23 position</b>
Market a small local grant programme	On-track	On-track	Unachievable
Market a strong buy-local campaign	On-track	On-track	On-track
Commence work on the new Southlands Centre	On-track	On-track	On-track
Commence work on Nunthorpe community centre	On-track	On-track	On-track
Promote Middlesbrough on the national stage	On-track	On-track	Complete
Increase sponsorship income from businesses for various council activities	On-track	On-track	On-track
Improve user experience of the council website, increasing online transactions	On-track	On-track	On-track

<b>Key</b>	
Complete	Complete
On-track	On-track
Some slippage	Some slippage
Unachievable	Unachievable

### Appendix 3: Strategic Plan Workplan; change controls

Initiative	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Due Date
CCH 01: Develop an Urban Farm	REG	31/03/2024	(R) No suitable site approved by Camphill Trust. (I) Request for approval to close initiative.	n/a
CCH 08: Middlesbrough hosts inaugural climate conference	ECS	30/11/2022	(R). Included as part of 2022/23 financial recovery plan (I) Request for approval to close initiative.	n/a
PEN 08: Creation of a subsidised Pest Control service	ECS	31/03/2023	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2023
CYP 01: Expand the current model for youth provision in areas that suffer high levels of deprivation	CS	31/10/2022	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2023
CYP 03: Evidence that Middlesbrough Council listens to children's voices	CS	30/11/2022	(R) Delays due to capacity / resource. (I) Minimal. Revised completion date.	31/05/2023
PEN 05: Neighbourhood and town wide front garden competitions	ECS	30/09/2022	(R) Droughts in summer months not conducive to front garden competitions. (I) Revised completion date.	30/06/2023
PEN 06: Vastly improve Thorntree and Pallister Parks in line with Towns Fund Recommendation	ECS	28/02/2023	(R) Delays relating to bidding window / match funding requirements. (I) Revised completion date.	31/03/2024
QOS 05: Market a small local grant programme	ECS	31/03/2023	(R) No funding allocated to this initiative. (I) Request for approval to close initiative.	n/a
TOC 01: Complete town-wide lighting scheme	ECS	31/12/2022	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2023
TOC 05: Open three entertainment facilities within Captain Cook Square (cinema, Lane 7, eSports)	REG	31/12/2023	(R) Delay due to cost inflation, amended legal agreements, planning permission and licencing committee. (I) Revised completion date.	31/03/2023
VUL 01: To deliver and extend the 50 Futures programme	REG	30/11/2022	(R) Included as part of 2022/23 financial recovery plan. (I) Delay in decision until agreement of 2023/24 budget proposals	31/03/2024

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## Appendix 4: Strategic Risk at Quarter Three 2022/23

		Quarter One				Quarter Two				Quarter Three				
Failure to achieve a balanced budget	Likelihood			1	2			2	1			1	2	
	Impact			4	3	1		4	4	1		3	3	1
Failure to comply with the law	Likelihood		6	10	15		4	10	11		3	5	6	
	Impact		3	4			3	5	1			2	1	
Failure to achieve good governance	Likelihood			1	3			1	3				3	
	Impact													
Failure to deliver Strategic and Directorate plans	Likelihood													
	Impact													
Failure of partnership agreements	Likelihood													
	Impact													

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## Appendix 5: Directorate Priorities 2022/23; Progress at Quarter Three 2022/23

### Environment and Community Services

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Review and deliver the Community Safety Strategy to reduce crime and anti-social behaviour across Middlesbrough	Green	Green	Blue
Complete works on Column 22b.	Green	Green	Red
Complete inspections of bridges and structures and implement resulting works where appropriate.	Green	Green	Green
Determine the future operational status of the Transporter Bridge and secure appropriate investment.	Green	Red	Red
Secure additional Capital funding to improve the condition of the Council's operational and commercial built asset portfolio	Green	Green	Red
Review the Asset Management Framework for Middlesbrough.	Green	Green	Green
Seek funding to improve the A66 through Middlesbrough.	Green	Green	Red
Implement Year Two actions of the Council's Green Strategy.	Green	Green	Green
Embed corporate values within the Directorate and make staff feel more valued.	Green	Green	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	Green	Green	Green

### Regeneration and Culture

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Commence programme of investment in Middlesbrough Rail Station and the areas around it.	Green	Green	Green
Complete relocation of Teesside Archives.	Green	Blue	Blue
Development of central Middlehaven for commercial space (Boho X), housing units and restoration of the Old Town Hall and Captain Cook Pub.	Green	Green	Red
Commence programme of site infrastructure at Middlehaven through the Brownfield Housing Fund.	Green	Red	Green
Complete relocation of Council headquarters to Fountain Court.	Green	Green	Blue
Prepare a new balanced Local Plan for consultation, based on greater community engagement.	Green	Green	Red
Market the premium housing sites at Nunthorpe Grange and Newham Hall.	Green	Green	Green
Deliver 450 new homes across Middlesbrough.	Green	Green	Green

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Deliver Middlesbrough's Future High Streets Fund programme.			
Deliver Middlesbrough's Town Fund programme.			
Deliver transport schemes to improve efficiency and capacity of the network.			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Finance

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Analyse impacts of Local Government finance reforms, including the Fair Funding Review and the provision of information to support the Council's position and representations to Government.			
Implementation of a centralised corporate welfare solution, to support the financial wellbeing of Middlesbrough residents.			
Review procurement policy and practice in preparation for the outcome of the Procurement Green Paper, including the opportunity for transformation and innovation.			
Review Valuation and Estates to ensure that both the development function and commercial management of assets are resourced and have clear strategic plans.			
Renegotiate the Section 75 arrangement with health partners to ensure services delivered are funded and fully accountable.			
Achieve an unqualified set of accounts for the 2021/22 financial year.			
Implement the 'payment to provider' solution, futureproofing with approach to procurement cards, ensuring the Council supports the local economy while delivering sound financial governance.			
Set a balanced budget for the Council and maintain an accurate and timely Medium-Term Financial Plan.			
Implement the new accounting regulations in relation to leasing.			
Implement the insurance service review and tender insurance contract arrangements to commence 1 April 2023.			
Monitor the financial position of the Council, including close working with Directorates ensuring correct allocation / maximising use of grants received (e.g. COVID-19), and the monitoring of the Investment Strategy and the effects on the Council's MTFP.			
Improve working and integration between services provided by Financial Planning & Support and Financial Governance & Revenues to maximise available resources and improve the overall service provided.			
Deliver a ward-based cash collection strategy, supporting vulnerable groups with payment solutions to improve Council Tax collection.			
Prepare and complete the Pension Fund triennial valuation as at 31 March 2023.			

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Deliver ongoing training and development to the Pension Fund Committee and Board.			
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.			
Re-procure pensions administration contract.			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Adult Social Care and Health Integration

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Prepare for the implementation of the Liberty Protection Safeguards.			
Develop a Clean Air Strategy for Middlesbrough.			
Review the Gambling Act Policy.			
Review the Licensing Act Statement of Licensing Policies.			
Implement the Newport 2 Selective Landlord Licensing scheme.			
Deliver next phase of integrated model of support for complex needs in Middlesbrough.			
Prepare for the implementation of the <i>People at the Heart of Care</i> White Paper.			
Prepare for the implementation of the two-day reablement standard in April 2023.			
Complete the implementation of the Domestic Abuse Act and evaluate provision.			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Public Health

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Implementation of a partnership approach to ensure the best start in life for Middlesbrough children, reducing early health inequalities and focusing on the first 1001 days of life.			
Publish a revised Pharmaceutical Needs Assessment for South Tees.			

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Publish the Director of Public Health's Annual Report.	Green	Green	Green
Develop the Public Health workforce plan.	Green	Red	Blue
Recruit to shared Public Health Consultant roles with NHS and Teesside University.	Green	Red	Green
Develop robust plans to deliver the Holiday Activity Fund, building on the learning from 2021.	Green	Blue	Blue
Pilot the use of the health inequalities assessment tool on policies and business cases in at least five key areas across Council.	Green	Green	Green
Develop the 'Work Well' offer in collaboration with education partners to include the development of a bespoke employer-led programme for Public Health, with routes into long-term health and social care opportunities.	Green	Green	Red
Complete the action plan for the Health and Happiness strand of the Green Strategy.	Green	Green	Green
Complete in-depth insight work to understand how the Council can work with local communities to understand better local experiences of poverty and build better relationships.	Green	Green	Green
Complete the health protection assurance report.	Green	Green	Green
Develop and deliver an improved offer of support for addiction recovery through employment, housing and social / community re-integration.	Green	Green	Green
Embed corporate values within the Directorate and make staff feel more valued.	Green	Green	Blue
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	Green	Blue	Blue

## Children's Services

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
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.	Green	Red	Blue
Develop and deliver a workforce strategy to support a stable, skilled and focussed leadership at all levels and stable, permanent, skilled frontline workforce.	Green	Red	Red
Deliver the multi-agency Early Help and Prevention Strategy to commit to supporting families at the earliest stage possible and increase the offer of youth provision.	Green	Green	Green
Deliver the placement sufficiency strategy to increase our internal placement capacity (internal residential homes and in-house foster carers).	Green	Green	Red
Target young people who are NEET and provide support to progress into education, employment and training opportunities.	Green	Green	Green
Deliver the Inclusion and Specialist Support Strategic Plan to remove barriers to learning and wellbeing for children and young people.	Green	Green	Green
Deliver the Pupil Place Strategy, to ensure sufficient appropriate, high-quality school place are available for children and young people now in the future.	Green	Green	Green

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Work with partners across Education, Health and Social Care to deliver the priorities within the local area SEND Strategy 2021-24.			
Deliver Middlesbrough Community Learning Strategy to increase learning opportunities across Middlesbrough in line with local, regional and national priorities.			
Deliver the Learning and Education Strategy to help school improvement and support educational outcomes in Middlesbrough.			
Work with school and partners to help improve attainment and attendance levels and reduce exclusions for all children across Middlesbrough.			
Deliver a refreshed Youth Justice Plan aligned to the Youth Justice Board's 'Child First' principle			
Embed corporate values within the Directorate and make staff feel more valued.			
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.			

## Legal and Governance Services

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Commence implementation of revised business intelligence dashboard plan following agreement by LMT.			
Commence implementation of Robotic Process Automation within the Council.			
Develop an Operations Strategy (incl. Customer, ICT, operational estate, etc.) for the Council, to reflect post-COVID changes / new ways of working.			
Develop and implement a strategic planning cycle to inform the Council's approach to budget planning and consultation.			
Carry out Local Government Pension Scheme re-enrolment, in-line with legal obligations and duties.			
Ensure limitation dates are met in-line with the Prosecutors Code when dealing with instances of Crime and Anti-Social Behaviour.			
Further embed the Legal Business Partner approach to ensure Regeneration project deadlines and legal needs of the Council are aligned.			
Ensure effective implementation and transition to the new Liberty Protection Safeguards, through Legal advice and support to Adults Services.			
Continued Legal Services support to Children's Services Improvement Journey.			
Review implementation of revised approach to appraisal framework to ensure employee objectives are aligned to the Council's values and Strategic Priorities.			
Complete the Community Governance Review to establish future parish and community councils for Middlesbrough.			

Priority	Q1 2022/23 position	Q2 2022/23 position	Q3 2022/23 position
Oversee delivery of actions within the 2020/21 Annual Governance Statement.	On-track	Unachievable	On-track
Oversee delivery of actions with the 2021 Annual Equality and Inclusion Report.	On-track	On-track	Complete
Embed corporate values within the Directorate and make staff feel more valued.	On-track	On-track	On-track
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	On-track	On-track	On-track

Key	
Complete	Complete
On-track	On-track
Some slippage	Some slippage
Unachievable	Unachievable

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Executive Member for Finance and Governance Director of Finance
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<b>Submitted to:</b>	Overview and Scrutiny Board
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<b>Date:</b>	22 February 2023
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<b>Title:</b>	Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23
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<b>Report for:</b>	Information
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Not applicable
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<b>Why:</b>	Not applicable
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<b>Urgent:</b>	Not applicable
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<b>Why:</b>	Not applicable
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<b>Executive summary</b>
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This report advises the Overview and Scrutiny Board of the Council’s financial position as at Quarter Three 2022/23.

The report provides the necessary information to enable the Overview and Scrutiny Board 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.

The report requests that Overview and Scrutiny Board:

- Notes that there is a projected 2022/23 revenue budget year-end outturn as at Quarter Three of an approximate £3.4m overspend.
- Notes that it is proposed that the final 2022/23 revenue budget year-end outturn will be funded from the earmarked Social Care Transformation Reserve.
- Notes 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.
- Notes 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.
- Notes 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.
- Notes that the current projected outturn and any non-implementation of the approved Financial Recovery Plan 2022/23 will have a negative impact on the Council's current Medium Term Financial Plan, and that the ongoing financial challenges will continue into 2023/24 and future years. The position regarding the 2023/24 budget and the updated MTFP will be reported in a separate report to this Executive and then to Council on 27 February 2023 as part of the budget strategy for 2023/24 and future years. It should be noted that there is currently a great deal of uncertainty in forecasting created by potential future pay awards, inflationary pressures, and the impact on demand for services.
- Notes the proposed revenue budget virements over £150,000 as detailed in Appendix 1.
- Notes the 2022/23 capital budget predicted year-end outturn of £62.167m as at Quarter Three against a revised capital budget of £69.241m, and approves the revised Investment Strategy to 2024/25 at Appendix 2.
- Notes 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.



## **Purpose**

1. This report advises Overview and Scrutiny Board of the Council's financial position as at Quarter Three 2022/23.

## **Background and relevant information**

2. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated action. Standing Orders and Financial Procedures require the Executive's approval for major virements between revenue budgets, and in-year changes to the Council's capital Investment Strategy.
3. This report provides the necessary information to enable the 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.
4. Standing Orders and Financial Procedures and Regulations require the Executive's approval of the proposed revenue budget virements over £150,000 (Appendix 1)
5. A revised Investment Strategy for the period to 2024/25 is attached at Appendix 2 for the Executive's consideration and approval.

## **Revenue Budget Projected Year-End Outturn as at Quarter Three 2022/23**

6. The 2022/23 Revenue budget for the Council is £118,328,934 as set out in the Revenue Budget, Council Tax, Medium Term Financial Plan (MTFP) and Capital Strategy 2022/23 Report presented to Council on 23 February 2022.
7. As mentioned previously in the Revenue Budget, Council Tax, MTFP and Capital Strategy 2022/23 Report presented to Council on 23 February 2022 and in the Quarter One and Two reports, Children's Social Care remains the biggest area of financial concern and a three-year plan was drawn up in July 2021 for the potential MTFP impact. As part of this plan, Executive approved at Quarter One that the budget for Children's Care in 2022/23 would be temporarily increased for 2022/23 only by £5.665m, which is the amount requested by Children's Care for 2022/23 in the three-year plan drawn up in July 2021. This additional funding has now been made permanent as mentioned in the MTFP Update report to Council of 30 November 2022 and confirmed in the separate Revenue Budget, Council Tax, MTFP, and Capital Strategy Report to this Executive and then to Council on 27 February 2023.
8. At Quarter One a projected year-end outturn position for 2022/23 of £9.012m was reported. This was mainly due to pressures relating to additional inflation, the increased pay award, and increased demand, placement, and agency costs within Children's Services, all of which were largely unknown at the start of the financial year and are national issues. In light of the projected overspend reported at Quarter One, Executive on 18 October 2022 approved a Financial Recovery Plan 2022/23 which was intended

to reduce the projected outturn for 2022/23. This included certain discretionary expenditure being curtailed, the early implementation of fees and charges increases, additional controls around vacancy and agency staff, the setting up of a Children's Focus Group, and the implementation of the approved Flexible Use of Capital Receipts Strategy. Full details of the actions approved and the impact on each Directorate were included in the Financial Recovery Plan 2022/23 report presented to Executive. The report indicated that the forecast overspend could be substantially reduced to approximately £1.6m. At Quarter Two an updated forecast overspend position at year end of £2.1m was reported if the Financial Recovery Plan was fully implemented.

9. Following the budget virements approved at Quarter Two Directorate budgets were adjusted for the planned savings and fees and charges increases included in the Financial Recovery Plan 2022/23, and for the remainder of 2022/23 the revised budgets are used to show the revised forecast variance per Directorate in future quarterly budget monitoring reports.
10. The following table provides an update of the achievement of the Financial Recovery Plan for each Directorate. It can be seen that all the savings and fees and charges increases proposed in the Financial Recovery Plan are predicted to be achieved, apart from some of those relating to Children's Services. These relate to the proposed reduction in external residential placements of £300,000, proposed savings on Section 17 expenditure of £100,000, and a proposed reduction in the number of agency staff of £125,000. It is predicted that in light of the current financial challenges facing Children's Care in 2022/23, detailed in paragraphs 54 to 78, it will not be possible to achieve these proposed in-year savings. There will be a requirement for close monitoring of progress against the Financial Recovery Plan during the rest of the financial year, as any further non-achievement of this will lead to increased drawdown on reserves and affect the Council's MTFP.

Directorate	2022/23	2022/23	2022/23	2022/23
	Recovery Plan	Fees & charges	Total Recovery Plan	Total Achieved
	£'000s	£'000s	£'000s	£'000s
Regeneration and Culture	648	129	777	777
Environment and Community Services	419	132	551	551
Public Health	165	0	165	165
Adult Social Care	1,229	53	1,282	1,282
Education & Partnerships	0	29	29	29
Children's Care	811	1	812	287
Legal and Governance Services	156	23	179	179
Finance	225	96	321	321
Central Budgets *	3,240	0	3,240	3,240
<b>TOTAL</b>	<b>6,893</b>	<b>463</b>	<b>7,356</b>	<b>6,831</b>

11. The Financial Recovery Plan 2022/23 includes the implementation of a Flexible Use of Capital Receipts Strategy for 2022/23 to fund transformation costs across the Council, principally within Children's Services, as approved by Full Council on 7 September 2022. In order to satisfy the legislation relating to this, confirmation will be required that the capital receipts are available in 2022/23 and that the transformation expenditure will provide future ongoing savings. The current projected level of capital receipts for 2022/23 is shown in the revised Investment Strategy in Appendix 2. There is a potential risk around whether some of the projected capital receipts will be received in 2022/23, due to the fact that they are planned to be received very late in the financial year. Close

monitoring of the level of capital receipts received during the rest of the financial year will be undertaken, and an update will be provided in the year-end monitoring report. Entries will be made in the accounts at year end to reflect the Flexible Use of Capital Receipts Strategy 2022/23.

12. The Council's projected year-end outturn position for 2022/23 as at Quarter Three is an overspend of approximately £3.4m after the implementation of the Financial Recovery Plan compared to a projected overspend of approximately £2.1m reported at Quarter Two. The split per Directorate is shown in the table below. Details of the Directorate variances are included in paragraphs 27 to 98.

Directorate	2022/23 Revised Full Year Budget	2022/23 Q3 Projected Outturn at Year End	2022/23 Projected transfer to central additional inflation contingency (to be actioned at year end when finalised)	2022/23 Q3 PROJECTED OVER / (UNDER) SPEND AT YEAR END (after projected transfer to central additional inflation contingency)
	£'000s	£'000s	£'000s	£'000s
Regeneration and Culture	2,784	2,640	0	(144)
Environment and Community Services	21,240	24,003	(2,095)	668
<i>Public Health</i>	(2,992)	(3,730)	0	(738)
<i>Adult Social Care</i>	43,749	45,101	(775)	577
Total - Adult Social Care and Health Integration	40,757	41,371	(775)	(161)
<i>Education &amp; Partnerships</i>	2,043	1,659	0	(384)
<i>Children's Care</i>	44,691	55,771	(617)	10,463
Total - Children's Services	46,734	57,430	(617)	10,079
Legal and Governance Services	10,097	9,973	0	(124)
Finance	157	(1,157)	(24)	(1,338)
Central Budgets	(3,440)	(12,520)	3,511	(5,569)
<b>Revenue Outturn</b>	<b>118,329</b>	<b>121,740</b>	<b>0</b>	<b>3,411</b>

13. It should be noted that the Central Budgets line includes £3.2m of savings within Directorates, for which budgets have been reduced within Directorates and are now held centrally, meaning the overall saving against these budgets is now reported against the Central budget. This has led to a distortion of the change between the Quarter Two and Quarter Three position per Directorate, and therefore these have not been shown in the above table as they would not provide a complete picture.
14. In addition, the Central Budgets line includes an estimated £2.7m saving from for the adoption of the Flexible Use of Capital Receipts Strategy as part of the Financial Recovery Plan, however this may at year-end be shown within Directorate budgets.
15. It should be noted that savings against the £500,000 vacancy and agency control saving target reported under Central budgets as part of the Financial Recovery Plan at Quarter Two, are now reflected within individual Directorate outturns.

16. It is proposed that the final overspend at year-end resulting after the revenue spending controls have been implemented will be covered by the Social Care Transformation Reserve.
17. The current level of Reserves is shown in the Reserves and Provisions Section of this report (paragraphs 136 to 141) and detailed in Appendix 3.
18. The ongoing continuing financial effect of any pressures or underspends to budget will be built into future updates of the Council's MTFP.

### ***General issues***

19. One of the major areas of increased expenditure during the latter part of 2021/22 was the level of inflation that existed in the economy, and this has continued during 2022/23 and is expected to continue for the remainder of 2022/23. As shown in the table in paragraph 12 several Directorates have been substantially affected by the hyper-inflationary increases that existed in areas such as fuel, energy, utilities, food, and also increased costs from providers for services such as Waste Disposal, transport provision for children and adults, and Adults and Children's Care providers due to the inflationary increases they have suffered. Further detail is provided within the Directorate variances section of the report. An additional inflation contingency of approximately £4.6m recurring funding was built into the updated Medium Term Financial Plan (MTFP) presented to Council in February 2022 and this is held centrally. In light of the uncertainty of the cost of these pressures, it is proposed that this additional inflation will be reported against the individual Directorates during 2022/23 and transfers from the centrally held budget will be made at year-end when the final effects in 2022/23 are confirmed. There will be a need to closely monitor this, and further updates will be provided in future budget monitoring reports and the MTFP will be amended accordingly as appropriate.
20. As mentioned at Quarters One and Two, another area where there are additional pressures in 2022/23 is the pay award for 2022/23 for Local Government Services employees effective from 1 April 2022. Agreement was reached in November 2022 between the National Employers and the NJC Trade Unions of an increase of £1,925 on all NJC pay points 1 and above, and an increase of 4.04% on some allowances.
21. The MTFP presented to Council in February 2022 assumed a 2% pay award for 2022/23, and this along with 1% provided for within the centrally held Inflation Contingency and a further amount equating to approximately 1% remaining in the centrally held Pay and Prices Contingency budget, means that there was approximately £3.5m held in Central budgets for the 2022/23 pay award which equates approximately to a provision for a 4% pay award for 2022/23.
22. Following review, it has been calculated that the agreed pay award has cost approximately £5.5m in 2022/23, which equates to approximately an average 6.2% pay award. Directorate budgets have been adjusted accordingly for the agreed pay award in December 2022.
23. The budget pressure caused by the effect of the 2022/23 pay award has been mitigated by savings on the amount provided for the pay award for 2021/22, and also on the money set aside for the Employers National Insurance contributions increase following the Government's decision to reverse the increased employers National Insurance contributions from November 2022. The resulting estimated pressure of approximately

£0.8m in 2022/23 is included within Central Budgets as shown in the table in paragraph 12 and noted in paragraph 94.

24. Provision was made in the updated MTFP presented to Council in February 2022 for the future potential ongoing effects of Covid-19 on income in a number of the areas. Also, in the 2021/22 outturn report to Executive on 14 June 2022, a new earmarked Car Parking Pressures Reserve of £782,000 was set up for the potential ongoing effects of Covid-19 on car parking income in future years. The Government have confirmed that no further Government funding will be provided for 2022/23 for the further continuing effects for Covid-19. The effects of Covid-19 are therefore no longer shown separately in these quarterly budget monitoring reports with any continuing effects included within the Directorate totals, and consideration will be made as to updating the MTFP as appropriate for any such effect which is not currently provided for in future years.

### ***Progress against budget savings***

25. The Revenue Budget, Council Tax, MTFP and Capital Strategy 2022/23 Report presented to Council on 23 February 2022 included no further additional budget savings for 2022/23.
26. Paragraph 10 provides details of progress against the in-year 2022/23 budget savings proposed as part of the Financial Recovery Plan 2022/23 approved by Executive on 18 October 2022. Further updates will be included in the year-end outturn budget monitoring report.

### ***Directorate variances***

27. The detail of the variances above or below £150,000 of the agreed budget are set out below. Where appropriate, the on-going effects of variances will be considered as part of future updates of the Council's MTFP.

### ***Regeneration and Culture***

28. Car parking income continues to be significantly lower than that achieved pre the Covid-19 pandemic. Year-end projections are currently showing a combined net loss of £139,000 at year end (after increasing car parking charges in November 2022 as part of the Financial Recovery Plan), this represents a real improvement of £21,000 when comparing to the Quarter Two projections.
29. The outturn projection for off-street parking includes a grant of £850,000 provided to the Council from Tees Valley Combined Authority in 2022/23 for the provision of 2 to 3 hour free parking across the Tees Valley. This grant income will conclude at the end of the financial year.
30. At the end of financial year 2021/22 the Council created a Car Parking Pressures Reserve of £782,000, and it is intended that the final overspend for car parking in 2022/23 will be met from this Reserve and this will be actioned at year-end when the final year-end position is known.
31. In addition, there are a number of budget areas within Regeneration and Culture which have variances below £150,000, and these account for the overall total projected year-end position on the budget.

*Environment and Community Services*

32. As mentioned in paragraph 19, the Environment and Community Services Directorate has been substantially affected by hyper-inflationary increases in a number of areas. The current estimated effects of this are summarised in the table below. The position has improved when comparing to the Quarter Two projection of £2,500,000, predominantly in respect to assumptions on utility costs. The costs are likely to be subject to further change and as mentioned in paragraph 19, it is proposed that the final pressures at year-end will be funded from the £4.6m additional inflation contingency within Central budgets provided for this as part of the 2022/23 budget setting.

<b>Service Area</b>	Description	<b>£</b>
Property Running Costs	Inflation on utilities	408,200
Building Maintenance	Inflation of materials & contractors pricing	100,000
Integrated Transport Unit	Inflation on fuel & contractors pricing	300,000
Area Care & Central Operations	Inflation on fuel & materials	117,100
Waste Collection	Inflation on fuel	113,000
Waste Disposal	Main contract disposal (increase of £7.36 per tonne)	292,000
Catering	Inflation on food & utilities	250,000
Fleet Services	Inflation on fuel and materials	195,000
Street Lighting	Inflation on electricity	319,700
<b>TOTAL DEMAND ON ADDITIONAL INFLATION CONTINGENCY BUDGET</b>		<b>2,095,000</b>

33. There is a projected pressure of £686,000 (after the effects of inflation as outlined above) due to a greater number of children eligible for home to school transport and an increase in costs to transport children out of the area. This overspend has increased from the £467,000 reported at Quarter Two due to an increase in demand on transport by taxis. The ongoing effects of pressure to the service will be considered as part of the MTFP update to this Executive and then to Council on 27 February 2023. The transfer of the Integrated Transport Unit to Education & Partnerships is included within the virements set out at Appendix 1 for Executive approval.
34. A shortfall in income and an overspend on expenditure within Bereavement Services is expected to result in a £370,000 pressure. This represents an increased pressure of £107,000 to that reported at Quarter Two, which is attributable to further decreases in income expectations following the opening of the facility at Stockton. A comprehensive review of the service will be undertaken in order to get this back on track, with updates being provided in future reports.
35. A total saving of £186,000 is projected against the Area Care service due to an underspend on staffing caused by recruitment issues and the receipt of project management funding.

36. A saving of £189,000 is expected to be achieved against the Highways Service budgets due to an increase in capital works being undertaken in-house.
37. Additional government grant funding of £200,000 in relation to Community Cohesion has been provided to the Council. This is expected to produce savings of £200,000 as the grant will cover costs that were previously envisaged to be met from budgets elsewhere within the Directorate.
38. In addition, there are a number of budget areas within Environment and Community Services which have variances below £150,000, and these account for the overall total overspend on the budget.

#### *Public Health*

39. There are projected savings on Public Health budgets totalling £738,000 in 2022/23, with the majority of the projected savings being due to staffing savings as a result of delayed recruitment to, or the deletion of vacant posts, and other pay related savings with the Service.

#### *Adult Social Care*

40. There are projected staff savings across the Service totalling £1,039,000 mainly due to staff turnover and delayed recruitment to vacancies. Similar to Children's Care (as detailed in paragraph 69 below), there are 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. The Service have introduced a change to how Social Workers progress through the career structure grades as a staff retention incentive. However, further measures are in progress to implement a further recruitment and retention bonus scheme to attract and retain staff.
41. It is forecasted that by the end of the financial year there will be net growth of £1,770,000 in purchased care costs (mainly residential care) against the budget set at the start of 2022/23. As in previous years, this is subject to substantial change in the remaining months of 2022/23 depending on numbers of clients, and therefore this budget will be closely monitored. This pressure will be offset, in part, by utilising £364,000 of the Adult Social Care Recovery Reserve.
42. As mentioned in paragraph 19, the Adult Social Care Directorate has been substantially affected by hyper-inflationary increases mainly from providers of services. This is currently forecast at £775,000 for 2022/23. This is lower than the £1,600,000 provided for as part of the £4,600,000 additional inflation contingency within Central budgets provided as part of the 2022/23 budget setting. This amount is unlikely to significantly change in Quarter Four and as mentioned previously, it is proposed that the final pressure at year-end will be funded from the centrally held budget. It should be noted that the £1,600,000 will be required in full in future years.
43. The above pressure is offset by the recovery of an additional £155,000 of direct payments surpluses in excess of the budgeted target.
44. At Quarter Two the Bed and Breakfast budget was projecting an overspend of £177,000 for the provision of temporary accommodation for homeless people.

However, as a result of maximising the homelessness grant and housing benefits the overspend is now projected to have reduced to £45,000 at year-end.

45. 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 projected overspend of £577,000 on the Adult Social Care budget.

#### *Education & Partnerships*

46. The outturn projection is mainly due to projected unbudgeted income of £498,000 for 2022/23 relating to school contributions to capital schemes, as contributions are to be funded from other sources, thereby creating a revenue saving. This saving is partly offset by projected overspends on the Children's Centres and Nurseries budgets totalling £47,000 due to reduced income from lower take up of services than expected.
47. For information, the Council received £168.6m (before deductions and recoupment) of Dedicated Schools Grant (DSG) for 2022/23. 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).
48. It is projected that there will be a £5.1m total cumulative deficit on the DSG grant at the end of 2022/23, mainly attributed to the High Needs Block. This is an increase from the £3.756m total DSG deficit at the end of 2021/22, which included £5.062m attributed to the High Needs Block. This figure can fluctuate, both ways, and updates will be provided in future budget monitoring reports.
49. The Dedicated Schools Grant (DSG) statutory override which instructs Councils to account for the DSG negative balance in a separate reserve and not to fund it by using its General Fund was planned to end on 31 March 2023, however this has been extended to 31 March 2026. This was a major risk to the Council as it could have meant that the Council would have had to fund this deficit itself (current balance is £5.1m) and whilst it is still a risk to the Council the risk has been mitigated significantly in the medium term.
50. The DSG conditions of grant require that any local authority with an overall deficit on its DSG account at the end of financial year 2021/22, or who's DSG surplus has substantially reduced, present a plan to the DfE for managing its DSG spend in 2022/23 and future years. There is also a requirement to provide information as and when requested by the DfE about pressures and potential savings on its high needs budget.
51. The Council complete regular DSG management recovery plans to outline forecasts over the next 5 years, and are also working with the DfE and have received a grant from "Delivering Better Value" (DBV) that is supporting work to bring this deficit down in future years using best practice and benchmarking across the country. DBV is a long-term programme and 55 other local authorities as well as Middlesbrough Council are on the DBV programme. It should be noted that Middlesbrough Council are not in the "Safety Valve" programme, which is for those local authorities with the greatest DSG deficits.



52. DfE also expect that schools be regularly updated via the Schools Management Forum about the authority's DSG account and plans for handling it, including high needs pressures and potential savings.
53. 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. In Middlesbrough, the number of EHCPs have increased from 1,272 in 2021 to a predicted level of 1,659 in 2022, a 30% increase, and this is predicted to increase further in the future. This is a national issue affecting a large number of local authorities. The Government have partly recognised this by an increase in funding allocated in the finance settlement for 2022/23 and recently in the provisional finance settlement for 2023/24 for both Schools and High Needs Blocks.

### *Children's Care*

54. As detailed in paragraph 7, the budget for Children's Care for 2022/23 has been temporarily increased for 2022/23 only by £5.665m as part of the current 3-year MTFP plan (as mentioned in paragraph 7 this has now been made permanent). The variances in the table in paragraph 56 report against the revised budget for Children's Care in 2022/23 following the £5.665m temporary budget increase for 2022/23.
55. As mentioned in paragraph 19, the Children's Care Directorate has been affected by hyper-inflationary increases from providers. These are currently forecast to be approx. £617,000 for 2022/23, comprising of £408,000 for External Residential Placements and £209,000 for Independent Fostering Agency (IFA) payments. This amount was provided for as part of the £4.6m additional inflation contingency within Central budgets as part of the 2022/23 budget setting. This amount is potentially subject to further change, and as mentioned previously it is proposed that the final pressures at year-end will be funded from the centrally held budget. The variances in the table in paragraph 56 below assume the inflation will be provided for from central budgets in order to provide a real variance against budget.
56. There is a projected overspend on the total Children's Care budget at year-end of £10,463,000 as at Quarter Three, an increase from that reported at Quarter Two. The table below shows the split of the additional £5.665m budget provided between the individual budgets within Children's Care and summarises the variances against the individual revised budgets, with a comparison to Quarter Two, with further detail being provided in the paragraphs below. This figure includes £525,000 of required savings from the 2022/23 Financial Recovery Plan assigned to Children's Care that are not projected to be achieved. These relate to the proposed reduction in external residential placements of £300,000, proposed savings on Section 17 expenditure of £100,000, and a proposed reduction in the number of agency staff of £125,000.

Service Area:	2022/23 Original Budget	MTFP Temporary Increase in Budget for 2022/23	2022/23 Revised Budget	2022/23 Q3 Projected Outturn at year end	2022/23 Q3 PROJECTED OVER / (UNDER) SPEND AT YEAR END	2022/23 Q3 Variance from Q2 Position	2022/23 Q2 Projected Outturn at year end
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
External Residential Agency Placements	8,670	(276)	8,394	14,562	6,167	2,010	4,157
Education Contributions to External Residential Agency Placements	(750)	0	(750)	(625)	125	0	125
CCG Contributions to External Residential Agency Placements	(1,249)	120	(1,129)	(1,460)	(330)	(70)	(260)
In-House Fostering	3,401	671	4,072	3,965	(108)	132	(240)
Independent Fostering Agency (IFA)	5,395	262	5,657	6,270	613	114	499
Adoption Services	1,282	0	1,282	1,365	83	81	2
Family & Friends Allowances	2,368	1,244	3,612	3,539	(73)	(24)	(49)
Safeguarding and Care Planning	2,894	727	3,621	5,439	1,819	311	1,508
Review and Development Unit	927	203	1,130	1,614	484	70	414
Referrals & Assessments	2,691	116	2,807	2,769	(38)	163	(201)
Children Looked After Teams	2,071	606	2,677	2,986	309	175	134
Internal Residential Service	4,093	0	4,093	4,079	(14)	(227)	213
Children with Disabilities service	1,556	0	1,556	2,009	454	(1)	455
Management and Administration	1,704	160	1,864	2,173	310	(82)	392
Improvement	0	1,832	1,832	2,791	959	(65)	1,024
Prevention Services	1,819	0	1,819	1,597	(222)	(63)	(159)
Other Resource Services	2,154	0	2,154	2,081	(72)	(80)	8
<b>TOTAL</b>	<b>39,026</b>	<b>5,665</b>	<b>44,691</b>	<b>55,154</b>	<b>10,463</b>	<b>2,441</b>	<b>8,022</b>

57. A proportion of the overspend is linked to transformation and improvement within Children's Services, and as detailed in paragraph 11 it is proposed that a Flexible Use of Capital Receipts Strategy is implemented in 2022/23. It should be noted that as the amount has not yet been confirmed, the figures for Children's Care have not yet been amended for the effect of this.
58. The external residential agency placements budget is currently projected to be £6,167,000 overspent at year-end (an increase of £2,010,000 from Quarter Two), mainly due to price increases within the market generally and a national shortage of available placements. Also there has been some delays in available placements which has led to placements initially being made at a higher cost whilst reduced cost long-term permanent placements are sought. The use of external residential placements is monitored on a weekly basis and if possible young people are moved to lower cost placements if it is in line with their care plan to do so. This is based on the 56 external residential placements at the end of Quarter Three, which is unexpectedly higher than at Quarter Two, and currently known movements in or out throughout the remainder of 2022/23.
59. The average cost per placement has increased significantly over the past 24 months due to demand across the country and a national lack of suitable placements. Requests for placements are being made multiple times with no interest being received from providers. This has led to increased costs and is a national challenge / pressure and not specific to Middlesbrough, despite Middlesbrough having one of the highest levels of demand for social care in the country. Also there have been increased costs for some of the remaining placements due to the complex nature of the remaining young people.

60. Close monitoring and regular review of the numbers of external residential agency placements takes place and will continue to do so in the future. The significant inflationary and market pressures on average placement costs also need to be closely monitored. The MTFP and Children's Services Financial Improvement Plan in separate reports to this Executive contain further details of the proposed way forward.
61. As mentioned previously, 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 Integrated Care Board (ICB) for Health contributions 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. However, the fewer placements Middlesbrough has the lower the Education and Health contributions. The outturn for the external residential placements budget includes increased Education contributions to placements, some paid direct to providers, of £625,000 for 2022/23, which is a £125,000 pressure on the £750,000 budget set for 2022/23. There is however a significant backlog of Education Health Care Plans, and this figure may well in the future increase percentage wise in regard to contributions against the total Children's Care expenditure.
62. The above pressure on the external residential agency placements budget has however been partly offset by projected additional income received from the ICB of £330,000 above the revised budget for the contribution from Health towards the increased cost of placements due to the complex needs of the young people. This is an increase from Quarter Two of £70,000, due to contributions identified for other services provided within Children's Services. Dedicated capacity has been provided to liaise with health commissioners in order to maximise health contributions.
63. The in-house fostering services budget is currently projected to be £108,000 underspent at year-end, a decrease in underspend of £132,000 from that reported at Quarter Two. This is predominantly due to a winter fee payment agreed to existing Foster Carers. There are currently 164 placements, which is a slight increase from the 161 placements reported at Quarter Two. A report was approved by Executive on 24 January 2023 to increase the payments to internal foster carers to bring them broadly in line with the payments received by carers from Independent Fostering Agencies, in order to attempt to prevent this worrying trend continuing further, and initial results seem to imply that this strategy appears to have halted the transfer of Internal Foster Carers to Independent Fostering Agencies.
64. An increase in expenditure against 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.
65. The Independent Fostering Agency (IFA) placements budget is currently projected to be £613,000 overspent at year-end, an increase of £114,000 from the Quarter Two position due mainly to the above mentioned transfer of in-house foster carers to agency, which as mentioned above it is hoped the new strategy will prevent this occurring in the future. The number of placements / cases has increased to be currently at 152 (from 150 at Quarter Two). This is after an additional temporary budget increase of £262,000 for 2022/23. Reductions in expenditure within this area are part of the MTFP strategy for Children's Services and the target is to get down to 121 places

by April 2024, however as with external residential places, close monitoring needs to take place with regard to inflationary pressures as well as reducing numbers.

66. There are currently 30 children in the process of being adopted, 13 of which are confirmed and a further 7 anticipated by the end of the financial year (subject to final hearings), with the remaining 10 currently have possible plans. This will help to reduce the expenditure in Children's Care in future financial years.
67. The Family and Friends Allowances budget is currently projected to be £73,000 underspent at year-end, after the provision of additional temporary budget for 2022/23 of £1,244,000. This is based on an increased number of 474 placements/cases. 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. The service, alongside Legal services, are reviewing the policy in order to attempt to reduce expenditure in this area, though there would not be an immediate reduction if the review was approved. This area is seen as a challenge across the country.
68. As with at Quarter Two, there is a significant overspend predicted at year-end on the Safeguarding and Care Planning teams revised budget for 2022/23. This is currently predicted to be £1,819,000, an increase of £311,000 from Quarter Two, this is even after the provision of additional temporary budget for 2022/23 of £727,000 relating to agency costs, which is area where there is significant expenditure on. There are also forecast pressures relating to Section 17 payments and support packages for families to keep the young people out of care, and due to the fact that appropriate placements cannot be found and support packages are having to be put in place, which generally cost more than the placements themselves would cost. There have also been increased Professional and Legal costs (including parenting assessments and substance testing) to support improved pre-court proceeding works to reduce the risk of young people going into care into higher cost placements. The Council has received significantly improved feedback from courts relating to this work and this has helped to support improving relations with courts. 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 the longer term strategy to reduce / avoid higher Children Looked After costs.
69. As with previous quarters, staff agency costs to cover sickness and vacant posts and transform the Service are a continuing major element of expenditure within the Safeguarding and Care Planning team's budget. It remains a challenge to recruit and retain social workers and this is a significant regional and national challenge as well. At the request of the Department of Education the Multi-Agency Strategic Improvement Board is now receiving updates on the work to recruit and retain social workers at every one of its meetings and this work is supported by the Council's leadership 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. Agency staffing has been put forward as a reduction in spend by the Directorate for the MTFP work alongside the recruitment and retention strategy, which includes the Council's own academy where newly qualified staff are now coming through and will replace agency staff over the coming 12 to 24

months and onwards. Leadership Management Team recently agreed a 15% market supplement, which is an improved offer from the current recruitment and retention schemes, and this came into effect on 1<sup>st</sup> November 2022.

70. There is a projected overspend at year-end on the Review and Development budget of £484,000 after the provision of additional temporary budget for 2022/23 of £203,000 relating to agency costs, which is an area where there is significant expenditure. This is an increase of £70,000 from the Quarter Two projected pressure. Agency staff filling vacant posts due to challenges in recruiting are creating a pressure in 2022/23, however, within this service area they have experienced some positive recruitment to vacant posts that were filled by agency staff, following the market weighting being implemented from November 2022. There is also a forecast pressure of £397,000 relating to the academy and front line costs, which is part of the recruitment and retention strategy to improve training and retain staff and build up our own social workers within, which supports the reduction of agency pressure in line with MTFP projections.
71. The Referrals and Assessments Service is projecting a £38,000 underspend, which represents a worsened position when compared to the Quarter Two projection of savings of £201,000.
72. The Children Looked After teams' budget is projecting an overall £309,000 overspend at year-end (an increase from Quarter Two) after the provision of additional temporary budget for 2022/23 of £606,000 relating to agency staff costs. Similar to that in the Safeguarding and Care Planning teams' budget, there is significant expenditure on agency staffing costs to fill vacancies and cover absences, and to support the Improvement Plan. The agency costs in 2022/23 have largely been covered by the temporary additional budget provided for 2022/23 for this area of £606,000. However, there is a projected overspend of £269,000 now on agency staff, which has increased from £62,000 projected at Quarter Two. As stated in paragraph 69, the reliance on agency staff is a significant risk to the Council in the medium to longer term. The other key pressure in this service area is from increased legal costs.
73. The Internal Residential Service budget is projecting a saving of £14,000, this is a marked improvement against the assumed pressure of £213,000 reported at Quarter Two. The saving is attributed to reduced challenges around recruitment, which has resulted in reduced use in agency and overtime costs. The Service reviewed the salaries of residential workers to support a recruitment drive.
74. The Children with Disabilities Service is projecting an overall £454,000 pressure on its budget, similar to that reported at Quarter Two, mainly due to continued pressures from expensive care packages of support required for young people in the Service.
75. The Management and Administration budget is projecting a slightly reduced pressure of £310,000, after the provision of additional temporary budget for 2022/23 of £160,000 relating to agency staff costs. There is a £44,000 reduction on the projected net pressure of £266,000 from Quarter Two, which arose from the high cost of two agency payments for vacant Heads of Services posts. This resulting pressure is partly offset by the additional budget provided of £160,000. Middlesbrough has just recently been successful in being awarded a £330,000 grant from DfE for Improvement funding which should offset part of the cost of one of these Head of Service posts and also help towards some other expenditure. There are also £272,000 of previous years savings

not predicted to be fully achieved, and a £16,000 projected pressure within a variety of Strategic Services budgets. Plans are in place to recruit to the Head of Service posts that are currently held by agency staff.

76. The Improvement journey continues in Children's Services, and it is currently projected that there will be £2,791,000 of expenditure relating to this in 2022/23. £1,832,000 of additional temporary budget was provided for this in 2022/23 as per the current MTFP 3-year plan, comprising of £1,154,000 specially provided for Improvement posts and £678,000 from the amount provided for agency costs which is to be shown against this budget. After the provision of the additional funding for 2022/23, there is a projected pressure of £959,000 on this budget, a slight reduction from that reported at Quarter Two. A reduction in this budget is required in future years.
77. Prevention Services are reporting a forecast saving of £222,000 on their budgets (an increase of £63,000 from that reported at Quarter Two) due mainly to a projected over achievement of grant income for the Payments by Results element of the Supporting Families Grant, along with continuing to achieve efficiencies whilst delivering this service.
78. In addition to the above, there are a number of budget areas within Children's Care which have variances below £150,000, and these account for the overall £10,463,000 current projected overspend on the Children's Care budget.

#### *Legal and Governance Services*

79. There are no budget areas within Legal and Governance Services which have projected variances above £150,000.

#### *Finance*

80. Teesside Advanced Manufacturing Park (TAMP) is currently 97% occupied. This has increased the amount of rent achievable on the site and decreased any financial liabilities to the Council such as business rates and service charges on voids. The projected outturn position at year-end is therefore significantly better than the budget, with an overachievement of income currently projected to be £162,000.
81. A net surplus of £302,000 is projected relating to excess rental income above budget from tenants renting space in Centre Square Buildings 1 & 2. This has reduced from the £355,000 surplus reported at Quarter Two due to an additional contribution to the Capital Financing budget.
82. As mentioned in the report to Council in February 2022, additional unbudgeted income of £200,000 per annum from Captain Cook Square is assumed in the MTFP from 2022/23. It is projected that there will be additional income of £191,000 (after capital financing costs) above that budgeted for in 2022/23. This represents an improvement of £120,000 to that reported at Quarter Two due to successful lease events. The projection takes into account a virement of £50,000 to the Car Parking budget that was required to fund longer opening hours at the Captain Cook car park.
83. The Council purchased the Cleveland Centre Shopping Centre on 7 January 2022, however no income target was assigned to the Cleveland Centre at the 2022/23 budget setting, and therefore there is projected unbudgeted income for the Centre of

£1,234,000. This is after capital financing costs for the acquisition of the Centre have been transferred to the Capital Financing budget. Further updates of this will be provided in future budget monitoring reports to Executive, and the MTFP will be updated accordingly.

84. There is however a pressure of £165,000 projected in 2022/23 relating to the House of Fraser building (owned by the Council) following the departure of the previous tenant, due to maintenance, insurance, and other costs until new tenants are secured for the building.
85. The Commercial Property Income budget is currently projecting a pressure of £424,000 across the portfolio. The pressure has increased by £78,000 from the projection as at Quarter Two. The pressure is due to a combination of vacancies, Council departments taking units preventing external rent income being achieved, and a small proportion of units being let to charitable and community organisations without charging. Additionally, the charge to tenants has not increased for a period of time, this is due to the quality of the units not being maintained. An exercise is planned to assess what capital would be required to update the units and whether the rent could be increased to such a point that there would be a return on the investment.
86. There are projected savings currently estimated to be £113,000 across the overall Resident and Business Support Service mainly due to the receipt of new burdens grant funding and vacant posts. This is a reduction from the £400,000 savings projected at Quarter Two, due to reduced Housing Benefits overpayment income and increased bad debt provisions mainly related to Council Tax court costs.
87. There is a net projected pressure of £158,000 on audit fees due to scale fee increases received for external audits of the Council's accounts up to the 2021/22 accounts. This pressure is after grant income of £46,000 being predicted to be received relating to the Redmond Review, and also a £20,000 Public Sector Audit Appointments (PSAA) Arbitration saving. External audit fees are planned to increase further in the future, mainly due to the increased complexity of the audits required, and this is a national issue for local authorities.
88. In addition, there are a number of budget areas within Finance which have variances below £150,000, and these account for the overall £1,338,000 projected total underspend on the Finance budget at year-end (after inflation contingency funding).

#### *Central Budgets*

89. There is a projected overspend of £120,000 on the Capital Financing budget, similar to that reported at Quarter Two, due to rising interest rate costs. However, not currently included in the projected outturn position is a potential cost reduction in 2022/23 relating to the review of the Council's Minimum Revenue Provision (MRP) policy as approved by Council on 18 January 2023, and we are currently working through the implication of this on the in-year position, liaising with external audit as necessary. Further updates will be provided in the year-end budget monitoring report.
90. As reported at Quarter One there is a total budget saving for 2022/23 on payments to bus operators for the concessionary travel scheme of £711,000, which has been transferred from the Regeneration and Culture Directorate into the centrally held Pay and Prices Contingency.

91. There is a net projected pressure of £342,000 anticipated within the General Fund budget, mainly as a result of the requirement to replenish the Adult Social Care Reserve following prior year adjustments to create and Insurance Provision, this is offset by one-off income in year from credits on Business Rates accounts for Middlesbrough Council properties.
92. As stated in paragraph 19, an additional inflation contingency of £4,644,000 recurring funding was built into the updated Medium Term Financial Plan (MTFP) presented to Council in February 2022 and this is held centrally under Central Budgets. As detailed in paragraph 19, it is proposed that the additional inflation will be reported against the individual Directorates during 2022/23 and transfers from the centrally held budget will be made at year-end when the financial effects in 2022/23 are confirmed. £900,000 of the additional inflation contingency provided relates to the Pay Award for 2022/23, which was utilised in 2022/23, and therefore currently the Central Budgets have a budget of £3,744,000 with no expenditure against it as the additional inflationary costs are held within Directorates.
93. It can be seen from the table in paragraph 12, that there are currently total projected costs of £3,511,000 in 2022/23 for additional inflation costs within Service Directorates. Therefore, there is a projected saving of £233,000 relating to additional non-pay inflation pressures across all Directorates against the total amount provided for in 2022/23. Whilst this is currently reported against the Directorates, the final amount will be reported at year-end against Central Budgets as the inflation contingencies are held centrally. This is based on best estimates, due to current hyper-inflationary increases the situation will continue to be monitored closely and updates provided in future reports. The anticipated ongoing inflationary requirement is also being considered as part of the updates of the MTFP.
94. As detailed in paragraph 23, whilst the decision to reverse the increased employers National Insurance contributions from November 2022 and a saving on the amount set aside for the 2021/22 pay award have produced savings, the pay award for 2022/23 is higher than that provided for and there is a resulting net pressure of approximately £0.8m due to these factors. This projected pressure is shown against Central Budgets.
95. The Financial Recovery Plan includes an estimated £2.7m for the adoption of the Flexible Use of Capital Receipts Strategy which is currently reflected centrally within Central Budgets, however this may at year-end be shown within Directorate budgets. It should be noted that savings against the £500,000 vacancy and agency control savings target reported under Central budgets as part of the Financial Recovery Plan at Quarter Two is now reflected within individual Directorate outturns.
96. The Financial Recovery Plan also includes £3.2m of savings within Directorates, for which budgets have been reduced within Directorates and are now held centrally, meaning the overall saving against these budgets is now reported against the Central budget.
97. There is currently a predicted pressure of £120,000 on the costs of CIPFA providing independent support to review internal governance processes, including undertaking a Financial Resilience Review.
98. In addition to the above, there are a number of budget areas within Central budgets which have variances below £150,000, and these account for the overall £5,569,000



current projected overspend on the Central Budgets at year-end (after the transfer of additional inflation costs from Directorates).

### ***Council Tax and Business Rates income***

99. 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.
100. The MTFP presented to Council in February 2022 included the estimated effect of Council Tax and Business Rates income during 2021/22, but it is clear that there are a number of issues, including the current economic climate, which may potentially result in pressures continuing on Council Tax and Business Rates income in future years, and this will be closely monitored and the MTFP will be updated for this as appropriate.
101. There is currently a growing uptake by residents of the Council Tax Reduction Scheme, and due to the current economic climate, it is likely that this will increase further throughout the rest of the financial year. This will be closely monitored and the MTFP will be updated for this as appropriate.
102. Our budgeted Council Tax base includes assumptions on housing growth. If there is reduced growth in housing numbers, this will impact on income levels.
103. 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 reduced throughout the remainder of 2021/22 and the start of 2022/23. 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 in the future if businesses fail or are unable to pay.
104. 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.
105. The Government has also provided grant funding to the Council through the Council Tax Energy Rebate Scheme to support households with increasing energy costs for 2022/23. This should help improve the level of Council Tax income collected in 2022/23, as where applications are not received from Council Tax payers for the Council Tax Energy Rebate Scheme, the income can be allocated to individual council taxpayers accounts reducing any amounts of council tax owed.
106. The position relating to Council Tax and Business Rates income for 2022/23 and future years and the effects on the Collection Fund will be closely monitored, and updates will be provided in future budget monitoring reports and MTFP updates.

## **Revenue budget spending controls**

107. 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 remained in place for 2020/21 and 2021/22, and were continued into 2022/23, 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.
108. For 2022/23 the Council is continuing to minimise the use of agency staff where it is appropriate to do so, but it is acknowledged that there will be a need in 2022/23 for the use of agency staff within Children's Care, principally to cover vacant posts due to recruitment issues and also to support the continued transformation within Children's Services, however this will be minimised as far as possible. The Council is using additional recruitment and retention packages and market supplements to support the reduction of use of agency staff in future years. Monthly reports on agency costs will be provided to senior managers in order to provide information to enable them to monitor and control costs relating to this.
109. As mentioned in paragraph 10, Executive approved a Financial Recovery Plan for 2022/23. This included the following actions to recover the position in 2022/23:
- a. Each Directorate was requested to identify where discretionary expenditure could be curtailed, stopping short of an in year spending freeze.
  - b. Additional controls around the recruitment to vacant posts and procurement of agency staff.
  - c. Member led focus meetings on the challenges facing Children's Services with an objective to mitigate demand and workforce challenges, concurrently assisting both the financial position and improvement journey.
  - d. The subsequent approval of the adoption of a Flexible Use of Capital Receipts Strategy for 2022/23 at Full Council in September 2022 to support transformation
110. Clearly the ongoing financial challenges will continue into 2023/24 and future years, and the position is currently being assessed and will be reported to Members as part of a separate Medium Term Financial Plan Update report to this Executive and then to Council on 27 February 2023, as part of the budget strategy for 2023/24 and the future. There is currently a great deal of uncertainty in forecasting created by the pay award, inflationary pressures, and the impact on demand for services.

## **Capital Budget Projected Year-End Outturn 2022/23 as at Quarter Three**

111. As part of the Quarter Two report to Executive on 8 November 2022, Executive approved a revised capital budget for 2022/23 of £69.241m. 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 113 to 116), it is currently predicted at Quarter Two that the Council will spend £62.167m at year-end.
112. The revised Investment Strategy to 2024/25 is included at Appendix 2 for approval.
113. No schemes over £150,000 are proposed to be removed from the Investment Strategy.

114. The following two new schemes have been added to the revised Investment Strategy, set out at Appendix 2 for consideration and approval.

- On 7 December 2022, Tees Valley Combined Authority (TVCA) provided confirmation of £2,517,333 grant funding relating to a number of traffic management initiatives across the Tees Valley, to which Middlesbrough Council will administer in its capacity as lead authority. The programme of works will include installation of several Virtual Message Signs, integration of existing and new equipment into the Urban Traffic Management Control system and the procurement of additional CCTV cameras. The majority of this will complete in 2023/24.
- On 6 December 2022, the Department for Education (DFE) announced a total of £447,000,000 of additional capital funding to improve energy efficiency in eligible schools and sixth form colleges. £236,381 of the grant will be shared between twelve maintained schools within Middlesbrough.

115. No additions to schemes over £150,000 have been added to the Investment Strategy

116. There were no schemes within the current Investment Strategy that were reduced by over £150,000.

117. 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 ten 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	2022/23	2022/23	2022/23	MEMO	
	Investment Strategy Revised Budget (as per Q2) £'000	Investment Strategy Projected Outturn at Q3 £'000	Investment Strategy Projected Outturn Variance at Q3 £'000	New, increased & reduced Schemes / transfers £'000	Real outturn variance excluding new, increased, & reduced schemes / transfers £'000
Regeneration and Culture	43,573	38,829	(4,744)	(210)	(4,534)
Environment and Community Services	12,205	11,123	(1,082)	399	(1,481)
Public Health	285	285	0	0	0
Education & Partnerships	4,571	4,141	(430)	0	(430)
Children’s Care	442	393	(49)	0	(49)
Adult Social Care and Health Integration	3,608	3,317	(291)	0	(291)
Legal and Governance Services	4,441	3,941	(500)	0	(500)
Finance	116	138	22	0	22
<b>Total</b>	<b>69,241</b>	<b>62,167</b>	<b>(7,074)</b>	<b>189</b>	<b>(7,263)</b>

## *Regeneration*

118. Middlesbrough Development Company - £2,584,000 of resources have been re-profiled into 2023/24. This is primarily due to a sub-contractor on the Newbridge Court scheme going into administration with delays encountered in sourcing a subsequent contractor. The scheme is now anticipated to conclude in May 2023. Additionally, no further eyesore site or empty homes acquisitions are anticipated to conclude within the current financial year.
119. Boho X – Delays have been experienced with respect to Northern Power Grid providing electricity to the building. A timetable for the power connection is now in place, however, the delay has resulted in internal fit-out works now being undertaken in 2023/24. Consequently, the delays have resulted in £640,000 of funds being transferred into 2023/24.
120. Future High Streets Fund - £535,000 of grant funding has been redirected into 2023/24, due primarily to delays in fitting out works of units that are transforming from retail to leisure use. To ensure no further delays are encountered, additional project management resource has been employed on the scheme.
121. Affordable Housing Via Section 106 – The Council and Thirteen Group have agreed to end a joint venture at North Ormesby. £339,000 of unused section 106 resources assigned to the joint venture have been transferred from the North Ormesby Joint Venture scheme to the wider Affordable Housing Section 106 scheme and transferred into 2023/24 for use as and when further opportunities are identified.
122. Linthorpe Road Cycleway – The contingency of £260,000 is currently deemed to be unrequired and has been re-profiled into 2023/24. Upon conclusion of the scheme any remaining contingency will be returned to TVCA.

## *Environment & Community Services*

123. Highways Infrastructure – The Council's highways resurfacing contractor has stated that it is highly unlikely that it will be able to fully complete the set programme of works within the current financial year. £500,000 of resources have therefore been transferred into 2023/24 to fund the completion of the works, which are anticipated to conclude by May 2023.
124. Cleveland Centre – Works associated with asbestos removal have been delayed due to the Council awaiting final costings from the contractor. These works will now conclude in 2023/24 with £312,000 of resources transferring accordingly.
125. Bridges & Structures (Non Local Transport Plan) – Following the receipt of detailed inspections and contractor comments, the schedule of works has been reviewed to ascertain what could be expected to be undertaken in-year. The review has concluded that £300,000 of planned works will now be undertaken in 2023/24, the funds have therefore been re-profiled into 2023/24 to reflect this.

## *Education & Partnerships*

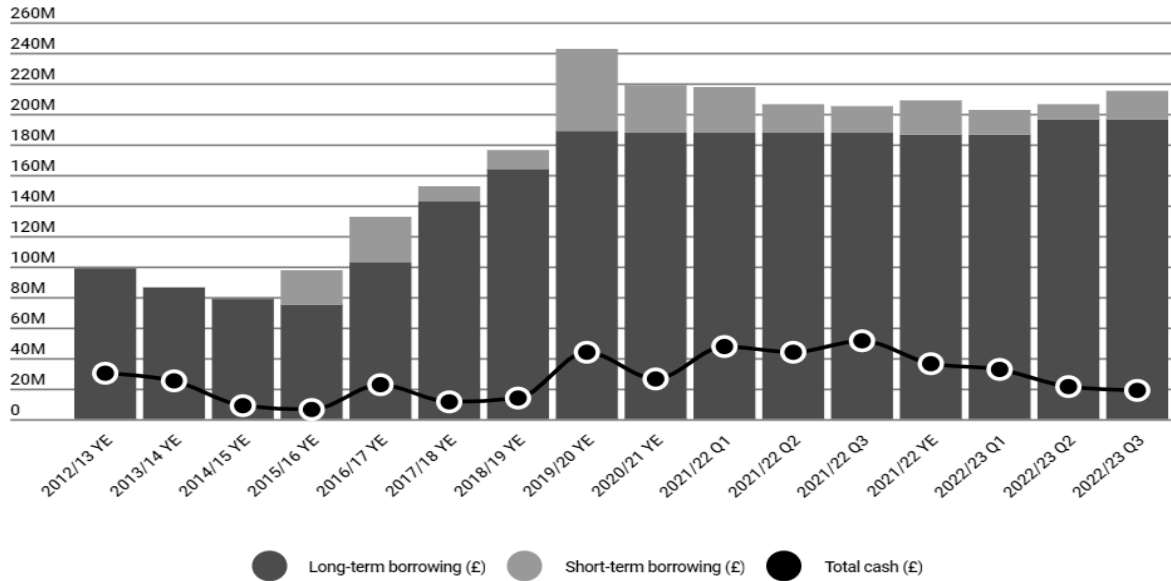
126. Schemes In Special Schools - £305,000 of funds have been re-profiled into 2023/24, primarily due to the following:
- The design and planning stage for the works at the new Specific Learning Disability site have taken longer than anticipated, resulting in the physical works now not being anticipated to commence until Autumn 2023, resulting in £200,000 of funds being transferred into 2023/24
  - It was originally anticipated that grant approval from DFE in relation to the Special Emotional and Mental Health Needs unit at Green Lane would have been received within this financial year. The approval is now expected to be received in 2023/24, £150,000 of funds have consequently been redirected into 2023/24

## *Legal & Governance*

127. Delays in the implementation of the Council's new electronic storage system, Sharepoint, have resulted in £456,000 of funds being re-profiled into 2023/24.

## **Borrowing & Prudential Indicators**

128. The Council's total borrowing increased from £205.7m on 30 September 2022 to £214.5m at 30 December 2022. This increase of £8.8m reflects new short-term borrowing of £10.0m for investment strategy and cash flow purposes, offset by a repayment of principal amounts on existing annuity loans held by the Council of £1.2m.
129. Cash balances started to reduce further during the third quarter of 2022/23 and as a result new borrowing was required to ensure the liquidity position of the Council was maintained. This reflects the usual trend of a reduction in cash where government grants are received in advance early in each financial year and then these are utilised as time progresses. However, the cash balances are lower relative to previous Quarter Three reports and this reflects the ongoing revenue pressures evident in Children's Social Care. Cash levels are currently slightly above the Council's trigger level for borrowing of £15m, but additional resources to fund the investment strategy and the use of revenue reserves will be needed in the fourth quarter in line with current forecasts.
130. The ratio of short-term to long-term borrowing has increased during the quarter given the addition of £10m to the short-term loan portfolio. Long term public works loan board rates remain higher at present and will only be utilised if rates decrease from current levels. The recent rises in both bank rate and longer-term interest rates mean that deferring borrowing decisions where possible, and only taking cheaper short-term borrowing if essential, will result in marginal savings to the capital financing budget. The overall strategy for borrowing in the current inflationary climate is being discussed with our external treasury management advisers.



131. 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.
132. The table below gives a comparison of the original budget against the actual position as at Quarter Three for 2022/23 on each of the prudential indicators adopted by the Council.

<u>Prudential Indicators - 2022/23 Quarter 3</u>		
	<u>Budget</u> <u>(£M)</u>	<u>Actual</u> <u>(£M)</u>
Capital Expenditure	124.475	62.167
<u>Financing</u>		
External Sources	74.344	37.804
Own Resources	6.296	3.409
Debt	43.835	20.954
Capital Financing Requirement	295.865	280.471
External Debt	268.350	214.450
Investments	15.630	19.300
Capital Financing	10.466	10.586
Cost as a % of Revenue		
Budget	8.8%	8.9%

133. The total capital spend & level of financing has reduced by £62.3m or 50% of the original budget that was set for this financial year. This is explained in more detail in the Investment Strategy section of the report but essentially reflects re-profiling of scheme requirements to later years due to the changing needs on individual schemes, and low contractor availability. The reduction is mainly related to grant funding being deferred into the next financial year, but there is also some reduction in the debt levels required due to similar reasons.
134. The Council's total under borrowed position (external debt compared to the capital-financing requirement – or underlying need to borrow) is £66.0m, or 23.5%, at 30 December 2022. As cash balances reduce further during the 2022/23 financial year, with the level of reserves planned to be spent, plus the borrowing requirements within the Investment Strategy, between £30m - £40m of this under-borrowing will be needed to maintain the Council's overall liquidity position.
135. The amount of external debt at £214.5m and the total underlying need to borrow of £280.5m are both well below the Council's authorised debt limit of £356m for the year. 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 recent increases in interest rates available for both short and long-term borrowing.

### Reserves and Provisions

136. The table below sets out a summary of the balance of reserves and provisions at the start of 2022/23 and the current projection as at year-end, and further detail is provided in Appendix 3.

Reserves and Provisions 2022/23	Adjusted Opening Balance	Proposed Use in Year	Additional Contributions	Transfers between reserves	Transfers from / (to) General Fund	Projected Balance at Year End
	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Reserve	11,183	0	858	0	0	12,041
Earmarked Reserve - Social Care Transformation Reserve	7,072	(5,374)	0	0	0	1,698
Earmarked Reserves - Other	22,500	(8,527)	764	0	0	14,737
Earmarked Reserve - Dedicated Schools Grant (DSG)	(3,756)	(1,344)	0	0	0	(5,100)
School balances	4,802	0	0	0	0	4,802
Provisions - Business Rates Appeals & Other	1,921	0	0	0	0	1,921
Provisions - Insurance	3,250	(250)	0	0	0	3,000
<b>TOTAL</b>	<b>46,972</b>	<b>(15,495)</b>	<b>1,622</b>	<b>0</b>	<b>0</b>	<b>33,099</b>

137. As can be seen from the table above, a large proportion of the Reserves are earmarked for special specific purposes and cannot be used generally or to balance the budget.

138. It should be noted that the projected year-end balances include how the current projected final revenue outturn at year-end 2022/23 of £3.4m will be funded, with the remaining £5.1m Social Care Transformation Reserve initially being used, meaning that the balance at year-end on the Reserve currently being projected to be reduced to approximately £1.7m as a consequence.
139. It should be noted that for some Earmarked Reserves, e.g. Other Reserves and Provisions, Provisions, and School Balances, transfers and use of are only actioned at year end. The final end of year position on all Reserves and Provisions will be included in the 2022/23 year end budget monitoring report.
140. As noted earlier, any reduction in Reserves balances will have a negative effect on the current MTFP and the position is currently being assessed and will be reported to this Executive and then to Council as part of the budget strategy for 2023/24 and future years.
141. The use of Reserves will be managed by the Director of Finance, with reports being provided to Executive as part of the quarterly budget monitoring reports.

### **What decision(s) are being recommended?**

The report requests that the Executive:

- Notes that there is a projected 2022/23 revenue budget year-end outturn as at Quarter Three of an approximate £3.4m overspend.
- Notes that it is proposed that the final 2022/23 revenue budget year-end outturn will be funded from the earmarked Social Care Transformation Reserve.
- Notes 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.
- Notes 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.
- Notes 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.
- Notes that the current projected outturn and any non-implementation of the approved Financial Recovery Plan 2022/23 will have a negative impact on the Council's current Medium Term Financial Plan, and that the ongoing financial challenges will continue into 2023/24 and future years. The position regarding the 2023/24 budget and the updated MTFP will be reported in a separate report to this Executive and then to Council on 27 February 2023 as part of the budget strategy for 2023/24 and future years. It should be noted that there is currently a great deal of uncertainty in forecasting created by potential future pay awards, inflationary pressures, and the impact on demand for services.



- Notes the proposed revenue budget virements over £150,000 as detailed in Appendix 1.
- Notes the 2022/23 capital budget predicted year-end outturn of £62.167m as at Quarter Three against a revised capital budget of £69.241m, and approves the revised Investment Strategy to 2024/25 at Appendix 2.
- Notes 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.

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

142. 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 decision(s) and why these have not been recommended**

143. Not applicable.

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

#### ***Legal***

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

#### ***Strategic priorities and risks***

145. The revenue and capital budgets form part of the Council's Policy Framework. All proposed variations set out in this report are in line with authority delegated to the Executive.

146. Any impact on the Council's Strategic Plan will be reported as part of the Corporate Performance Update: Quarter Three 2022/23 report to this Executive.

147. In line with the Council's Risk Management Policy, the corporate Strategic Risk Register will be reported to this Executive as part of the Corporate Performance Update: Quarter Three 2022/23

#### ***Human Rights, Equality and Data Protection***

148. As reported to Council on 23 February 2022, no negative differential impact on diverse groups and communities are anticipated from the Council's planned budgetary expenditure.

149. The Financial Recovery Plan 2022/23 report to Executive on 18 October 2022 included that the financial recovery plan does not create policy change for service users, clients, and customers. The proposed Fees and Charges increases included in the Plan also do not result in disproportionate adverse impact on groups or individuals because they hold one or more protected characteristics.

## **Financial**

150. The Council's revenue year-end outturn position for 2022/23 is currently projected to be an overspend of approximately £3.4m, following the implementation of the Financial Recovery Plan 2022/23 as approved by Executive on 18 October 2022.
151. Notes that it is proposed that the final 2022/23 revenue budget year-end outturn will be funded from the remaining earmarked Social Care Transformation Reserve, leaving a remaining balance of £1.7m estimated on the Reserve at year end.
152. As mentioned in paragraph 11 within the Financial Recovery Plan 2022/23, the Council's financial position will potentially be improved by the implementation of a Flexible Use of Capital Receipts Strategy in 2022/23 to fund transformation costs totalling approximately £2.7m across the Council, particularly within Children's Services, as approved by Full Council on 7 September 2022. It should be noted though that there is currently a risk attached to full realisation of capital receipts in-year.
153. It should be noted that the current projected outturn and any further non-implementation of the approved Financial Recovery Plan 2022/23 will have a negative impact on the Council's current Medium Term Financial Plan, and that the ongoing financial challenges will continue into 2023/24 and future years. The position is currently being assessed and will be reported in a separate report to this Executive and then to Council on 27 February 2023 as part of the budget strategy for 2023/24 and the update of the Council's MTFP. It should be noted that there is currently a great deal of uncertainty in forecasting created by potential future pay awards, inflationary pressures, and the impact on demand for services.
154. The 2022/23 capital budget predicted year-end outturn as at Quarter Three is £62.167m, which if approved will become the revised Investment Strategy budget for 2022/23 as shown in Appendix 2.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
Mitigation in the form of revenue budget spending controls set out in the main body of the report and in the Financial Recovery Plan 2022/23 approved by Executive on 18/10/22, will continue to be applied to Directorates as stated.	Director of Finance	31/3/23
Actions outlined within the body of the report in relation to overspending within Children's Care will continue to be implemented.	Director of Children's Services	31/3/23
If approved, adoption of the revised Investment Strategy included at Appendix 2.	Head of Financial Planning & Support	14/2/23

## Appendices

1	Proposed revenue budget virements above £150,000 at Quarter Three 2022/23
2	Proposed revised Investment Strategy to 2024/25
3	Detail of projected reserves and provisions as at Quarter Three 2022/23

## Background papers

Body	Report title	Date
Council	Flexible Use of Capital Receipts Strategy	20/10/21
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2022/23	23/2/22
Executive	Refreshing the Strategic Plan workplan for the 2022-24 period	5/4/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter One 2022/23	6/9/22
Council	Flexible Use of Capital Receipts Strategy 2022/23	7/9/22
Executive	Financial Recovery Plan 2022/23	18/10/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2022/23	14/11/22
Council	Medium Term Financial Plan Update and Budget Savings Proposals 2023/24	30/11/22
Executive	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24	14/2/23
Executive	Children's Services Financial Improvement Plan	14/2/23

**Contact:** Andrew Humble, Head of Financial Planning & Support  
(Deputy S151 Officer)

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**Appendix 1 : Revenue budget virements above £150,000 at Quarter Three 2022/23**

<i>Proposed Virement Request</i>	<b>Regeneration &amp; Culture</b> £000s	<b>Environment &amp; Community Services</b> £000s	<b>Public Health</b> £000s	<b>Education &amp; Partnerships</b> £000s	<b>Children's Care</b> £000s	<b>Adult Social Care</b> £000s	<b>Legal &amp; Governance Services</b> £000s	<b>Finance</b> £000s	<b>Central Budgets</b> £000s
<b><i>Permanent</i></b>									
Transfer of Integrated Transport Unit from Environment & Community Services to Education & Partnerships		(2,769)		2,769					
Transfer of on-going Pressures Contingency to fund Legal posts (as approved in 21/22)							164		(164)
Transfer of Valuation and Estates function from Finance to Regeneration & Culture	(3,493)							3,493	
<b><i>Temporary</i></b>									
<b>Total Virement</b>	<b>(3,493)</b>	<b>(2,769)</b>	<b>0</b>	<b>2,769</b>	<b>0</b>	<b>0</b>	<b>164</b>	<b>3,493</b>	<b>(164)</b>
								<b>Total:</b>	<b>0</b>

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**Appendix 2: Proposed Revised Investment Strategy to 2024/25**

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Regeneration &amp; Culture</b>					
Town Centre Related Projects	1,250	738	1,258	-	3,246
Middlehaven Related Projects	73	7	-	500	580
Housing Growth	176	86	206	3,200	3,668
BOHO X	7,345	12,250	4,240	-	23,835
BOHO 8	13	21	-	-	34
Brownfield Housing Fund	1,542	339	4,041	2,000	7,922
Towns Fund	1,030	2,159	2,353	12,167	17,709
Towns Fund - East Middlesbrough Community Hub	113	200	2,581	1,106	4,000
Future High Streets Fund	669	5,104	8,152	-	13,925
Acquisition of Town Centre Properties	12,829	-	207	1,000	14,036
New Civic Centre Campus	1,245	5,408	360	-	7,013
Middlesbrough Development Company	5,349	7,772	3,559	-	16,680
Teesside Advanced Manufacturing Park	1,179	15	-	-	1,194
Teesside Advanced Manufacturing Park - Phase 2	-	-	-	8,820	8,820
Local Authority Delivery 2 Green Homes Grant	208	883	-	-	1,091
Capitalisation Of Major Schemes Salaries	530	530	530	530	2,120
Capitalisation of Planning Services Surveys	20	20	80	40	160
Affordable Housing Via Section 106	-	-	-	1,495	1,495
Highways Infrastructure Development Section 106	-	-	-	2,402	2,402
The Big Screen	10	-	-	-	10
A66 Throughabout	4	-	-	-	4
Mandale Interchange	90	-	-	-	90
Tees Amp Footway/Cycleway	2	-	-	-	2
Linthorpe Road Cycleway	145	1,589	260	-	1,994
Replacement of Ticket Machines	-	89	100	-	189
LED Street Lighting Upgrade (Phase 2)	69	-	-	-	69
Zetland Solar Panels	-	30	-	-	30
Lingfield Education Units	-	47	-	-	47
Members Small Schemes	25	-	-	-	25
Grove Hill Joint Venture Projects	-	14	-	-	14
Gresham Projects	16	8	-	-	24
North Ormesby Housing Joint Venture - Section 106 funded	16	-	-	-	16
Empty Homes 2015 To 2018	89	128	-	-	217
Local Transport Plan	1,054	1,004	1,562	3,695	7,315
Town Hall Venue Development	48	-	-	-	48
Cultural Transformation	13	-	-	-	13
Theatre Winches / Lifts	13	24	-	-	37
Dorman Museum	17	-	-	-	17
Contribution To Public Arts Projects	23	-	-	-	23
Public Art Work	34	-	-	-	34
Leisure Trust investment - Equipment	69	-	6	800	875
Stewart Park S106	-	-	45	-	45
Investment In Parks	39	51	-	-	90
Teessaurus Park	77	53	73	-	203
Archives Relocation	233	118	10	-	361
Capitalisation Of Transformation Expenditure (via Flexible Use of Capital Receipts)	11	-	-	-	11
Cultural Development Fund - Enhancements to Central Library & Partner organisations	-	142	2,592	1,624	4,358
<b>Total Regeneration &amp; Culture</b>	<b>35,668</b>	<b>38,829</b>	<b>32,215</b>	<b>39,379</b>	<b>146,091</b>

Council Funding	External Funding
£'000	£'000
2,285	961
563	17
3,668	-
1,362	22,473
-	34
-	7,922
-	17,709
2,600	1,400
37	13,888
14,036	-
7,013	-
10,259	6,421
1,194	-
8,820	-
-	1,091
2,120	-
160	-
302	1,193
142	2,260
10	-
-	4
-	90
-	2
-	1,994
189	-
69	-
-	30
47	-
13	12
14	-
24	-
-	16
-	217
15	7,300
48	-
13	-
37	-
17	-
23	-
34	-
875	-
45	-
90	-
203	-
117	244
11	-
-	4,358
-	-
<b>56,396</b>	<b>89,695</b>

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Environment &amp; Community Services</b>					
Purchase Of New Vehicles	990	740	1,400	1,200	4,330
Capitalisation Of Wheeled Bin Replacement	100	100	100	100	400
Capitalisation Of Street Furniture / Dog Fouling & Litter Bins	55	55	55	55	220
Capitalisation Of Highways Maintenance	575	575	575	575	2,300
Property Services Building Investment	340	340	340	340	1,360
Parks Improvement	83	-	-	-	83
Local Transport Plan - Highways Maintenance	3,301	2,436	2,423	7,016	15,176
Street Lighting-Maintenance	648	465	468	468	2,049
Urban Traffic Management Control	54	137	100	-	291
Urban Traffic Management Control Two	-	189	2,328	-	2,517
Flood Prevention	67	23	-	-	90
Members Small Schemes	38	81	140	60	319
Property Asset Investment Strategy	1,236	1,981	160	581	3,958
Nunthorpe Sports Facilities	34	-	-	-	34
East Middlesbrough Community Hub	75	-	-	-	75
Section 106 Ormesby Beck	-	-	15	-	15
Section 106 Cypress Road	-	-	20	-	20
Hostile Vehicle Mitigation	243	131	-	-	374
Transporter Bridge	523	-	-	-	523
Bridges & Structures (Non Local Transport Plan)	141	785	1,100	-	2,026
Henry Street	47	-	40	-	87
CCTV	31	169	200	-	400
Captain Cook Public House	726	210	-	-	936
Outer Area Shopping Centres	40	-	-	-	40
Waste Procurement Project	176	-	-	-	176
Lighting up the Town	200	-	-	-	200
Town Hall Roof	-	50	50	2,900	3,000
Municipal Buildings Refurbishment	-	-	1,500	-	1,500
Resolution House	22	87	500	-	609
Central Library WC	-	-	87	-	87
Cleveland Centre	-	293	1,677	-	1,970
Cargo Fleet Nature Reserve	6	94	-	-	100
Towns Fund Initiatives	-	278	500	-	778
Traffic Signals -Teess Valley Combined Authority	126	234	140	-	500
Hemlington MUGA	-	30	-	-	30
Capitalisation Of Transformation Expenditure (Via Flexible Use Of Capital Receipts)	263	-	-	-	263
Changing Places Toilet - Albert Park	-	90	-	-	90
Highways Infrastructure	-	1,500	7,000	6,500	15,000
Libraries Improvement Fund	-	50	70	-	120
<b>Total Environment &amp; Community Services</b>	<b>10,140</b>	<b>11,123</b>	<b>20,988</b>	<b>19,795</b>	<b>62,046</b>

Council Funding	External Funding
£'000	£'000
4,330	-
400	-
220	-
2,300	-
1,360	-
83	-
-	15,176
2,049	-
291	-
-	2,517
67	23
319	-
3,957	1
34	-
75	-
-	15
-	20
374	-
261	262
2,026	-
87	-
400	-
538	398
40	-
176	-
200	-
3,000	-
1,500	-
609	-
87	-
1,970	-
-	100
-	778
-	500
30	-
263	-
10	80
15,000	-
-	120
<b>41,644</b>	<b>20,402</b>

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>Public Health</b>	£'000	£'000	£'000	£'000	£'000
Health & Wellbeing Hub	-	-	679	-	679
Relocation of the Safe Haven to Middlesbrough Bus station	-	285	-	-	285
<b>Total Public Health</b>	-	<b>285</b>	<b>679</b>	-	<b>964</b>

Council Funding	External Funding
£'000	£'000
679	-
154	131
<b>833</b>	<b>131</b>

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>Education &amp; Partnerships</b>	£'000	£'000	£'000	£'000	£'000
Block Budget (Grant) Devolved Formula Capital - Various Schools	-	-	138	-	138
Block Budget (Grant) Devolved Formula Capital (Energy Efficiency) - Various Schools	-	-	236	-	236
Block Budget (Grant) Section 106 Avant Low Gill	-	-	35	-	35
Block Budget (Grant) School Condition Allocation	-	20	-	-	20
Block Budget (Grant) Basic Needs	-	-	93	4,641	4,734
Block Budget (Grant) - Special Provision Capital Fund	-	58	-	-	58
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	-	-	1,139	-	1,139
Schemes In Maintained Primary Schools	1,005	1,354	664	60	3,083
Schemes In Primary Academies	138	23	633	-	794
Schemes In Secondary Academies	(81)	2,006	414	-	2,339
Schemes In Special Schools	144	574	2,141	5,400	8,259
Capitalisation Of Salary Costs	103	106	111	-	320
Contribution To New School At Middlehaven	54	-	500	1,146	1,700
Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project)	-	-	7	-	7
Special Education Needs Projects	-	-	649	50	699
<b>Total Education &amp; Partnerships</b>	<b>1,363</b>	<b>4,141</b>	<b>6,760</b>	<b>11,297</b>	<b>23,561</b>

Council Funding	External Funding
£'000	£'000
-	138
-	236
-	35
-	20
-	4,734
-	58
-	1,139
1,117	1,966
15	779
-	2,339
249	8,010
-	320
700	1,000
-	7
-	699
<b>2,081</b>	<b>21,480</b>

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>Children's Care</b>	£'000	£'000	£'000	£'000	£'000
Edge Of Care Project (Hub)	15	-	-	-	15
Rosecroft Renovations	173	6	-	-	179
34 Marton Avenue, Fir Tree - Garage Conversion	246	23	5	-	274
Contact Centre - Bus Station Unit 1	76	221	30	-	327
Bathroom Refurbishment	18	4	-	-	22
Holly Lodge Sensory Room	-	100	-	-	100
Capitalisation Of Transformation Expenditure (Via Flexible Use Of Capital Receipts)	4,217	-	-	-	4,217
Fir Tree Refurbishment	-	39	-	-	39
Caravan Purchase	-	-	50	-	50
<b>Total Children's Care</b>	<b>4,745</b>	<b>393</b>	<b>85</b>	-	<b>5,223</b>

Council Funding	External Funding
£'000	£'000
15	-
179	-
274	-
327	-
22	-
22	78
4,217	-
39	-
50	-
<b>5,145</b>	<b>78</b>

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>Adult Social Care &amp; Health Integration</b>	£'000	£'000	£'000	£'000	£'000
Chronically Sick & Disabled Persons Act - All Schemes	618	864	807	610	2,899
Disabled Facilities Grant - All Schemes	1,735	2,267	1,497	-	5,499
Capitalisation Of Staying Put Salaries	50	50	50	50	200
Home Loans Partnership (Formerly 5 Lamps)	23	5	56	-	84
Small Schemes	-	30	-	-	30
Connect / Telecare IP Digital Switchover	75	101	50	-	226
<b>Total Adult Social Care &amp; Health Integration</b>	<b>2,501</b>	<b>3,317</b>	<b>2,460</b>	<b>660</b>	<b>8,938</b>

Council Funding	External Funding
£'000	£'000
2,602	297
4	5,495
200	-
-	84
-	30
138	88
<b>2,944</b>	<b>5,994</b>

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>Legal &amp; Governance Services</b>	£'000	£'000	£'000	£'000	£'000
Desktop Strategy / Device Refresh	366	693	-	-	1,059
Enterprise Agreements	587	944	10	-	1,541
CRM	31	42	-	-	73
IT Refresh - Network Refresh	69	349	30	-	448
IT Refresh - Lights On	338	433	-	-	771
ICT Essential Refresh & Licensing	270	711	2,321	2,185	5,487
ICT Innovation Budget	12	-	-	-	12
GIS Replacement	36	39	4	-	79
Prevention & Partnership Tablets	3	67	-	-	70
Sharepoint	-	628	-	-	628
HR Recruitment	-	35	-	-	35
HR Pay	-	-	37	-	37
Capitalisation Of Transformation Expenditure (Via Flexible Use Of Capital Receipts)	526	-	-	-	526
<b>Total Legal &amp; Governance Services</b>	<b>2,238</b>	<b>3,941</b>	<b>2,402</b>	<b>2,185</b>	<b>10,766</b>

Council Funding	External Funding
£'000	£'000
1,059	-
1,541	-
73	-
448	-
771	-
5,487	-
12	-
79	-
70	-
628	-
35	-
37	-
526	-
<b>10,766</b>	-

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>Finance</b>	£'000	£'000	£'000	£'000	£'000
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	130	20	247	-	397
Business World Upgrade	8	27	-	-	35
Derisking Sites	97	91	300	1,978	2,466
Capitalisation of Property Finance Lease Arrangements	-	-	-	4,500	4,500
White Feather Project North Ormesby	9	-	-	-	9
<b>Total Finance</b>	<b>244</b>	<b>138</b>	<b>547</b>	<b>6,478</b>	<b>7,407</b>

Council Funding	External Funding
£'000	£'000
397	-
35	-
2,466	-
4,500	-
9	-
<b>7,407</b>	-

	Total Funding Required				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>ALL DIRECTORATES</b>	£'000	£'000	£'000	£'000	£'000
<b>Total ALL DIRECTORATES</b>	<b>56,899</b>	<b>62,167</b>	<b>66,136</b>	<b>79,794</b>	<b>264,996</b>

Council Funding	External Funding
£'000	£'000
<b>127,216</b>	<b>137,780</b>



	Total Funding				
	2021/22	2022/23	2023/24	2024/25	TOTAL
<b>FUNDED BY:</b>	£'000	£'000	£'000	£'000	£'000
Borrowing	22,596	20,954	20,297	28,687	92,534
Finance Leases	-	-	-	4,500	4,500
Capital Receipts	13,482	2,700	8,421	4,695	29,298
Grants	18,715	35,238	36,020	37,671	127,644
Contributions	2,085	2,566	1,249	4,236	10,136
Revenue Resources	21	709	149	5	884
Funding from Reserves	-	-	-	-	-
<b>Total FUNDING</b>	<b>56,899</b>	<b>62,167</b>	<b>66,136</b>	<b>79,794</b>	<b>264,996</b>

Council Funding	External Funding
£'000	£'000
92,534	-
4,500	-
29,298	-
-	127,644
-	10,136
884	-
-	-
<b>127,216</b>	<b>137,780</b>

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### Appendix 3: Detail of projected reserves and provisions as at Quarter Three 2022/23

Reserves and Provisions 2022/23	Adjusted Opening Balance £000's	Proposed Use in Year £000's	Additional Contributions £000's	Transfers between reserves £000's	Transfers from / (to) General Fund £000's	Projected Balance at Year-End £000's
<b>General Fund Reserve</b>	<b>11,183</b>		858			<b>12,041</b>
<b>Earmarked Reserve</b>	<b>7,072</b>	(5,374)				<b>1,698</b>
- Social Care Transformation Reserve						
<b>Earmarked for specific purposes</b>						
Public Health Reserves	668	(553)				115
Adult Social Care Covid Recovery Reserve	280	(814)	534			0
Business Rates Deficit Reserve -S31 Grant re. 21/22	6,617	(6,617)				0
Business Rates Risk Reserve	0					0
Business Rates Relief Reserve	0					0
Change Fund	174	(404)	230			0
Insurance Fund (MBC)	116					116
CCC Insurance Fund	0					0
Insurance Fund (Fire)	0					0
School Achievement Reserve	0					0
Car Parking Pressures Reserve	782	(139)				643
Other Reserves & Provisions	13,863					13,863
<b>Earmarked Reserves</b>	<b>22,500</b>	<b>(8,527)</b>	<b>764</b>	<b>0</b>	<b>0</b>	<b>14,737</b>
<b>Earmarked Reserve</b>	<b>(3,756)</b>	<b>(1,344)</b>				<b>(5,100)</b>
- Dedicated Schools Grant (DSG) Reserve						
<b>School balances</b>	<b>4,802</b>					<b>4,802</b>
<b>Provisions</b>						
Business Rates Appeals	1,754					1,754
Other	167					167
Insurance	3,250	(250)				3,000
<b>Total Provisions</b>	<b>5,171</b>	<b>(250)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,921</b>
<b>TOTAL</b>	<b>46,972</b>	<b>(15,495)</b>	<b>1,622</b>	<b>0</b>	<b>0</b>	<b>33,099</b>

#### NOTES

That the opening balances at the start of the year were amended on the reserves highlighted, due to the requirement to create an insurance provision in the 2020/21 accounts following the actuarial review and external audit.

That the projected year-end balances include how the current projected final revenue outturn at year-end 2022/23 of £3.4m will be funded, with the remaining Social Care Transformation Reserve initially being used, meaning that the balance at year-end on the Reserve currently being projected to be reduced to approximately £1.7m as a consequence.

That for some Earmarked Reserves, e.g. Other Reserves and Provisions, Provisions, and School Balances, transfers and use of are only actioned at year end. The final end of year position on all Reserves and Provisions will be included in the 2022/23 year end budget monitoring report.

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Deputy Mayor and Executive Member for Children’s Services Interim Executive Director of Children's Services
<b>Submitted to:</b>	Executive
<b>Date:</b>	14 February 2023
<b>Title:</b>	Children’s Services Financial Improvement Plan
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic priority:</b>	Children and young people
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £150,000
<b>Urgent:</b>	No
<b>Why:</b>	Not applicable

<b>Executive summary</b>	
<p>This report presents the financial position regarding Children’s Care services and identifies the process undertaken to establish the budget position for 23/24. The report seeks approval for the Children’s Services Financial Improvement Plan and associated actions required to progress delivery of the plan.</p> <p>In summary the following is requested:</p> <ul style="list-style-type: none"> <li>• Executive note the contents of the report</li> <li>• Executive approve the implementation of the Children’s Financial Improvement Plan</li> <li>• Executive approve the actions required to deliver the improvement plan, namely the commissioning of a single managed team , the development of an in-house team for delivery of edge of care.</li> </ul>	

## **Purpose**

1. To approve the Children's Services Financial Improvement Plan, and in order to progress delivery of the plan to approve:
  - To commission a single managed project team, linked to saving 2 on the plan
  - To develop an in-house family support team.

## **Background and relevant information**

2. In preparation for budget setting, focussed work has been undertaken within the arena of Children's care. This work has consisted of the following:
  - Review and complete a forecasting exercise for 23/24 to understand the realistic budget based on an "as is" basis.
  - Review the savings proposals for 23/24 to determine deliverables and identify any "at risk" savings.
  - Develop a children's financial improvement plan for 23/24 and 24/25 which will incorporate the "at risk" savings and identify new savings opportunities to be progressed.
3. The detail of those elements is included within the narrative below.

### ***Budget Forecasting for 23/24***

4. Extensive work has been completed to identify the required budget for children's care for 23/24. In conducting this exercise clear methodologies have been developed for forecasting the potential demand on both residential placements and the use of Independent Fostering Agencies. The staffing position has been based on current resources, including current expenditure on agency based provision.
5. The assessment of the forecast is based on an "as is" position if no action is taken to address some high areas of spend.
6. The process has been subject to a number of challenge sessions, which has resulted in scrutiny of the financial assumptions.
7. The budget forecast for 23/24 has identified the need for a further £9.8million of investment into the service. These pressures are outlined below:
  - £3.3million – Agency costs.
  - £1.7million – Edge of care
  - £4.2million – increases in unit cost and demand projections - residential and fostering
  - £0.6million – increase in in-house fostering rates
8. Agency staff costs are higher than that of a permanent budgeted staff member. Due to the number of agency staff within post, and the cost of managed project teams the overall staffing budget is significantly higher than previously budgeted. A combination of the current Ofsted rating and the urgency to deliver the improvement journey has led to utilisation of agency staffing resource. Whilst progression has been made to stabilise the

workforce with the workforce market supplement, further work is required to promote the benefits of permanency within the staffing establishment. The outcome of any future Ofsted inspection, along with improved processes for recruitment and retention is aimed at reducing future reliance on agency staff.

9. Services linked to Edge of care seek to provide support to prevent progression of care proceedings, and also stabilise placements. However the requirement for this can often be reactive and urgent. There is currently a very limited market within the independent sector offering this type of support, and as such it attracts high unit costs for delivery. This is an issue reported by local authorities across the region.
10. Unit costs of residential care placements are increasing, along with forecasted demand. There is a supply and demand issue, where demand outstrips supply resulting in high demand for a limited number of places, causing the increase in fees, alongside national issues such as the energy crisis. Placement issues are a national concern being experienced by all local authorities across the country. A clear methodology has been utilised to forecast this increase, which has included determining the projected number of children requiring residential placements over the year ahead (based on trend data) and the number of children exiting care arrangements based on age related indicators.
11. An increase in in-house fostering rates has been approved to stabilise our in-house foster carer sector.

### ***Review of Savings***

12. To provide assurance regarding the financial position a review of the current savings for 23/24 and 24/25 has been undertaken. A number of these savings have been identified “at risk” for the following reasons:
  - a) The saving is not cost effective in that the impact of the saving would result in more significant cost elsewhere in the system i.e a reduction in family group conferencing is likely to lead to an increase in children entering care
  - b) The savings impact on the ability to meet our statutory obligations i.e reduction of short break provision
13. Clear milestone plans have been developed for all the savings identified as being able to be delivered, and these will be closely monitored as part of the corporate approach. However those savings “at risk”, in accordance with the reasons outlined above have been calculated and the totality of the saving has been incorporated within the Children’s Service Financial Improvement plan. In summary the value of the saving felt to be at risk is:
  - For 23/24 - £982k
  - For 24/25 - £711k
14. Following conclusion of the above exercises further work has been undertaken to develop a Children’s Services Financial Improvement plan, a copy of which is included within Appendix A. This plan is supported by individual business cases and will be delivered in accordance with the project management principles being utilised for the wider savings initiative.

15. The Financial Improvement plan will deliver the following:

- 23/24 – Total saving £2.854million. Net saving £1.872million ( following deduction of the “at risk saving above)
- 24/25 – Total saving £1.868million – net saving £1.157million (following the deduction of the “at risk” saving above)

16. The Financial Improvement plan seeks to target the key areas of expenditure noted within budget forecast work, namely:

- Agency Spend – through the reduction of managed teams and improved recruitment processes
- Edge of care Expenditure – through the development of a more cost-effective in-house resource
- High-cost residential placements – though the development of more cost effective in-house model

17. The plan will factor in implementation time for the delivery of the projects and as a result savings are forecasted across the two financial years. A narrative summary for each of the projects is provided within Appendix 1.

18. In order to deliver the saving for initiative 1, reduction in the cost of external family support, the service will need to develop an in-house resource consisting of 16 staff at a cost of £700k. However this in house resource will be more cost effective in meeting the requirements of our edge of care demand and furthermore ensure that quality in delivery of service can be monitored and assured.

19. In order to deliver saving 2, reduce the reliance on externally commissioned project teams, the service will be decommissioning 3 managed teams during the course of the year and seeking to recruit internal resources and commission one single project team pending work on recruitment issues. The single managed team will cost approx. £1million, and will be secured through a procurement compliant route.

20. In order to deliver saving 6, increase in the in-house residential offer, there will be a requirement for capital expenditure. This will be outlined within the forthcoming budget setting report as part of the wider capital strategy

21. Any expenditure required such as cost of borrowing, cost of in-house team delivery etc have been factored in when arriving at the overall saving position.

22. To ensure focus upon and strengthen delivery of the above savings, a supporting delivery plan will be developed and the activity required to deliver the savings will be monitored in-line with the overarching savings programme governance and the well-established corporate performance management arrangements..

23. The delivery plan will either adhere to the corporate Programme and Project Management Framework, or have robust milestone plans to be assessed against, with progress against delivery of the activities required to achieve savings, monitored on a monthly basis and reported to all members quarterly via all-member briefings and as part of the quarterly Strategic Plan update reports to Executive and Overview and Scrutiny Board.



24. The savings proposed have been assessed as not requiring public consultation as they relate to alternative delivery models and as such have no impact on the delivery of front line services in 23/24.
25. The overall service is projected to be re-inspected by Ofsted within the next few months, as a result these savings have also factored in a number of key considerations such as maintaining the improvement journey, and continuity of staff working with vulnerable children.

### **What decision(s) are being recommended?**

That the Executive:

- Note the contents of the report
- Approve the implementation of the Children's Financial Improvement Plan
- 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.

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

26. The service area has 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 is understood as part of budget preparation, as opposed to a position of significant overspend in-year. The plan presented seeks to mitigate in part the impact of increasing spend.

### **Other potential decision(s) and why these have not been recommended**

27. Do nothing – the projected increase in investment has 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.

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

#### ***Legal***

28. Legal services will be consulted on each project as part of project delivery and requirements to meet statutory duties. The only initiative which involves the termination of a contract is the reduction of funding to the Pause project, which works with pregnant mothers. This contract is currently led by Newcastle City Council and a number of regional partners are withdrawing support. Newcastle City Council will manage the cessation of the contract, however internally the pre-birth team will consider lessons learnt from the project to build into ongoing practice. With regard to the development of in-house solutions such as the increase in capacity of residential care model, these will follow existing council processes i.e) the asset acquisition policy, recruitment processes etc.

## **Strategic priorities and risks**

29. The Children's Financial Improvement Plan links to the following Strategic Plan priorities:

**Children and Young People:** *We will show Middlesbrough Children matter and work to make our town safe and welcoming and to improve outcomes for all children and young people*

**Quality of Service:** *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*

30. Whilst this plan seeks to ensure services are delivering better value for money through achieving the same outcomes in a more cost-effective way, it also addresses, through improved delivery models, better quality of provision which links to better outcomes.

31. As a project plan is developed for each element, a risk log will be developed to capture any key risks to delivery. This will be monitored closely through the project management arrangements. Risks may include inability to identify suitable properties for in-house development, time delays in recruitment of in-house teams etc

## **Human Rights, Equality and Data Protection**

32. The Financial Improvement Plan is targeted at Children's care provision and as such links to vulnerable children and young people. However the savings identified are achieved through alternative delivery models and more cost effective provision and therefore there is no impact on the targeted group. An Equality Impact Assessment has been complete for Pause which identify no adverse impact. A copy is provided in Appendix 2.

## **Financial**

33. The financial detail is provided above, the investment required to the service area for 23/24 is £9.8million. A total of £1.6million (over the two years) of previously proposed savings are "at risk". The financial plan in totality will deliver £4.7 million of efficiencies over the two years.

34. Savings for individual elements of the plan are detailed within appendix 1.

35. This plan has been factored into the budget setting process and therefore is a component part of the proposed budget setting report. There will be a capital ask, in order to achieve the development of the residential model. Capital considerations have been factored within the budget setting report.

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

Action	Responsible Officer	Deadline
Development of detailed project plans for each initiative	Louise Grabham	31 <sup>st</sup> March 2023

## Appendices

1	Children's Service Financial Improvement Plan
2	Equality impact Assessment for contract cessation
3	

## Background papers

Body	Report title	Date

**Contact:** Louise Grabham  
**Email:** [louise\\_grabham@middlesbrough.gov.uk](mailto:louise_grabham@middlesbrough.gov.uk)

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Ref:	Financial Plan proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)	Additional Info/Queries / Actions /Narrative
1	Reduction in the use of high cost external family support provision <b>Further detail : To reduce the spend on support to key external support providers, through the development of an in-house Family Support team. This team will support individuals at edge of care and also short term placement requirements resulting in cost avoidance of emergency high cost placement.</b>	409	318	727	Current expenditure over a full year is £1.7million. Currently the service purchases ad hoc support from external services, in which there is a limited market. A more consolidated approach is to develop an in-house family support team, consisting of 16 staff to provide the required support. A business case has been developed which identified a 13 week lead in time for delivery. Costs have been factored in for continued provision at the start of the financial year whilst the team is recruited and trained.
2	Reduce the reliance of externally commissioned managed project teams <b>Further detail : to implement the exit strategy for the reduction of the 3 externally sourced managed team within childrens social care. This will include the replacement of 1 appropriately commissioned team and the removal of 2 others.</b>	1,000	0	1,000	The contracts for 3 managed teams are due to expire in February 2023, however 2 teams will be extended until May 2023 to allow for appropriate transition plans to be implemented. Costs for the replacement resources have been factored in to the forecasted saving and work is already in progress to commission a single managed team.
3	Terminate the arrangements with Pause <b>Further detail : To cease the work undertaken through the Pause project and plan for the pre-birth team to progress learning from the project.</b>	69	0	69	The Pause contract works with women who have experienced, or are at risk of, repeat removals of children from their care. This is a regional contract led by Newcastle City Council, which Middlesbrough council contributes to. Following regional discussions with partners the contract will cease, however learning from the contract will be considered by the in-house pre-birth team to ensure learning is embedded into practice.
4	Introduce supplier incentive Scheme across Childrens purchasing <b>Further detail : To introduce the supplier incentive scheme across both residential and IFAs ( total £21m) Calculations based on a 30% sign up on spend and a rebate of 1% shared with SIP provider.</b>	31	31	62	Middlesbrough council has a supplier incentive scheme operating across a number of council functions / expenditure. This scheme enables discount for early payment of invoices. This proposal seeks to roll out the scheme to expenditure across childrens services.
5	Combine posts to release efficiencies in Quality <b>Further detail : To combine elements of two senior posts , which will also incorporate overall responsibility for quality. This will release a level Q post with some deduction for the increase for the functions of the combined post. Developments will release a further post from strategic services in year 2 - Grade O</b>	51	48	99	A review of workload and practices has led to key elements of two senior posts being combined to create a single new post. This will release some savings. A further post from strategic services will be released in year 2 once key processes are embedded into business as usual functions.
6	Increase the in-house residential offer to reduce expenditure on external placements <b>Further detail : To purchase and/or refurbish additional properties to develop additional bedspaces for a) children requiring care 2) UASC 3) 16+ pathway and care leavers</b>	787	1,061	1,848	To increase the number of in-house residential placements available, which are more cost effective than externally sourced placements. A review of the councils asset register has identified 2 potential properties which require refurbishment, and consideration will be given to capital purchase for further properties to ensure a clear pathway is put in place for children within the residential model. This will also support the transition to adulthood for a number of children in placement. Dialogue is also progressing with housing partners to ensure availability of move on accommodation.
7	Reduction in agency costs <b>Further details - To seek a reduction in the utilisation of agency, replacing agency staff with permanent staff on the establishment</b>	152	380	532	The proposal is based on a reduction in agency spend, through either the appointment of permanent staff or the conversion of agency workers to permanent posts. The target is 8 workers year 1 / 10 workers year 2. Consideration of the improvement journey has been factored into the scope of this saving, to maintain consistency of staff working with children.
8	Redesign of short break provision further details: to move newsletter to digital offer, and redesign provision utilising further grant opportunities	8	30	38	Progression towards a digital solution has identified the release of funding utilised for newsletter development in year 1, year 2 costs are based on alternative delivery models - year 2 costs will be subject to further consultation.
9	Deletion of vacant Policy and Practice post	47	0	47	This post is currently vacant and can be released as a saving measure.
10	Improved financial management linked to purchasing card expenditure	200	0	200	Improved financial management through a review of purchasing cards, which will identify appropriate card holders and areas of spend which could be sorted through a more cost effective arrangement rather than ad hoc purchases across the service.
11	Review of educational contributions	100	0	100	Following a joint review with education, a number of children within residential placement do not have an EHCP (Education, Health & care plan), including a small number within residential school environments. This project will improve the referral process and ensure all children whom should have an EHCP assessment are referred appropriately for their education costs.
<b>TOTAL</b>		<b>2,854</b>	<b>1,868</b>	<b>4,722</b>	

Overall total for inclusion into wider saving ( savings not made for previous leadership proposals) 982 711 1646

total additional saving than that previously identified 1,872 1,157 3,076

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<b>Subject of assessment:</b>	North East Pause			
<b>Coverage:</b>	Service Specific – Children's Services.			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

### **Key aims, objectives and activities**

The Pause Programme is an intensive model to support Women who have had multiple Children removed from their care. The aim of this work is to reduce the number of instances of Children being removed into care.

The Service will also seek to improve individual wellbeing, aspirations and resilience.

Other intended outcomes include:

- a. Increased ability of women to pause, reflect and take control of their lives;
- b. Where relevant increased ability of partners / those in the women's network to pause, reflect and take control of their lives;
- c. Improved navigation of practical issues; for example, in relation to housing, budgeting and health support;
- d. Improved health and wellbeing;
- e. Reduction in number of care proceedings for new born infants resulting in removal;
- f. Improved engagement with partner agencies including children's social care, Public Health and Clinical Commissioning Groups;
- g. Improved aspirations for the future, and
- h. Improved basic skills and movement towards education, training and employment where appropriate

Women who experience repeat removals often have complex needs which are not currently being addressed. They may experience trauma and grief associated with the removal of their children. They may experience domestic abuse, mental ill-health or substance misuse and they may have built up a mistrust towards children's social care services, resulting in poor engagement with existing support services. The Pause ethos is that the best method of tackling this is to focus on supporting these vulnerable women to build a more positive future for themselves and ultimately, reduce the number of children coming into care.

Pause is a voluntary programme for women who have experienced, or are at risk of experiencing, repeat removals of children from their care. Pause aims to reduce the number of children coming into care by working intensively with women who have had two or more children removed, to improve their wellbeing, resilience and stability. The service is designed to provide women with an opportunity and the right support to 'pause' and take control of their lives.



**Description:****Statutory drivers (set out exact reference)**

Working Together to Safeguard Children 2018 (A guide to inter-agency working to safeguard and promote the welfare of children) guidance applies to all local authorities which under section 10 of the Children Act 2004, have a responsibility to promote inter-agency co-operation to improve the welfare of all children. This includes providing effective early help and preventive services.

Pause is a key element of the Early Help Strategy in Middlesbrough, which is focussed on increasing the role of prevention within communities, to reduce the need for more costly statutory social work services. The Early Help Strategy reports progress directly to the Children's Trust and to the Children's Services Multi Agency Strategic Improvement Board and is a key driver in the Improvement of Children's Services and the Inspection of Local Authority Children's Services.

As well as the emotional cost to the parents and children of the removal of children into care, there is a financial driver to this service. One in four women who has a child removed through the family courts is likely to return to have another removed and that number increases to one in three if they're a teenage mother. On average, the women who work with Pause have had between three and four children removed, although in some cases this is much higher. The average reduction in the number of children entering local authority care is 14 per year, in each local authority area that has a Pause practice (Department for Education Evaluation 2020).

**Differences from any previous approach**

The Pause contract has been in place in Middlesbrough since 1<sup>st</sup> March 2020. Pause works directly with women who have experienced, or are at risk of, repeat removals of children from their care. Through an intense programme of support, it aims to break this cycle and give women the opportunity to reflect, tackle destructive patterns of behaviour, and to develop new skills and responses that can help them create a more positive future. Prior to the Pause contract being in place in Middlesbrough Children's Services, there has not been a previous approach which has focussed directly on the reduction of repeat removals of children into care.

**Key stakeholders and Intended beneficiaries**

The Pause Programme delivers an intensive model to support Women who have had multiple Children removed from their care. The aim of this work is to reduce the number of instances of Children being removed into care.

Key beneficiaries are the women who have experienced or are at risk of repeat removals of children from their care. Other intended beneficiaries are the children who may be removed from their mothers into local authority care, fathers and wider family members including grandparents and siblings. As the women who are supported through Pause are vulnerable the other key stakeholders of the service include; Adult Social Care, Domestic Abuse Services, Substance Misuse and Alcohol Services, Mental Health Services, Sexual Health Services and Housing.

**Intended outcomes**

The contractual value for the term of the contract was £206,568. The previous contract was funded from savings from staffing but this is no longer an option, learning from the project will be incorporated into current practice.

<b>Live date:</b>	28 <sup>th</sup> February 2023 onwards
<b>Lifespan:</b>	1 <sup>st</sup> March 2020 – 28 <sup>th</sup> February 2023
<b>Date of next review:</b>	Not applicable

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed review will not impact on the duties performed by the service and will not impact on individual Human Rights as defined in the UK legislation.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The decision to cease the Pause contract could result in an adverse impact on those women who have had or who are at risk of, repeated infants being removed into local authority care. However, this is not a protected characteristic which is protected by the equality duty.</p>

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

Screening questions	Response			Evidence
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐		
<b>Next steps:</b> ↻ If the answer to all of the above screening questions is No then the process is completed. ↻ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

Assessment completed by:	G Earl	Head of Service:	G. Earl
Date:		Date:	27/1/23

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance (S151 Officer)
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<b>Submitted to:</b>	Overview and Scrutiny Board
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<b>Date:</b>	22 February 2023
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<b>Title:</b>	Budget 2023-24 – Statutory report of the Chief Finance Officer
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<b>Report for:</b>	Information
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Not applicable
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<b>Why:</b>	Not applicable
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<b>Urgent:</b>	Not applicable
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<b>Why:</b>	
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### Executive summary

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

This report covers:

- An overview of current financial standing.
- An assessment of the robustness of the 2023-24 budget setting process for both revenue and capital.
- An assessment of key risks that may impact the budget 2023-24.
- An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council over the financial year 2023-24, and
- An indication of future direction of travel for the council beyond 2023-24.

In summary, the proposals to establish a net budget requirement of £126.4m and council tax requirement of £67.3m for 2023/24, as set out in the Executive report on 14 February 2023 are robust and provide sufficient resource to enable the council to set a balanced budget.

Reserves are adequate insofar as the minimum level of general balance is set at £12m, based on risk assessment; there are currently no plans for its use being the fund of last resort. However, there is little resilience in earmarked reserves, and these are at a critical level. The lack of substantial earmarked reserves means the overall reserves position, whilst adequate, is fragile and may require a reliance on cost control or the delivery of additional savings in the event of any unplanned costs.

The budget gap 2023/24 of £14.9m requires delivery of £9.4m savings in year (full year: £12.4m). The budget carries significant risk especially around the volatility of the budget for children's services and the delivery of approved saving plans in a timely way. The Council is advised to have an unrelenting focus on the delivery of saving plans and demand mitigation during the year. The delivery of children's financial improvement plan will be overseen by the Children's Finance Focus Group. Some level of contingency (£1.3m) and limited reserves (social care transformation – currently estimated to be £1.7m at the end of 2022/23) are held to mitigate these risks. In the event of significant unexpected cost pressures emerging during the year, further savings will be required from across the Council, and early consideration is advisable to forward plan future savings so they can be brought forward as necessary.

The Council's current financial standing reflects a number of weaknesses: relatively low levels of reserves; significant demands on services and governance weaknesses limiting the delivery of value for money for the people of Middlesbrough, resulting in a best value improvement notice issued in January 2023. The Council has in place a Governance Improvement Board under the purview of the LGA and CIPFA. It is imperative there is organisational grip to deliver planned improvements to ensure council money is spent wisely and this will require a significant programme of work during 2023/24 to be delivered at pace that focusses on embedding budget management and improved accountability arrangements within the organisational culture.

The CFO does not consider Middlesbrough Council to be at risk of a s114 Notice (Local Government Act 1988) in setting the budget for 2023/24 as set out in the report to Executive on 14 February 2023. This view is based on the latest available information and in the event of a change in the risk profile or financial circumstances, the position cannot be assured over the medium term and will be kept under review in the coming months. Council is asked to note the requirement for early consideration of budget proposals for 2024/25 and for these to be available for acceleration if required.

The Council is advised to pursue a policy of strengthening its financial resilience by maximising its local revenues; seeking to replenish reserves and delivery of savings in a timely way. In this way the Council will be better able to withstand any future financial shocks and be in a stronger position to develop and implement its strategic plans.

The reports requests that Executive:

- Note this report and have regard to it when setting the Revenue Budget 2023/24.
- 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 advise to adopt a medium-term strategy that seeks to maximise resources and replenish reserves.
  - 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.

## **Purpose**

1. The purpose of the report is to enable members to fulfil their responsibility to set a balanced budget for 2023/24.

## **Background and relevant information**

2. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget. The Chief Finance Officer is as defined in Section 151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.
3. This report is made in respect of the Budget 2023/24 as set out in the report to Executive 14 February 2023.

## **Chief Finance Officer Overall Opinion**

4. 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 report to Council on 27 February 2023 are robust and provide sufficient resource to enable the council to set a balanced budget for 2023/24.
5. Reserves are adequate insofar as the minimum level of general balance following risk assessment is set at £12m and there are no plans to use them in 2023/24 as the fund of last resort. However, there is little resilience in earmarked reserves, and these are at a critical level. The lack of substantial earmarked reserves to support significant unplanned spending means the overall reserves position whilst adequate is 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 is planned in 2023/24 and the Council must proactively plan for this in future budget rounds. In this way, reserves will be available to smooth budget fluctuations over the medium term and for investment in strategic priorities.
6. The current financial standing of the Council indicates a number of significant stressors and addressing the underlying issues will seek to improve future resilience. The CIPFA Financial Resilience index highlights low levels of reserves and significant demand led

pressures. At the time of drafting, the Council is awaiting findings from the more recent CIPFA Finance resilience review and it is imperative that a programme of work is set up in response to those findings when known.

7. Significantly, the external auditor issued a value for money qualification for 2020/21 in respect of governance weaknesses. External audit found practices which hindered the smooth running of operations limiting the council's ability to safeguard public money. As a result, the Governance Improvement Board under the purview of the LGA has been established to put in place the necessary foundations through a comprehensive improvement plan. A government Best Value Improvement notice was issued in January 2023 to reinforce the requirement for change to be delivered at pace. It is imperative the Council seeks to deliver against the governance improvement plan to ensure decisions are taken in the right way to demonstrate best value.
8. Plans are also needed to embed accountability in the organisational culture. Effective demand mitigation and rigorous financial control will be required by all directors to remain within spending control totals. This will require careful monitoring, and proactive management by individual directorates to maintain grip to ensure financial health. Budget oversight exercised through the Leadership Management Team, Executive and Overview & Scrutiny Committees will be vital to maintain visibility. The Children's Finance Focus Group led by the Deputy Mayor (or similar) is expected to continue in 2023/24.
9. The most significant risk facing the council's financial health is the volatility in the cost of children's social care impacting both 2022/23 and 2023/24 and significant additional resource of £17m has been baselined into the 2023/24 Budget. This now means children's care directorate budget has increased from approx. £33m to approx. £56m over the period 2012/13 to 2023/24, currently representing 44% of the council's budget. The additional resource provided for 2023/24 is sufficient to meet current demand and enable the completion of the children's improvement plan and a small central contingency (£1.3m) held for additional demand. Residual funds held within the social care transformation reserve estimated at £1.7m will be held to mitigate risk on the children's budget including risk to delivery of savings. Without a doubt the financial health of the council is inextricably linked with the cost pressure and volatility on children's social care.
10. The Budget relies on some £9.4m being achieved in savings. This includes £6.5m for non-children's and £2.9m for children's services. Budget implementation plans have been developed to achieve the proposed savings and oversight for the delivery of those plans will be overseen by the Chief Executive. As some of these savings are to be implemented part year there will also be a financial benefit in 2024/25 of a further £3m. The Council will require an unrelenting focus on the delivery of savings to ensure the budget remains on track.
11. The financial challenges facing the council have been the most intense during 2022/23 and this is expected to continue into 2023/24 in response to exceptional inflation costs and service demand. Financial planning assumptions for 2024/25 suggest a continuing requirement for further savings. In the event of slippage to delivery of planned savings in 2023/24, further savings will be required, and it is recommended that early consideration is given to forward planning of further savings so they can be brought forward as necessary.



12. The Local Government Financial Settlement predicated an expected increase in council tax of 5% per annum for 2023/24 and 2024/25 and government announcements of headline funding increases of 9% for 2023/24 assume councils will implement council tax rises at the maximum permitted under regulation. The Council's ability to increase council tax in this way serves to improve and consolidate the funding base and strengthens resilience. Within the prevailing regulatory framework, Council is urged to maximise its local revenues wherever possible, recognising this is a political decision and a strategic choice balancing competing priorities. Every 1% of council tax not taken up, means the Council has foregone a permanent reduction of £0.65m in its resource base.

### Financial Standing

13. A number of matters can be examined in assessing financial standing,
- the CIPFA Financial Resilience Index
  - External audit value for money opinion 2020/21
  - The CIPFA Financial Resilience review.

### CIPFA Financial resilience index



14. The table above was recently shared at an all-member briefing and subsequently circulated to all members. It shows the key financial stressors on Middlesbrough's resilience in respect of 2020/21 relative to statistical nearest neighbours. Whilst areas of business rate growth and debt are indicators of low stressors on overall financial health, the level of reserves and high levels of spending in social care mean there is little resilience to absorb financial shocks.

15. The greater the proportion of the local authority budget that is used for social care, the less funding there is for other services. Increased demand will therefore reduce the flexibility of the council's budget, making it more vulnerable to financial challenge and creating a dependency for savings to be found elsewhere to compensate. As can be seen from the above table, Middlesbrough had the highest risk of the comparator group in 2020/21.

16. For Middlesbrough this risk is also coupled with low reserves. Reserves are essential to financial resilience as we cannot borrow money to fund the budget and we are

required to balance the budget each year. Low levels of reserves mean there is less capacity to mitigate significant or unexpected cost increases. It may be counter intuitive, but at a time of increased uncertainty, the role of reserves becomes more important and the need for adequate levels of reserves has increased. Middlesbrough had the lowest level of reserves in 2020/21 of the comparator group.

#### External Audit Value for Money opinion and Best Value Improvement notice

17. External audit issued in their interim Audit Results Report 2020/21 a value for money qualification in respect of governance weaknesses and this was considered at Corporate Affairs and Audit Committee in July 2022:

*“We have observed evidence which leads us to conclude that the culture and governance arrangements at the Council have not been operating as expected, and that this is undermining the effectiveness of the Council’s governance framework. During the year ended 31 March 2021, we identified multiple instances where significant decisions were taken by the Council without following the Council’s established policies and procedures and contrary to the boundaries of the respective roles and responsibilities of officers and members.”*

18. As a result, the Governance Improvement Board under the purview of the LGA has been established to implement the improvement plan prepared by CIPFA and considered by Full Council in October 2022. Since, the government subsequently issued a Best Value Improvement notice in January 2023 to reinforce the requirement for change and for this to be delivered at pace. The best value notice will be in place for 12 months.
19. It is imperative the Council seeks to deliver against the governance improvement plan to ensure decisions are taken in the right way and each pound is spent appropriately.
20. The external auditors are considering the Budget 2023/24 as part of their going concern assessment before the 2020/21 audit can be concluded.

#### CIPFA Financial Resilience review

21. This review was commissioned in January 2023 to provide an independent assessment of the financial standing of the Council. At the time of drafting this report, the review has not concluded, though a planned programme of work will be developed from its findings.

#### **Robustness of the Budget 2023/24**

22. In assessing the robustness of the overall budget for next year, the following factors have been considered:
- a. Underpinning assumptions on which the budget was prepared.
  - b. The governance arrangements in place to manage the budget throughout 2023/24
  - c. Compliance to the funding framework
23. The underpinning assumptions on which the budget has been determined.
- a. Financial resources have been aligned to the spending needs of the Council.
  - b. Savings to achieve a balanced budget have been identified, consulted on and impact assessed. Savings have been appropriately phased with delivery plans developed.

- c. The budget reflects additional resource requirements for social care as well as planned savings to deliver sustained financial improvement incorporating the children's improvement plan approved by the Director of Children's services, and the adults demand assessment by the Director of Adult Social Services.
- d. The outcome of the provisional local government finance settlement has been factored into the budget thereby considering latest information on government grants and business rates baseline and uplifts.
- e. It reflects an assumption of an increase in council tax of 3.99% (1.99% general, 2% ASC precept) using the approved council taxbase 2023/24.
- f. The pay award has been included at the agreed pay award 2022 and similar increases for pay award 2023, national living wage reflects national increases and pension costs have been adjusted to reflect the new rates in place from 2023/24.
- g. Assumptions about contractual commitments, future inflation and interest rates reflects the latest known position.
- h. Capital and revenue budgeting is integrated with the revenue consequences of the capital programme considered as part of the 2023/24 budget. Additional costs arising from new borrowing have been provided in the capital financing budget.
- i. The treasury management position reflects the approved change to Minimum Revenue provision approved at Council in January 2023.
- j. Income estimates reflect decisions taken to increase fees and charges and current trends including commercial income expected from place shaping and regeneration activity.

24. Governance arrangements are in place to manage the financial resource and will be improved during 2023/24:

- a. The Budget has been prepared with full involvement of the Leadership Management Team led by the Chief Executive and has been through several iterations and internal challenge, with updates provided at weekly meeting to the finance portfolio holder, deputy mayor and mayor.
- b. Under the Council's constitution, financial management is delegated to the appropriate Director, they are required to contain spend within their allocated control total. Financial commitments are expected to comply with the Council's Financial Procedure Rules, which all Directors and their teams are aware. Arrangements are currently being reviewed to strengthen directorate accountability.
- c. Governance arrangements are in place for budget monitoring and reporting during the year. Quarterly monitoring reports are prepared for Executive and Overview & Scrutiny with "by exception" reporting on a monthly basis, although these arrangements are subject to review.
- d. A Children's Finance Focus Group under the leadership of the Deputy Mayor meets to review the financial progress on approved children's financial improvement plan.
- e. Progress on the delivery of saving plans is owned and overseen by the Chief Executive and incorporated into budget monitoring.
- f. Budget management arrangements will be strengthened following the recommendations of the CIPFA Financial resilience review.

## 25. Funding framework for local government

- a. The Settlement figures are based on the provisional local government settlement, details of the final settlement are awaited, and any variations will be included in the final budget 2023/24.
- b. The Mayor's proposals do not breach the excessiveness principle for 2023/24 where a local referendum is required for any council tax increase above 2.99% general and 2% Adult Social Care precept.
- c. An assessment has been made of likely levels of bad debt provision when determining the council tax base.
- d. The budget reflects the Flexible use of Capital Receipts where those receipts are realistic, and these have been utilised to meet the costs of transformation in line with central government guidance.

### **Risk Assessment**

The major risks to which the council are exposed are set out below:

## 26. Social care volatility

Middlesbrough already faces exceptionally high children's social care costs. In 2021/22, Middlesbrough children's social care costs was £1,900 per head of population 0–17 years significantly above the unitary average of £1,136 and children's nearest neighbour of £1,499. Even at this level of spend, the most significant risk facing the council's financial health is the volatility in the cost of children's social care impacting both 2022/23 and 2023/24. In response significant additional resource of £17m has been baselined into the 2023/24 Budget to reflect known demand. This now means children's care directorate budget has increased from approx. £33m to approx. £56m over the period 2012/13 to 2023/24.

A children's finance improvement plan has been prepared and is reported elsewhere on your agenda. This plan outlines areas where sustained cost improvements can be made to improve value for money and has been reflected in the Budget 2023/24, with £2.8m of cost reductions being included. This in itself creates budget risk in the event the savings cannot be delivered in full and in a timely way. A small reserve will be retained through the social care transformation reserve as a buffer for mitigation of about £1.7m.

Further, there is a risk of a sharp and sudden increase in the number of looked after children especially those with complex needs placing additional strain on the budget. A contingency of £1.3m has been provided to accommodate this risk with sufficient headroom for five additional residential placements for a full year at average current cost.

Additional social care grants provided by central government will be used in partnership with the health service to mitigate health and care demand and facilitate hospital discharge and have been internally ringfenced for this purpose.

## 27. Continuing exceptional inflation and cost

The Budget reflects the full provision for the 2022/23 pay award, an assumed 5% for 2023/24 along with the estimated future costs for national living wage which impacts social care providers. The provision for price inflation has increased significantly by over £7m since the previous assessment made in February 2022 to provide for unavoidable cost increases including energy costs. Each 1% of pay is equivalent to £0.9m and a small contingency is held for an additional 1% inflation.

## 28. Budget position 2022/23

Service demands have arisen during 2022/23 have been assessed and considered as part of 2023/24 Budget. The most significant cost increases being baselined in children's services, necessary for proper planning of a robust budget.

## 29. Outcome of future OFSTED inspection

Members will be aware the last ILACS inspection conducted in December 2019 concluded with an overall Inadequate judgement. Since then, the Council has engaged with OFSTED and the DfE on its improvement journey with a three-year plan developed to deliver sustained improvement and change. Subsequent OFSTED monitoring visits have reported favourably on progress made. A full ILACS inspection is due to take place early 2023. The outcome of which is unknown at the time of preparing the Budget 2023/24, the financial plans may need to be revisited depending on the findings of the Inspector and the Council may be faced with strategic choice.

## 30. Insured and uninsured risks

The Council received an assessment from its Insurance Actuary during 2022/23 which recommended the Council set aside some £7m for known and future insurance claims that are likely to be settled. Of this £3.3m has been set aside as a provision in the 2020/21 Statement of Accounts for claims already received but not yet paid. The Budget 2023/24 provides for an annual contribution of £0.5m over the medium-term period, for the remaining £3.7m of claims which may be received in the long term.

In addition, the Council may be exposed to risks arising from contractual obligations or other uninsured risks. In the event that liabilities arise during the year, the Council will assess the impact including disclosure as a contingent liability. We will further assess following robust challenge whether these liabilities will be an obligation for which the Council must provide.

## 31. Utilisation of reserves

The Budget 2023/24 does not place any requirement to use reserves for general support to deliver a balanced position.

The Budget 2023/24 plans for contributions to the Insurance Reserve of £0.5m, Change Fund of £0.73m, and capital investment reserve of about £0.5m.

## 32. Capital receipts

The Council has approved the flexible use of capital receipts policy to support Children's

Improvement and council wide transformation. Some £3m capital receipts will be used to deliver transformation in 2023/24 and is planned pipeline for receipt in 2023/24. The use of capital receipts in this way is regulated under government guidance. The Council can only use the flexibility on eligible disposals of assets and for qualifying spend. The Council has adopted this policy in full compliance of the guidance and full details of their use contained in the main Budget report 2023/24.

### 33. Workforce

The delivery of savings will be dependent on workforce change, this will include possible redundancy and exit costs. Wherever possible the Council has sought to reduce the impact on the workforce seeking to recruit internally and offer redeployment opportunities. Where exit costs are incurred, the Council will either charge the cost to the capital receipts flexibility (subject to satisfying the conditions) or to the Change Fund.

A significant workforce risk is the increasing reliance on agency staff especially in the field of social care. The short-term nature of agency workforce carries a significant cost premium. The Council is implementing plans to reduce reliance on agency and managed teams and has recently refreshed its reward package. This approach is not without risk due to national issues with social care workforce and this risk will be mitigated through the use of residual monies held in the social care transformation reserve in the first instance.

### 34. Delivery of savings

The Budget 2023/24 is predicated on the basis of £9.4m savings to be delivered with a full year benefit of £12.4m. The delivery of the savings programme to achieve the profiled savings will require the development of detailed implementation plans and programme management methodology. These arrangements are well underway and will be overseen by the Chief Executive, though will require an unrelenting focus to ensure delivery. There is a benefit to the 2024/25 Budget position too as the full year impact helps to close the 2024/25 gap by £3m. In the event of slippage to savings or in year overspends, further savings will be required for recovery, and it is recommended early consideration is given to forward planning so additional savings can be accelerated if and when necessary.

### 35. TV Mayoral Development Corporation/ Middlesbrough Development Company

The Council is working in partnership with the Tees Valley Combined Authority to establish a development corporation to redevelop and master plan parts of the Middlesbrough Town Centre. This will involve the identification of assets for transfer to the Corporation. Some of these council owned assets create revenue income streams to the council as well as the assets holding intrinsic value. Due diligence will be carried out on any assets for transfer on a “no detriment” basis to Middlesbrough council to mitigate against risk to the budget and balance sheet.

Related to this, the current Middlesbrough Development Company is being wound up with assets being transferred to the Council, a task and finish group to oversee the transfer is in place. It is not expected this will create significant risk to the revenue budget, though the contractual obligations may take some time to finalise.

### 36. Internal borrowing

The Council adopts a policy of making best use of its treasury management facility and seeks to use internal borrowing where it is prudent to do so. This is expected to be around £40m in 2023/24. Much of this relates to revenue and capital reserves being held on the balance sheet which are expected to be used over the MTFP period so the gap will reduce over time. In the event cash flow dictates external borrowing over and above that provided in the Budget 2023/24, additional cost will arise. This risk is currently considered to be low based on current cash flow planning.

### 37. Change in MRP Policy

The Council approved a revised MRP policy in January 2023, which sets out a change to the profile in the repayment of debt, harmonising the treatment for both supported and unsupported borrowing. Government guidance sets out several options to enable prudent provision and the Council has adopted the annuity basis over the life of an asset. It is not possible to backdate this policy for prior years and it will be only future charges that are influenced by the policy.

The impact of this change will be to improve the management of the revenue budget and to smooth the total cost of capital financing over many years. Costs are lowest in the early years but steadily increase over time. The Budget 2023/24 provides for a baselining of MRP on an annuity basis at Year 10 as a prudent provision. In doing so, this creates headroom in the capital financing budget to be ringfenced for future capital investment, or financing risk.

### 38. Finalisation of prior year Statement of Accounts 2020/21 and 2021/22

The Council currently has prior years Statement of Accounts not yet signed off and audit certificates are awaited. This means there is a risk that our reserves position as reported could be amended in the event of new issues emerging requiring further accounting adjustments in those years. The external auditors are also considering the Budget 2023/24 as part of their assessment of going concern for 2020/21 and we await their feedback. Currently both 2020/21 and 2021/22 Statement of Accounts have yet to be signed off.

### 39. DSG deficits

The Council is currently faced with about £5m deficit on the high need's element of the Dedicated Schools Grant and is taking part in the Delivering Better Value programme with a planned programme for recovery. The government will be extending the Statutory Override for the Dedicated Schools Grant for the next 3 years from 2023-24 to 2025-26 and as such this deficit is considered to be out of scope for the purposes of setting the budget 2023/24. Deficit recovery plans are in place and overseen by the Director of Education and progress reported to Executive, though a residual deficit of c£2m is anticipated to remain by the end of 2025/26 and has been considered as part of the risk assessment for general fund balances.

## **Adequacy of reserves**

40. The Budget 2023/24 reported elsewhere on the agenda includes a summary statement of the key strategic reserves so is not repeated here. The assessment of the adequacy of reserves is dependent on the underlying risks in the preparation of the revenue budget along with future uncertainty and medium-term outlook.
41. General Fund balance will be retained at £12m being the minimum level of reserve required to mitigate against general risk and uncertainty. This level has been ascertained following a robust risk assessment. General fund balance is the fund of last resort when all other funds have been exhausted; there are no plans to use this reserve in 2023/24.
42. The Budget 2023/24 provides for additional contributions to earmarked reserves primarily to the Insurance Reserve; Change Fund and Investment reserve. These reserves are much needed providing cover for future anticipated expenditure and adequate provision is required to reduce the risk of costs falling to the revenue budget.
43. The social care transformation reserve is currently used to mitigate in year overspends in 2022/23 arising from pressures in social care. It is anticipated this reserve will be significantly reduced by the end of 2022/23 to £1.7m. From 2023/24, its purpose will be amended, and any balance will be held to mitigate risks to the social care budget arising from unmitigated demand and risks to the delivery of budget savings.
44. Flexible use of capital receipts will be available in line with the policy guidance to support children's transformation and to reduce demand where relevant. To some extent this reduces the reliance on and risks to reserves. This is a time limited policy whilst transformation programme is being undertaken and is currently not planned to be continued in 2024/25.
45. Earmarked reserves are at a critical level. Whilst they are adequate the current climate of uncertainty, in year overspends and historic under provision for known risk means they are fragile. The absence of substantial earmarked reserves to act as a buffer may require the acceleration of additional savings being required in year or a reliance on cost control to mitigate any unplanned costs.
46. Whilst the Council is starting the financial year 2023/24 with sufficient reserves, it is imperative the Council takes every opportunity to protect and replenish them. In this way, reserves will be available to smooth budget fluctuations over the medium term, withstand shocks and for investment in strategic priorities.

## **Financial Outlook beyond 2023/24**

47. The financial challenges facing the council have been intense during 2022/23 and this is expected to continue into 2023/24 in response to exceptional inflation costs and service demand.
48. The longer-term view suggests the Council will continue to face a budget gap. Whilst the full year impact of the 2023/24 saving proposals will contribute to closing the gap, there is likely to be a requirement for further savings. Any budget challenges that emerge during 2023/24 may require the acceleration of future saving programme and



the Council is urged to consider future saving plans early in the next municipal year.

49. The Local Government Financial Settlement predicates an expected increase in council tax of 5% per annum for 2023/24 and 2024/25 and government announcements of headline funding increases of 9% for 2023/24 assume councils will implement council tax rises at the maximum permitted under regulation. The Council's ability to increase council tax in this way serves to improve and consolidate the funding base and strengthens resilience. Every 1% of council tax not taken up, means the Council has foregone a permanent reduction of £0.65m in its resource base.

50. The Council is advised to pursue a policy of strengthening its financial resilience by maximising its local revenues; seeking to replenish reserves and achieve the delivery of savings. In this way the Council will be in a stronger position to develop its strategic plans.

### **What decision(s) are being recommended?**

The reports requests that Executive:

- Note this report and have regard to it when setting the Revenue Budget 2023/24.
- 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.
  - 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.

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

51. To satisfy the statutory requirements of the Local Government Act 2003.

### **Other potential decision(s) and why these have not been recommended**

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

#### ***Legal***

52. As contained in the body of the report.

#### ***Strategic priorities and risks***

53. In the event the Council is not able to deliver a balanced budget, there is a risk the Council could be faced with the issuance of a s114 Notice under the Local Government Act 1988. This is a mandatory duty placed on the Chief Finance Officer in the event expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed resources (including sums borrowed) available to it to meet that expenditure. This report makes it clear to all members of the Council that it

faces a financial situation of a serious nature with unfunded financial deficits and places a prohibition on spending. Failure to take appropriate action in response to such a report may lead to intervention by the auditor.

54. In June 2020, CIPFA modified the s114 guidance temporarily in the wake of COVID -19 that “it would not normally be necessary for s114 notices to be issued while informal discussions with government are in progress”. At the earliest opportunity the CFO should make informal confidential contact with MHCLG (now DHLUC) and communicate the potential unbalanced budget position to MHCLG (now DHLUC) at the same time as providing a potential s114 scenario report to the council executive and external auditor.

55. The CFO does not consider that Middlesbrough Council to be at risk of a s114 notice in setting the budget for 2023/24 as set out in the report to Executive on 14 February 2023. However, in the event of a change in the risk profile or financial circumstances, this cannot be assured over the medium term and will be considered further as future financial plans develop.

***Human Rights, Equality and Data Protection***

56. As contained in the body of the report.

***Financial***

57. Contained in the report.

**Actions to be taken to implement the recommended decision**

Action	Responsible Officer	Deadline

**Appendices**

1	
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**Background papers**

Body	Report title	Date

**Contact:** Helen Seechurn  
**Email:** Helen\_Seechurn@middlesbrough.gov.uk

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	The Mayor Director of Finance
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<b>Submitted to:</b>	Executive
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<b>Date:</b>	14 February 2023
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<b>Title:</b>	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Yes
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<b>Why:</b>	Decision(s) will incur expenditure or savings above £150,000 and have a significant impact in two or more wards
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<b>Urgent:</b>	No
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<b>Why:</b>	Not Applicable
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<b>Executive summary</b>
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This report presents the recommended Revenue Budget of £126,353,562, Council Tax increase of 3.99%, and Capital Strategy Report for 2023/24. Attached to the report are a number of appendices, which are listed at the end of the report.

Following on from the previous report presented to Council on 30 November 2022, this report also provides 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 20 to 28), and provides an updated Investment Strategy for the period 2022/23 to 2025/26.

The report requests that the Executive:

- endorses the proposed budget strategy for 2023/24 as set out in paragraphs 13 to 85

- endorses the proposed budget savings (Appendices 1 and 2), and other proposals for the 2023/24 budget
- 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
- 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.
- endorses the actual amount of Council Tax (Band D) for areas with parish precepts (excluding Fire and Police) be set at :-
  - Nunthorpe Parish £1,891.57
  - Stainton and Thornton Parish £1,891.17
- endorses the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix 5 within the report.
- 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
- notes the refreshed Medium Term Financial Plan position for 2023/24 to 2025/26 set out in this report in paragraphs 107 to 155
- endorses the updated Investment Strategy for the period to 2025/26 as outlined in paragraphs 156 to 161 and detailed in Appendix 7
- 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

## **Purpose**

1. This report presents 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 are a number of appendices, which are listed at the end of the report.
2. Following on from the previous report presented to Council on 30 November 2022, this report also provides 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).
3. The Medium Term Financial Plan update in this report is 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 is shown in Appendix 7.
4. This budget continues to support the Mayor's commitment to invest in Middlesbrough and transform service delivery for residents. It is intended that through this strategy the Council can achieve the challenging financial targets faced in the Medium Term Financial Plan period whilst ensuring that there is as minimum impact as possible on the level of service delivered to the public.

## **Background and relevant information**

### **Strategic Plan for the 2022-24 period**

5. Full Council approved a Strategic Plan for the period 2021-24 on 24 February 2021, setting out nine strategic priorities for this period in the light of Covid-19 and other external factors, following consultation with local communities.
6. On 30 March 2022, Council was advised that an annual refresh for the Strategic Plan 2021-24 would not be brought forward and that as such the current plan would remain in place for 2022/23. The "Refreshing the Strategic Plan workplan for the 2022-24 period" report to Executive on 5 April 2022 approved revisions to the Strategic Plan workplan for the 2022-2024 period, to demonstrate progress towards and achievement of Council approved Strategic Plan outcomes.
7. Following the Council elections in May 2023 the Strategic Plan will be refreshed in line with the Elected Mayor's priorities.

### **Budget Gap 2023/24 reported to Council 30 November 2022**

8. The Medium Term Financial Plan sets out the financial envelope that is necessary to achieve those aims and the savings necessary for living within those financial plans (budget savings).
9. The Council noted a report from the Elected Mayor on 30 November 2022 which provided an update in respect of the Council's Medium Term Financial Plan position, reflecting and supporting delivery of the Strategic Plan, and the potential budget gap for 2023/24.

10. Following the thorough review of all the factors affecting the Council's financial position, it was estimated in the report to Council in November 2022 that there would be a budget gap of between £10m and £20m for 2023/24, with a mid-case assessment of £15m. The £15m gap reported to Council in November 2022 can be broken down into the following major components :

	£m	
Pay	6.7	Effect of unbudgeted pay award 2022/23 above that assumed, and assumed 5% 2023/24 pay award
Inflation	2.3	Contractual and energy
Children's Social Care	7.2	Increased demand for services
Adult Social Care	2.7	National Living Wage impact on commissioned services
Reduction in contingencies	(1.4)	Removal of one-off 2022/23 contingencies, leaving insurance contingency of £1m and a contingency of £1.3m for Future Uncertainty
Growth in local income	(6.0)	1.99% council tax increase, additional council taxbase uplift ,business rates inflation, and collection fund deficit
Other	3.5	Includes other service demand pressures, and assumed grant funding adjustments
	<b>15.0</b>	

11. The following measures were detailed in the report to Council of 30 November 2022 to contribute towards the potential budget gap in 2023/24:
- proposed budget savings and other proposals for the 2023/24 budget, totalling £14.2m in the full year (£12.2m in 2023/24 due to time required for implementation) , of which £4.6m were deemed to potentially affect service delivery levels and were subject to public consultation
  - the proposed total Council Tax increase of 2.99% for 2023/24 (comprising of a 1.99% increase in general Council Tax and a 1% Adult Social Care Precept), subject to potential further review in light of the revised referendum limits announced in the Government's Autumn Spending Review of 17 November 2022
12. The table below provides a summary of the proposals detailed in the report to Council in November 2022, which totalled £12.2m in 2023/24, with a full year effect of £14.2m, to meet the current estimated budget gap for 2023/24. As mentioned in the report to Council in November 2022 it was intended at that stage that the impact of transition to implement the full year effect of the savings of approximately £2m in 2023/24 would be funded on a one-off basis in 2023/24 as they would continue to provide a recurring saving:

<b>Proposals to meet budget gap reported in November 2022 Council report</b>	<b>Effect in 2023/24 £m</b>
Proposed budget savings not subject to public consultation (Appendix 1)	4.2
Proposed budget savings subject to public consultation (Appendix 2)	3.2
Proposed implementation of a Flexible Use of Capital Receipts Strategy for 2023/24	3.0
Additional income from Council Commercial Developments	1.2
Additional income from proposed increase in Council Tax from 1.99% to 2.99% for 2023/24	0.6
<b>TOTAL</b>	<b>12.2</b>

## Proposed Revenue Budget 2023/2024

### Summary overview of the current 2023/24 budget position

13. Since November 2022 whilst there have been a number of changes to the budget gap for 2023/24, including revisions to spending pressures, and the Local Government Finance Settlement and other funding changes, the budget gap for 2023/24 has remained roughly the same in value. The table below summarises the changes to the budget gap from that reported to Council in November 2022 with further detail being provided in the paragraphs below :

	<b>£m</b>	
Gap reported November 2022		15.0
<b>Changes</b>		
Pensions - increase in employers contributions following triennial valuation reprofiling (0% now required in 23/24)	(0.4)	
Unmitigated Children's Care demand additional investment	9.8	
Insurance contingency - reduction from £1m to £0.5m following review	(0.5)	
Treasury Management - MRP policy change ongoing saving from 2023/24	(2.0)	
Crown purchase - revenue costs including capital financing	0.2	
		7.1
<b>New cost pressures total</b>		<b>22.1</b>
<b>Local Government Settlement and other funding changes excluding Council Tax</b>		
Services Grant - reduction offset by removal of £1m NI employers contributions increase budget no longer required	0.4	
Social Care Grant - additional grant above that assumed	(4.6)	
New Homes Bonus - additional grant above that assumed	(0.7)	
Business Rates Multiplier increased (by CPI 10.1%) - increase above that assumed	(1.2)	
Increased Business Rates income following NNDR1 finalisation	(1.3)	
Revenue Support Grant increased (by CPI 10.1%) - increase above that assumed	(0.8)	
Effect of increased National Living Wage on potential Adult Social Care provider fees	1.0	
		(7.2)
<b>UPDATED CURRENT BUDGET GAP</b>		<b>14.9</b>

14. The following table below provides a summary of the proposals to meet the current updated budget gap for 2023/24, and shows that a balanced budget for 2023/24 can be achieved. Further details are provided in the relevant paragraphs below.

<b>Proposals to meet current updated budget gap</b>	<b>Effect in 2023/24 £m</b>
Proposed budget savings not subject to public consultation (Appendix 1)	4.4
Proposed budget savings subject to public consultation (Appendix 2)	2.1
Proposed Children's Services cost reductions as part of Children's Financial Improvement Plan	2.9
Proposed implementation of a Flexible Use of Capital Receipts Strategy for 2023/24	3.0
Additional income from Council Commercial Developments	1.2
Additional income from proposed increase in Council Tax from 1.99% to 2.99% for 2023/24	1.3
<b>TOTAL</b>	<b>14.9</b>

## **Consultation**

15. The duty to consult, where proposals affect individuals or groups of individuals, arises both in statute and through common law.
16. Consultation in respect of the proposed budget and Council Tax increase for 2023/24 commenced on 1 December 2022 and concluded on 23 January 2023, with appropriate impact assessments undertaken considering responses to the consultation.
17. The budget consultation was undertaken this year as part of an "annual conversation, with local communities and Council's stakeholders. The consultation this year included the following:
- a general public survey on the Council's website, with hard copies available upon request
  - a general consultation email address
  - consultation with the Council's Overview and Scrutiny Board on proposals and the outcome of the consultation
  - consultation with the local business sector, including a specific consultation meeting with the local Chamber of Commerce on 30 January 2023; and
  - involvement of elected members in the overall process
18. The consultation resulted in 573 responses to the Council's consultation survey. 11 of those responses were on behalf of an organisation. In addition, a petition was received in relation to the "Reduction in Council funding for Youth Services proposal" (CC05), and a letter was received from a Trade Union. Analysis of the budget consultation survey responses shows the following main points:
- 42.76% of respondents who answered the question were in favour of a Council Tax increase of 2.99%. 54.97% were against, and 13 individuals did not answer the question.



- The public were asked whether they would support a proposal to increase Council Tax further than the proposed 2.99%. 80.45% said no in response to that question. 98 (17%) respondents supported the idea, and 14 did not answer the question
  - The survey asked those who disagreed with the budget proposal to provide alternative suggestions they thought should be considered. 296 comments were received. Most comments related to the impact of the cost of living crisis on wider costs, service levels, senior management costs and concerns that Council Tax levels were already expensive.
19. Responses to the budget consultation survey were analysed to assess whether there were any concerns about impacts from proposals that varied by protected characteristic, which could give an indication of an unintended impact or a concern that there would be a disproportionate adverse impact on individuals or groups because they held one or more protected characteristics. This analysis is set out in the Human Rights, Equality and Data Protection section (paragraphs 178 to 185) of this report. This includes a set of impact assessments for proposals that were subject to public consultation and an overall impact assessment (Appendix 4).

### **The Local Government Finance Settlement (LGFS) and other Government funding announcements**

20. The Autumn Statement 2022 (AS22), published by the Government on 17 November 2022, set out the Government's spending plans for the lifetime of the parliament. Whilst AS22 provided a number of indications of the level of funding that would be available for local government over the period, it did not provide full details of the funding mechanism, or confirm that a multi-year funding settlement would be provided to local authorities. It also did not provide individual funding allocations for each local authority.
21. A Local Government Finance Policy Statement 2023/24 to 2024/25 was published by Department for Levelling Up, Housing & Communities (DLUHC) on 12 December 2022 which set out the Government's intentions for the local government finance settlement for the next 2 years.
22. The full details of the funding mechanism and the allocation to individual local authorities for 2023/24 were then provided as part of the provisional Local Government Finance Settlement which was published on 19 December 2022 and after a period of consultation was confirmed as part of the final settlement published on XX February 2023 (TBD).
23. Whilst some information was provided for 2024/25 none was provided for 2025/26 onwards and it was also confirmed that there would not be a Funding Review in the lifetime of this parliament, and therefore there is still a large level of uncertainty of future government funding beyond 2024/25 and this remains a significant risk to the Council in the medium to longer term.
24. Even though there was additional funding announced for 2023/24, Government funding for local government as a whole has fallen substantially since 2010. Since changes were made to the Local Government Finance System in 2013/14 Middlesbrough Council has

suffered a significant reduction in Government funding, with a reduction of £37.7 million (46%) from £81.2 million received in 2013/2014 to £43.5 million in 2023/24.

25. Details of the LGFS and other government funding announcements are provided in the following bullet points:

- A headline 9.2% increase in local government core spending power nationally in 2023/24. There was an increase of 10.8% in core spending power for Middlesbrough Council. However, it should be noted a large proportion of the additional funding available to Middlesbrough includes a number of grants which will have grant conditions meaning that they will be ringfenced for use for specific purposes in adult social care (as detailed below). It also assumes that the Council increases the Council Tax by the maximum permitted increase of up to 5% and also assumes some growth in the council tax base
- Council Tax – LGFS confirmed that Councils can increase Council Tax up to maximum of 3% plus 2% Adult Social Care Precept (a total of up to 5%) without the requirement for a referendum for the next 3 years from 2023/24 to 2025/26 (in the report to Council in November 2022 it had been assumed that Council Tax would increase by 1.99% plus 1% ASC precept)
- Council Tax Support Fund – an additional £100m has been provided nationally to support most vulnerable households. The allocation to Middlesbrough Council is £474,000. Details of the proposed scheme to distribute this are included in a separate report to this Executive.
- Household Support Fund - £1bn provided nationally to extend over 2023/24 to deliver support to households to help with the cost of essentials. The allocations to local authorities have not yet been announced and local authorities will be able to decide how to allocate the additional funding.
- Revenue Support Grant (RSG) will increase by inflation for 2023/24, which is set at the level of Consumer Price Inflation at September 2022 which was 10.1%. Also, some existing grants have been rolled into the RSG from 2023/24 onwards (£303,000 of Council Tax Support Admin Subsidy Grant and £1,000 Family Annex Grant) and £3,000 of new funding has been provided for Natasha's Law - food safety and enforcement. Excluding the effect of these the inflationary increases to this grant has created additional income to the Council of £1,277,000 in 2023/24 from that received in 2022/23.
- Business Rates – revaluation will take place in 2023 and local authorities will be fully compensated. Also, the Business Rates multiplier will be frozen in 2023/24, and local authorities will be compensated for this up to CPI (10.1%) – see paragraphs 26 to 28 for further details.
- The Services Grant introduced in 2022/23 will continue in 2023/24, but will reduce from £822m nationally to £464m in 2023/24, mainly due to the fact that the increase in Employer National Insurance contributions was reversed from November 2022, and also to fund an increase in funding to the Supporting Families Programme. The grant has again been distributed through the existing formula for assessed relative need across the sector, using 2013/14 shares of Settlement Funding Assessment. Middlesbrough Council's allocation for 2023/24

is £1.788m, which is decrease from the £3.172m received in 2023/24. However, the reduction of £1.384m is offset by the removal of the £1m per annum budget created in 2022/23 from the Services Grant for the planned increase in Employer National Insurance contributions.

- New Homes Bonus – it was announced that there will be a new round of payments in 2023/24, and the method for calculating the New Homes Bonus will not change from 2022/23, however there would be no legacy payments in future years for the new 2023/24 allocations. New Homes Bonus is funded by a top slice from Settlement Funding, this means that authorities lose Settlement Funding but stand to gain from the New Homes Bonus they earn. Estimates of New Homes Bonus to be received by the Council have been revised to reflect this announcement, with income to the Council from the New Homes Bonus being £1.102m in 2023/24. The Government did not provide in the LGFS any clarity on the future of the New Homes Bonus, and this does not enable Councils to plan their budgets for this beyond next year and into the medium term, and therefore this is risk to the Council in the future.
- Existing 2021/22 and 2022/23 Social Care funding comprising Social Care Grant of £8.543m, relating to both Adults and Children’s Care, is continued for 2023/24. In addition to this additional Social Care Grant of £4.646m for 2023/24, relating to both Adults and Children’s Care, was also announced. This was funded mainly from delaying Adult Social Care charging reform until October 2025. This means that Middlesbrough will receive a total £13.189m of Social Care Grant in 2023/24. It should be noted that the existing Independent Living Fund grant has been rolled into the Adult Social Care Grant from 2023/24 onwards – this totals £1.828m for Middlesbrough and therefore the total Social Care Grant to be received in 2023/24 is £15.017m including this.
- A new Adult Social Care Discharge Grant for 2023/24. Funding will be required to be pooled as part of the Better Care Fund, and will be distributed using the existing Improved Better Care Fund grant shares, with conditions attached to its use meaning it is ringfenced for a specific purpose. £300m is available nationally in 2023/24, with Middlesbrough being allocated £1.212m of grant funding for 2023/24. Announcements were also made of the likely level of funding in 2024/25 and it is estimated that Middlesbrough will receive £2.020m in 2024/25.
- £562m nationally in Adult Social Care Market Sustainability and Improvement Funding. This is made up of new grant funding of £400m to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures, and £162m in Fair Cost of Care funding to support the progress local authorities and providers have already made this year on fees and cost of care exercises. This has been distributed using the existing ASC Relative Needs Formula, and will be reporting requirements regarding performance and use of funding. The amount to be received by the Council in 2023/24 is £1.775m. Announcements were also made of the likely level of funding in 2024/25 and it is estimated that Middlesbrough will receive £2.669m in 2024/25.
- The Dedicated Schools Grant (DSG) statutory override which instructs Councils to account for the DSG negative balance in a separate reserve and not to fund it by using its General Fund was planned to end on 31 March 2023, however this has been extended to 31 March 2026. This was a major risk to the Council as it could

have meant that the Council would have had to fund this deficit itself (current balance is £5.1m) and whilst it is still a risk to the Council the risk has been mitigated significantly in the medium term.

- Additional £1.9bn nationally was provided for schools and high needs funding for 2023/24 - £1.45bn in schools block funding and £400m of high needs funding. This has led to an 9.1% overall increase for Middlesbrough, including £4m additional high needs funding. The schools block funding is passported straight to schools.
- LGFS announced that there would be no increase to the Adult Social Care Better Care Fund (iBCF) allocations or to the method of distribution for 2023/24.
- The LGFS did not provide any details of the Public Health Grant allocations, and at the time of writing this report no announcements of the level of funding for 2023/24 have been made. In the absence of any information it is currently assumed that Middlesbrough will receive in 2023/24 the same amount of £17,730,663 grant as received in 2022/23. Any increase in the Public Health Grant will be fully spent on public health activities.

26. Under the current business rates retention system Middlesbrough receives a top-up payment, as the assessed cost of providing services in the Borough is greater than the share of business rates retained locally. Whilst as mentioned above the multiplier has been frozen the payment to Middlesbrough for 2023/24 has increased from the £27.299m received in 2022/23 to £29.347m in 2023/24, due to compensation being received for the effect of the business rates revaluation taking place in 2023.
27. The LGFS announced Section 31 Business Rates grant of £4.999m (an increase of £2.209m over that received in 2022/23), which compensates for the under indexation of the Business Rates multiplier over previous years and for the freezing of the small business multiplier in 2021/22, 2022/23 and 2023/24 on the top up payment mentioned above.
28. An estimate has been made of retained business rates income in 2023/24 of £16.399m. Whilst this is an increase on that for 2022/23 it is a reduction from that in previous years prior to Covid-19 due to extension of the Retail, Hospitality and Leisure Relief granted by the Government to business in 2023/24. The Council has been compensated for this, including the effects of the freezing of the small business multiplier in 2023/24, by receipt of additional Section 31 Business Rates Grant of £6.895 million in 2023/24 only. Note that this is in addition to the Section 31 grant outlined above in paragraph 30, making a total amount of Section 31 Business Rates Grant of £11.894m in 2023/24, an increase of £2.936m from that received in 2022/23.

### ***Budget Principles***

29. In preparing the 2023/24 revenue budget and Medium Term Financial Plan, the following principles, consistent with budget strategies in previous years and statements made by Executive have been adopted:
- to maximise the efficient, effective, and economic use of resources, in conjunction with partners where appropriate
  - to maintain financial resilience of the Council over the medium term

- to ensure resources are aligned to strategic need and priorities
- to recognise that budgets are delegated to Directors for day to day management. Budgets will be adjusted for pay award and exceptional inflation over that already provided. Directors have agreed their budget allocation and are committed to spending money wisely
- to make services fully accountable for their own budgets and spending, including additional pressures. Calls on the Medium Term Financial Plan should only be made when local and directorate resources are exhausted, and all requests are required to be approved by the Council's Leadership Management Team
- to maintain appropriate medium term budget planning and monitoring processes, ensuring known commitments are provided for and budgets are set in real terms with the effect on service delivery clearly identified.
- services will receive, in full, the impact of contractual inflationary increases (including pay awards). No inflation will be provided for general supplies and services, which are expected to be met from efficiency savings. It should be noted that due to rising inflation rates additional inflation has been provided for in a number of areas in the 2023/24 budget setting.
- on termination of a specific grant, a business case for any continued funding will be prepared, which will need to be assessed against other pressures on the Medium Term Financial Plan;
- the reserves strategy sets out the nature and purpose of reserves and the accountable officer. Approval is required by the Director of Finance for use of strategic reserves. A comprehensive review of the reserves strategy following the outturn position for 2022/23 will be undertaken
- Where specific reserves exist these will be reviewed regularly by the Director of Finance as part of the Medium Term Financial Plan refresh to ensure that they are still required; uncommitted funds may need to be used to fund pressures elsewhere;
- any revenue budget where there has been a significant underspend for two or more years will be reviewed with a view to reallocating funds;
- the Investment Strategy will be reviewed regularly to ensure an ongoing need for allocated funding with a view to reallocating funds which are not required;
- any new schemes for approval within the Investment Strategy must be firstly approved by the Council's Leadership Management Team; and
- a consistent framework for budgeting for staff costs will be implemented. including the requirement for vacancy and agency control

### ***Budget Assumptions***

30. The following budget assumptions have been applied:

#### *Pay awards*

31. It was mentioned in the Quarter Three 2022/23 budget monitoring report to this Executive, that the National Employers offer of an increase of £1,925 on all NJC pay points 1 and above effective from 1 April 2022 has now eventually been agreed and will be implemented. This equates to approximately an average 6.2% pay award costing approximately £5.5m per annum and this will mean that there will be a recurring additional £2m required in future years of the MTFP.
32. The current assumption for 2023/24 is for an average 5% pay award and approximately £4.5m has currently been provided in a central pay and prices

contingency budget for the potential effect of the pay award in 2023/24. In light of the agreed 2022/23 pay award and the potential underlying inflation that exists in the economy, along with a number of pay disputes in the public sector, the assumption for the 2023/24 pay award has been revised upwards from that previously provided. There is also a high level of uncertainty around local government pay awards in future years, and therefore the assumptions made in the MTFP for future years will be constantly reviewed. When the pay award for 2023/24 has been agreed this will be transferred to service directorate budgets. It should be noted that each 1% increase in pay equates to approximately £900,000 additional cost per annum.

#### *Additional Employers National Insurance contributions*

33. In the budget for 2022/23 a recurring budget of £1m per annum was set aside for the fact that it was planned that the Council would have to pay from 2022/23 increased Employer National Insurance contributions for its own staff. As mentioned above in the LGFS update paragraph this budget can be removed as the increase in Employer National Insurance contributions was reversed from 1 November 2022. This saving however is offset by a reduction in the Services Grant in 2023/24 of £1.384m, as the Government has recovered this funding from local government, as it had provided additional funding for this in the form of the Services Grant.

#### *Inflation*

34. One of the major areas of increased expenditure during the latter part of 2021/22 and which has continued in 2022/23 was the level of inflation that existed in the economy, As shown in the quarterly budget monitoring reports to Executive during 2022/23, several Directorates have been substantially affected by the hyper-inflationary increases that existed in areas such as fuel, energy, utilities, food, and also increased costs from providers for services such as Waste Disposal, transport provision for children and adults, and Adults and Children's Care providers due to the inflationary increases they have suffered. Further detail is provided within the Directorate variances section of the quarterly budget monitoring Executive reports. An additional inflation contingency of approximately £4.6m recurring funding was built into the updated Medium Term Financial Plan (MTFP) presented to Full Council in February 2022 and this is held centrally, with £0.9m of this being used for the increased 2022/23 pay award, leaving a remaining recurring budget of £3.7m per annum.
35. Following a review, the £3.7m per annum of remaining recurring funding from the additional inflation contingency set aside as part of the budget setting 2022/23 has been increased by a further approximate £1.0m due to increased pressures identified during 2022/23. The £4.7m has now been allocated as follows to Directorates budgets from the separate central contingency budget on a permanent basis as part of the 2023/24 budget setting, based on the split of projected expenditure per Directorate against this for 2022/23 adjusted for any known 2023/24 effects:

	<b>2023/24 £m</b>
Regeneration & Culture	1.955
Environment & Community Services	0.000
Education & Partnerships	0.289
Children's Care	0.826
Adult Social Care & Health Integration	1.604
Public Health	0.000
Finance	0.040
Legal & Governance Services	0.000
Central Accounts	(3.744)
<b>Total - agrees to 23/24 uplift</b>	<b>0.970</b>

36. In addition, in light of the current continuing high level of inflation, there has been a need to review the amount of inflation provided and an additional £1m per annum has been included from 2023/24 to cover the potential effects of the additional inflation in energy and utility costs in 2023/24. This will be allocated to the Environment and Community Services Directorate. There will be a need to closely monitor this, and further updates will be provided in future budget monitoring reports.
37. Contractual inflation at a total cost of approximately £1.8m has been provided for in 2023/24. No provision has been made for inflation for supplies and services, and it is expected that any inflationary pressures in this area will be met from efficiency savings. It should however be noted that the areas that require increased inflation have been provided with this as part of contractual and additional inflation.

	<b>2023/24 £m</b>
Regeneration & Culture	0.034
Environment & Community Services	0.009
Education & Partnerships	0.029
Children's Care	0.711
Adult Social Care & Health Integration	1.022
Public Health	0.000
Finance	0.001
Legal & Governance Services	0.029
Central Accounts	0.000
<b>Total</b>	<b>1.835</b>

38. In addition, to the allocations mentioned above a pay and prices contingency totalling approximately £0.7m per annum is also held centrally to guard against unexpected demand or price pressures that may arise during the year. This is required due to the uncertainty around levels of inflation and future local government pay awards.

39. In the budget report to Full Council in February 2022 income from fees and charges had been assumed to increase on average by approximately 1% per annum over the MTFP period. However due to the budget gap that was estimated for 2023/24 this was reviewed as mentioned in the report to Council in November 2022. All income will be closely monitored for performance against income targets and reviewed as necessary.

#### *National Living Wage*

40. Provision of £3.7m has been made in 2023/24 for the impact of the increase in the National Living Wage on the costs of adult social care services commissioned by the Council. This accounts for the Government announcement in AS22 so that it reaches two-thirds of median earnings, and that the National Living Wage will increase from £9.50 to £10.42 an hour effective from 1 April 2023 (a 9.68% increase). The amount provided is an increase of approximately £1m from that previously provided and included in the estimated budget gap reported to Council in November 2022.

#### *Spending pressures –Children’s Social Care*

41. As extensively reported previously, in line with national trends Children’s Social Care, remains the biggest area of financial concern for the Council. The costs of these pressures in respect of increased level of need in relation to children in care and the increase in the cost of providing care is constantly being monitored.
42. The Council has an Ofsted Improvement Plan in place, and the financial situation is being closely monitored jointly by the Service and Finance.
43. In the report to Council in November 2022 it was noted that the £5.2m of temporary funding provided to Children’s Care in 2022/23 had been made permanent, and also in light of the current expenditure an additional £2m per annum has been provided for in the revised MTFP from 2023/24. This means that additional support totalling approximately £7m per annum from 2023/24 had been provided for this in the revised MTFP presented to Council in November 2022.
44. Following further review and an exercise to baseline current activity and costs an additional £9.8m has been provided to Children’s Care in order to achieve a steady state for the Service and ensure that the improvements currently being made in Children’s Social Care are not compromised. This should mean that the Service is on a firm financial footing with an appropriate budget which can be managed within.
45. This has meant that a total of approximately £17m of permanent investment has been made in Children’s Care from 2023/24. Further details of this are provided in the separate Children’s Services Financial Improvement Plan report to this Executive.
46. Also included in the Children’s Services Financial Improvement Plan are a number of proposed cost reductions which are proposed to provide reductions in the Children’s expenditure of approximately £2.8m in 2023/24, an additional £1.8m after the removal of £1m of previous proposed budget savings as detailed in paragraph 67. The separate report to this Executive provides details of these proposed cost reductions.



47. Whilst the Local Government Finance Settlement for 2023/24 and previous years have provided additional funding for Social Care there is still a significant risk of additional increased level of need in relation to children in care and the increased in the cost of providing care and that in the event of this, sufficient additional Government funding is not provided to mitigate this. Along with funding uncertainty, the continued pressure of demands on Children's Social Care is the most significant financial risk to the Council.
48. Further Children's Social Care demand increases, any delays to the implementation of the Children's Financial Improvement Plan, and any further negative Ofsted judgement, continue to be a major potential risk to the Council and this is being constantly monitored, and further updates will be provided in future quarterly budget monitoring reports to Executive. If required mitigation will be provided in the form of in-year spending controls during 2023/24.

#### *Adult Social Care*

49. £500,000 per annum has been provided for Adult Social Care in 2023/24 and a further £50,000 per annum from 2024/25, relating to Recruitment & Retention measures for staff groups difficult to recruit to where there are established shortages of staff, and increased staffing in the Integrated Support Service due to increased demand.

#### *Other Spending pressures*

50. The Revenue Budget, Council Tax, MTFP and Capital Strategy 2022/23 report to Council in February 2023 and the MTFP Update report to Council in November 2022 detailed a number of ongoing spending pressures / service demand pressures which are likely to continue in the future and for which funding has been provided in 2023/24 and ongoing. These have been reviewed and updated as follows :
- £640,000 per annum for the Integrated Transport Unit budget – increased demand due to a greater number of children qualifying for home to school transport, new schools, and an increase in costs to transport children out of the area. This is after providing for the effects of inflation on this budget as mentioned above in paragraph 35
  - £500,000 per annum due to a requirement to build up Reserves of up to £7m for Insurance in order to cover claims that will potentially arise in the future as indicated by the recent Insurance actuarial review (this is a reduction of £500,000 on that previously assumed in November 2022 due to a review of the provision required)
  - £677,000 from 2023/24 and a further £87,000 in 2024/25 for additional annual budget provision for reduced car parking income in the future due to the effects of increased home working following lockdown and the reductions in people using the retail provision in the town centre
  - £35,000 for increased demand for services for Business Intelligence support and unbudgeted Corporate License and Membership Fees within Strategy, Information & Governance
  - £35,000 for increased annual contribution to the Election Reserve in order to cover the cost of Local and Mayoral Elections (including anticipated increased expenditure as a result of the Elections Bill)

- £54,000 for increased cost in external audit fees due to scale fee increases received for external audits of the Council's accounts. This pressure is after grant income of £46,000 being predicted to be received relating to the Redmond Review. External audit fees are planned to increase further in the future, mainly due to the increased complexity of the audits required, and this is a national issue for local authorities

51. It should be noted that the spending pressure of £400,000 per annum for 2023/24 to 2025/26 (equating to a 0.5% increase per annum) relating to an anticipated increase in Employers Pension contributions following the recent triennial actuarial review has now been removed for 2023/24 as it has now been reprofiled to be paid later in 2025/26. The effect is now that a 0% increase will be applied in 2023/24, 0.5% in 2024/25, and 1% in 2025/26, which is a change from the previous 0.5% increase in each year from 2023/24 to 2025/26.

*Reduced Spending pressures*

52. As reported in the Quarter One 2022/23 budget monitoring report there is a recurring budget saving of £471,000 on payments to bus operators for concessionary travel scheme following a change in the model of calculation and reduced patronage.

*Additional income from Commercial Developments*

53. The income budgets relating to developments that the Council has made in the town have been reviewed in respect of Centre Square Buildings 1 and 2, Tees Advanced Manufacturing Park (TeesAMP), Captain Cook Square Shopping Centre, and the Cleveland Centre Shopping Centre. This review has produced estimated total additional income of approximately £1.9m, which is made up of approximately £0.7m of additional income above budget already assumed previously, and further estimated additional income of approximately £1.2m in 2023/24 to help meet the budget gap in 2023/24, as detailed in the report to Council in November 2022. These developments have provided additional income to the Council, after deducting capital financing costs, which has negated the need for the Council to make budget reductions to front line services.

54. There is however a need to provide £231,000 in 2023/24 only for costs relating to the House of Fraser which the Council acquired in July 2020. These costs relate to business rates and maintenance costs which the Council have to incur pending developments to the building. This estimated cost assumes that tenants will occupy the building from January 2024, therefore negating the Council's responsibility in the future. Future occupation of the building by tenants will mean that the Council will receive income in the form of rents and business rates.

55. A shortfall on rent income from other commercial properties that the Council owns is predicted, due to not being able to review leases due to lease terms, and also the state of some of the properties. £300,000 per annum has been provided from 2023/24 relating to this, however a long term plan is to be developed for reducing costs and increasing income.

56. Costs of approximately £200,000 per annum relating to revenue costs (capital financing costs, business rates, insurance, security, utilities, and maintenance) associated with the Council's acquisition of a major town centre building of strategic

significance, the Crown building, as approved by Executive on 24 January 2023 have been included from 2023/24. These costs will be incurred each year that the asset is held.

*Additional Investment*

57. The MTFP provided additional revenue funding of £600,000 per annum from 2023/24 for additional Community Safety and Environmental Enforcement staff, following the end of a grant from the Tees Valley Combined Authority (TVCA). There is however a budget saving relating to reducing expenditure on Neighbourhood Safety (ECS12), which reduces the effect of this investment.

*Capital Financing (including change to Minimum Revenue Provision (MRP) Policy)*

58. A total of £1.1m has been provided in 2023/24 to cover increased capital financing costs. This comprises of approximately £500,000 for the impact on the capital financing budget of the Council's current Investment Strategy, £250,000 for the impact of rising interest rate costs, and approximately £350,000 for provision in respect of the potential new and enhanced projects which have been deemed as essential replacement or repairs to Council assets as outlined in paragraph 158, which subject to approval by Council on 27 February 2023, as part of the budget report, will be added to the Council's agreed Investment Strategy.
59. Provision has been made in the MTFP to fund up to £4.5m of capital investment (£2m in 2023/24 and £2.5m in 2024/25) in Children's Services in order to achieve the development of the residential model, as detailed in the separate Children's Services Financial Improvement Plan report to this Executive.
60. The Council approved a revised Minimum Revenue Provision (MRP) Policy in January 2023 (included in the Capital Strategy Appendix 7 to this report), which sets out a change to the profile in the repayment of debt, harmonising the treatment for both supported and unsupported borrowing. Government guidance sets out several options to enable prudent provision and the Council has adopted the annuity basis over the life of an asset. It is not possible to backdate this policy for prior years and it will be only future charges that are influenced by the policy.
61. The impact of this change will be to improve the management of the revenue budget and to smooth the total cost of capital financing over many years. Costs are lowest in the early years and steadily increase over time. The Budget 2023/24 provides for a baselining of MRP on an annuity basis at Year 10 as a prudent provision and this will produce cost reductions in capital financing costs of approximately £2m per annum over the MTFP period. Also in doing so, this creates headroom in the capital financing budget to be ringfenced for future capital investment, or financing risk in an Investment Reserve, equating to an estimated £500,000 in 2023/24.
62. The Capital Financing budget will be closely monitored during 2023/24 with updates being provided via the quarterly budget monitoring reports, and any required changes being reflected in future refreshes of the MTFP.

## *Contingency*

63. A contingency budget of £1.3m per annum recurring from 2023/24 has been provided for future uncertainty mainly regarding the economic climate, inflation, and potential additional demand/spending pressures within services. This will be held centrally and closely monitored, and updates will be provided in future reports of any use of the contingency.

## ***Budget Savings***

64. As mentioned in paragraph 10 the refreshed MTFP submitted to Council on 30 November 2022 identified that there was a budget gap in the region of £10m to £20m with a mid-case assessment of £15m, and therefore as well as the proposed increase in Council Tax, budget savings or other proposals would be required in order to balance the budget in 2023/24.
65. The budget savings proposed for 2023/24 were detailed in the report to Council on 30 November 2022, with a full year effect totalling £9.4m and a £7.4m part effect in 2023/24 due to the required staff consultation and implementation periods. The savings proposed were categorised in two appendices with the savings in Appendix 2, totalling £4.6m full year effect and £3.3m part year effect, being deemed to potentially affect service delivery levels and therefore being subject to public consultation.
66. Following the budget consultation period and further review, a number of changes have been made to the budget savings previously proposed. The changes are summarised in the paragraphs below :
67. Removal of Children's Service Budget Savings Proposals and replacement with cost reductions in the Children's Services Financial Improvement Plan

As mentioned in paragraph 46 the following four Children's Care budget savings proposals totalling £1.684m full year effect and £982,000 part year effect in 2023/24 have been removed, due to alternative cost reductions totalling £4.722m full year effect and £2.854m part year effect in 2023/24 being proposed as part of the Children's Services Financial Improvement Plan :

- CC13 – reduction in specialist staffing compliment providing services to children and young people
  - CC02 – redesigning part of Gleneagles Residential Home to provide long-term residential care for children
  - CC03 – stop providing dedicated Family Group Conferencing and incorporate into social work teams
  - CC12 – reduce direct provision of and financial support to families to provide non-residential short breaks for children and young people with disabilities
68. Removal of Other Budget Savings Proposals

As mentioned in paragraph 18 a petition was received as part of the budget consultation process, relating to budget savings proposal CC05 – Reduction in Council funding for Youth Services. Following review and taking account of the response to the consultation the Mayor is proposing that this saving is removed, with

a reduction in savings proposed of £100,000 full year effect and £83,000 part year effect in 2023/24.

69. Savings re-profiled, however saving amount overall remains unchanged

Following the consultation period, a number of proposals as follows have been re-profiled across financial years meaning a total of £142,000 being brought forward from 2024/25 to 2023/24 (i.e. the saving being fully achieved in 2023/24).

- CC07, CC10, EP03, EP04

70. Savings being delivered by an alternative approach

Following the consultation period and further quality assurance work on the saving proposals, an alternative approach has been put forward for the following budget savings proposals, however the saving amount remains the same for each proposal, with the exception of CC09 where there is a small reduction in the saving of £10,000 (with £1,000 part year effect in 2023/24):

Ref	Original Saving Approach	Revised Saving Approach
<b>CC04</b>	End Safe Families Contract	Re-purpose Safe Families Contract
<b>CC09</b>	Cease the Young Carers contract to support children and young people with caring responsibilities	Council contribution for Young Carers contract to support children and young people with caring responsibilities to be replaced with external funding
<b>CC11</b>	Delete Participation posts in Children's Strategic Services	Delete posts in Children's Strategic Services
<b>LGS02</b>	Saving in IT Licensing fee	Reduction in computer maintenance element of ICT supplies and services budget
<b>ECS10</b>	Reduction of 1 supervisor in Highways Services	Reduction of vacant post within Highways Services
<b>FIN06</b>	Cease Welfare Rights service	Council spend for Welfare Rights service to be replaced with alternative external funding
<b>EP03</b>	Reduce Council subsidy for nurseries so that our nurseries are economically viable, which could mean the potential closure of Bright Stars Nursery due to falling demand and other provision in the area	Remove Council subsidy for Bright Stars Nursery (nursery will remain open)
<b>RC05</b>	Culture - use external funding to deliver events such as the Orange Pip Market	Events team to reduce by 1-2 posts, and external funding to be sought to deliver events

As a result of the alternative approaches identified CC04, CC09, EP03 and FIN06 will move from Appendix 2 of the Council report in November 2022 to Appendix 1 now (attached to this report), as they are now considered to have only a minimal effect on front line service delivery levels.

71. Savings still being delivered the same way however wording and description have changed

Following the consultation period, the wording of a number of proposals have been simplified from that provided in Appendix 1 and 2 of the November 2022 Council report to provide further clarity, however they are still being delivered in the same way.

72. The effect of the recommended budget savings on the budget for 2023/24 is summarised below and detailed in Appendices 1 and 2, and also in the Children's Services Financial Improvement Plan:

- £4.4m in relation to budget savings that required no further consultation (Appendix 1)
- £2.1m in relation to specific budget savings that have been subject to consultation prior to the 2023/24 budget (Appendix 2)
- £2.9m in relation to cost reductions in Children's Services as part of the Children's Services Financial Improvement Plan

73. It should be noted that there will also be additional amounts of savings and cost reductions for the above in 2024/25, to reflect the full year effect as some savings/cost reductions will not be fully achieved in 2023/24 due to time required for implementation, consultation requirements for staff, and any consultation required over and above the standard budget consultation. These are included in the updated MTFP in this report.

***Other proposals to meet budget gap***

*Flexible Use of Capital Receipts*

74. In the report to Council in November 2022 it was proposed that a Flexible Use of Capital Receipts Strategy is implemented for 2023/24, as was the case in 2021/22 and 2022/23, to fund transformation costs across the Council, mainly within Children's Services. In order to satisfy the legislation relating to this, this needs to be subject to approval by Full Council in this budget report and therefore the Strategy for 2023/24 is contained in Appendix 6. Confirmation will be required that the capital receipts are available in 2023/24 and that the transformation expenditure will provide future ongoing savings before the Strategy can be implemented. It is currently estimated that the Flexible Use of Capital Receipts Strategy will amount to £3m in 2023/24.

***Summary of proposals to meet budget gap***

75. The budget savings and costs reductions outlined above, when added to the other budget proposals to meet the budget gap in the form of Flexible Capital Receipts (£3m), additional income from commercial developments (£1.2m), and increased council tax income from increasing the council tax increase to 3.99% (£1.3m), means that the updated budget gap of £14.9m for 2023/24 as shown in paragraph 13 can be met and a balanced budget for 2023/24 set. This is shown in the table in paragraph 14.

## ***Adequacy of Financial Reserves***

76. The Council is required to maintain an appropriate level of reserves and balances. Whilst current guidance is not prescriptive, all Local Authorities are required, when reviewing their Medium Term Financial Plan to consider the establishment and maintenance of reserves.
77. Proper consideration has to be given to: -
- working balances to help cushion the impact of uneven cash flows and to avoid unnecessary temporary borrowing;
  - general fund reserves to provide a contingency for the impact of unexpected events or emergencies; and
  - specific earmarked reserves to meet known or predicted liabilities.
78. The Director of Finance has reviewed the proposed level of balances held in the General Fund Reserve and advised that she considers that it is appropriate to maintain the minimum level the current level of £12m in 2023/24 (and future years of the MTFP period). This advice is based on an assessment of financial risks against criteria set out by the Chartered Institute of Public Finance and Accountancy and the extent to which specific provisions are available to meet known and expected liabilities. The General Fund Reserve is the fund of last resort when all other funds have been exhausted.
79. The main high level factors affecting this assessment are increasing inflation, uncertainty around the level of pay awards, the continued potential for increased demand and costs in Children's and Adults Social Care, non-achievement of required budget savings and cost reductions, and the degree of uncertainty in the financial and economic climate for local government due to a number of factors. The table below provides further details of this, and shows that the calculation of the £12m level is made by using the mid-point of the following factors:

	<u>Low point £m</u>	<u>High point £m</u>	<u>Mid point £m</u>
Inflation (including pay awards) : to provide for an increase of 1%-2% for pay & 20%-30% for energy above that currently provided	2.0	3.6	<b>2.8</b>
Further demand-led pressures (mainly Adults and Children's Social Care): to provide for a realistic upturn in demand	0.5	4.0	<b>2.3</b>
Budget savings & Children's Services cost reductions : provide for non-achievement of 5% to 20% of full year budget savings	0.6	2.5	<b>1.6</b>
Local Government Finances : uncertainty post-24/25 around Government funding and business rates reform	0.5	1.5	<b>1.0</b>
General Economic Climate - mainly the effect on income including income from commercial developments, fees and charges, and Business Rates & Council Tax	0.5	3.0	<b>1.8</b>
DSG Deficit balance on Reserve : potential requirement to fund this from end of 2025/26 (assumed any requirement to repay would be over 3 years)	0.0	2.0	<b>1.0</b>
Adult Social Care reforms (Health and Social Care White Paper): costs of implementing the cap on personal care costs and changes to the means test within adult social care and moving to a fair cost of care being greater than funding provided by Government	0.0	1.0	<b>0.5</b>
Risk of potential future unknown emergencies not provided for	0.0	2.3	<b>1.2</b>
	4.1	19.9	<b>12.0</b>

80. The current estimated level of the General Fund Reserve at the end of 31 March 2023 is £12.041m as reported in the Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23 report to this Executive.
81. The level of balance in all reserves available to the Council may be affected by any change in the current projected overspend for 2022/23. The total projected overspend for 2022/23 of £3.4m as at the end of Quarter Three is detailed in a separate report to this Executive. As stated in that report the level of overspend reported as at Quarter Three can be covered on a one-off basis by the Social Care Transformation Reserve in 2022/23, but if this continues it is a significant risk to the Council’s financial position in the longer term.
82. The appropriate level of reserves for 2023/24 onwards will need reconsidering in light of financial performance in 2022/23, the ongoing effect of the economic climate, future levels of local government pay awards and inflation, any changes in local government funding, and if any reforms of local government finance are announced.
83. The Council intends to allocate an additional £0.730m per annum from 2023/24 to its Change Fund in order to support transformational activity. This is an increase of £0.5m from that previously provided in order to fund any potential costs arising from the implementation of required budget savings, including potential staff redundancy costs, and transformation required. Also as mentioned in paragraph 50 it intends to allocate an additional £0.5m to an Insurance Reserve, and as mentioned in paragraph 61 £0.5m to an Investment Reserve.
84. The table below provides a summary of the estimated balance on the major Strategic Reserves of the Council at the end of 2022/23 and then the estimated available balance on the Reserves in 2023/24 after the allocation to Reserves as mentioned in the paragraph above.

	<b>Estimated Year End 2022/23</b>	<b>Estimated Available 2023/24</b>
	<b>£000’s</b>	<b>£000’s</b>
General Fund Reserve	12,041	12,041
Earmarked Reserve - Social Care Transformation Reserve	1,698	1,698
Earmarked Reserve - Insurance	0	500
Earmarked Reserve - Change Fund	0	730
Earmarked Reserve - Investment Reserve	0	500
Provisions - Business Rates Appeals	1,921	1,921
Provisions - Insurance	3,000	3,000
<b>TOTAL</b>	<b>18,660</b>	<b>20,390</b>



85. A separate report to this Executive provides a statement from the Council's Section 151 Officer (the Director of Finance) under Section 25 of the Local Government Act 2003. The report covers:

- an overview of current financial standing.
- an assessment of the robustness of the 2023/24 budget setting process for both revenue and capital.
- an assessment of key risks that may impact the budget 2023/24.
- an assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council over the financial year 2023/24, and
- an indication of future direction of travel for the council beyond 2023/24.

### **Determination of Council Tax for 2023/24**

86. A number of factors have been considered in respect of the level of Council Tax increase including our current level of Council Tax, minimising the effect of Council Tax increases to residents, the current levels of inflation, pressures from caring for our vulnerable adults and children, the level of any budget reductions required, and the medium to long term implications of the Local Government Finance Settlement 2023/24.
87. In the Local Government Finance Settlement, the Government confirmed that Councils would be able to increase the general (core) element of Council Tax by up to 3% in 2023/24 (and also in 2024/25 and 2025/26) without the requirement to hold a referendum.
88. The Local Government Finance Settlement also confirmed the continuation of the Adult Social Care Precept at 2% for 2023/24. The Adult Social Care Precept has allowed Councils with Adult Social Care responsibility to increase their Council Tax by a set amount to help pay for the increased costs of Adult Social Care.
89. Local authorities can therefore potentially increase their Council Tax by a total of up to 5% in 2023/24 without the requirement for a referendum.
90. In determining the level of Council Tax increase, consideration should be given in relation to the impact on the local Council Tax payer. In essence the Government's proposal is to pass on the liability to the local taxpayer, rather than a national distribution of resources to meet what is an agreed national priority. Authorities such as Middlesbrough with a significant proportion of vulnerable Council Tax payers and a lower Council Tax Base as a result of lower property values are disadvantaged by this approach, as each percentage increase in Council Tax will raise less than more affluent areas with a greater proportion of higher banded properties.
91. In the report to Council on 30 November 2022 the recommendation at that stage was that the Council adopted a 1.99% increase in the general Council Tax for 2023/24, and also an increase of 1% for the Adult Social Care Precept, meaning a total proposed Council Tax increase of 2.99% in 2023/24. Following consideration of all factors the Elected Mayor currently recommends that the total proposed Council Tax

increase for 2023/24 should now be 3.99%, with 2% of the increase being due to the Adult Social Care Precept and the remaining 1.99% being an increase in the core/general Council Tax. It should be noted that this increase is on the Middlesbrough Council only element of the Council Tax (excluding Fire and Police and Parish precepts).

92. The Elected Mayor has made this decision in order to minimise the effect on council tax payers in Middlesbrough, whilst still trying to maintain as many services as possible within the funding available to the Council. This is lower than the Government expectations of a total 4.99% increase as announced in the LGFS.
93. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 5,578 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of approximately 18.5% The cumulative effect is approximately £10.5m per annum and reduces the need to make further annual savings within Council services by this amount.
94. The Council is required to set a budget for 2023/24. The budget will determine the level of resources to be made available to services and forms part of the determination of the Council Tax to be levied in 2023/24.
95. The Budget requirement for 2023/24 is estimated to be £126.354m as detailed in Appendix 3.
96. The basic (Band D) Council Tax for Middlesbrough as a whole is calculated as follows:

	£	£
Budget Requirement		126,353,562
Less:		
Revenue Support Grant	14,182,308	
Top up Payment	29,346,817	
Local Share of NNDR	16,356,230	
		59,885,355
Net Requirements		66,468,207
Estimated Collection Fund Deficit 2022/23		840,725
	(a)	67,308,932
Taxbase	(b)	35,749
Basic Council Tax	(a) / (b)	1,882.82

The basic amount is now relevant only for statistical purposes, but must still be calculated by law. It represents the average tax paid across the Council area, including parish precepts.

97. The calculation of the actual Council Tax (Band D) for parish and non-parish areas (Middlesbrough Council only element) is as follows: -

a) Areas other than Nunthorpe and Stainton & Thornton:-

	£	£
Basic Amount as above:		1,882.82
Less : Parish Precepts	34,311	
Divided by Tax Base	35,749	
Equals		0.96
<b>Band D Tax</b>		<b>1,881.86</b>

b) Nunthorpe:-

	£	£
Add: Parish Precept	22,032	
Divided by Tax Base	2,269	
Equals		9.71
<b>Band D Tax</b>		<b>1,891.57</b>

c) Stainton & Thornton:-

	£	£
Add: Parish Precept	12,279	
Divided by Tax Base	1,319	
Equals		9.31
<b>Band D Tax</b>		<b>1,891.17</b>

98. The tables at paragraph 97 relate only to Middlesbrough Council's element of the Council Tax and excludes Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts.

99. The level of Council Tax associated with the budget requirement represents a total increase of 3.99% in the level of Council Tax for areas without parish precepts (excluding Fire and Police precepts). This comprises of a 1.99% increase in general Council Tax, and an additional 2% increase in the Adult Social Care Precept.

100. Tax levels for all bands are set in varying proportions to the band D level, and are set out in table 1 of Appendix 5.

101. The effect of the proposed Council Tax increase of 3.99% in 2023/24 on the Middlesbrough Council only element of the Council Tax (excluding Fire, Police and Parish precepts) for Band A and Band D properties is shown in the table below:

Band	3.99% increase	
	Annual (£)	Weekly (£)
A	48.12	0.93
D	72.19	1.39

102. It should be noted that as mentioned in paragraph 25, the Government has provided additional funding in the form of the Council Tax Support Fund and the Household Support Fund which will help to mitigate the effect of the proposed Council Tax increase on the most vulnerable households.
103. Cleveland Fire Authority has set a precept for Middlesbrough of £XXm (to be determined). The Council Tax levels for 2023/24 are set out in table 2 of Appendix 5 (subject to approval).
104. Cleveland Police and Crime Commissioner has set a precept of £10,393,307 (subject to approval) and Council Tax levels for 2023/24 are set out in table 3 of Appendix 5 (subject to approval).
105. The total tax to be levied for each band (including Middlesbrough Council, Cleveland Fire Authority, Cleveland Police and Crime Commissioner, and Parishes) is set out in table 4 of Appendix 5.
106. The overall impact on the band D Council Tax for 2023/24 is as follows: -

Middlesbrough Council	3.99%
Cleveland Fire Authority	6.11%
Cleveland Police and Crime Commissioner	5.44%
Overall Increase	4.25%

### **Medium-Term Financial Plan to 2026**

107. As mentioned in paragraphs 5 to 7 the Council has a Strategic Plan for the period 2022-24 which sets out the priorities for the Council for the period.
108. The Council maintains a Medium-Term Financial Plan (MTFP) that:
- accurately analyses the current financial climate and the medium-term horizon, including the range of spending pressures facing the Council;
  - addresses the budget savings requirements; and
  - focuses investment on growing the town's economic base to improve local prosperity, and secure a robust and independent income stream to fund the Council's services.
109. The Council noted a report from the Elected Mayor on 30 November 2022 which provided an update in respect of the Council's Medium Term Financial Plan position, reflecting and supporting delivery of the Strategic Plan, and the potential budget gap for 2023/24. In that report no estimates of the potential budget gap in 2024/25 and 2025/26 were provided at that stage, due to the high level of financial uncertainty surrounding future local government funding, local government pay awards and inflation, and no additional budget savings were proposed to cover any potential budget gap in 2024/25 and 2025/26.
110. As mentioned in the report in November 2022 the financial position for 2024/25 and 2025/26 would be reviewed and included in this report. The following table

summarises the Council's financial position in the period of the current medium term financial plan to 2025/26:

	<b>2023/24</b> <b>£ms</b>	<b>2024/25</b> <b>(Indicative)</b> <b>£ms</b>	<b>2025/26</b> <b>(Indicative)</b> <b>£ms</b>	<b>Total</b> <b>£ms</b>
Fall out of non-recurring funding from use of reserves to balance previous year's budget	(0.858)	0.000	0.000	(0.858)
Pay & Inflation	8.009	4.814	2.468	15.291
Service Demand Pressures - Children's Services	16.991	0.000	0.000	16.991
Service Demand Pressures - Other Services (includes ASC National Living Wage effect)	6.210	5.734	3.547	15.491
Corporate Issues (Insurance budget, Pension contributions)	0.100	0.392	0.784	1.276
Capital Financing (includes MRP saving from 2023/24)	(1.366)	0.844	0.511	(0.011)
Additional Income from Commercial Developments	(0.701)	(0.249)	(0.062)	(1.012)
Government funding changes	(11.935)	(4.691)	(1.371)	(17.998)
Local funding increases	(4.391)	(4.573)	(3.516)	(12.479)
<b>Budget gap</b>	<b>12.059</b>	<b>2.270</b>	<b>2.361</b>	<b>16.692</b>
Savings - 23/24 budget process	(6.529)	(1.119)	0.000	(7.648)
Cost Reductions - Children's Services Financial Improvement Plan	(2.854)	(1.868)	0.000	(4.722)
Additional Income from Commercial Developments (above that assumed previously)	(1.176)	0.445	0.339	(0.392)
Flexible Use of Capital Receipts	(3.000)	3.000	0.000	0.000
Additional contribution to Change Fund Reserve	0.500	0.000	0.000	0.500
Contribution to Insurance Reserve	0.500	0.000	0.000	0.500
Contribution to Investment Reserve	0.500	0.000	0.000	0.500
<b>In-year budget position</b>	<b>0.000</b>	<b>2.728</b>	<b>2.700</b>	<b>5.430</b>

111. The above table demonstrates that the Council has considered the issues strategically and has a deliverable plan to ensure the Council's financial sustainability, and also ensures that reserves are maintained at appropriate levels. Whilst there is a degree of certainty regarding the 2024/25 figures as some information was provided as part of the Local Government Finance Settlement 2023/24, there is very little information available relating to 2025/26. This has led to a high level of uncertainty regarding the budget in later years of the MTFP period (especially from 2025/26 onwards), due mainly to ongoing uncertainty regarding the future funding model for local government and other factors such as pay and inflation, and also due to the fact that it is the end of the current term of the current Government in December 2024/January 2025. The budget gaps in 2024/25 and 2025/26 are therefore only indicative and will be updated in future MTFP updates over the next year as further information becomes available. At this stage no

additional budget savings are proposed to cover the budget gaps in 2024/25 and 2025/26.

112. As can be seen from the table above the estimated in-year budget position for 2024/25 would have been higher if the full year effect of savings and Children's Services cost reductions proposed as part of the 2023/24 budget setting process were not included. It can also be seen that currently there is no intention to utilise a Flexible Use of Capital Receipts Strategy in 2024/25, and that the use of the Strategy in 2023/24 increases the budget gap in 2024/25 as it only has a one year effect in 2023/24 and does not have an ongoing effect.
113. Through the Council's Investment Strategy, the MTFP focuses on investment and efficiency, and creating growth in Council Tax, Business Rates, and income from commercial activity, and aims to minimise service level and job reductions over this period.
114. The following assumptions have been applied in refreshing the Council's MTFP:

#### ***National Context***

115. Long-term financial sustainability and financial resilience have become one of the key components of external audit work in future years. CIPFA has produced a Financial Management Code (FM Code), and also a financial resilience index for local authorities. The initial self-assessment of compliance with the FM Code, the associated actions arising to ensure full compliance, and the next steps, and the results of analysis of the CIPFA Financial Resilience Index 2021 were presented to Executive on 13 July 2021 and also to Corporate Affairs and Audit Committee (CAAC) on 5 August 2021. Further details of the Council's Financial Standing, including further updates regarding these, are provided in the separate Budget 2023//24 – Statutory report of the Chief Finance Officer report to this Executive. Close attention will be paid to both of these, and further updates will be provided in the future to Executive and CAAC.
116. The current general economic climate and the impact of inflation and future local government pay awards still being at high levels has been factored into this update of the MTFP. This is however a moving feast and will be closely monitored throughout the MTFP period.

#### ***Government funding changes***

117. As mentioned in paragraphs 20 to 23 whilst the Autumn Statement 2022 (AS22), the Local Government Finance Policy Statement 2023/24 to 2024/25, and the Local Government Finance Settlement, provided detailed information of government funding for 2023/24, and some information for 2024/25, no detailed information was provided for 2025/26 onwards, and it was also confirmed that there would not be a Funding Review in the lifetime of this parliament. This therefore means that there is still a large level of uncertainty of future government funding beyond 2024/25 and this remains a significant risk to the Council in the medium to longer term.
118. Notwithstanding these high levels of uncertainty, the Council's budgetary assumptions are based on the most up to date reliable information, and the predicted Government funding changes are set out below. In this report the impact for 2024/25

and 2025/26 has been estimated, but these figures are necessarily less robust than the figures for 2023/24.

<b>Funding Stream</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<i>£ms</i>	<i>(Indicative)</i>	<i>(Indicative)</i>
	<i>£ms</i>	<i>£ms</i>	<i>£ms</i>
Revenue Support Grant	14.182	14.891	15.338
Adjustment for grants rolled into RSG (Council Tax Admin Subsidy & Family Annex Grant)	(0.304)	(0.304)	(0.304)
Business Rates Top Up	29.347	30.814	31.739
New Homes Bonus	1.102	0.551	0.551
Public Health Grant	17.731	17.731	17.731
Improved Better Care Fund	8.645	8.645	8.645
S31 Grant for Business Rates Compensation for Reliefs	11.881	11.881	11.881
Social Care Grant (includes £1.828m Independent Living Fund Grant rolled in)	15.017	17.245	17.245
Adjustment for grants rolled into Social Care Grant (Independent Living Fund)	(1.828)	(1.828)	(1.828)
ASC Market Sustainability & Improvement Fund (ringfenced grant)	1.775	2.669	2.669
ASC Discharge Fund (ringfenced grant)	1.212	2.020	2.020
Lower Tier Services Grant (for 21/22 and 22/23 only)	0.000	0.000	0.000
Services Grant (introduced in 2022/23)	1.788	1.788	1.788
2021/22 Covid Council Tax Support Grant (spread over 3 years)	0.864	0.000	0.000
<b>Total:</b>	<b>101.412</b>	<b>106.103</b>	<b>107.475</b>

119. Revenue Support Grant and Business Rates Top Up Grant have been assumed to increase by 5% in 2024/25 and 3% 2025/26. The increase in 2024/25 is broadly based on the CPI increase as at September 2023 (which the Government will base the actual increase on), with the increase for 2025/26 being less robust and based on an estimated increase.
120. It should be noted in the above table that as outlined in paragraph 25 no details of the Public Health Grant allocations for 2023/24 have been provided to date, and therefore taking a prudent view the level of funding has currently been assumed over the MTFP period to remain the same as that received in 2022/23 (£17,730,663). This creates a level of uncertainty in how much the Council can budget for essential services to help keep people healthy throughout their lives.
121. Not included in the table above are details of the Dedicated Schools Grant (DSG) which the Council receives. The following table provides a summary of the amounts to be received and a comparison to that received in 2022/23. It should be noted though that the above amounts are subject to change during the year as the Schools Block includes amounts which are passported straight to academies, and also certain elements of the High Needs Block are paid directly to providers. No assumption has currently been made of any increases in DSG for 2024/25 and 2025/26.

<b>Funding Stream</b>	<b>2022/23 £ms</b>	<b>2023/24 £ms</b>	<b>2024/25 (Indicative) £ms</b>	<b>2025/26 (Indicative) £ms</b>
Dedicated Schools Grant (DSG) - Schools Block	121.592	131.097	131.097	131.097
Dedicated Schools Grant (DSG) - Central School Services Block	1.042	1.043	1.043	1.043
Dedicated Schools Grant (DSG) - High Needs Block	32.684	37.636	37.636	37.636
Dedicated Schools Grant (DSG) - Early Years Block	11.829	12.400	12.400	12.400

### ***Local funding increases***

122. Local funding has been assumed to increase during the same period:

<b>Funding Stream</b>	<b>2023/24 £ms</b>	<b>2024/25 (Indicative) £ms</b>	<b>2025/26 (Indicative) £ms</b>
Council Tax : Core (includes Housing Growth)	58.622	60.171	61.749
Council Tax : Adult Social Care Precept	8.687	10.051	11.473
Local Share of Business Rates	16.356	17.174	17.689
Collection Fund Surplus / (Deficit)	(0.841)	0.000	0.000
<b>Total:</b>	<b>82.824</b>	<b>87.396</b>	<b>90.911</b>

123. There is a high level of uncertainty in the longer-term future about the direction of travel towards self-funding for local authorities through Council Tax and Business Rates, and whether it still remains on the Government's agenda. Also, there is uncertainty how this will be impacted by any development of the "levelling up" agenda.
124. The Local Government Finance Settlement confirmed that Councils can increase the general (core) element of Council Tax by up to 3% per annum and by 2% for the Adult Social Care Precept (a total of up to 5% increase per annum) for the next 3 years (2023/24 to 2025/26), without the requirement to hold a referendum. As detailed in paragraph 92 the Elected Mayor now proposes that it will implement a 3.99% total increase in the Council Tax in 2023/24. It is currently assumed that there will be a 2.99% total increase in Council Tax for both 2024/25 and 2025/26 but this will be subject to future review.
125. It should be noted that each 1% increase in Council Tax generates approximately £650,000 of resources.
126. Housing growth assumptions and the growth in the council tax base have been made on a prudent approach taking into account currently available information. These are reviewed regularly throughout the year jointly by Finance and Regeneration officers based on the latest information available, and these will be reflected in future MTFP updates.



127. Local Share of Business Rates (Retained Business Rates) has been assumed to increase by 5% in 2024/25 and 3% in 2025/26. The increase in 2024/25 is broadly based on the CPI increase as at September 2023 (which the Government will base the actual increase on), with the increase for 2025/26 being less robust and based on an estimated increase.

### ***Pay awards***

128. The current assumptions in the MTFP are for a 5% pay award in 2023/24, 3% in 2024/25, and 2% in 2025/26. In light of the agreed 2022/23 pay award and the potential underlying inflation that exists in the economy, the assumption for the future pay award has been revised upwards. There is also a high level of uncertainty around local government pay awards in future years, and therefore the assumptions made in the MTFP for future years will be constantly reviewed.

### ***Inflation***

129. Contractual inflation of approximately £1.8m per annum has been assumed in the MTFP period (as shown in paragraph 37).
130. No provision has been made for inflation for supplies and services and it is expected that any inflationary pressures in this area will be met from efficiency savings.
131. Additional inflation has been provided from 2023/24 as detailed in paragraphs 35 and 36, and also further additional inflation of £1m from 2024/25 has also been provided in the MTFP for the effects of potential additional inflation across a wide range of areas, including the cost of energy. This will be subject to review, with updates being provided in future budget monitoring reports and MTFP updates.
132. In addition, to the allocations mentioned above a pay and prices contingency totalling approximately £0.7m per annum is also held centrally to guard against unexpected demand or price pressures that may arise during the year. This is required due to the uncertainty around levels of inflation and future local government pay awards.
133. Information regarding income from fees and charges for 2023/24 were provided earlier in the report. For 2024/25 fees and charges are assumed to increase by 5% producing approximately £2.1m of income, and by 3% for 2025/26 producing approximately £1.3m of income, however in light of the uncertainty regarding inflation this will be reviewed regularly, and updates will be provided in future revisions of the MTFP.

### ***National Living Wage***

134. Increases in the National Living Wage will impact upon organisations – principally adult social care providers – who are contracted to carry out functions on behalf of the Council. Currently increases in the National Living Wage do not have an impact on Council employed staff as the current pay rates paid to Council staff are above the current National Living Wage rates.
135. As mentioned in paragraph 40, in AS22 the Government announced that it remains committed to raising the National Living Wage in order so that it reaches two-thirds of

median earnings. and that the National Living Wage will increase from £9.50 to £10.42 an hour effective from 1 April 2023 (a 9.68% increase at a cost of £3.7m). Following this announcement assumptions of the likely level of the National Living Wage and the potential costs of the effect of the increases in future years have been reviewed. It has been assumed that the National Living Wage will further increase by 8.9% to £11.35 from 1 April 2024 (at a cost of £3.6m) and will further increase by 5% to £11.92 from 1 April 2025 (at a cost of £2.3m). Over the MTFP period from 2023/24 to 2025/26 the effects of National Living Wage increase are predicted to be £9.6m.

136. As with future pay awards there is a high level of uncertainty around this and whether the Government will further change the levels of increase for future years, and therefore future years estimates have been reviewed.

### ***Spending pressures –Children’s Social Care***

137. As mentioned in paragraph 45 a total of approximately £17m per annum of permanent recurring investment has been made in Children’s Care from 2023/24, with further details of this being provided in the separate Children’s Services Financial Improvement Plan report to this Executive.
138. Also detailed in the Children’s Services Financial Improvement Plan are a number of proposed cost reductions which are proposed to provide reductions in Children’s Services expenditure in both 2023/24 and 2024/25. It is proposed that the Children’s Services Improvement Plan will deliver the following cost reductions:
- 2023/24 – total part year cost reduction of £2.854m, with a net reduction of £1.872m following the deduction of previous unachievable Children’s Services proposed budget savings which have been removed
  - 2024/25 – total further full year cost reduction of £1.868m, with a net reduction of £1.157m following the deduction of previous unachievable Children’s Services proposed budget savings which have been removed
139. Further cost reductions will be sought within Children’s Services in the future as part of a continuing review of expenditure in this area, to ensure that maximum value for money is achieved in providing services.
140. As reported previously, in line with national trends Children’s Social Care continues to be an area of financial pressure to the Council. The costs of these pressures in respect of increased level of need in relation to children in care and the increase in the cost of providing care is constantly being monitored.
141. Whilst the Local Government Finance Settlement in 2023/24 and previous years has provided additional funding for Social Care, there is still a significant risk of additional increased level of need in relation to children in care and the increased in the cost of providing care and that in the event of this, sufficient additional Government funding is not provided to mitigate this. Along with funding uncertainty, the continued pressure of demands on Children’s Social Care is the most significant financial risk to the Council.
142. Further Children’s Social Care demand increases, any delays to the implementation of the Children’s Financial Improvement Plan and any further negative Ofsted

judgement, continue to be a major potential risk to the Council and this is being constantly monitored, and further updates will be provided in future quarterly budget monitoring reports to Executive.

### ***Adult Social Care***

143. Whilst the Local Government Finance Settlement in 2023/24 provided additional funding for Social Care there is still a significant risk of additional demand for adult social care services and the increased in the cost of providing care and that in the event of this, sufficient additional Government funding is not provided to mitigate this.
144. In addition, there is a risk that the Council does not receive adequate funding to cover the potential cost involved over the MTFP period in order to implement the reform as part of the Health and Social Care White Paper, relating to the cap on personal care costs and changes to the means test within adult social care, and moving towards a fairer cost of care. Whilst the amount of funding allocated to Middlesbrough for 2023/24 and 2024/25 along with the distribution methodology used for this has been announced, there is still a risk as to the level of fees that are to be requested by providers in the future. This along with the fact that the overall funding available to local government for this, as detailed in AS22 and the LGFS, may not be enough, means there is a risk to the Council from the move towards the implementation of the reform. Also there is uncertainty regarding the continuation of funding for this post 2024/25, currently it has been assumed that the grant provided for this will continue in the MTFP period.
145. Provision of £500,000 per annum from 2024/25 has been made in the MTFP for future potential increases in demand for services within Adult Social Cre. The requirement for this will be reviewed and updates provided in future updates of the MTFP.

### ***Other Spending pressures***

146. Paragraph 50 highlights a number of spending pressures for which funding has been provided on an ongoing from 2023/24 and the future effects of these. There are also a number of spending pressures which will arise in the MTFP from 2024/25 and 2025/26 as follows :
- £84,000 per annum from 2024/25 and a further £128,000 per annum from 2025/26 relating to the potential effects on income the Council receives from housebuilding in the form of growth in council tax income, due to the potential effects of nutrient neutrality
  - £1,025,000 for 2025/26 in Waste Disposal relating to costs associated with the extension of the current contract for a further year until the new Waste Recycling Site is complete, which is currently expected in 2026/27. The costs associated with the operation of the new site are currently being reviewed and updates will be provided in future budget monitoring and MTFP update reports.

### ***Additional income***

147. As detailed in paragraph 53, additional rental income above the current budget is estimated to be received in 2023/24 from developments that the Council has made in the town, namely TAMP, Centre Square, Captain Cook Shopping Centre, and the Cleveland Centre Shopping Centre. These have provided additional income to the Council (after deducting capital financing costs), which has negated the need for the Council to make budget reductions to front line services.
148. It is currently assumed in the MTFP that they may potentially be some reduction in income to be achieved in future years. It is currently assumed that they potentially may be a reduction in income of approximately £200,000 in 2024/25 due mainly to potential rent reviews of some units in the Cleveland Centre Shopping Centre, and a further reduction of £400,000 in 2025/26 due mainly to potential break clauses in the some of the rental contracts of the Centre square buildings. These assumptions are based on a very prudent and pessimistic approach and will be reviewed, and updates will be provided in future MTFP update reports. It should still be noted that even with these potential reductions, the commercial developments have provided additional income to the Council, in excess of the cost, both in previous years and in the future.

### ***Additional Investment***

149. In addition a total of approximately £1.1m that has been provided in 2023/24 for the impact on the Capital Financing budget as mentioned in paragraph 58, further additional funding totalling £700,000 in 2024/25 and a further £500,000 in 2025/26 has been provided in the MTFP for the potential impact of potential new schemes, as detailed in paragraph 158.
150. It should be noted that the additional capital financing costs will be ongoing beyond the current MTFP period, and these ongoing costs will be built in future MTFP updates.
151. The Capital Financing budget will be closely monitored during 2023/24 with updates being provided via the quarterly budget monitoring reports, with any required changes being reflected in future refreshes of the MTFP.

### ***Reserves and Balances***

152. Over the MTFP period the Council plans to maintain the Council's General Fund balance above the minimum level of £12 million, in line with the Council's current recommended General Fund level as set out in paragraphs 78 and 79 of this report.
153. Over the MTFP period, the Council intends to maintain a Change Fund in order to support transformational activity to deliver the budget savings required and its Strategic Plan, with investment of £0.730m per annum to this being planned.
154. It is not currently planned to use any reserves or balances over the MTFP period to balance the budget.

## Contingency

155. As mentioned in paragraph 63, a contingency budget of £1.3m per annum recurring MTFP from 2023/24 has been provided for future uncertainty mainly regarding the economic climate, inflation, and spending pressures. This will be closely monitored, and updates will be provided in future reports.

## Investment Strategy

156. Full Council approved an Investment Strategy for the period 2022-2024 on 23 February 2022. The Council's Investment Strategy is revised each quarter by Executive via the quarterly budget monitoring reports, in line with its constitutional powers. The latest revision being that as part of Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23 report to this Executive.
157. As part of the budget savings proposed in the report to Council in November 2022, the Investment Strategy was reviewed to ascertain if schemes could be removed or reduced in value, which would create savings within the Capital Financing budget. The following schemes have therefore been removed or reduced as they are linked to the budget savings proposed

Removal of / Reduction In Investment						
Directorate	Scheme	2023/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total £'000
Environment & Community Services	Highways Infrastructure	-	(4,000)	(3,500)	-	(7,500)
Public Health	Health & Wellbeing Hub	-	(679)	-	-	(679)
Adult Social Care & Health Integration	Chronically Sick & Disabled Persons Act - All Schemes	(711)	(753)	-	-	(1,464)
<b>Total Removal Of / Reduction In Investment</b>		<b>(711)</b>	<b>(5,432)</b>	<b>(3,500)</b>	<b>-</b>	<b>(9,643)</b>

- Highways Infrastructure - The reduction of £7,500,000 of funding will impact upon the speed to which identified improvement works will be implemented. The service has re-evaluated the priority list, and this will be presented as a separate report to Executive on 7 March 2023.
  - Health & Wellbeing Hub - The funds provided were for the expansion of the Live Well Centre or the relocation of Public Health. The Directorate has now signed an extension to the lease at the Live Well Centre, with the expansion not going ahead, and as such the funds are no longer required.
  - Chronically Sick & Disabled Persons Act – All Schemes - Whilst the £1,464,000 funds have been removed there is no impact upon the planned works as they will now be funded from Disabled Facilities Grant that has been carried forward from previous years.
158. As mentioned in paragraphs 58 and 59, additional revenue provision has been provided in respect of the following potential new and enhanced projects which have been deemed as essential replacement or repairs to Council assets. These have been included within the revised Investment Strategy at Appendix 7 for endorsement by Executive and then for approval by Council on 27 February 2023. Details are provided in the table below and in the following paragraphs.

New / Increased Investment						
Directorate	Scheme	2022/23	2023/24	2024/25	2025/26	Total
		£'000	£'000	£'000	£'000	£'000
Environment & Community Services	Purchase Of New Vehicles	-	2,860	1,050	1,060	4,970
Environment & Community Services	Bridges & Structures (Non Local Transport Plan)	-	2,520	2,420	2,240	7,180
Environment & Community Services	Newport Bridge	-	1,513	-	1,617	3,130
Environment & Community Services	Traffic Signals - Non Tees Valley Combined Authority	-	1,150	1,150	980	3,280
Environment & Community Services	Street Lighting Column Replacement	-	464	464	500	1,428
Children's Services	Children's Services Financial Improvement Plan	-	2,000	2,500	-	4,500
<b>Total New / Increased Investment</b>		-	<b>10,507</b>	<b>7,584</b>	<b>6,397</b>	<b>24,488</b>

- Purchase Of New Vehicles - The fleet strategy has been revised to take into account increased purchase costs, the need to replace high value vehicles, e.g. refuse vehicles, and an increase in vehicles required to accommodate increased demand within the Integrated Transport Unit.
- Bridges & Structures (Non Local Transport Plan) - The additional funds provided are for essential maintenance works that have been identified following a comprehensive principal inspection programme of all of the bridges and structures.
- Newport Bridge - The Newport and Transporter bridges are the shared responsibility of both Middlesbrough Council and Stockton Council. The Newport Bridge has been subject to a thorough inspection which has identified the need for significant essential repairs and maintenance. The cost of these works is currently projected to be £6,260,000, of which Middlesbrough Council will provide £3,130,000 of capital funding
- A detailed inspection has also been undertaken on the Transporter Bridge. Whilst the anticipated costs of essential repairs and maintenance have not been finalised, they are expected to be significantly higher than those for Newport Bridge. As per the Newport Bridge, the costs will be shared equally between the Councils. Further details will be provided in a future report to Executive. It should be noted that no capital allocation for the works has currently been added to the Investment Strategy, until the final cost estimates are ascertained, and Executive have approved the works. An estimate has been made of the future potential capital financing costs of the work required and these have been included in the revised MTFP.
- Traffic Signals – Non Tees Valley Combined Authority – A high volume of the aged signals require replacing, the renewed signals will be functionable for 25 years. It is possible that TVCA will provide some grant funding but at this juncture it is assumed that the Council will be responsible for the cost of the replacements.
- Street Lighting Column Replacement – A statutory inspection has identified a large number of street lighting columns which require replacing, predominantly due to corrosion.
- Children’s Services Financial Improvement Plan – As detailed in the separate report to this Executive, the Plan includes the acquisition of a number of houses with the intention of housing looked after children. This service is currently being provided by external organisations at significant cost. The strategy of providing in-house care will result in substantial cost

reductions to the revenue budget. The cost reductions have taken account of the potential capital financing costs from the capital investment.

159. The following “business as usual” schemes which are essential to the delivery of Council services have been reviewed and it is proposed that the following amounts are added to the Investment Strategy in order to extend these schemes to 2025/26:

<b>Business As Usual</b>		
<b>Directorate</b>	<b>Scheme</b>	<b>Amount £</b>
Regeneration & Culture	Capitalisation Of Major Schemes Salaries	530,000
Regeneration & Culture	Capitalisation Of Planning Services Surveys	40,000
Environment & Community Services	Purchase Of New Vehicles	1,200,000
Environment & Community Services	Capitalisation of Wheeled Bin Replacement	100,000
Environment & Community Services	Capitalisation of Street Furniture / Dog Fouling & Litter Bins	55,000
Environment & Community Services	Capitalisation of Highways Maintenance	575,000
Environment & Community Services	Property Services Building Investment	340,000
Environment & Community Services	Street Lighting-Maintenance	468,000
Environment & Community Services	Members Small Schemes	60,000
Environment & Community Services	Property Asset Investment Strategy	1,200,000
Adult Social Care & Health Integration	Chronically Sick & Disabled Persons Act - All schemes	610,000
Adult Social Care & Health Integration	Capitalisation of Staying Put Salaries	50,000
Legal & Governance Services	ICT Essential Refresh & Licensing	2,185,000
Finance	Derisking Sites	500,000
<b>Total Business As Usual</b>		<b>7,913,000</b>

160. The updated Investment Strategy is included at Appendix 7 and Executive are requested to endorse the updated Investment Strategy, which will be submitted for approval by Full Council on 27 February 2023.
161. The proposed changes to the Investment Strategy are within the Council's overall borrowing limits and prudential indicators required as part of the Prudential Code (as detailed in paragraphs 162 to 172 below and in Appendix 8.

### **Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) & Treasury Management Practices**

162. The Local Government Act 2003 created a new legal framework for capital investment from April 2004 and Local Authorities are now required by law to follow the CIPFA Prudential Code.
163. The key objectives of the Prudential Code are to ensure, within a clear framework, a local authority's capital programme is affordable, prudent, and sustainable and that treasury management decisions are taken in accordance with good professional practice.
164. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account to ensure appropriate treasury management. From 2019/2020 the Code set out that these must be presented in the form of a Capital Strategy Report which links the Council's investment strategy with the financial and budgetary implications of these decisions and the overall level of indebtedness.

165. The Prudential Code also introduced guidance regarding the way in which surplus funds are invested and it is a statutory requirement that an Annual Investment Strategy is approved by Council before the start of each financial year.
166. The government has released guidance relating to how local authorities set aside some of their revenues as provision for debt repayment. This requires authorities to prepare an annual statement of their policy on for determining the Minimum Revenue Provision.
167. The fundamental objective in considering the affordability of the Council's capital plans is to ensure that the total capital investment of the authority remains within sustainable limits and, in particular, to consider its impact on the local authority's revenue budget position. Affordability is ultimately determined by a judgement about available resources and one of the Prudential Indicators (% of capital financing costs against the net revenue budget) addresses this explicitly over the medium term financial planning period.
168. In considering the affordability of its capital plans, the Council must consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years. The authority is also required to consider known significant variations beyond this timeframe. This requires the maintenance of three-year revenue forecasts, forward estimates of council tax as well as capital expenditure plans.
169. Appendix 8 sets out the proposed capital strategy report (covering the necessary prudential indicators, together with the investment strategy and minimum revenue provision policy) for Executive to endorse. This report explains the context of the Council's financial plans against the required prudential indicators to assist in drawing conclusions around affordability, sustainability, and prudence.
170. There are some large financial commitments in the level of capital expenditure over the next two financial years. Some of these changes are fully funded by grant and contributions or are invest to save schemes, where income generated from the investment in these assets generates a level of financial return, which at least covers any capital financing costs associated. There are though some significant borrowing commitments in the Investment Strategy being proposed.
171. A change for Members to note that affects both the level of expenditure in the investment strategy and the prudential indicator totals relates to the inclusion of finance leases. In previous years most leases taken out would have been categorised as a rental arrangement and a cost against the revenue budget. However, amendments to the reporting standard that covers this area now means that most leases constitute the 'right to use' or purchase of an asset. The appropriate capital expenditure therefore needs to be included in the capital strategy report funded by external debt. Leases that have a major impact on the prudential indicators for the Council are those for the new buildings in Centre Square plus any properties or equipment that is leased by service directorates going forward.
172. The Director of Finance has reviewed these investment plans and prudential indicators, and is satisfied that the Council is acting in line with legal requirements and the resources available when setting its budget. The authorised limit for external



borrowing for the 2023/24 budget will be £328m. This is a decrease of £28m over that used in 2023/23 and reflects the current environment where debt refinancing opportunities are restricted, and this was previously provided for.

## What decision(s) are being recommended?

The report requests that the Executive:

- endorses the proposed budget strategy for 2023/24 as set out in paragraphs 13 to 85
- endorses the proposed budget savings (Appendices 1 and 2), and other proposals for the 2023/24 budget
- 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
- 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.
- endorses the actual amount of Council Tax (Band D) for areas with parish precepts (excluding Fire and Police) be set at :-
  - Nunthorpe Parish £1,891.57
  - Stainton and Thornton Parish £1,891.17
- endorses the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix 5 within the report.
- 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
- notes the refreshed Medium Term Financial Plan position for 2023/24 to 2025/26 set out in this report in paragraphs 107 to 155
- endorses the updated Investment Strategy for the period to 2025/26 as outlined in paragraphs 156 to 161 and detailed in Appendix 7
- 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

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

173. The Council has 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 is part of the policy framework and therefore requires Full Council approval.
174. 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 is in place for the medium term financial management of the Council, which will 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.

### **Other potential decision(s) and why these have not been recommended**

175. Not applicable.

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

#### ***Legal***

176. The Council is required under legislation to set a balanced budget for each year. The Medium Term Financial Plan and revenue and capital budgets form part of the Council's policy framework, as set out in its constitution. The approach outlined within the document will enable the Council to operate within the resources available and continue to meet its many statutory duties.
177. Elected members (individually and collectively) have a fiduciary duty to local taxpayers and so duty to facilitate, rather than frustrate, the setting of a lawful budget, and not to do so would bring damaging legal, financial, operational, and reputational consequences for the Council, and precepting authorities such as the police, fire service and local parish councils. It may also give rise to personal liability for individual members for misfeasance in public office, negligence, or breach of statutory duty, should they be found to be purposely failing to set a lawful budget.

#### ***Strategic priorities and risks***

178. The revision of the Council's Medium Term Financial Plan for 2023/24 to 2025/26 plays a fundamental role in ensuring that the Strategic Plan is delivered effectively.
179. The proposed approach will ensure a positive impact on the strategic risk that the Council fails to achieve a balanced budget. The proposed approach also aligns with legal requirements around consultation and assessing the impact of proposals. It therefore impacts positively on the risks that the Council could fail to achieve good governance or comply with the law.
180. There is a risk that the financial position of the Council will be adversely affected by any non-achievement of the Financial Recovery Plan 2022/23, and any non-achievement of the proposed budget savings and other proposals for 2023/24 outlined in this report.

## ***Human Rights, Equality and Data Protection***

181. The Council must ensure that, in line with the Public Sector Equality Duty, that any budget saving proposals, other budget proposals, or proposed Council Tax increases thought to impact on those with protected characteristics are assessed, mitigated where possible and/or justified. As such impact assessments for those proposals and the overall budget are included within Appendix 4 of this report. The completed impact assessments are appended to this report, along with an overall impact assessment at Appendix 4.
182. The Public Sector Equality Duty (PSED) (as set out in the Equality Act 2010) places a statutory duty on the Council in exercising its functions, to have regard to the need to:
- eliminate discrimination, harassment and victimisation;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
183. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
  - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
184. The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Where proposed decisions may be relevant to one or more of these protected characteristics, the Council is obliged to assess the impact. If there is judged to be an adverse impact on these characteristics that is relevant to the duty above steps are taken to consider whether it can be avoided or mitigated. Where it cannot be avoided or mitigated, a decision can only be taken if it can be justified.
185. As a result of the above, the 15 proposals set out at Appendix 2 have been subject to a screening impact assessment. As a result of that process 10 of those proposals were found to have no concerns that they could have a disproportionate adverse impact on individuals or groups because they hold one or more of the protected characteristics or there were no concerns the proposals could have an adverse impact on human rights or community cohesion.
186. 5 of the proposals proceeded to a level 2 impact assessment to assess, in line with the Public Sector Equality Duty whether they could be avoided or mitigated. As a result of this the overall impact assessment found that the impact of the proposals in relation to the “reduction in the capacity of the NEET team” (CC10) and the “reduction in opening hours of libraries and hubs” (ECS14) had been mitigated.

187. Two of the proposals had impacts that could not be fully mitigated. The impact assessment findings for the two proposals are summarised in the table below:

Proposal	Impact Assessment
ECS05 - Increase rent charges by 10% at Metz Bridge Travellers Site in line with inflation	The impact assessment found the proposal was partially mitigated by the lack of rent increases in recent years however it could not be fully mitigated. The completed impact assessment found that there was a justified adverse impact on the Race protected characteristic in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.
ECS12 - Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding	The impact assessment found that the proposed reduction would have an adverse impact on capacity which would reduce the ability of the service to address anti-social behaviour issues which in turn could have an adverse impact on community cohesion. The impact will be partially mitigated by the securing of additional funding to support wardens in the town centre area but this will not fully mitigate the impact of the proposal. The complete impact assessment found that there was a justified adverse impact on community cohesion in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.

188. As a result of the above, the overall impact assessment has found that the impact of proposals on the protected characteristics of race cannot be fully mitigated. It has also identified an adverse impact on community cohesion, in line with the above individual impact assessments. The complete overall impact assessment included in Appendix 4 found that there was a justified adverse impact from these proposals in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.

**Financial**

189. The approach set out within the report would allow the Council to meet its legal obligations in relation to setting a budget and council tax for 2023/24, and also meet the challenging financial targets the Council will face in the MTFP period, whilst attempting to minimise as far as possible the impact on the level of service delivered to the public.

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

Action	Responsible Officer	Deadline
That this report is presented to Full Council on 27 February 2023 for approval of the Revenue Budget and Council Tax for 2023/24, the Flexible Use of Capital Receipts Strategy 2023/24, the updated Investment Strategy for the period to 2025/26, and the Capital Strategy 2023/24 and the Authorised Limit for external borrowing. Council will also be requested to note the refreshed MTFP for 2023/24 to 2025/26.	Head of Financial Planning & Support	27 February 2023
If approved by Council on 27 February 2023, the proposals set out in this report will form the basis of the 2023/24 revenue budget of the Council	Head of Financial Planning & Support	27 February 2023

## Appendices

1	Budget savings proposals that are considered to have minimal or no effect on front line service delivery levels
1a	Further detail of fee and charges increases contained in Appendix 1
2	Budget Savings proposals considered to potentially affect front line service delivery levels
3	Revenue Budget 2023/24
4	Revenue Budget 2023/24 – Impact Assessments
5	Council Tax Bands 2023/24
6	Flexible Use of Capital Receipts Strategy 2023/24
7	Updated Investment Strategy to 2025/26
8	Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2023/24

## Background papers

Body	Report title	Date
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2022/23	23/2/22
Executive	Refreshing the Strategic Plan workplan for the 2022-24 period	5/4/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter One 2022/23	6/9/22
Council	Flexible Use of Capital Receipts Strategy 2022/23	7/9/22
Executive	Financial Recovery Plan 2022/23	18/10/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2022/23	8/11/22
Council	Medium Term Financial Plan Update and Budget Savings Proposals 2023/24	30/11/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23	14/2/23
Executive	Budget 2023-24 – Statutory report of the Chief Finance Officer	14/2/23
Executive	Children’s Services Financial Improvement Plan	14/2/23

**Contact:** Andrew Humble, Head of Financial Planning & Support  
(Deputy S151 Officer)

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**Appendix 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels**

These proposals require no, or no further public consultation or impact assessment prior to consideration by Full Council as part of the 2023/24 revenue budget for implementation in 2023/24. Some internal consultation may be required prior to implementation if the proposals have a significant impact on employees, and this will be undertaken by management as appropriate.

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
Various	<p><b>Continuation of fees and charges increases implemented early in November 2022 as part of the Financial Recovery Plan 2022/23 (full year effect) - see Appendix 1a for details</b></p> <p><i>Further detail: This is just the continuation for the whole of 2023/24 of the increases that were applied early in November 2022 as part of the Financial Recovery Plan 2022/23. The areas affected are detailed in Appendix 1 of the report that was approved by Executive on 18 October 2022 and in Appendix 1a. Note that this is not a further increase of the fees and charges after the increases made in November 2022.</i></p>	1,111	0	1,111
ASC02	<p><b>10% increase in charges for Health Authority contributions to Adult Social Care services</b></p> <p><i>Further detail: 10% increase in costs charged to the NHS where they have responsibility for elements of an individual's care package; the cost is not passed onto the individual and 10% is based on the Council's assumption that all fees and charges will increase by this amount</i></p>	77	0	77
ASC03	<p><b>Adult Social Care inflation increase in assessed client contributions to packages of care for clients receiving care in the community and residential homes</b></p> <p><i>Further detail: This measure is in line with the announcement in the Autumn 2022 Budget Statement of the continuation of Triple Lock protection of pensions and benefits, the users of adult social care services are means-tested to determine their contribution towards the cost of their care; the service user's income assessment are reviewed annually in line with benefits uplifts to determine contributions to care.</i></p>	251	0	251
ASC04	<p><b>Increased charges to recipients of Adult Social Care services</b></p> <p><i>Further detail: This relates to charges to the NHS for local authority services that they make a contribution to, such as their share of a joint post</i></p>	88	0	88
ASC05	<p><b>Remove funding for unused 'Move in, Move on' service</b></p> <p><i>Further detail: This measure concerns a small project, formerly linked to hospital discharge, that ceased to function before the pandemic; its function is now met in other ways so the budget is no longer required</i></p>	86	0	86
CC04	<p><b>Re-purpose Safe Families Contract</b></p> <p><i>Further detail: To utilise the safe families contract in a more cost effective way and ensure it is well utilised, which will reduce spend in other areas of family support.</i></p>	56	19	75

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
CC07	<b>Maximise Supporting Families Grant and use for Council services</b> <i>Further detail: The Supporting Families Grant (previously Troubled Families) is paid to the Council each year direct from the Government via the Department for Levelling Up, Housing and Communities (DLUHC) in two parts; an upfront payment and followed by a series of payments-by-results (PBR) throughout the financial year. The budget proposal relates to the Council claiming the maximum grant allocation and using this to fund Early Help Services, including staff salaries</i>	367	0	367
CC08	<b>Cease to develop the Trauma Informed Practice model</b> <i>Further detail: The Children's Care Early Help Service (Stronger Families) has had an external contract to deliver Trauma Informed Practice training to Middlesbrough Early Help, Fostering and Children Looked After Services. This includes Trauma Informed Supervision to Social Workers and Early Help Practitioners on their cases to understand how trauma has affected children and adults to help them recover. The budget savings proposal is to cease this contract fully</i>	15	0	15
CC09	<b>Council contribution for Young Carers contract to support children and young people with caring responsibilities to be replaced with external funding</b> <i>Further detail: Council 25% contract contribution to be replaced with external funding to Young Carers Contract (services for children and young people who are caring for siblings or their parents); a South Tees contract in partnership with Redcar and Cleveland Council.</i>	27	0	27
CC11	<b>Delete posts in Children's Strategic Services</b> <i>Further detail: To delete vacant posts within the directorate, and rationalise posts following the Ofsted Inspection linked to improvement.</i>	85	0	85
CEN02	<b>Senior Management review</b> <i>Further detail: A senior management review has been proposed with the aim of saving £585,000.</i>	341	244	585
CEN03	<b>Capital financing cost savings arising from a review of the Investment Strategy</b> <i>Further detail: This relates to Adult Social Care (Disabled Facilities grant; replace Council funding with grant funding), Public Health (Health and Wellbeing Hub; remove current funding for extension to the Live Well Centre, with any new scheme requiring a new post-pandemic business case)</i>	162	0	162
ECS02	<b>10% increase in charges for building cleaning to schools and other organisations</b> <i>Further detail: This is line with inflation as with other fees and charges increases. This was not implemented early in November 2022 as part of the Financial Recovery Plan 2022/23, due to existing contracts being unable to be amended at that time</i>	249	0	249
ECS04	<b>10% increase in streetworks permit scheme charges (subject to national guidance)</b> <i>Further detail: This in line with inflation as with other fees and charges increases. This was not implemented early in November 2022 as part of the Financial Recovery Plan 2022/23 due to the threshold set by the Government for 2022/23 already being reached</i>	32	0	32
ECS09	<b>Cease enhanced level of support to community groups for environmental projects</b> <i>Further detail: This will reduce the ability of the Service to give small grants to community groups to assist with community events</i>	50	0	50



Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
ECS10	<b>Reduction of vacant post within Highways Services</b> <i>Further detail: Saving aligned with reduced Highways capital works to be undertaken in 2023/24 with minimal material effect</i>	35	0	35
ECS11	<b>Reduction in Council funding to Environment City</b> <i>Further detail: This will reduce the level of support for Environment City which may lead to less activity on the Environmental agenda. However, this may be mitigated by Environment City attracting additional resource from elsewhere</i>	47	0	47
ECS13	<b>Vacate Co-op building used for Locality Working in Newport and use alternative location</b> <i>Further detail: Staff will move into Newport Hub</i>	30	0	30
ECS16	<b>Increased use of Indigenous Growth Fund (IGF) grant funding to fund Council services in the Town Centre, such as Area Care</b> <i>Further detail: Town Centre staff will be funded through the Indigenous Growth Fund (IGF) instead of core budget, with no effect on the Service</i>	142	0	142
EP02	<b>Cease Council contribution to Virtual School</b> <i>Further detail: This will mean the Council will stop providing additional funding to the Virtual School. The Virtual School's costs are covered by the Dedicated Schools Grant. The Council provides approximately £26,000 as a contribution, which acts as a contingency and buffer for unanticipated costs in-year related to looked after young people (e.g. increase in number or an increase in complexity). By removing this contingency a saving will be made</i>	26	0	26
EP03	<b>Remove Council subsidy for Bright Stars Nursery</b> <i>Further detail: Nursery will remain open, two staff will revert from whole time to term time hours</i>	21	0	21
EP04	<b>Reduce Education Achievement Team from 3 to 1 members of staff</b> <i>Further detail: Removal of two posts within the team, one which is vacant. Use of alternative external funding for remaining one member of staff reducing Council expenditure.</i>	106	0	106
EP05	<b>Technical adjustment within Ethnic Minorities Achievement Team (EMAT) budget</b> <i>Further detail: The Ethnic Minorities Achievement Team (EMAT) will have their budget reduced by £6,000 and this will have minimal impact</i>	6	0	6
EP06	<b>Develop Children's Centres into Family Hubs</b> <i>Further detail: The proposal will use alternative external funding streams to develop the Centres into the formation of Family Hubs</i>	154	153	307
FIN06	<b>Council spend for Welfare Rights service to be replaced with alternative external funding</b> <i>Further detail: Use of alternative external funding stream to fund Welfare Rights Service</i>	130	44	174
LGS02	<b>Reduction in computer maintenance element of ICT supplies and services budget</b> <i>Further detail: Budget reduction to ICT budget</i>	16	0	16
LGS03	<b>Democratic Services reduction in member and non-member related administration</b> <i>Further detail: Removal of vacant posts via staffing review</i>	44	31	75

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
LGS04	<b>Deletion of 2 project management posts</b> <i>Further detail: This will be achieved by the transfer of two posts to Adult Social Care to support project management of preparation for CQC inspections and compliance with the Care Act, for which funding is provided by grants</i>	100	0	100
LGS05	<b>Delete apprentice post in ICT service</b> <i>Further detail: An apprentice post which has been vacant for a long time will be deleted from the structure</i>	14	0	14
LGS06	<b>Delete political assistant vacancy</b> <i>Further detail: Currently there is a vacant political assistant post for the MIG group and the saving relates to the deletion of this post. The ability to achieve this saving will be determined following the May 2023 elections and the political constitution of the Council. If the saving cannot be made in this manner then other solutions in reducing administration costs in this service area will be sought</i>	20	19	39
LGS07	<b>Reduction in administrative support to senior managers</b> <i>Further detail: Reduced capacity during sickness absence to offer traditional support solutions e.g. minuting. Support to LMT would be transformed with more self-serve required. Vacant posts would be removed from the structure to achieve the saving</i>	47	0	47
PH01	<b>Reduced management capacity of the Public Health Team</b> <i>Further detail: This involves the removal of five posts from the structure, all of which are currently vacant. Four of the posts are jointly funded with Redcar and Cleveland Council, and therefore the saving only relates to Middlesbrough's contribution to the posts</i>	181	0	181
PH02	<b>Reduction in expenditure on miscellaneous Public Health programmes, including reduced support to other networks</b> <i>Further detail: Reductions in various non-pay discretionary expenditure</i>	115	0	115
RC03	<b>Director of Regeneration general restriction of discretionary spend</b> <i>Further detail: Removal of funds to initiate work sometimes required to start new capital projects</i>	25	0	25
RC04	<b>Economic Development reshaping of Economic Growth Team to provide a greater focus on town centre issues funded by external resources</b> <i>Further detail: Changing the role of the team to better fit the criteria of other funding pots, giving greater emphasis to the Town Centre</i>	100	0	100
RC08	<b>Reduction of 20% in the Council's Marketing and Communications function</b> <i>Further detail: Removal of two/three posts within the Marketing and Communications team</i>	70	28	98
RC09	<b>Highways Service Management reduction in team supporting development of the road network</b> <i>Further detail: Removal of one post relating to various functions which manage strategic development of road network</i>	30	0	30
<b>TOTAL</b>		<b>4,456</b>	<b>538</b>	<b>4,994</b>

**Appendix 1a: Further detail of fees and charges increases**

<b>Ref:</b>	<b>Budget savings proposal</b>	<b>23/24 (£000's)</b>
<b>Various</b>	<b>Continuation of fees and charges increases implemented early in November 2022 as part of the Financial Recovery Plan 2022/23 (full year effect)</b> <i>Savings detail: Continuation of 2023/24 increases applied in November 2022 as part of the Financial Recovery Plan 2022/23. The areas affected are detailed in Appendix 1 of Executive report approved 18 October 2022.</i>	1,111
<b>Directorate</b>	<b>Brief Detail</b>	<b>Additional Income 23/24 (£000's)</b>
<b>ASC</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	85
<b>ASC</b>	Trading Standards / Environmental Protection - 10% increase in various application, licence, and permit fees	6
<b>ASC</b>	Connect Service - 10% increase in fees charged	34
<b>CC</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	3
<b>EP</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	37
<b>EP</b>	Stainsby Nursery - 10% increase in fees charged	30
<b>ECS</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	16
<b>ECS</b>	Bereavement Services - 10% increase in cremation fees (from £820 to £902) and burial fees (from £660 to £726) and memorial items	247
<b>ECS</b>	10% increase in various fees and charges for Highways, Building Maintenance and Running Costs	14
<b>ECS</b>	Area Care - 10% increase in allotment rents	6

Directorate	Brief Detail	Additional Income 23/24 (£000's)
ECS	My Place - 10% increase in rent and room hire charges	16
ECS	Libraries and Community Hubs - 10% increase in charges for fines, other charges, and room hires	18
FIN	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	4
FIN	Adult Social Care Payments and Charging Team - 10% increase in fees charged	2
FIN	10% increase in Council Tax Collection (Court costs/Housing Benefit overpayments)	209
GS	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	10
GS	Legal Services - 10% increase in fees charged for services provided	21
GS	Registrars Service - 10% increase in fees for various services provided, e.g. weddings, birth/deaths, etc. (where not statutory controlled)	26
RC	10% increase in all long and short stay parking charges (both on and off street), including permits & season tickets (for example £2 long stay at Zetland Car Park increased to £2.30, and most popular short stay 2 hours increase from £1.30 to £1.50)	150
RC	Valuation Services - 10% increase in fees for services provided	19
RC	10% increase in Culture fees and charges (including Town Hall, Theatre, Newham Grange Leisure Farm, Parks, Museums)	148
RC	Concessionary Fares - 10% increase in charge for passes	1
RC	Highways Service Management - 10% increase in various charges	9
RC	BOHO - 10% increase in charges to tenants for landlord charges	1
<b>TOTAL</b>		<b>1,111</b>

## Appendix 2: Budget savings proposals considered to potentially affect front line service delivery levels

These proposals will form part of the 2023/24 revenue budget, and have been subject to the impact assessment process and consultation either prior to consideration by Full Council as part of the 2023/24 revenue budget, or during 2023/24 for implementation in that year.

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
CC06	<b>Do not implement Council decision to extend Youth Services in areas of high anti-social behaviour</b> <i>Impact: This would reverse a previous decision of Council to allocate additional funding support to Youth Services</i>	150	0	150
CC10	<b>Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team to the statutory minimum</b> <i>Impact: The capacity of the service will be reduced and therefore this may adversely affect the length of time it takes to provide support to young people who are not in Education, Employment or Training</i>	54	0	54
CEN01	<b>Do not implement Council decision to pilot Locality Officer in Hemlington</b> <i>Impact: This proposal will reduce the impact of the opening of the locality Hub at Hemlington and will lead to reduced levels of focused locality work in the Hemlington area with members of the public, businesses and partner organisations</i>	40	0	40
ECS03	<b>School Catering increase in primary school meal prices from £2.15 to £2.40 and secondary school meal prices from £2.25 to £2.50 in line with inflation</b> <i>Impact: The proposal could see children shift away from school meals to packed lunches</i>	181	0	181
ECS05	<b>Increase rent charges by 10% at Metz Bridge Travellers Site in line with inflation</b> <i>Impact: This will result in a increase of around £9.50 per week in rent</i>	10	0	10
ECS06	<b>Street Lighting; approx.1 in 2 lights turned off between midnight and 6am, in less used spaces and intermittently in other appropriate spaces where safe to do so (will not affect road junctions and major roads)</b> <i>Impact: This will see darker streets and spaces between midnight and 6 am. The locations of those lights turned off will be kept under review to manage any safety concerns</i>	74	74	148
ECS07	<b>Do not implement Council decision to provide Pest Control Services</b> <i>Impact: If this proposal is agreed it will mean that the Council does not offer a subsidised domestic pest control service. People will still be able to obtain private pest control services. The Council will still undertake pest control on its land</i>	90	0	90
ECS08	<b>Do not implement Council decision to provide additional Tree Maintenance service</b> <i>Impact: This proposal will see the present tree maintenance policy maintained and the council will keep its present tree maintenance regime and react to dead, dying, diseased, or dangerous trees</i>	150	0	150

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
ECS12	<b>Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding</b> <i>Impact: This proposal will see a reduction in neighbourhood wardens in estates and other residential areas. Environment Wardens will still be maintained to deal with fly tipping and other environmental crime. The Town Centre and areas of the town that have a Public Space Protection Order in place will still have a warden presence</i>	583	417	<b>1,000</b>
ECS14	<b>Reduce opening hours of hubs in line with demand, and introduce self-serve at Rainbow and Neptune libraries, and reduce opening hours of other libraries in line with demand. Also delete vacant posts and reduce expenditure on supplies and services in Libraries and Hubs</b> <i>Impact : Libraries and hubs will be closed to the public an additional day each week on average in line with demand. Those groups who hire the facilities will still be able to do so on those days through the introduction of key holding where required. Some libraries will move to self service in respect to loaning books</i>	208	63	<b>270</b>
EC5	<b>Scale back approved additional capital investment of £15m in Highways Repairs and Maintenance to £7.5m producing capital financing cost savings</b> <i>Impact: There will continue to be a repairs programme, however it will be reduced by half. In real terms this will reduce capacity to maintain roads by approximately two thirds as a result of the increased cost of materials</i>	162	0	<b>162</b>
RC02	<b>Captain Cook Car Park introduction of £1 charge as replacement of 3 hours free parking at Captain Cook, after fall-off of Tees Valley Combined Authority (TVCA) grant</b> <i>Impact: Shoppers staying for up to three hours would be able to park for £1 rather than for free under the current offer</i>	200	0	<b>200</b>
RC05	<b>Events team to reduce by 1-2 posts, and external funding to be sought to deliver events</b> <i>Impact: Reduction in capacity and funding to deliver Events</i>	120	28	<b>148</b>
RC06	<b>New model for parks management</b> <i>Impact: The number of parks staff would be reduced by removing current vacancies, leading to the presence in parks being provided on a 'touring' basis rather than for fixed hours each day</i>	44	0	<b>44</b>
RC07	<b>Move to digital only production of Love Middlesbrough magazine</b> <i>Impact: Love Middlesbrough magazine would only be available online and by email</i>	7	0	<b>7</b>
<b>TOTAL</b>		<b>2,073</b>	<b>581</b>	<b>2,654</b>

REVENUE BUDGET 2023/24

	2022/23		2023/24	
	£'Million	£'Million	£'Million	£'Million
<b>Net Service Expenditure</b>				
Regeneration & Culture	3.474		(1.914)	
Environment & Community Services	19.358		20.181	
Public Health	(2.827)		(3.123)	
Education & Partnerships	0.989		5.405	
Children's Care	38.298		54.675	
Adult Social Care	43.281		49.763	
Legal & Governance Services	9.604		10.389	
Finance	0.200	112.377	4.474	139.851
<b>Levies</b>				
Environment Agency	0.117		0.120	
River Tees Port Health Authority	0.018	0.135	0.000	0.120
<b>Central Provisions &amp; Budgets</b>				
Covid-19 Grant Income Held Centrally	(0.864)		(0.864)	
Provisions for Pay & Prices and Contingencies	14.480		5.703	
Senior Management Review Savings	0.000		(0.341)	
Social Care Grant Income Held Centrally	(8.543)		(13.189)	
Local Tier Services Grant Held Centrally	(0.300)		0.000	
Services Grant*	(3.172)		(1.788)	
Flexible Use of Capital Receipts	0.000		(3.000)	
Change Fund	0.230		0.730	
Net Capital Financing Costs	10.466		9.438	
Added Years Pensions	1.266		1.219	
Apprentice Levy	0.274		0.274	
Section 31 NNDR Grant	(8.958)		(11.881)	
Designated Authority Costs	0.040		0.040	
Custodian Properties	0.008	4.927	0.008	(13.651)
<b>Net Spending</b>		117.439		126.320
Contribution (from) / to Reserves & Provisions		0.858		0.000
<b>Net Revenue Budget</b>		118.297		126.320
<b>Parish Precepts</b>				
Nunthorpe		0.020		0.022
Stainton & Thornton		0.012		0.012
<b>Net Revenue Budget (inc. Precepts)</b>		118.329		126.354
<b>Funded by:</b>				
Revenue Support Grant		12.598		14.182
Top up Payment		27.299		29.347
Retained Business Rates		15.468		16.356
Council Tax		63.783		67.309
Collection Fund Balance		(0.819)		(0.840)
		118.329		126.354

\*Note Services Grant was shown against Provision for Pay & Prices & Contingencies for 22/23 Budget Report/Appendix 1 - restated on separate line for like for like comparison to 23/24

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<b>Subject of assessment:</b>	Middlesbrough Council Budget 2023/24			
<b>Coverage:</b>	Crosscutting			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input checked="" type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b>Key aims, objectives and activities</b></p> <p>By law the Council has to agree a balanced budget annually. The purpose of this Impact Assessment is to assess the cumulative impact of the 2023/24 budget proposals. The Public Sector Equality Duty (PSED) places a statutory duty on the Council to ensure that it identifies where decisions would impact disproportionately adversely on groups that share a protected characteristic under UK law and then consider those proposals in line with the PSED. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. To ensure compliance with the PSED the Council has identified what the impact of proposals will be. Where there is a risk that they will have a disproportionate adverse impact, consideration has been given to steps needed to avoid or mitigate that impact. Mitigation will include steps to take account of the different needs of groups and may result in adjustments to meet their needs. Where decisions cannot be fully mitigated or avoided, they must be justified if they are still brought forward, in order to comply with the PSED. This overall IA considers the overall budget process, in particular:</p> <ul style="list-style-type: none"> <li>Appendix 2: - Savings proposals considered to potentially affect front line service delivery levels. These initiatives will form part of the 2023/2024 revenue budget and were subject to the impact assessment process and consultation prior to consideration by Full Council as part of the 2023/2024 revenue budget setting process.</li> </ul>			

The following proposals were removed from Appendix 2, either because they have been removed, or the way they will be achieved has been amended and so will not therefore impact on the public. Where amended, proposals were moved to Appendix 1. The impact of this is:

- Redesign of Gleneagles (CC02), proposal removed
- Cease providing Family Group Conferencing and incorporate workloads into social work teams (CC03), proposal removed
- End Safe Families contract (CC04), moved to Appendix 1
- Reduction in Council Commissioned Youth Service Contracts by £100,000 (CC05), proposal removed.
- Cease the Young Carers contract (CC09), moved to Appendix 1
- Reduce direct provision of and financial support to families to provide non-residential short breaks for children and young people with disabilities (CC 12), proposal removed
- Closure of future operations of existing local authority nursery, based on appropriate levels of risk assessments (EP 03), moved to Appendix 1
- Cessation of the Welfare Rights Solution from the 1<sup>st</sup> April 2023 as part of the Budget proposal savings (FIN 06), moved to Appendix 1.

A general consultation email address was launched along with a consultation section on the Council's website, promotional posters and social media promotion. This resulted in receipt of a small number of queries about the process, 2 sets of questions in relation to the youth Services provision, and a comment about the standard let's talk survey questions. There were 573 responses through the online consultation survey. One Trade Union has submitted a letter and a petition with over 350 signatures was received in relation to the Youth Services proposal. Social media promotion of the consultation is estimated to have reached up to 19,000 people on Facebook and 10 posts on twitter were viewed between 700 and 1,200 times.

**Statutory drivers (set out exact reference)**

A number of statutory duties, guidance, legislation and regulations are relevant to this proposal which will be considered, these include but are not limited to:

- Budget setting - Local Government Act 1972
- Individual proposals – various as set out in individual Impact Assessments
- Impact Assessment process – Equality Act 2010.

	<p><b>Differences from any previous approach</b> The budget sets out a range of changes to services and functions as a result of financial pressures on the Council. These are outlined in the main body of the report.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external)</b> All residents of Middlesbrough and customers of MBC. Some proposals are more relevant to certain groups than others and this is set out within the individual assessments, which are also appended and the excel table. Some proposals also impact on staff.</p> <p><b>Intended outcomes</b> To present a budget to Council that has given full consideration to the impact of proposals and gives proper consideration to the Council's equality duties.</p>
<b>Live date:</b>	April 2023 onwards
<b>Lifespan:</b>	April 2023 – March 2024
<b>Date of next review:</b>	March 2024

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals impact on human rights. None of the assessments have identified that there could be an adverse impact on human rights as a result of a proposal.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Feedback on the impact assessments completed for the Budget Consultation identified a number of proposals as being potentially relevant to age and disability protected characteristics.</p> <p>The Impact Assessments (stage one and two) attached to the report identified that there could be a disproportionate adverse impact on individuals or groups because of age and disability following completion of stage 2 impact assessments:</p> <ul style="list-style-type: none"> <li>• Enhanced Youth Services (CC06)</li> <li>• NEET (CC10)</li> <li>• Hubs and Libraries (ECS14).</li> </ul> <p>Detail set out below:</p> <p>Not implementing the additional funding will impact on Young People of Middlesbrough however this will be mitigated by the removal of other planned budget cuts to Youth provision which will enable the service to continue to deliver Universal Youth Work and Transitions Youth Work. This includes a range of open access Youth Clubs sessions across different wards of Middlesbrough and social action projects which are delivered by the Youth Service Providers.</p> <p>The impact of the reduction in capacity in the NEET team will result in an increase in time taken for young people to be able to access timely support from suitably qualified NEET Support workers when they are at NEET, this could leave young people in situations of financial hardship and unable to access education, employment or training opportunities within the local labour market for longer until services can be accessed. This impact can be mitigated by focus of the team on</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>statutory functions of the Local Authority, which are outlined by the Department for Education. The proposal will ensure statutory levels of service provision continue to be provided, however there will be reduced capacity in the team to deliver over and above this.</p> <p>In relation to Hubs and Libraries (ECS14), the proposal is to reduce the opening hours proportionately across the service to maintain a presence but with reduced number of open days (implementation plan set out in the individual impact assessment). The level 1 IA identified that the plan to reduce the days on which the My Place centre was open was relevant to the age and disability protected characteristics because of the nature of the services provided there.</p> <p>Services on the day that it will be closed will be moved to an alternative location or moved to another day, which will mitigate the impact of the proposal on these protected characteristics. Most children and young people using the centre are already travelling to access the venue already and therefore if the location is moved, it will be to another location that is accessible by vehicles and that the facilities in the building are suitable for the needs of the children and young people, or the service delivery would be moved to another day on the same site. In line with the PSED the Council has considered whether these impacts could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impacts could be mitigated. It is the Council's assessment that the impact of these proposals is mitigated. Evidence used to inform this assessment includes the individual impact assessments and the consultation process.</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The individual impact assessment for this proposal raised concerns around the race protected characteristic for proposal Metz Bridge (ECS0)5. This was because the provision is targeted provision for individuals and families who identify as Gypsies and Travellers. In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is partially mitigated by fact that the rent has not been raised in line with inflation in some time, however it must be acknowledged that the rental charge is higher than neighbouring authorities for similar service provision.</p> <p>Analysis from the responses from the 573 people and organisational representatives along with the one petition and one trade union response, it was identified that while there was overall support for the proposal. When that data was segmented by race, it showed a significant difference in support for the proposal from the BAME community. 7% overall were against the proposal, compared to 21% of those who identified as BAME of those who answered the question, although this equates to a very small number (equates to 6 people). There was also concern from a small number of individuals that the proposal could result in discrimination. Having considered proposal there are no concerns that this is the case. However, it must be acknowledged that because of the nature of the service, the make-up of the users, the proposal will only impact on those from the gypsy and traveller community. In line with the PSED, the proposal is considered to be justified because of the need to achieve a balanced budget and the length of time since the costs were last increased.</p>
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council carried out impact assessments of all proposals within Appendix 2, the outcome of this was there were no concerns that any of the proposals could result in a disproportionate adverse impact on individuals or groups holding these protected characteristics.</p>
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The impact assessments for proposals Enhanced Youth Services (CC06), Neighbourhood Safety (ECS12) and Hubs and Libraries (ECS14) found that the proposals will have a negative impact on community cohesion.

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\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The concerns are Community Cohesion could be impacted by not providing enhanced Youth Services (CC06) in areas of Middlesbrough where the residents, community and businesses are experiencing high levels of anti-social behaviour. The impact of this proposal will be mitigated by the removal of the proposal to reduce the core Youth Services funding provision which will enable the service to continue to provide services and also work with existing provision to target anti-social behaviour issues, albeit without the enhanced budget.</p> <p>Feedback from the impact assessment for the Hubs and Libraries proposal (ECS14) raised concerns around a possible negative impact as the spaces provide community facilities for people in local communities to meet. The Hubs and Libraries proposal would be mitigated by maintaining a presence in communities by the approach that has been taken to reduce opening days across venues rather than reducing the overall number of venues available in the communities around Middlesbrough.</p> <p>Neighbourhood safety (ECS12) proposal identified that statutory functions would be maintained and the impact of the proposal would be partially mitigated by the use of external funding to maintain a presence in the town centre area. However, overall there will be reduced provision which could impact on community cohesion.</p> <p>While the Youth Services and Hub and Libraries services proposals are mitigated, it is not possible to fully mitigate the Neighbourhood Safety proposal. It is considered that the impact of this proposal on community cohesion is justified because of the need to achieve a balanced budget and ensure statutory service provision is maintained.</p> <p>Evidence used to inform the assessment includes analysis of the budget survey, individual engagement with current providers and users where applicable and social media engagement.</p>

Further actions		Lead	Deadline
Mitigating actions	Set out in individual impact assessments	Individual IA leads	Various



<b>Promotion</b>	Promotion of changes where there is an impact on service delivery will be undertaken	Individual IA leads	Various
<b>Monitoring and evaluation</b>	Overall monitoring of the impact will be embedded within performance management arrangements for 2023/24	A Johnstone	May 2020

<b>Assessment completed by:</b>	Shagufta Hussain	<b>Head of Service:</b>	Ann-Marie Johnstone
<b>Date:</b>	30 January 2023	<b>Date:</b>	6 February 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Do not implement Council decision to extend Youth Services in areas of high anti-social behaviour			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>X Other Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

<p><b>Description:</b></p>	<p><b><u>Key aims, objectives and activities</u></b>  On 14<sup>th</sup> February 2022 the Council Executive approved additional budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These additional Youth Services to run concurrently with the existing Youth Service contracts, to ensure there is a comprehensive youth offer in Middlesbrough. The Budget Savings proposal is not to implement the Council decision to extend Youth Services in areas of high anti-social behaviour</p> <p><b><u>Statutory drivers (set out exact reference)</u></b></p> <p>Councils have a statutory duty to “secure, so far as is reasonably practicable, sufficient provision of educational and recreational leisure-time activities for young people” and to make sure young people have a say in the local offer. This is often referred to as the ‘youth services duty’ (Section 507B, Education Act 1996). The decision of the Executive to provide a Youth Service Model via commissioned contracts was made in July 2020 and this relates to the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996). On 14th February 2022, the Council Executive approved additional budget of £150,000 for the provision of Enhanced Youth Services in areas of high anti-social behaviour.</p> <p><b><u>Differences from any previous approach</u></b></p> <p>The budget savings proposal is to not to allocate budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These services have not yet been put in place, pending the outcome of the consultation regarding budget proposals.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b></p> <p>Beneficiaries are children and young people who would have accessed the youth sessions and detached youth work, which was planned for delivery in areas of Middlesbrough where there is identified high levels of young people related, anti-social behaviour. Key Stakeholders also include the Youth Providers who could have delivered this provision and the residents and businesses within the communities where the Targeted Youth work was to be delivered (Central, Berwick Hills and Pallister Park and Hemlington) which includes detached and outreach delivery of youth services and is focused specifically on those areas where there are concerns about exploitation of young people or there is identified anti-social behaviour which has been identified by the Neighbourhood Police or the Community Safety Teams. The additional Youth Service provision was planned to include intensive support to individual young people identified as at risk of or involved in antisocial behaviour and to the whole family including parents and siblings, predominantly pre court/ conviction.</p> <p>Young People of Middlesbrough will have a reduced Youth Service offer, there will be a reduction including 1-1 Youth Work interventions, small group work and detached sessions across several locations and wards.</p> <p><b><u>Intended outcomes</u></b></p> <p>Not to implement the Councils decision to provide Enhanced Youth Services to make savings of £150,000.</p>
<p><b>Live date:</b></p>	<p>April 2023 onwards</p>
<p><b>Lifespan:</b></p>	<p>This is a permanent budget saving which will commence from 1<sup>st</sup> April 2023 and the Enhanced Youth Services will not be provided.</p>
<p><b>Date of next review:</b></p>	<p>Not applicable</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The budget savings proposal will not impact on the duties performed by the service and will not impact on individual Human Rights as defined in the UK legislation.  Evidence used to assess this impact includes the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996) and feedback from the budget consultation process which found no concerns in relation to human rights.

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

**Equality**

Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?\*



The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The decision not to provide additional Youth Services to make budget savings of £150,000 is relevant to the protected characteristics of 'age' which is protected by the equality duty and also those young people who are accessing Youth Services and have a disability, which is a protected characteristic. Under the proposal existing services will continue.

Enhanced Youth Services is available to Young People aged 11 to 18 years. On this basis a Level 2 Impact Assessment is required as there will be a direct adverse impact on the Young People who are currently accessing these services and support if it ceases. The Council must therefore carry out a Level 2 Impact Assessment to determine if the impact of this budget saving proposal can be mitigated and if it cannot be mitigated, whether it can be justified.

Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified concerns that the proposals could impact disproportionately on children, and is therefore

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				relevant to the age protected characteristic. Within the survey process around 20% of respondents agreed with the proposal, compared to 49% who opposed it.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There are concerns that Community cohesion could be impacted by not providing enhanced Youth Services in areas of Middlesbrough where the residents, community and businesses are experiencing high levels of anti-social behaviour, which has been identified by the Neighbourhood Police and the Community Safety Teams. Without the provision of additional and enhanced Youth Services and positive activities for Young People, there could be an adverse impact on young people in terms of risk of exploitation, offending and harm outside of the home.  Feedback from the budget consultation also included concern from residents about the impact the proposal could have on community safety.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	<i>G. Earl</i>
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	Events team to reduce by 1-2 posts reducing capacity and funding to delivery Council run events such as Orange Pip Market.			
<b>Coverage:</b>	The saving would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To reduce the budget for events delivery to create a saving of £148,000.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Non statutory service.</p> <p><b><u>Differences from any previous approach</u></b> The budget for events in Middlesbrough is currently £148,000 which funds two members of staff and a number of events including Orange Pip and Christmas. It also allows a number of smaller, non-council events to be supported. The saving would result in reduction in internal capacity to deliver events, although this would be partially mitigated by securing external funding on a case by case basis. As a result, all Council run events would reduce, and there would be reduced capacity for the Council to support other events on Council land. External funding would be sought to provide some capacity if possible, and a sum has already been identified from an alternative external source to enable a reduced number of Orange Pip events to take place in 2023/24 if the staffing resource to manage them can be identified internally.</p> <p>The number of Council-run events would reduce. External funding would be sought to replace Council funding</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b> All potential event attendees and partner organisations who rely on the Council for support to host events.</p> <p><b><u>Intended outcomes.</u></b> To save £148,000.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023			
<b>Lifespan:</b>	Permanently from April 1 <sup>st</sup> 2023			
<b>Date of next review:</b>	None Planned			
<b>Screening questions</b>	<b>Response</b>			<b>Evidence</b>
	<b>No</b>	<b>Yes</b>	<b>Uncertain</b>	

**Human Rights**

Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?\*



The service does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this

Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.



**Equality**

Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?\*



The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Although some events supported by the team are specific to particular identities, the Council has no formal obligations to provide or support these events. The decision would not necessarily see those events cease but would mean their production is no longer supported financially by the Council. The Council will continue to ensure an inclusive approach to future event planning.

Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 50% of respondents agreed with the proposal, compared to 29% who opposed it.

<p><b>Community cohesion</b>          Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Although some events supported by the team are to promote community cohesion or are specific to particular identities, the Council has no formal obligations to provide or support these events. The decision would not necessarily see those events cease but would mean their production is no longer supported financially by the Council.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion</p>
<p>There is no requirement for a full assessment at this stage</p>				

<b>Assessment completed by:</b>	Richard Horniman	<b>Head of Service:</b>	N/A
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Scale Back Approved Highways Capital Investment			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To save £162k which is based on the authority reducing its original Capital ask of £15m to £7.5m in turn reducing the cost of capital financing costs to the authority. This will be achieved through scaling back the original request for additional capital investment in Highways Infrastructure repairs and maintenance to produce the identified capital financing cost savings.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Statutory drivers - The Council has a duty to maintain the highway under S.41 Highways Act 1980.</li> <li>• <b>Differences from any previous approach</b> No differences from previous approach but a reduction in capital spend from £15m to £7.5m.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are all highway services, Residents, Members, all highway users and the Council.</li> <li>• <b>Intended outcomes.</b> Scaling back previously approved highways capital investment thus enabling a reduction of £162k in capital financing costs.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2023.			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2023 onwards.			
<b>Date of next review:</b>	N/A			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	There are no concerns that the proposals could impact adversely on human rights. Evidence used to inform this assessment includes analysis of current service provision.  Annual report and feedback from the budget consultation process which found no concerns in relation to human rights.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that the proposal could impact differently on these individuals because they hold this protected characteristic. Evidence used to inform this assessment includes analysis of current service provision.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 13% of respondents agreed with the proposal, compared to 62% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	☒	☐	☐	<p>Not applicable. There are no concerns that the proposal could have an impact on community cohesion.</p> <p>There is no evidence to indicate that service users and / or the wider community have any concerns about the impact of the proposals on community cohesion.</p> <p>Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns that the proposal could impact negatively on this section.</p>
<p><b>Next steps:</b></p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Chris Bates	<b>Head of Service:</b>	Chris Bates
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023

**Template for Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Reduce opening hours of hubs in line with demand, and introduce self-serve at Rainbow and Neptune libraries, and reduce opening hours of other libraries in line with demand. Also delete vacant posts and reduce expenditure on supplies and services in Libraries and Hubs			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to reduce opening hours of hubs and libraries in order to reduce staffing costs. This will mean that the community will not have access to these facilities as often as they currently do however this approach will prevent the need to close any of the venues entirely.                  It is proposed that alternatives are explored for keeping the buildings open working with the community and organisations that use the buildings for community activity.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  Public Libraries and Museums Act 1964 - Statutory duty to provide a comprehensive and efficient library service</p> <p><b><u>Differences from any previous approach</u></b>                  Each venue will close for one extra day to avoid the need to close any of them entirely. The venues within scope open for a variety of times already, the individual impact will therefore be:</p> <ul style="list-style-type: none"> <li>- Central – current opening = 6 days – revised opening = 5 days</li> <li>- Acklam – current = 4.5 days – revised opening = 4 days</li> <li>- Thorntree – current opening = 5 days – revised opening = 4 days</li> <li>- Marton – current opening = 3.5 days – revised opening = 3 days</li> <li>- Newport – current opening = 5 days – revised opening = 4 days</li> <li>- North Ormesby– current opening = 5.5 days – revised opening = 4.5</li> <li>- Easterside – current opening = 5 days revised opening = 4 days</li> <li>- Grove Hill – current opening = 5 days – revised opening = 4 days</li> <li>- Hemlington – current opening = 3.5 days revised opening = 3 days</li> <li>- MyPlace – current opening = 5 days revised opening = 4 days</li> <li>- Rainbow – current opening = 4.5 days revised opening as self-serve only = 4.5</li> <li>- Neptune – current opening = 4 days revised opening as self-serve only = 4</li> <li>- Mobile Provision – currently operating 5 days revised opening = 4 days</li> </ul> <p>2 venues, Neptune and Rainbow Centre libraries will become library self-serve only.</p>			

	<p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>  All Elected Members who represent their constituents. Residents of Middlesbrough, multiple external partners that use the buildings, community and voluntary groups</p> <p><b><u>Intended outcomes.</u></b>  To achieve a balanced budget</p>
<b>Live date:</b>	April 2023 onwards
<b>Lifespan:</b>	NA
<b>Date of next review:</b>	NA



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Whilst the service will be reduced, there will still be a service. It is not anticipated that the proposal will impact on human rights.  Evidence used to inform this assessment includes feedback from the budget consultation process which found no concerns in relation to human rights.

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

<p><b>Equality</b>          Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>All venues will remain open however there will be reduced access to them due to reduced opening hours.</p> <p><b>Staff impact</b>          To deliver the saving a service review will be undertaken to reduce the volume of staffing on the sites in line with the reduced opening hours. There are 58 staff in scope and a separate service review will be undertaken to implement the decision to ensure the proposal is implemented fairly, should this proposal be approved by Council. This will be subject to a further impact assessment.</p> <p><b>Public impact</b>          Analysis of the proposal has identified that it is relevant to the age and disability protected characteristics because of the My Place facility which is in scope. My place delivers services to children and young people, most of whom are also accessing the services because they have a disability as defined by the Equality Act.</p> <p>The impact will be reduced access to services that are available from within the hubs and accessing the activities that are delivered from these sites. The impact will be mitigated by moving activities to dates that the service is open where is possible, moving sites, delivering</p>
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Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>services in an alternative way where the building is not open to the public and looking at alternative delivery models for services delivered from the building.</p> <p>In relation to My Place the proposal is to reduce the opening hours to 4 days from 5. Services on the day that will be closed will be moved to an alternative location or moved to another day, which will mitigate the impact of the proposal on these protected characteristics.</p>
				<p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 42% of respondents agreed with the proposal, compared to 32% who opposed it.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The proposal is relevant to this theme as it provides community facilities for people in local communities to meet in public spaces. This will be mitigated by maintaining a presence in communities by the approach that has been taken to reduce across venues rather than reducing the overall number of venues available in the communities around Middlesbrough.</p> <p>Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were concerns expressed by some as to the impact of this proposal on their ability to access local services and resources. This impact has been mitigated as part of the proposal development by ensuring assets remain in place, although access is reduced by the reduction in opening hours, rather than closing some sites completely.</p>
<p><b>Next steps:</b></p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

**Template for Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Do not implement Council decision to pilot Locality Officer in Hemlington			
<b>Coverage:</b>	Hemlington Ward			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to remove the vacant locality working officer post. This post would have acted as a coordinator of activity overseeing action plans and partnership working in Hemlington. The locality hub will still remain in operation.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> This is not a statutory service.</p> <p><b><u>Differences from any previous approach</u></b>                  This post was never implemented in Hemlington and the activity is being undertaken by existing resources.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                  Hemlington Elected Members who represent their constituents. Residents of Middlesbrough, Police, fire, TEWV, YOS that use the buildings, community and voluntary groups.</p> <p><b><u>Intended outcomes.</u></b>                  To achieve a balanced budget</p>			
<b>Live date:</b>	April 2023			
<b>Lifespan:</b>	NA			
<b>Date of next review:</b>	NA			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	☒	☐	☐	This post was never implemented in Hemlington and the activity is being undertaken by existing resources. It will therefore not impact on this Annual report and feedback from the budget consultation process which found no concerns in relation to human rights.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>This post was never implemented in Hemlington and the activity is being undertaken by existing resources. It will therefore not impact on this. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition, one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 32% of respondents agreed with the proposal, compared to 29% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	This post was never implemented in Hemlington and the activity is being undertaken by existing resources. It will therefore not impact on this  Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns about community cohesion although there were concerns about anti-social behaviour.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

### Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	Move to digital only production of Love Middlesbrough magazine			
<b>Coverage:</b>	The saving would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To reduce the cost of the Love Middlesbrough magazine while still maintaining communications with residents.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Non statutory service.</p> <p><b><u>Differences from any previous approach</u></b> The current approach is provision of a digital and a home delivered copy. Under the proposal delivery will move to a digital only model.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b> All households of Middlesbrough and others who read the magazine online.</p> <p><b><u>Intended outcomes.</u></b> To reduce the cost of this magazine.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023			
<b>Lifespan:</b>	Permanently from April 1 <sup>st</sup> 2023			
<b>Date of next review:</b>	Not applicable			



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The magazine does not impact upon the human rights of individuals and therefore the saving would not adversely affect this.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.

<p><b>Equality</b>          Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The proposal is relevant to the disability and age protected characteristics. Although the magazine can be used to highlight the issues experienced by specific groups or individuals, it will still be produced and available electronically. We are not aware of the physical magazine being utilised to support people with specific characteristics (e.g. disabilities) but would seek to mitigate this if identified. Digital provision would meet accessibility standards to support those who use support tools to access information and services online. It is possible that the decision would reinforce digital exclusion, particularly among the elderly but the provision of computers in libraries and other premises mitigate this to a degree. As access to the internet through mobile devices in Middlesbrough is high, and other forums / routes are generally used to promote the information contained within Love Middlesbrough, access should still be achievable for most people.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations, feedback from the consultation process information on smart phone coverage in the town. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in</p>
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Screening questions	Response			Evidence
	No	Yes	Uncertain	
				relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics, although some concerns were expressed about perceived digital access, however studies have shown that there is widespread digital access in the town, and the Council has also provided additional support programmes to those elderly individuals where they identify digital access support needs. Within the survey process around 76% of respondents agreed with the proposal, compared to 10% who opposed it.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The service does not have any impact on the particular communities, so proposed savings do not affect any community in particular. Provision of digital copy in an accessible format will ensure those who need to use translation tools are able to still access the information.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could impact on this area.
<b>Assessment completed by:</b>	Richard Horniman			<b>Head of Service:</b>
<b>Date:</b>	26/1/2023			<b>Date:</b>
				N/A
				26/1/2023

Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Metz Bridge Traveller Site 10% Inflation increase for 2023-24			
<b>Coverage:</b>	Service-specific.			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> Apply a 10% increase to current rental charges to tenants of Metz Bridge Traveller Site.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> The Council does not have a statutory duty to provide a site for the Travelling Community to use as a temporary facility. Under the terms of the tenancy agreement (Pitch Agreement Under the Mobile Homes Act 1983). All pitched at the site are permanent which provide tenants with additional protect including a requirement to provide notice on increases to rent &amp; Service Charges. Further guidance - <a href="#">Shelter Legal England - Gypsies and travellers protection from eviction - Shelter England</a></p> <p><b><u>Differences from any previous approach</u></b> This will be the first rental increase in at least 4 years and the approach will allow for the existing rental charge to be increased to reflect the associated costs with running the service and work out as a 2.5 average increase on the four years no increase has been applied. Future increases will be undertaken through the agreed annual review of rental charges and an increase in line with inflation as per the PAUMH Act 1983.</p> <p><b><u>Key stakeholders and Intended beneficiaries'</u></b> Key stakeholders are Tenants on Metz Bridge Site, the wider Traveller Community should they wish to apply for plot and Middlesbrough Council The intended beneficiary will be Middlesbrough Council who will receive rental income and utilities income which is in line with inflation.</p> <p><b><u>Intended outcomes</u></b> The intended outcome is for rental and utilities income to be in increased by 10%.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> , 2023 onwards			
<b>Lifespan:</b>	Ongoing until service monitoring identifies the need for a further review.			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The proposed increase in rental charge will not impact on individual Human Rights as defined in the UK legislation. Tenants are protected by the 'Pitch Agreement Under the Mobile Homes Act 1983'. There is no evidence to indicate that the residents or the wider community have any concerns about the impact of the proposals on community cohesion. However, the requirements under the Tenancy agreement requires 28 days consultation on the annual proposal to increase rent charges and if there are any community cohesion concerns identified within that process, this will be considered within a stage 2 impact assessment. Evidence used to inform the assessment includes feedback from the budget consultation process which found no concerns in relation to human rights.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>Because of the nature of the provision, the proposal has been identified as being particularly relevant to the race protected characteristic.</p> <p><b>Service users</b> – There are currently 44 residents living on the site, this is made up from single occupiers to family units. At this stage the anticipated impact on this group is that identified needs can continue to be fully met, through the conditions of the Pitch Agreement Under the Mobile Homes Act 1983'. The decision to increase the rent in line with inflation this year comes after a number of years without an inflationary increase, therefore there are no concerns that this proposal could be unfair on this group, however because the service is provided for this one group, by its very nature it will result in an adverse impact on that group, not experienced by another group with a protected characteristic. As a result a stage two impact assessment will be completed to assess whether that impact can be avoided. If it cannot, can it be mitigated and ultimately can it be justified if those steps are not possible.</p> <p><b>Staff</b> – No effect on Staff</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified that while there was overall support for the proposal. when that data was segmented by race, it showed a significant difference in support for the proposal from the BAME community, however it should be noted that there can be limited judgement drawn from this. The 21% opposed relates to 6 people.</p> <ul style="list-style-type: none"> <li>- Overall, around 75% were in favour</li> <li>- Overall, 7% were against</li> <li>- 21% of BAME respondents were against the proposal</li> <li>- 69% of BAME respondents were in favour.</li> </ul> <p>There was also concern from a small number of individuals that the proposal could result in discrimination. As a result of the above, a level 2 impact assessment will be completed.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The decision to increase the rent under the terms of the agreement at Metz Bridge traveller site does not impact negatively on relationships between different groups as it only impacts residents of Metz Bridge who have a tenancy agreement with Middlesbrough Council. Evidence used to perform the completion of this assessment to understand the impact of this proposal includes references from the Shelter Web site and copy of the Middlesbrough Council Pitch agreement. Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns expressed in relation to community cohesion as a result of the proposal.</p>
<p><b>Next steps:</b>            ➡ If the answer to all of the above screening questions is No then the process is completed.            ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Victoria Sturdy	<b>Head of Service:</b>	David Jamison
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team to the statutory minimum			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<b>Organisational change</b>	<input type="checkbox"/> <b>X Other Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>



Description:	<p><b><u>Key aims, objectives and activities</u></b></p> <p>The NEET Team fulfils a range of statutory duties which are set out in the Department for Education Statutory Guidance in delivery of education and training provision for young people (16- and 17-year-olds). The legislation that this guidance relates to is sections 18 and 68(4) of the Education and Skills Act 2008 (ESA 2008) in relation to sections 10, 12 and 68 of that Act. This guidance is for all local authorities in England. It sets out guidance to LA staff responsible for promoting participation of young people and tracking and supporting young people's activity. Tracking young people's participation is a key element of these duties. Local authorities are required to collect information about young people so that those who are not participating, or are NEET, can be identified and given support to re-engage. Robust tracking also provides the local authority with information that will help to ensure that suitable education and training provision is available and that resources can be targeted effectively. In addition, ESA 2008 places two duties on local authorities with regard to 16- and 17-year-olds: Local authorities must promote the effective participation in education and training of 16 and 17 year olds in their area with a view to ensuring that those persons fulfil the duty to participate in education or training. A key element of this is identifying the young people in their area who are covered by the duty to participate and encouraging them to find a suitable education or training place. Local authorities must make arrangements – i.e. maintain a tracking system - to identify 16 and 17 year olds who are not participating in education or training, putting in place robust arrangements to identify young people who are not engaged in education or training or who have left provision.</p> <p>The Department for Education monitors the performance of all LAs in delivering these duties, specifically in tracking and supporting 16- and 17-year-olds using data submitted to the National Client Caseload Information System (NCCIS) on a monthly basis. MBC is also required to collect information about young people, so that those who are not participating or are NEET can be identified and given support to re-engage. Middlesbrough performance is tracked by the Department for Education against statistical neighbours, north east and national averages. The budget savings proposal is that the Council continues to deliver its statutory duties in relation to NEET with a reduced staff team and a reduced cost envelop.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b></p> <p>The NEET Team fulfil a range of statutory duties which are set out in the Department for Education Statutory Guidance <u>Participation of young people: education, employment and training - GOV.UK (www.gov.uk)</u>. This statutory guidance is for local authority staff involved in the commissioning and delivery of education and training provision for young people (16- and 17-year-olds), LA staff responsible for promoting participation of young people, and tracking and supporting young people's activity.</p> <p>LAs must follow this guidance when carrying out duties relating to raising the participation age and promoting participation of vulnerable young people not in education, employment or training (NEET). Statutory guidance sets out what local authorities must do to comply with the law and states that LAs should follow the guidance unless there is a very good reason not to.</p> <p><b><u>Differences from any previous approach</u></b></p> <p>The budget savings proposal is to reduce the capacity of the NEET team to make savings of £54k. This will result in the loss of 2 x SNEET Support Worker posts. These posts are responsible for the tracking and follow up participation duties set out in the statutory guidance and will reduce the teams NEET Support Workers from 3 posts to 1 post.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b></p> <p>Beneficiaries are the young people aged 16 and 17 years old, who access support from the NEET Team for support with education, employment opportunities. Other beneficiaries include parents and carers of these young people and external stakeholders. These include - the Department for Education and external training providers, colleges and employers who offer opportunities to young people and recruit young people.</p>
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	<b><u>Intended outcomes.</u></b> Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team.
<b>Live date:</b>	1st April 2023.
<b>Lifespan:</b>	This will be a permanent reduction in the NEET Team
<b>Date of next review:</b>	To be reviewed on 30 <sup>th</sup> April to ensure that required savings have been met.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The budget savings proposal will not impact on individual Human Rights as defined in the UK legislation.  Evidence used to assess this impact includes the Statutory Guidance from the Department for Education and feedback from the budget consultation process which found no concerns in relation to human rights.

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

<p><b>Equality</b>          Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The decision to reduce the NEET Team to make budget savings of £54,000 could result in an adverse impact on those who have protected characteristics of 'age' which is protected by the equality duty.</p> <p>If Young People do not access timely support from suitably qualified NEET Support Workers when they are NEET, this could leave young people in situations of financial hardship and unable to access education, employment or training opportunities within the local labour market. This could also impact on their future career progression and life chances. As a result of this potential adverse impact on young people, the Council will be required to complete a Level 2 Equality Impact Assessment to mitigate the potential adverse impact of the budget savings proposal.</p>
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Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>The team work with Young People age 16 and 17 years who are vulnerable due to NEET and the Act includes specific protections against age discrimination in the provision of services.</p> <p>Evidence used to assess this impact includes the NCCIS NEET Data and the Participation of young people in education, employment or training Statutory Guidance for local authorities.</p>
				<p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition, one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified concerns at the impact of the proposal on young people. A small number of individuals expressed concern at the impact on mental health of young people which would be relevant to the disability protected characteristic. Within the survey process around 31% of respondents agreed with the proposal, compared to 31% who opposed it. Analysis of the responses by age show that those who are young (0 -34) are much more likely to oppose this proposal than those who are older. When analysed disability, those with a disability were much more likely to oppose the proposal than those who said they had no disability although it must be noted that numbers of those with a disability responding are relatively small which may skew the data.</p> <p>Given the above, a stage 2 impact assessment will be undertaken to assess the differential impact of this age targeted service and consider whether it can be avoided, if not avoided if it can be mitigated and if not mitigated whether it could be justified.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns that the proposal could impact negatively on community cohesion. Under the proposal young people would still be in receipt of statutory services to ensure they are in education, training or employment.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➤ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	<i>G. Earl</i>
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/2/2023

Template for Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to significantly reduce staffing in Community Safety Neighbourhood Safety Wardens team would be reduced significantly with only priority areas receiving a service Wider community safety team staffing would also be reduced i.e. NSOs.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  The team deliver a number of statutory functions. The team contribute towards compliance with a range of acts including Environmental Protection Act 1990, Housing Acts, Environment Act 1995. Clean Neighbourhoods and Environment Act, Crime and Disorder Act, Policing Act, Dog control related legislation, Public Health legislation, Traffic Management legislation.</p> <p><b><u>Differences from any previous approach</u></b>                  There are currently:</p> <ul style="list-style-type: none"> <li>• 35 Neighbourhood Safety warden posts, with 16 vacant posts.</li> <li>• 7 Neighbourhood Safety officer posts, no vacancies</li> <li>• 9 Environmental Neighbourhood Safety warden posts, no vacancies in this group.</li> <li>• 6 environmental operatives that sit within the team.</li> </ul> <p>there are currently 52 posts, if agreed the proposal would be reduced by around 60%. The impact of the proposal will be partially mitigated by the inclusion of an alternative funding source for town centre-based warden activity.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                  All Elected Members who represent their constituents. Residents of Middlesbrough Cleveland Police, Cleveland Fire Service, Probation, Health, PCC, Voluntary and community sector.</p> <p><b><u>Intended outcomes.</u></b>                  To reduce the cost of delivery of the service by ceasing the non-statutory elements of the service.</p>			
<b>Live date:</b>	April 2023 onwards, subject to staff consultation			
<b>Lifespan:</b>	April 2023 onwards			
<b>Date of next review:</b>	NA			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Whilst the service will be reduced, there will still be a service. It is not anticipated that the proposal will impact on human rights.  Annual report and feedback from the budget consultation process which found no concerns in relation to human rights.

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



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p><b>Staff impact</b>            Significantly reducing the service will mean that some areas do not have wardens within their wards. There are currently:</p> <ul style="list-style-type: none"> <li>• 35 Neighbourhood Safety warden posts, with 16 vacant posts.</li> <li>• 7 Neighbourhood Safety officer posts, no vacancies</li> <li>• 9 Environmental Neighbourhood Safety warden posts, no vacancies in this group.</li> <li>• 6 environmental operatives that sit within the team.</li> </ul> <p>There are currently 52 posts, if agreed the proposal would be reduced by around 60%. The impact of the proposal will be partially mitigated by the inclusion of an alternative funding source for town centre-based warden activity. A service review will be undertaken to deliver the required savings and ensure that the impact on staff is fair, this will be subject to a further impact assessment. The policies which govern this process have also been impact assessed.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p><b>Public impact</b> It is likely that the Town Centre will take priority. If implemented, the non-statutory elements of the service will be removed. The service will reduce by 60%, although that will be mitigated somewhat by alternative funding that has been identified for the town centre. The impact on the public will be reduced warden presence and support. Longer response times and the team will be less able to tackle nuisance issues / anti-social behaviour. There will also be a reduced capacity to pursue civil injunctions, house closures and fly tipping prosecutions.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 31% of respondents agreed with the proposal, compared to 44% who opposed it.</p>
<p><b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Reduction in the service to focus on statutory elements only. The service will focus on Town Centre area which will enable it to continue to support positive community cohesion within the town centre, there will however be a reduced ability to replicate this approach in other communities in the town if they experience anti-social behaviour which impacts on community relations between communities of interest and in neighbourhoods. Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were overall concerns about reduced neighbourhood safety with 31% of those who disagreed with the proposal identifying it as a concern.</p>
<p><b>Next steps:</b>            ➡ If the answer to all of the above screening questions is No then the process is completed.            ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Street Lighting; approx. 1 in 2 lights turned off between midnight and 6am, in less used spaces and intermittently in other appropriate spaces where safe to do so (will not affect road junctions and major roads)			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> <li> <b>Key aims, objectives and activities</b>                      Reduction of Energy consumption, in-turn reducing the authority's energy bill which would equate to a revenue saving of £74k/year for budget years 2023/24 and 2024/25 (overall saving of £148k). This will be achieved through the Installation of new photocells to approximately 9000 street lighting columns to enable them to be turned off between midnight and 6am. Exception criteria has been developed to ensure that the columns which will be the subject of part night lighting will be in less used spaces and intermittently in other appropriate spaces where safe to do so.                 </li> <li> <b>Statutory drivers (set out exact reference)</b>                      Statutory drivers - S.97 of the Highways Act 1980 provides Highway Authorities with the power to provide street lighting but there are no statutory requirements to do so.                 </li> <li> <b>Differences from any previous approach</b>                      All street lights are currently lit from dusk till dawn.                 </li> <li> <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b>                      The key stakeholders are Highways Services, Residents, Members, all highway users and the Council.                 </li> <li> <b>Intended outcomes.</b>                      Reduction in energy costs with associated reduction in carbon footprint and reduction in light pollution while maintaining safety of users. In turn saving £74k/year for 2023/24 and 2024/25 (total £148k) which is identified as a saving within the Councils Budget Saving programme.                 </li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2023 onwards			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2023 onwards.			
<b>Date of next review:</b>	None planned			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The service does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.</p>
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that the proposal could impact differently on these individuals because they hold one of the protected characteristics.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 61% of respondents agreed with the proposal, compared to 24% who opposed it.</p>

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	Not applicable. There are no concerns that the proposal could have an impact on community cohesion. There is no evidence to indicate that service users and / or the wider community have any concerns about the impact of the proposals on community cohesion. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Chris Bates	<b>Head of Service:</b>	Chris Bates
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

### Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	Introduce £1 charge to replace 3 hrs Free Parking at Captain Cook Car Park			
<b>Coverage:</b>	The change would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To increase parking revenue by replacing the current free offer with a charge of £1.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Road traffic Regulation Act 1984 gives the council the power to designate and control off street parking</p> <p><b><u>Differences from any previous approach</u></b> The existing offer of 3 hours free parking at Captain Cook Square is funded by a grant from the Tees Valley Combined Authority (TVCA) that is due to end. Rather than extend the offer using Council resources, a £1 charge will be introduced to replace the offer. This will still be less than the charges on other Council owned car parks and is aimed at shoppers visiting the town centre. The change is expected to generate £200k pa in additional income.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b> Users of the Captain Cook Car Park, businesses within the centre.</p> <p><b><u>Intended outcomes.</u></b> To raise revenue income to mitigate the need for financial savings.</p>			
<b>Live date:</b>	April 1st 2023 onwards			
<b>Lifespan:</b>	Permanently from April 1st 2023			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The pricing of car parks does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this  Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found that no concerns in relation to human rights.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The price of car parking does not have any impact on particular groups or individuals, so the proposed increase will not affect any groups or individuals in particular. Adjustments continue to be in place for those with the disability characteristic, where they meet the threshold for access to a blue badge. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 63% of respondents agreed with the proposal, compared to 19% who opposed it.</p>



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	The price of car parking does not have any impact on particular communities, so the proposed increase does not affect any community in particular.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion
There is no requirement for a full assessment at this stage				

<b>Assessment completed by:</b>	Richard Horniman	<b>Head of Service:</b>	N/A
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

**Impact Assessment – Regeneration Budget Savings**

<b>Subject of assessment:</b>	New Model for Parks Management			
<b>Coverage:</b>	The saving would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To reduce the cost of providing the Parks Service by £44,000 pa.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Non statutory service.</p> <p><b><u>Differences from any previous approach</u></b> This would be achieved by deleting 2-3 vacant posts. The Parks Team would be reshaped to operate on more of a touring basis, visiting parks on a rota rather than having fixed hours of coverage for each park. The capacity to provide support to events in the parks would also be reduced proportionately.</p> <p><b><u>Key stakeholders and intended beneficiaries</u></b> All park users or event attendees.</p> <p><b><u>Intended outcomes.</u></b> To reduce the cost of delivering the service.</p>			
<b>Live date:</b>	April 1st 2023 onwards			
<b>Lifespan:</b>	Permanently from April 1st 2023			
<b>Date of next review:</b>	None Planned			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The service does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>As the parks are a town-wide resource, the service does not have any impact on particular groups or individuals, so the proposed savings do not affect any disproportionately. The parks would still remain open, so the opportunity to enjoy them is not being removed. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 35% of respondents agreed with the proposal, compared to 28% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	☒	☐	☐	<p>As the parks are a town-wide resource, the service does not have any impact on particular communities, so the proposed savings do not affect any community disproportionately. The parks would still remain open, so the opportunity to enjoy them is not being removed.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.</p>
<p>There is no requirement for a full assessment at this stage</p>				

<b>Assessment completed by:</b>	Richard Horniman	<b>Head of Service:</b>	N/A
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

Template for Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Do not implement Council decision to provide Pest Control Services			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                      In order to achieve a balanced budget the aim is to reverse the decision relating to the allocation of £90,000 at the Full Council meeting held on 23<sup>rd</sup> February 2022 specifically for a subsidised residential pest control service. This service would have:</p> <ul style="list-style-type: none"> <li>• Provided an affordable residential pest control service for members of the public whilst also being sustainable in terms of future delivery.</li> <li>• Seen the introduction of an operational team to implement the service that would have seen a subsidised fee set at £15 per visit (in line with other Local Authority charging and approx. 50% less than private sector.)</li> </ul> <p><b><u>Statutory drivers (set out exact reference)</u></b>                      This is not a statutory service.</p> <p><b><u>Differences from any previous approach</u></b>                      Middlesbrough Council do not currently offer a residential pest control service however they did in 2017/18 and the charging fee is set at the same level. The Council do offer a commercial pest control service and this will continue to run separately to the residential service provision.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                      All Elected Members who represent their constituents. Residents of Middlesbrough (Excluding Thirteen tenants who already offer a residential pest control service)</p> <p><b><u>Intended outcomes.</u></b>                      To achieve a balanced budget</p>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023 onwards			
<b>Lifespan:</b>	NA			
<b>Date of next review:</b>	None planned			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	We do not currently deliver a service so reversing this decision will not impact no have an impact on Human rights.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>We do not currently deliver a service so reversing this decision will not impact nor have an impact on the protected characteristics. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 37% of respondents agreed with the proposal, compared to 35% who opposed it.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>We do not currently deliver a service so reversing this decision will not impact nor have an impact on Community Cohesion. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.</p>



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➤ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	School Catering increase in primary school meal prices from £2.15 to £2.40 and secondary school meal prices from £2.25 to £2.50 in line with inflation			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To assess the proposal to increase the price at which we will offer the provision of meals to schools.</li> <li>• <b>Statutory drivers</b> Provision of a Council school meals catering service is discretionary, schools could choose to source them from another provider.</li> <li>• <b>Differences from any previous approach</b> Present pricing structure is <b>£2.15 for Primary</b> and <b>£2.25 for secondary</b>. In order to cover costs, prices are increasing to <b>£2.40 for primary</b> school meals and <b>£2.50 for secondary schools</b>. Schools are able to choose to deliver this service themselves or seek another provider. They are not mandated to take the Council service and are free to commission whoever they choose to deliver this service, indeed a number of schools have moved to an alternative provider in the last 12 months.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Users of these services are children.</li> <li>• <b>Intended outcomes.</b> That the service is able to continue to deliver within a cost neutral approach to the Council.</li> </ul>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023 onwards			
<b>Lifespan:</b>	Ongoing until service monitoring identifies the need for a further review.			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation? *</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Increasing the cost of school meals does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this. Evidence to support this position includes, knowledge of the market, ability of schools to commission elsewhere and protections in place through free school meals provision for those who qualify.</p>
<p><b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups? *</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposal on relevant protected characteristics to ensure it has due regard to the public sector equality duty. The duty means the Council must have due regard when taking decisions to the need to:</p> <ul style="list-style-type: none"> <li>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>Because of the nature of the service it is relevant to the age protected characteristic. However there are no concerns that there could a disproportionate adverse impact on this group as a result of changes to the charges for this commercial service. Evidence to support this position includes, knowledge of the market, ability of schools to commission elsewhere and protections in place through free school meals provision for those who qualify. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 46% of respondents agreed with the proposal, compared to 36% who opposed it.</p>

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town? *</p>	☒	☐	☐	Not directly relevant to decision. There are no concerns the proposals could impact on community cohesion. The proposal will ensure the Council's approach to provision of services continues to be sustainable. Schools are free to commission this service from other providers. Evidence to support this position includes, knowledge of the market, ability of schools to commission elsewhere and protections in place through free school meals provision for those who qualify. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➤ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul> <p>This assessment has indicated that there is sufficient information to assess the impact and that there will be no disproportionate negative impact on a group or individual because they hold a protected characteristic. In line with guidance, review proposals will now be subject to consultation. If these consultations identify any unforeseen concerns about the possibility of a disproportionate impact, the impact assessment process will be revisited.</p>				

<b>Assessment completed by:</b>	Andy Mace	<b>Head of Service:</b>	Andy Mace
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Proposal to not implement the Council decision to provide additional tree maintenance service			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input checked="" type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> Reversal of the decision to re-establish in-house Arboriculture team. To support this there will be minor amendments to the current Tree Policy. A separate impact assessment will be carried out to reflect this.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Local Government Act 1976. Occupiers Liability Act 1957/1984. Highways Act 1980. As the land owner, Middlesbrough Borough Council has a statutory obligation to inspect and manage its tree stock.</li> <li>• <b>Differences from any previous approach</b> The reintroduction of an in-house Arboricultural team would increase our ability to react and remove unnecessary delays to the processes. In turn removing elements of unnecessary frustration to all concerned. Reviewing the Tree Policy will give the Arboricultural Officer and Team to have more autonomy in relation to responses given and hopefully come to more amicable solutions rather than rigidly adhering to the current document</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Environmental Services, Residents and Members.</li> <li>• <b>Intended outcomes.</b> To establish the in-house Arboricultural Team, which will result in Tree issues being managed in a more efficient/cost effective way. Additionally, the Tree exposure risks will reduce due to an increase in the Tree Inspection frequencies.</li> </ul>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023 onwards.			
<b>Lifespan:</b>	April 2022 onwards.			
<b>Date of next review:</b>	None planned.			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	☒	☐	☐	There are no concerns that the proposals could impact adversely on human rights. Evidence used to inform this assessment includes analysis of staff demographics, engagement to date with staff and analysis of current service provision.  Feedback from the budget consultation process which found no concerns in relation to human rights.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that the proposal could have an impact on individuals or groups because they hold one or more protected characteristics. The proposal will ensure the Council continues to meet its legal obligations in relation to this function. Evidence used to inform this assessment includes analysis of staff demographics, engagement to date with staff and analysis of current service provision.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 50% of respondents agreed with the proposal, compared to 17% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?	☒	☐	☐	Not applicable. There are no concerns that the proposal could have an impact on community cohesion.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.
<b>Next steps:</b> ➤ If the answer to all of the above screening questions is No then the process is completed. ➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Craig Coverdale	<b>Head of Service:</b>	Andrew Mace
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023



**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Do not implement Council decision to extend Youth Services in areas of high anti-social behaviour			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>X Other (please state) Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/> X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/> X

<p><b>Description:</b></p>	<p><b><u>Key aims, objectives and activities</u></b>  On 14<sup>th</sup> February 2022 the Executive approved additional budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These additional Youth Services to run concurrently with the existing Youth Service contracts, to ensure there is a comprehensive youth offer in Middlesbrough. The Budget Savings proposal is not to implement the Council decision to extend Youth Services in areas of high anti-social behaviour</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>  Councils have a statutory duty to “secure, so far as is reasonably practicable, sufficient provision of educational and recreational leisure-time activities for young people” and to make sure young people have a say in the local offer. This is often referred to as the ‘youth services duty’ (Section 507B, Education Act 1996). The decision of the Executive to provide a Youth Service Model via commissioned contracts was made in July 2020 and this relates to the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996). On 14th February 2022, the Council Executive approved additional budget of £150,000 for the provision of Enhanced Youth Services in areas of high anti-social behaviour.</p> <p><b><u>Differences from any previous approach</u></b>  The budget savings proposal is to not to allocate budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These services have not yet been put in place, pending the outcome of the consultation regarding budget proposals.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b>  Beneficiaries are children and young people who would have accessed the youth sessions and detached youth work, which was planned for delivery in areas of Middlesbrough where there is identified high levels of young people related, anti-social behaviour. Key Stakeholders also include the Youth Providers who could have delivered this provision and the residents and businesses within the communities where the Targeted Youth work was to be delivered (Central, Berwick Hills and Pallister Park and Hemlington) which includes detached and outreach delivery of youth services and is focused specifically on those areas where there are concerns about exploitation of young people or there is identified anti-social behaviour which has been identified by the Neighbourhood Police or the Community Safety Teams. The additional Youth Service provision was planned to include intensive support to individual young people identified as at risk of or involved in antisocial behaviour and to the whole family including parents and siblings, predominantly pre court/ conviction.</p> <p>Young People of Middlesbrough will have a reduced Youth Service offer, there will be a reduction including 1-1 Youth Work interventions, small group work and detached sessions across several locations and wards.</p> <p><b><u>Intended outcomes.</u></b>  Not to implement the Councils decision to provide Enhanced Youth Services to make savings of £150,000.</p>
<p><b>Live date:</b></p>	<p>April 2023 onwards</p>
<p><b>Lifespan:</b></p>	<p>This is a permanent budget saving which will commence from 1<sup>st</sup> April 2023 and the Enhanced Youth Services will not be provided.</p>
<p><b>Date of next review:</b></p>	<p>Not applicable</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed Enhanced Youth Services proposal was found not to impact on human rights as defined in the UK legislation. The assessment process identified that there was no adverse impact on human rights as a result of the proposal.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposal was identified as having a potential disproportionate adverse impacts on the protected characteristics because of the nature of the service that would have been provided had the additional funding been implemented.
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The decision not to provide additional Youth Services to make budget savings of £150,000 is relevant to the protected characteristics of 'age' which is protected by the equality duty. Under the proposal the existing Youth Service contracts will continue.</p> <p>If Enhanced youth services is not progressed, this will be mitigated by our existing Youth Service contract.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is mitigated by the retention of existing budgets to deliver youth services which will continue to be provided.</p>
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No negative impacts identified in the level one assessment around Gender Reassignment within the Equality screening.
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>There are concerns that Community cohesion could be impacted by not providing enhanced Youth Services in areas of Middlesbrough where the residents, community and businesses are experiencing high levels of anti-social behaviour, which has been identified by the Neighbourhood Police and the Community Safety Teams. Without the provision of additional and enhanced Youth Services and positive activities for Young People, there could be an adverse impact on young people in terms of risk of exploitation, offending and harm outside of the home.</p> <p>The decision could also impact negatively on individual communities or neighbourhoods or relations between communities, in terms of increased incidences of young people related anti-social behaviour. As the Enhanced Youth Services have not yet been implemented nor carried out, and existing youth budgets will be retained which will mitigate the impact by enabling the service to continue to deliver services that contribute towards diverting children away from anti-social activities.</p>
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Existing Youth Services budgets will remain.	Head of Service – Early Help. Specialist Commissioning Manager	n/a

<b>Promotion</b>	The decision and its impacts will be publicised both internally and externally by the Council. Other providers of provision will also be promoted.	Head of Service – Early Help. Specialist Commissioning Manager	March 2023
<b>Monitoring and evaluation</b>	The implementation of the decision will be monitored and evaluated by the Community Safety Team, to identify any areas of unexpected negative impact.	Head of Service – Early Help. Specialist Commissioning Manager	April 2023 – March 2024

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	Head of Service Early Help and Prevention
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023

**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Reduce opening hours of hubs in line with demand, and introduce self-serve at Rainbow and Neptune libraries, and reduce opening hours of other libraries in line with demand. Also delete vacant posts and reduce expenditure on supplies and services in Libraries and Hubs			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to reduce opening hours of hubs and libraries in order to reduce staffing costs. This will mean that the community will not have access to these facilities as often as they currently do however this approach will prevent the need to close any of the venues entirely.                  It is proposed that alternatives are explored for keeping the buildings open working with the community and organisations that use the buildings for community activity.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  Public Libraries and Museums Act 1964 - Statutory duty to provide a comprehensive and efficient library service</p> <p><b><u>Differences from any previous approach</u></b>                  Each venue will close for one extra day to avoid the need to close any of them entirely. The venues within scope open for a variety of times already, the individual impact will therefore be:</p> <ul style="list-style-type: none"> <li>- Central – current opening = 6 days – revised opening = 5 days</li> <li>- Acklam – current = 4.5 days – revised opening = 4 days</li> <li>- Thorntree – current opening = 5 days – revised opening = 4 days</li> <li>- Marton – current opening = 3.5 days – revised opening = 3 days</li> <li>- Newport – current opening = 5 days – revised opening = 4 days</li> <li>- North Ormesby– current opening = 5.5 days – revised opening = 4.5</li> <li>- Easterside – current opening = 5 days revised opening = 4 days</li> <li>- Grove Hill – current opening = 5 days – revised opening = 4 days</li> <li>- Hemlington – current opening = 3.5 days revised opening = 3 days</li> <li>- MyPlace – current opening = 5 days revised opening = 4 days</li> <li>- Rainbow – current opening = 4.5 days revised opening as self-serve only = 4.5</li> <li>- Neptune – current opening = 4 days revised opening as self-serve only = 4</li> <li>- Mobile Provision – currently operating 5 days revised opening = 4 days</li> </ul> <p>2 venues, Neptune and Rainbow Centre libraries will become library self-serve only.</p>			

	<p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>  All Elected Members who represent their constituents. Residents of Middlesbrough, multiple external partners that use the buildings, community and voluntary groups</p> <p><b><u>Intended outcomes.</u></b>  To achieve a balanced budget</p>
<b>Live date:</b>	April 2023 onwards
<b>Lifespan:</b>	NA
<b>Date of next review:</b>	NA



Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one in relation to this element.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Within the level 1 impact assessment it was identified that the proposal was particularly relevant to the age and disability protected characteristics because it included within it a proposal to reduce the opening hours of targeted provision available at My place.</p> <p>In relation to My Place, the proposal is to reduce the opening hours to 4 days from 5 days. Services on the day that will be closed will be moved to an alternative location or moved to another day, which will mitigate the impact of the proposal on these protected characteristics. Most children and young people using the centre are already assisted to travel to the venue already and therefore if the location is moved, it will be to another location that is accessible by vehicles and that the facilities in the building are suitable for the needs of the children and young people, or the service delivery would be moved to another day on the same site.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is mitigated by the plan to retain the provision on the site and to ensure services delivered on the day it will now be closed for are either moved to an alternative day at My Place or an alternative site, whichever is the most appropriate.</p>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one and no concerns have been raised in relation to these protected characteristics.
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified				Rationale and supporting evidence	
	None	Positive	Negative			Uncertain
			Justified	Mitigated		
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It was identified in the level 1 impact assessment that the proposal is relevant to this theme as it provides community facilities for people in local communities to meet in public spaces.</p> <p>Within that level 1 IA it was identified that the proposal would be mitigated by maintaining a presence in communities by the approach that has been taken to reduce across venues rather than reducing the overall number of venues available in the communities around Middlesbrough.</p> <p>In line with the PSED, consideration has been given to how the proposal could be avoided. It could not be avoided because of the need to ensure the Council has a balanced budget. Consideration was then given to mitigation. The proposals have been developed in more detail during the consultation period to ensure their impact is mitigated by maintaining a presence within communities, with closure dates informed by demand levels. This has taken into account usage levels to ensure closure dates are aligned with demand. It is considered that this impact is mitigated based on:</p> <ul style="list-style-type: none"> <li>• an assessment of current usage levels</li> <li>• the approach which will shape the impact to reduce services when venues are less well used</li> <li>• staggering closures to ensure alternative locations are available within nearby locations</li> <li>• using alternative delivery models where possible for services delivered.</li> </ul>

Assessment issue	Impacts identified				Uncertain	Rationale and supporting evidence
	None	Positive	Negative			
			Justified	Mitigated		
						Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 42% of respondents agreed with the proposal, compared to 32% who opposed it.

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Implement a revised model of delivery and opening hours that ensures continued community presence, delivery of savings with least impact on the public and service users and with a staggered approach to maintain alternative open venues nearby.	Marion Walker	September 2023
<b>Promotion</b>	Changes to opening hours will be promoted in individual venues on a staggered basis as they are implemented to ensure full awareness and also promote alternative sites.	Marion Walker	September 2023 and onwards
<b>Monitoring and evaluation</b>	Ongoing monitoring of the impact to be reviewed within the project put in place to deliver the saving.	Marion Walker	Ongoing

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Metz Bridge Traveller Site – Rent increase 2023/2024			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service X</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/> x
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> Apply a 10% increase to current rental charges to tenants of Metz Bridge Traveller Site.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b></p> <p>The Council does not have a statutory duty to provide a site for the Travelling Community to use as a temporary facility.</p> <p>Under the terms of the tenancy agreement (Pitch Agreement Under the Mobile Homes Act 1983). All pitched at the site are permanent which provide tenants with additional protect including a requirement to provide notice on increases to rent &amp; Service Charges. Further guidance - <a href="#">Shelter Legal England - Gypsies and travellers protection from eviction - Shelter England</a></p> <p><b><u>Differences from any previous approach</u></b> This will be the first rental increase in at least 4 years and the approach will allow for the existing rental charge to be increased to reflect the associated costs with running the service and work out as a 2.5 average increase on the four years no increase has been applied. Future increases will be undertaken through the agreed annual review of rental charges and an increase in line with inflation as per the PAUMH Act 1983.</p> <p><b><u>Key stakeholders and Intended beneficiaries'</u></b> Key stakeholders are Tenants on Metz Bridge Site, the wider Traveller Community should they wish to apply for plot and Middlesbrough Council The intended beneficiary will be Middlesbrough Council who will receive rental income and utilities income which is in line with inflation.</p> <p><b><u>Intended outcomes</u></b> The intended outcome is for rental and utilities income to be in increased by 10%.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> , 2023 onwards			
<b>Lifespan:</b>	Ongoing until service monitoring identifies the need for a further review.			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one in relation to this element.
<b>Equality</b>						

<p>Race</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Within the level 1 impact assessment it was identified that the proposal was particularly relevant to the race protected characteristics because the provision is targeted provision for individuals and families who identify as Gypsies and Travellers.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is partially mitigated by fact that the rent has not been raised in line with inflation in some time, however it must be acknowledged that the rental charge is higher than neighbouring authorities for similar service provision.</p> <p>In line with the PSED, consideration was then given to whether the proposal could be justified. It is felt that the proposal is justified because of the need to achieve a balanced budget, the need to cover the costs of the provision on the site and the number of years for which an inflationary increase.</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified that while there was overall support for the proposal. when that data was segmented by race, it showed a significant difference in support for the proposal from the BAME community.</p> <ul style="list-style-type: none"> <li>- Overall, around 75% were in favour</li> <li>- Overall, 7% were against</li> </ul>
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Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
						<ul style="list-style-type: none"> <li>- 21% of BAME respondents were against the proposal (though this only equates to 6 people)</li> <li>- 69% of BAME respondents were in favour.</li> </ul>
						There was also concern from a small number of individuals that the proposal could result in discrimination. Having considered proposal there are no concerns that this is the case. However it must be acknowledged that because of the nature of the service, the make up of the users that the proposal will only impact on those from the gypsy and traveller community.
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one and no concerns have been raised in relation to these protected characteristics.
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Gypsies and some traveller ethnicities have been recognised in law as being ethnic groups protected against discrimination by the Equality Act 2010.</p> <p>The proposal to increase the rent for a pitch at Metz Bridge only impacts on this community as only gypsies and travellers are eligible for a pitch at Metz Bridge.</p> <p>There are no concerns that the proposal will impact on relations between communities and neighbourhoods. Evidence used to inform this assessment includes analysis of the proposal and its impact on those affected.</p>
Relations between communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Signposting to housing benefits processes for those affected where they could be accessed by eligible individuals to mitigate impacts	David Jamison	April 2023 onwards
<b>Promotion</b>	Promotion of the changes to those affected.	David Jamison	April 2023 onwards
<b>Monitoring and evaluation</b>	Monitoring and evaluating the decision will be carried out by staff who manage Metz Bridge Traveller Site. This will be done via monitoring rental payments and reviewing arrears.	David Jamison	ongoing

<b>Assessment completed by:</b>	Victoria Sturdy	<b>Head of Service:</b>	David Jamison
<b>Date:</b>	26/01/2023	<b>Date:</b>	26/1/2023

**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team to the statutory minimum			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>X Other (please state) Budget Savings</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/> X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/> X

**Description:****Key aims, objectives and activities**

The NEET Team fulfils a range of statutory duties which are set out in the Department for Education Statutory Guidance in delivery of education and training provision for young people (16- and 17-year-olds). The legislation that this guidance relates to is sections 18 and 68(4) of the Education and Skills Act 2008 (ESA 2008) in relation to sections 10, 12 and 68 of that Act. This guidance is for all local authorities in England. It sets out guidance to LA staff responsible for promoting participation of young people and tracking and supporting young people's activity.

Tracking young people's participation is a key element of these duties. Local authorities are required to collect information about young people so that those who are not participating, or are NEET, can be identified and given support to re-engage. Robust tracking also provides the local authority with information that will help to ensure that suitable education and training provision is available and that resources can be targeted effectively. In addition, ESA 2008 places two duties on local authorities with regard to 16- and 17-year-olds: Local authorities must promote the effective participation in education and training of 16 and 17 year olds in their area with a view to ensuring that those persons fulfil the duty to participate in education or training. A key element of this is identifying the young people in their area who are covered by the duty to participate and encouraging them to find a suitable education or training place. Local authorities must make arrangements – i.e. maintain a tracking system - to identify 16 and 17 year olds who are not participating in education or training, putting in place robust arrangements to identify young people who are not engaged in education or training or who have left provision.

The Department for Education monitors the performance of all LAs in delivering these duties, specifically in tracking and supporting 16- and 17-year-olds using data submitted to the National Client Caseload Information System (NCCIS) on a monthly basis. MBC is also required to collect information about young people, so that those who are not participating or are NEET can be identified and given support to re-engage. Middlesbrough performance is tracked by the Department for Education against statistical neighbours, north east and national averages.

The budget savings proposal is that the Council continues to deliver its statutory duties in relation to NEET with a reduced staff team and a reduced cost envelop.

**Statutory drivers (set out exact reference)**

The NEET Team fulfil a range of statutory duties which are set out in the Department for Education Statutory Guidance [Participation of young people: education, employment and training - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/Participation_of_young_people_education_employment_and_training_-_GOV.UK_(www.gov.uk).pdf). This statutory guidance is for local authority staff involved in the commissioning and delivery of education and training provision for young people (16- and 17-year-olds), LA staff responsible for promoting participation of young people, and tracking and supporting young people's activity.

LAs must follow this guidance when carrying out duties relating to raising the participation age and promoting participation of vulnerable young people not in education, employment or training (NEET). Statutory guidance sets out what local authorities must do to comply with the law and states that LAs should follow the guidance unless there is a very good reason not to.

	<p><b><u>Differences from any previous approach</u></b></p> <p>The budget savings proposal is to reduce the capacity of the NEET team to make savings of £54k. This will result in the loss of 2 x NEET Support Worker posts. These posts are responsible for the tracking and follow up participation duties set out in the statutory guidance and will reduce the teams NEET Support Workers from 3 posts to 1 post.</p>
	<p><b><u>Key stakeholders and Intended beneficiaries</u></b></p> <p>Beneficiaries are the young people aged 16 and 17 years old, who access support from the NEET Team for support with education, employment opportunities. Other beneficiaries include parents and carers of these young people and external stakeholders. These include - the Department for Education and external training providers, colleges and employers who offer opportunities to young people and recruit young people.</p>
<b>Live date:</b>	1st April 2023 onwards
<b>Lifespan:</b>	This will be a permanent reduction in the NEET Team
<b>Date of next review:</b>	Not applicable

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed NEET proposal was found not to impact on human rights as defined in the UK legislation. The assessment process identified that there was no adverse impact on human rights as a result of the proposal.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Level 1 impact assessment identified that the proposal was relevant to the age and disability protected characteristics because the service is age targeted and also because of concerns expressed by a small number of respondents who were concerned that the mental health impacts of reduced service provision on young people's mental health.</p> <p>The NEET Team will be reduced to make budget savings of £54,000 the proposal will reduce capacity, resulting in longer times for young people to wait to access support from suitably qualified NEET Support Workers when they are NEET, this could leave young people in situations of financial hardship and unable to access education, employment or training opportunities within the local labour market for longer until they are able to access support. This could also impact on their future career progression and life chances.</p> <p>This impact can be mitigated by focus of the team on statutory functions of the Local Authority, which are outlined by the Department for Education. The proposal will ensure statutory levels of service provision continue to be provided, however there will be reduced capacity in the team to deliver over and above this.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is mitigated by the retention of the team to provide statutory levels of service delivery. This will mitigate the impact of the proposal by ensuring that statutory duties continue to be met.</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No negative impacts identified in the level one assessment around these protected characteristics.
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.



Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There were no concerns identified in the level one assessment that the proposal could impact negatively on community cohesion.
Relations between communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	<ul style="list-style-type: none"> <li>This impact can be mitigated by focus of the team on statutory functions of the Local Authority, which are outlined by the Department for Education</li> <li>The NEET Team will be refocussed to ensure that all Statutory duties are met by the Local Authority.</li> <li>The NEET Team will be closely aligned with the role and functions of the Community Learning Service to increase partnership working and improve outcomes for children and young people.</li> </ul>	Head of Service – Early Help.	March 2023
<b>Promotion</b>	Not applicable.	-	-
<b>Monitoring and evaluation</b>	The implementation of the decision will be monitored and evaluated through the monitoring of statutory Department for Education data returns and outcomes. This includes measures linked to NEET, NOT Known, Annual Activity Survey and September Guarantee.	Head of Service – Early Help	March 2024

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	Head of Service Early Help and Prevention
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023

Template for Impact Assessment Level 2: Full impact assessment

<b>Subject of assessment:</b>	Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to significantly reduce staffing in Community Safety Neighbourhood Safety Wardens team would be reduced significantly with only priority areas receiving a service Wider community safety team staffing would also be reduced i.e. NSOs.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  The team deliver a number of statutory functions. The team contribute towards compliance with a range of acts including Environmental Protection Act 1990, Housing Acts, Environment Act 1995. Clean Neighbourhoods and Environment Act, Crime and Disorder Act, Policing Act, Dog control related legislation, Public Health legislation, Traffic Management legislation.</p> <p><b><u>Differences from any previous approach</u></b>                  There are currently:</p> <ul style="list-style-type: none"> <li>• 35 Neighbourhood Safety warden posts, with 16 vacant posts.</li> <li>• 7 Neighbourhood Safety officer posts, no vacancies</li> <li>• 9 Environmental Neighbourhood Safety warden posts, no vacancies in this group.</li> <li>• 6 environmental operatives that sit within the team.</li> </ul> <p>there are currently 52 posts, if agreed the proposal would be reduced by around 60%. The impact of the proposal will be partially mitigated by the inclusion of an alternative funding source for town centre based warden activity.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                  All Elected Members who represent their constituents. Residents of Middlesbrough Cleveland Police, Cleveland Fire Service, Probation, Health, PCC, Voluntary and community sector.</p> <p><b><u>Intended outcomes.</u></b>                  To reduce the cost of delivery of the service by ceasing the non-statutory elements of the service.</p>			
<b>Live date:</b>	April 2023 onwards, subject to staff consultation			
<b>Lifespan:</b>	April 2023 onwards			
<b>Date of next review:</b>	NA			
<b>Date of next review:</b>	NA			

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one in relation to this element.
<b>Equality</b>						
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one and no concerns have been raised in relation to these protected characteristics.
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The level 1 impact assessment identified that the proposal would result in a reduction in the service to focus on statutory elements only. The service will focus on Town Centre area which will enable it to continue to support positive community cohesion within the town centre, there will however be a reduced ability to replicate this approach in other communities in the town if they experience anti-social behaviour which impacts on community relations between communities of interest and in neighbourhoods.</p> <p>The proposed use of external funding will mitigate the impact of the reductions in part to protect the town centre area however the service delivers across the whole town and the proposal will reduce the ability of the service to undertake work that supports community relations in the wider communities of the whole town.</p> <p>The service reduction will maintain statutory functions but non statutory elements will be removed. The service will work with Cleveland Police who have a statutory duty to tackle crime and anti-social behaviour in communities to support them to address issues however there will be reduced ability to deploy physical resources. Consideration was given as to whether the proposal could be avoided. It cannot be avoided because of the need to ensure the Council is able to balance its budget. Mitigations put in place will partially mitigate the impact of the proposal but not fully. It was then considered whether the proposal could be justified. The proposal is justified because of the need to protect statutory services within the Council to ensure they are able to continue to deliver statutory functions and ensure the council complies with its statutory.</p>

Further actions		Lead	Deadline
Mitigating actions	Introduction of the town centre team as part of the steps to implement the saving, utilising external funding.	Marion Walker	March 2023 onwards
	Work with Police colleagues to share intelligence about crime and anti-social behaviour to ensure they are aware and therefore able to respond accordingly	Marion Walker	April 2023 onwards
Promotion	Changes to operation will be promoted on the Council's website and with partners.	Marion Walker	April 2023 onwards
Monitoring and evaluation	Ongoing monitoring of the impact to be reviewed within the project put in place to deliver the saving.	Marion Walker	April 2023 onwards

Assessment completed by:	Marion Walker	Head of Service:	Marion Walker
Date:	26/1/2023	Date:	26/1/2023

**Middlesbrough Council  
Council Tax Bands 2023/24**

<b>Table 1</b>				
<b>Middlesbrough Council tax bands excluding Police &amp; Fire Precepts</b>				
<b>Band</b>	<b>Proportion</b>	<b>Areas without Parishes £</b>	<b>Nunthorpe £</b>	<b>Stainton &amp; Thornton £</b>
A	6/9	1,254.57	1,261.05	1,260.78
B	7/9	1,463.67	1,471.22	1,470.91
C	8/9	1,672.76	1,681.40	1,681.04
D	1	1,881.86	1,891.57	1,891.17
E	11/9	2,300.05	2,311.92	2,311.43
F	13/9	2,718.24	2,732.27	2,731.69
G	15/9	3,136.43	3,152.62	3,151.95
H	18/9	3,763.72	3,783.14	3,782.34

*to be confirmed*

<b>Table 2</b>	
<b>Cleveland Fire Authority</b>	
<b>Band</b>	<b>Tax £</b>
A	57.91
B	67.56
C	77.21
D	86.86
E	106.16
F	125.46
G	144.77
H	173.72

*to be confirmed*

<b>Table 3</b>	
<b>Cleveland Police &amp; Crime Commissioner</b>	
<b>Band</b>	<b>Tax £</b>
A	193.82
B	226.12
C	258.47
D	290.73
E	355.34
F	419.94
G	484.55
H	581.46

*to be confirmed*

**Table 4**

**Middlesbrough Council tax bands including Police & Fire Precepts**

<b>Band</b>	<b>Areas without Parishes £</b>	<b>Nunthorpe £</b>	<b>Stainton &amp; Thornton £</b>
A	1,506.30	1,512.78	1,512.51
B	1,757.35	1,764.90	1,764.59
C	2,008.44	2,017.08	2,016.72
D	2,259.45	2,269.16	2,268.76
E	2,761.55	2,773.42	2,772.93
F	3,263.65	3,277.67	3,277.09
G	3,765.75	3,781.94	3,781.27
H	4,518.90	4,538.32	4,537.52



## **APPENDIX 6**

### **FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2023/24**

#### **Purpose**

1. This report proposes a Flexible Use of Capital Receipts Strategy for the Council for 2023/24 for approval by Full Council, and details the proposed individual projects which are planned to be funded from the flexible use of capital receipts in 2023/24 in accordance with the Statutory Guidance.

#### **Background and relevant information**

##### **Introduction**

2. Local authorities are limited in their ability to utilise capital receipts (the disposal proceeds from the sale of fixed assets or repayment of loans for capital purposes). Statutory guidance issued under section 15(1) of the Local Government Act 2003 by the Ministry of Housing, Communities and Local Government (as amended) generally precludes capital receipts being used to fund revenue expenditure and requires them to be applied to either fund capital expenditure or repay debt. The Act also requires local authorities to have regard to other guidance as issued or directed by the Secretary of State – this currently includes the following guidance issued by the Chartered Institute of Public Finance and Accountancy [CIPFA]:
  - The Prudential Code for Capital Finance in Local Authorities; and
  - The Code of Practice on Local Authority Accounting.
3. The Spending Review 2015 included a relaxation to the above regulations allowing the use of capital receipts for a limited period, between 2016/17 and 2018/19, to fund revenue expenditure “that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or improve the quality of service delivery in future years”. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations applied was extended for a further 3 years to 2021/22 in the 2018/19 Local Government Finance Settlement.
4. Middlesbrough Council implemented a Flexible Use of Capital Receipts Strategy for the first time in 2021/22 under the Statutory Guidance and a report was approved by Council on 20 October 2021.
5. On 4 April 2022 the Secretary of State issued a new direction and Statutory Guidance for the extension of the freedom for local authorities to use eligible capital receipts to fund the revenue costs of projects that deliver ongoing savings or improved efficiency for a further 3 years from 1 April 2022, i.e. for 2022/23, 2023/24 and 2024/25. An updated direction and Statutory Guidance was then issued on 2 August 2022, which replaced the one issued on 4 April 2022. A summary of the key points of the updated direction and the Statutory Guidance are provided in the paragraphs below and a link to the detailed Statutory Guidance is included in the Background Papers section to this report.
6. Capital receipts are the money councils receive from asset sales, the use of which is normally restricted to funding other capital expenditure or paying off debt. The receipts cannot usually be used to fund revenue costs.

7. The direction allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue, or support a more efficient provision of services. This is an extension of the flexibility that has been in place since 2016, and will allow this freedom to continue to 2024/25 to help authorities plan for the long-term.
8. Local authorities can only use capital receipts from a qualifying disposal of property, plant and equipment assets received in the years in which this flexibility is offered.
9. The Statutory Guidance provides a definition of expenditure that qualifies to be funded from the capital receipts flexibility. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The Statutory Guidance provides some examples of qualifying expenditure.
10. The updated direction issued on 2 August 2022 introduces a new restriction that authorities may not use the flexibility to fund discretionary redundancy payments, i.e. those not necessarily incurred under statute. This does not affect other types of severance payments, and to be clear, does not restrict including pension strain costs, which may still be qualifying expenditure.
11. The updated direction also clarifies that the capital receipts obtained must be disposals by the local authority to an entity outside the local authority's group structure. The intent of this condition is that capital receipts which are to be used by authorities under the flexibilities afforded by the direction, should be from genuine disposals of assets by the authority. Where an authority retains some control of the assets, directly or indirectly, and retains exposure to the risks and rewards from those assets, the disposal does not give rise to a capital receipt that can be used in accordance with the direction.
12. For each financial year, each Council is required to prepare a "Flexible Use of Capital Receipts Strategy" to be approved by Full Council. This Strategy does not need to be a separate document, and the requirement can be satisfied by including relevant documents within the Annual Budget documents or as part of the Mid-Term Financial Plan (or equivalent).
13. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project-by-project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years.
14. In the updated direction issued on 2 August 2022 it is now a required condition of the direction that local authorities send details setting out their planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority's own strategy documents, provided they contain the detail asked for in the direction. The form to cover this requirement and for submitting the strategy for the Flexible Use of Capital Receipts for 2023/24 is to be submitted via DLUHC's DELTA system by 30 September 2023. This is not an approval process, but the information must be sent to ensure transparency and allow proper monitoring by central government.

15. For the 2022/23 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.
16. The Statutory Guidance allows local authorities to update their Strategy during the year, however the amount capitalised in the financial year must not exceed the amount set out in the plan, including any updated plans, provided to the Secretary of State. If the Council wishes to amend their plans, they are required to notify DLUHC. This is to allow central Government to keep track of planned use of the flexibility for national accounts purposes.

### **Progress against previous years strategies**

17. As per the Statutory Guidance, there is a need to include details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

#### **2021/22**

18. The Flexible Use of Capital Receipts Strategy for 2021/22 approved by Council on 20 October 2021 included proposed projects along with estimated costs and potential savings. Progress against the approved Strategy for 2021/22 was monitored throughout the financial year as part of regular budget monitoring arrangements and reported accordingly as part of the current quarterly budget monitoring reports to Executive, along with any updates to the Strategy as proposals were developed and expenditure was incurred. The final end of year schedule for 2021/22 of the projects to transform services that were funded through flexible use of capital receipts for 2021/22 along with the final costs for 2021/22, and the associated estimated annual revenue savings or future cost avoidance, was reported as part of the Revenue and Capital Budget – Year-End Outturn position 2021/22 report to Executive on 14 June 2022, and was also shown in the Strategy for 2022/23.
19. Entries were made in the Council's accounts in 2021/22 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.

#### **2022/23**

20. The Strategy for 2022/23 was approved by Council on 7 September 2022. The table below presents the projects to transform services that were proposed to be funded through flexible use of capital receipts for 2022/23 which total approximately £2.7m , along with the estimated projected costs, and the associated estimated annual revenue savings or future cost avoidance. In some cases there is a direct link between a project and the realisable financial benefit, however in others it is difficult to quantify and the project contributes to enabling savings or costs avoidance in other areas or provide a wider benefit, which would not otherwise be realised.

Project	Further Details	Estimated Investment Required 2022/23 £000	Estimated ongoing annual savings £000
Children's Services	<b>Funding for transformation of Service and Children's Services Ofsted Improvement Plan to improve services and outcomes</b>		
	Specialist agency teams in Referrals & Assessments to improve the "front door model"	1,100	Cost avoidance
	Workforce Development - set up costs for the creation of a Social Worker Academy to reduce the requirement for agency staff	349	420
	Workforce Development - specialist training to reduce the requirement for agency staff	105	
	Children's Services Ofsted Improvement Plan - Additional posts linked to compliance and support to drive improvement and transformation	265	Enabling & Cost Avoidance
Children's Services Ofsted Improvement Plan - Additional posts to improve and embed good practice	875	Enabling	
<b>TOTAL</b>		<b>2,694</b>	<b>420</b>

21. Progress against the 2022/23 Strategy has been reported in the Quarters Two and Three Revenue and Capital Budget Projected Outturn 2022/23 reports to Executive, and the final year-end position against the Strategy will be reported as part of the Revenue and Capital Budget – Year-End Outturn position 2022/23 report to Executive. Entries will be made in the Council's accounts in 2022/23 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.
22. As shown in the quarterly budget monitoring reports the expenditure/investment required to undertake the transformation within Children's Services has been or will be incurred by the end of the financial year, however there is a potential risk around whether some of the projected capital receipts of approximately £2.7m will be received in 2022/23, due to the fact that they are planned to be received very late in the financial year. The final level of capital receipts in 2022/23 will determine the final level utilised under the Strategy in 2022/23. The amount of capital receipts utilised under the Strategy will be limited to the actual capital receipts received in 2022/23.
23. Close monitoring of the level of capital receipts received during the rest of the financial year will be undertaken, and an update will be provided in the year-end budget monitoring report.

### **The Council's Proposals for 2023/24**

24. In the MTFP Update report to Council of 30 November 2022 it was noted that the Council proposed the use of a Flexible Use of Capital Receipts Strategy for 2023/24 with an estimated amount of £3m being used as flexible capital receipts. Whilst as shown in Appendix 7 of the main budget report there is forecast in excess of £8m of capital receipts potentially available for use in 2023/24 as flexible capital receipts, it has been decided to limit the amount to be capitalised on a prudent and responsible manner in order to not impact too much on the Council's prudential indicators and borrowing costs in the future from implementing the proposed Strategy, whilst still increasing the level of financial

resources available to Council. The use of capital receipts flexibly would also require eligible transformational expenditure to be incurred in 2023/24.

25. The main emphasis of the Flexible Use of Capital Receipts Strategy in 2023/24 is within Children's Services. As mentioned in the main budget report, Children's Services remains the biggest area of financial concern and risk to the Council and there is a need to transform the Service. A Children's Financial Improvement Plan (in a separate report to Executive on 14 February 2023) has been drawn up, and this includes the reduction in the overall current level of expenditure by Children's Services by transforming the Service. The transformation projects outlined below are part of enabling this transformation to take place, which will improve practice and produce significant cost reductions/savings.

26. The table below presents the potential projects to transform services that are proposed to be funded through flexible use of capital receipts for 2023/24 totalling approximately £3m, along with the estimated projected costs, and the associated estimated annual revenue savings or future cost avoidance. In some cases there is a direct link between a project and the realisable financial benefit, however in others it is difficult to quantify and the project contributes to enabling savings or costs avoidance in other areas or provide a wider benefit, which would not otherwise be realised.

Project	Further Details	Estimated Investment Required 2023/24 £000	Estimated ongoing full year net savings £000
Children's Services	<b>Children's Services Financial Improvement Plan</b>		
	Reduction in the use of high cost external family support provision <i>Further detail : To reduce the spend on support to key external support providers, through the development of an in-house Family Support team. This team will support individuals at edge of care and also short term placement requirements resulting in cost avoidance of emergency high cost placement.</i>	700	727
	Reduce the reliance of externally commissioned managed project teams <i>Further detail : to implement the exit strategy for the reduction of the 3 externally sourced managed team within children's social care. This will include the replacement of 1 appropriately commissioned team Specialist agency team to improve "Children in Need and Child Protection" and the removal of 2 others and using current staff to provide the service.</i>	1,000	1,000
	Increase the in-house residential offer to reduce expenditure on external placements <i>Further detail : To purchase and/or refurbish additional properties to develop additional bedspaces for a) children requiring care 2) UASC 3) 16+ pathway and care leavers . Note investment only includes revenue costs and not capital costs</i>	1,260	1,848
	Creation of new Children's Services Assistant Director post to drive transformation and cost reductions	95	Enabling
<b>TOTAL</b>		<b>3,055</b>	<b>3,575</b>

27. The estimates of transformational expenditure have been made on a prudent basis, and it should be noted that there will be potentially other expenditure which will be incurred due to the significant transformation work that will be required within Children's Services and potentially these could be included if any of the above estimated project expenditure does not materialise. One such scheme is relating to a project to "Increase capacity in Internal Fostering" which involves projects to try and retain internal foster carers, for example by offering incentives, such as increasing the fees to internal carers, to allow for existing carers to increase places and attract more to take up as a career. This should reduce the need for Independent Fostering Agency (IFA) placements and any subsequent External residential placements.
28. There are also potential costs which may be incurred in 2023/24 associated with potential transformation across the Council which may be required in the form of budget savings, as outlined in the main budget report. These are likely to be linked to service reconfiguration, restructuring or rationalisation of management and staff, where this leads to ongoing efficiency savings or service transformation. There are also potential costs in 2023/24 relating to transformation required relating to requirements arising from the Council's Governance Improvement Plan. These such costs will potentially be included if any of the above estimated costs relating to Children's Services Improvement Plan do not materialise, and also providing there are sufficient capital receipts generated in 2023/24. As per the Statutory Guidance, only statutory redundancy payments can be included.
29. Any increase in the use of capital receipts on a flexible basis during 2023/24 above that contained in this Strategy, will as per the Statutory Guidance require an amended plan and strategy to be made and approved by Council, and sent to the Secretary of State and DLUHC.

### **Monitoring the Strategy**

30. 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. The Strategy may be updated and replaced as proposals are developed and expenditure is incurred.
31. It should be noted that the use of the Strategy in 2023/24 will be dependent on the estimated capital receipts being generated and qualifying expenditure being made in 2023/24.
32. The legitimacy of the use of the Strategy will be determined by the Council's s151 Officer in order to ensure that it meets the requirements set out by the Secretary of State.

### **The Prudential Code**

33. The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing the proposed Strategy. The capital expenditure prudential indicators will be amended and approved as appropriate.

34. The indicators that will be impacted by this Strategy are set out below:

- Capital financing requirement will be increased by an estimated approximate £3m in 2023/24 as these capital receipts were intended to support schemes within the existing Investment Strategy that are now budgeted to be financed by prudential borrowing. Schemes financed by prudential borrowing are reflected within the prudential indicators as set out within the Treasury Management Strategy and included as part of the budget.
- Financing costs as a percentage of net revenue stream (%), noting that the savings generated from these projects will meet the debt financing costs arising from the additional borrowing. The current indicative cost of borrowing the estimated approximate £3m in 2023/24 is approximately £180,000 p.a.

35. The prudential indicators show that this Strategy is affordable and will not impact on the Council’s operational boundary and authorised borrowing limit set by the Council for 2023/24. However, this will need to be closely monitored as part of the current quarterly budget monitoring reports to Executive.

36. The Council will also 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.

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

Action	Responsible Officer	Deadline
If approved by Council on 27 February 2023 the Flexible Use of Capital Receipts Strategy for 2023/24 will be adopted and submitted to DLUHC via the DELTA system.	Head of Financial Planning & Support	27/2/23
The capital expenditure prudential indicators will be amended and approved as appropriate.	Head of Financial Planning & Support	31/3/24
Regular monitoring of the Flexible Use of Capital Receipts Strategy for 2023/24 will take place throughout 2023/24 as part of the current quarterly budget monitoring reports to Executive, with any amendments required to the plans contained in the Strategy as proposals are developed and expenditure is incurred being reported to Executive and notified to DLUHC as appropriate.	Head of Financial Planning & Support	30/6/24

## Background papers

Body	Report title	Date
Department for Levelling Up, Housing & Communities (DLUHC)	Flexible use of capital receipts direction: local authorities  <a href="https://publishing.service.gov.uk">Direction - Flexible use of capital assets (publishing.service.gov.uk)</a>	2/8/22
Department for Levelling Up, Housing & Communities (DLUHC)	Statutory Guidance on the Flexible Use of Capital Receipts (updated August 2022)  <a href="https://www.gov.uk">Guidance on the flexible use of capital receipts (updated August 2022) - GOV.UK (www.gov.uk)</a>	2/8/22
Council	Flexible Use of Capital Receipts Strategy 2021/22	20/10/21
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2022/23	23/2/22
Executive	Revenue and Capital Budget – Year-End Outturn position 2021/22 report	14/6/22
Council	Flexible Use of Capital Receipts Strategy 2022/23	7/9/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2022/23	14/11/22
Council	Medium Term Financial Plan Update and Budget Savings Proposals 2023/24	30/11/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23	14/2/23
Executive	Children’s Services Financial Improvement Plan	14/2/23



## Appendix 7 : Updated Investment Strategy To 2025/26

Highlighted cells indicate new / increased investment  
 Highlighted cells indicate reduction in investment

	Total Funding Required					Council Funding £'000	External Funding £'000
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000		
<b>Regeneration &amp; Culture</b>							
Town Centre Related Projects	738	1,258	-	-	1,996	1,582	414
Middlehaven Related Projects	7	-	500	-	507	500	7
Housing Growth	86	206	3,200	-	3,492	3,492	-
BOHO X	12,250	4,240	-	-	16,490	1,362	15,128
BOHO 8	21	-	-	-	21	-	21
Brownfield Housing Fund	339	4,041	2,000	-	6,380	-	6,380
Towns Fund	2,159	2,353	12,167	-	16,679	-	16,679
Towns Fund - East Middlesbrough Community Hub	200	2,581	1,106	-	3,887	2,600	1,287
Future High Streets Fund	5,104	8,152	-	-	13,256	-	13,256
Acquisition of Town Centre Properties	-	207	1,000	-	1,207	1,207	-
New Civic Centre Campus	5,408	360	-	-	5,768	5,768	-
Middlesbrough Development Company	7,772	3,559	-	-	11,331	6,165	5,166
Teesside Advanced Manufacturing Park	15	-	-	-	15	15	-
Teesside Advanced Manufacturing Park - Phase 2	-	-	8,820	-	8,820	8,820	-
Local Authority Delivery 2 Green Homes Grant	883	-	-	-	883	-	883
Capitalisation Of Major Schemes Salaries	530	530	530	530	2,120	2,120	-
Capitalisation Of Planning Services Surveys	20	80	40	40	180	180	-
Affordable Housing Via Section 106	-	-	1,495	-	1,495	302	1,193
Highways Infrastructure Development Section 106	-	-	2,402	-	2,402	142	2,260
Linthorpe Road Cycleway	1,589	260	-	-	1,849	-	1,849
Replacement of Ticket Machines	89	100	-	-	189	189	-
Zetland Solar Panels	30	-	-	-	30	-	30
Lingfield Education Units	47	-	-	-	47	47	-
Grove Hill Joint Venture Projects	14	-	-	-	14	-	14
Gresham Projects	8	-	-	-	8	8	-
Empty Homes 2015 To 2018	128	-	-	-	128	-	128
Local Transport Plan	1,004	1,562	1,565	2,130	6,261	3	6,258
Theatre Winches / Lifts	24	-	-	-	24	24	-
Leisure Trust Investment - Equipment	-	6	800	-	806	806	-
Stewart Park Section 106	-	45	-	-	45	-	45
Investment In Parks	51	-	-	-	51	51	-
Teessaurus Park	53	73	-	-	126	126	-
Archives Relocation	118	10	-	-	128	40	88
Cultural Development Fund - Enhancements To Central Library & Partner Organisations	142	2,592	1,624	-	4,358	-	4,358
<b>Total Regeneration &amp; Culture</b>	<b>38,829</b>	<b>32,215</b>	<b>37,249</b>	<b>2,700</b>	<b>110,993</b>	<b>35,549</b>	<b>75,444</b>

	Total Funding Required					Council Funding £'000	External Funding £'000
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000		
<b>Environment &amp; Community Services</b>							
Purchase of New Vehicles	740	4,260	2,250	2,260	9,510	9,510	-
Capitalisation of Wheeled Bin Replacement	100	100	100	100	400	400	-
Capitalisation of Street Furniture/Dog Fouling & Litter Bins	55	55	55	55	220	220	-
Capitalisation of Highways Maintenance	575	575	575	575	2,300	2,300	-
Property Services Building Investment	340	340	340	340	1,360	1,360	-
Local Transport Plan - Highways Maintenance	2,436	2,423	2,338	4,678	11,875	-	11,875
Street Lighting-Maintenance	465	468	468	468	1,869	1,869	-
Urban Traffic Management Control 1	137	100	-	-	237	-	237
Urban Traffic Management Control 2	189	2,328	-	-	2,517	-	2,517
Flood Prevention	23	-	-	-	23	-	23
Members Small Schemes	81	140	60	60	341	341	-
Property Asset Investment Strategy	1,981	160	581	1,200	3,922	3,922	-
Section 106 Ormesby Beck	-	15	-	-	15	-	15
Section 106 Cypress Road	-	20	-	-	20	-	20
Hostile Vehicle Mitigation	131	-	-	-	131	131	-
Bridges & Structures (Non Local Transport Plan)	785	3,620	2,420	2,240	9,065	9,065	-
Newport Bridge	-	1,513	-	1,617	3,130	3,130	-
Henry Street	-	40	-	-	40	-	40
CCTV	169	200	-	-	369	369	-
Captain Cook Public House	210	-	-	-	210	-	210
Town Hall Roof	50	50	2,900	-	3,000	3,000	-
Municipal Buildings Refurbishment	-	1,500	-	-	1,500	1,500	-
Resolution House	87	500	-	-	587	587	-
Central Library WC	-	87	-	-	87	87	-
Cleveland Centre	293	1,677	-	-	1,970	1,970	-
Cargo Fleet Nature Reserve	94	-	-	-	94	-	94
Towns Fund Initiatives	278	500	-	-	778	-	778
Traffic Signals -Tees Valley Combined Authority	234	140	-	-	374	-	374
Traffic Signals - Non Tees Valley Combined Authority	-	1,150	1,150	980	3,280	3,280	-
Hemlington MUGA	30	-	-	-	30	30	-
Changing Places Toilet-Albert Park	90	-	-	-	90	10	80
Highways Infrastructure	1,500	3,000	3,000	-	7,500	7,500	-
Libraries Improvement Fund	50	70	-	-	120	-	120
Street Lighting Column Replacement	-	464	464	500	1,428	1,428	-
<b>Total Environment &amp; Community Services</b>	<b>11,123</b>	<b>25,495</b>	<b>16,701</b>	<b>15,073</b>	<b>68,392</b>	<b>52,009</b>	<b>16,383</b>

	Total Funding Required					Council Funding £'000	External Funding £'000
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000		
<b>Public Health</b>							
Health & Wellbeing Hub	-	-	-	-	-	-	-
Relocation of the Safe Haven to Middlesbrough Bus station	285	-	-	-	285	154	131
<b>Total Public Health</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285</b>	<b>154</b>	<b>131</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Education &amp; Partnerships</b>					
Block Budget (Grant) Devolved Formula Capital - Various Schools	-	138	-	-	138
Block Budget (Grant) Additional Devolved Formula Capital(energy efficiency) - Various Schools	-	236	-	-	236
Block Budget (Grant) S106 Avant Low Gill	-	35	-	-	35
Block Budget (Grant) School Condition Allocation	20	-	-	-	20
Block Budget (Grant) Basic Needs	-	93	4,641	-	4,734
BB (GRANT): C4/ES002/002 - Special Provision Capital Fund	58	-	-	-	58
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	-	1,139	-	-	1,139
Schemes in Maintained Primary Schools	1,354	664	60	-	2,078
Schemes in Primary Academies	23	633	-	-	656
Schemes in Secondary Academies	2,006	414	-	-	2,420
Schemes in Special Schools	574	2,141	5,400	-	8,115
Capitalisation of Salary Costs	106	111	-	-	217
Contribution to New School at Middlehaven	-	500	1,146	-	1,646
Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project)	-	7	-	-	7
SEN Projects	-	649	50	-	699
<b>Total Education &amp; Partnerships</b>	<b>4,141</b>	<b>6,760</b>	<b>11,297</b>	<b>-</b>	<b>22,198</b>

Council Funding	External Funding
£'000	£'000
-	138
-	236
-	35
-	20
-	4,734
-	58
-	1,139
661	1,417
2	654
-	2,420
151	7,964
-	217
646	1,000
-	7
-	699
<b>1,460</b>	<b>20,738</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Children's Care</b>					
Rosecroft renovations	6	-	-	-	6
34 Marton Avenue, Fir Tree - Garage Conversion	23	5	-	-	28
Contact Centre - Bus Station Unit 1	221	30	-	-	251
Bathroom refurb	4	-	-	-	4
Holly Lodge Sensory Room	100	-	-	-	100
Fir Tree Refurbishment	39	-	-	-	39
Caravan Purchase	-	50	-	-	50
<b>Children's Services Financial Improvement Plan</b>	<b>-</b>	<b>2,000</b>	<b>2,500</b>	<b>-</b>	<b>4,500</b>
<b>Total Children's Care</b>	<b>393</b>	<b>2,085</b>	<b>2,500</b>	<b>-</b>	<b>4,978</b>

Council Funding	External Funding
£'000	£'000
6	-
28	-
251	-
4	-
22	78
39	-
50	-
4,500	-
<b>4,900</b>	<b>78</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Adult Social Care &amp; Health Integration</b>					
<b>Chronically Sick &amp; Disabled Persons Act - All schemes</b>	864	807	610	610	2,891
<b>Disabled Facilities Grant - All schemes</b>	1,556	744	-	-	2,300
<b>Capitalisation of Staying Put Salaries</b>	50	50	50	50	200
Home Loans Partnership (formerly 5 Lamps)	5	56	-	-	61
Small Schemes	30	-	-	-	30
Connect/Telecare IP Digital Switchover	101	50	-	-	151
<b>Total Adult Social Care &amp; Health Integration</b>	<b>2,606</b>	<b>1,707</b>	<b>660</b>	<b>660</b>	<b>5,633</b>

Council Funding	External Funding
£'000	£'000
1,304	1,587
-	2,300
100	100
-	61
-	30
-	151
<b>1,404</b>	<b>4,229</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Legal &amp; Governance Services</b>					
Desktop Strategy / Device Refresh	693	-	-	-	693
Enterprise Agreements	944	10	-	-	954
CRM	42	-	-	-	42
IT Refresh - Network Refresh	349	30	-	-	379
IT Refresh - Lights On	433	-	-	-	433
<b>ICT Essential Refresh &amp; Licensing</b>	711	2,321	2,185	2,185	7,402
GIS Replacement	39	4	-	-	43
Prevention & Partnership Tablets	67	-	-	-	67
Sharepoint	628	-	-	-	628
HR Recruitment	35	-	-	-	35
HR Pay	-	37	-	-	37
<b>Total Legal &amp; Governance Services</b>	<b>3,941</b>	<b>2,402</b>	<b>2,185</b>	<b>2,185</b>	<b>10,713</b>

Council Funding	External Funding
£'000	£'000
693	-
954	-
42	-
379	-
433	-
7,402	-
43	-
67	-
628	-
35	-
37	-
<b>10,713</b>	<b>-</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Finance</b>					
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	20	247	-	-	267
Business World Upgrade	27	-	-	-	27
<b>Derisking Sites</b>	91	300	1,978	500	2,869
Capitalisation of Property Finance Lease Arrangements	-	-	4,500	-	4,500
<b>Total Finance</b>	<b>138</b>	<b>547</b>	<b>6,478</b>	<b>500</b>	<b>7,663</b>

Council Funding	External Funding
£'000	£'000
267	-
27	-
2,869	-
4,500	-
<b>7,663</b>	<b>-</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>ALL DIRECTORATES</b>					
<b>Total ALL DIRECTORATES</b>	<b>61,456</b>	<b>71,211</b>	<b>77,070</b>	<b>21,118</b>	<b>230,855</b>

Council Funding	External Funding
£'000	£'000
<b>113,852</b>	<b>117,003</b>

	Total Funding				
	2022/23	2023/24	2024/25	2025/26	TOTAL
<b>FUNDED BY:</b>	£'000	£'000	£'000	£'000	£'000
Borrowing	20,929	24,410	32,776	5,860	83,975
Finance Leases			4,500		4,500
Capital Receipts	2,700	9,532	4,695	8,450	25,377
Grants	35,226	36,020	30,863	6,808	108,917
Contributions	2,601	1,249	4,236	-	8,086
Revenue Resources					
Funding from Reserves	-	-	-	-	-
<b>Total FUNDING</b>	<b>61,456</b>	<b>71,211</b>	<b>77,070</b>	<b>21,118</b>	<b>230,855</b>

Council Funding	External Funding
£'000	£'000
83,975	-
4,500	-
25,377	-
-	108,917
-	8,086
-	-
-	-
<b>113,852</b>	<b>117,003</b>

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## CAPITAL STRATEGY REPORT 2023/24

### Introduction

The Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services at the Council. In addition, it also gives an overview of how the associated risks are managed and the implications for future financial sustainability.

The report is a requirement of the 2021 Code of Practice on Treasury Management, issued by the Chartered Institute of Public Finance & Accountancy (CIPFA), and has been produced in an accessible way to enhance members' understanding of these often-technical areas. It is a replacement for the prudential indicator and treasury management report included within previous budget setting reports prior to 2019/20 but gives a wider context on the capital financing processes and key metrics used by the Council.

### Capital Expenditure and Financing

Capital Expenditure is where the Council spends money on assets, such as property, IT and vehicles that will be used for more than one financial year. In local government, this also includes spending on assets owned by other bodies, finance leases and loans & grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are generally not capitalised.

- For details of the Council's policy on the capitalisation of assets, see the accounting policies section of the annual statement of accounts on the Council's website ([www.middlesbrough.gov.uk](http://www.middlesbrough.gov.uk)).

In the 2023/24 financial year, the Council is planning a total capital expenditure of £71.2m as summarised below:

**Table 1:** Prudential Indicator: Estimates of Capital Expenditure in £ millions

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Total Capital Expenditure – Investment Strategy	56.899	61.456	71.211	72.570	21.118
Total Capital Expenditure – Finance Leases	0.000	0.000	0.000	4.500	0.000
<b>Total Capital Expenditure</b>	<b>56.899</b>	<b>61.456</b>	<b>71.211</b>	<b>77.070</b>	<b>21.118</b>

**Governance:** Service managers generally bid during the previous financial year to include projects in the Council’s forward capital programme. Bids are collated by the Council’s finance team who calculate the financing costs of each project (which can be nil if the project is fully externally financed). The Council’s Management Team (LMT) appraises all bids based on a comparison of service priorities against financing costs and then makes recommendations to Members for which schemes progress against the capital resources available. The final capital programme to support the Medium-Term Financial Plan is then presented to Executive and Council in late February each year for approval.

All capital expenditure has to be financed, from either external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and private finance initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

	<b>2021/22 actual</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
External sources	20.821	37.827	37.269	35.099	6.808
Own resources	13.482	2.700	9.532	4.695	8.450
Debt	22.596	20.929	24.410	37.276	5.860
<b>TOTAL</b>	<b>56.899</b>	<b>61.456</b>	<b>71.211</b>	<b>77.070</b>	<b>21.118</b>

Any external debt (loans and leases) must be repaid over time by other sources of finance. This comes from the revenue budget in the form of Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace/repay debt finance. The Council generally uses capital receipts to finance new capital expenditure rather than to redeem debt. The total cost of MRP included in the Council’s revenue budget is as follows:

*Table 3: Minimum Revenue Provision in £ millions*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Cost to Revenue Budget	5.035	3.384	3.839	4.294	4.984

- The Council’s minimum revenue provision statement for 2023/24 is available towards the end of this report. The policy in relation to unsupported borrowing on post 2008 debt was changed by the Council on 18 Jan 2023. This creates a level of savings in the table above due to the move to an annuity basis.

The Council’s cumulative amount of debt finance still outstanding is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure each year and then reduces with minimum revenue provision and capital receipts used to redeem debt.

The CFR is expected to increase by £15.8m or 5.6% during the 2023/24 financial year. This increase is due to the new capital expenditure funded by external debt of £24.4m less the MRP set aside of £3.8, plus other income streams of £4.8m.

Based on the above plans for expenditure and financing, the Council's estimated CFR for the period of the Medium-Term Financial Plan is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	<b>31.3.2022 actual</b>	<b>31.3.2023 forecast</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
<b>TOTAL CFR</b>	<b>263.534</b>	<b>281.804</b>	<b>297.562</b>	<b>326.456</b>	<b>321.972</b>

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or be used to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2024-25. Repayments of capital grants, loans and investments also generate capital receipts.

The Council plans to receive £8.421m of capital receipts in the coming financial year as follows:

*Table 5: Capital receipts in £ millions*

	<b>2021/22 actual</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<b>TOTAL</b>	<b>13.482</b>	<b>3.000</b>	<b>8.421</b>	<b>4.695</b>	<b>8.450</b>

- The level of capital receipts for each financial year is monitored between Regeneration, Finance and Valuation & Estates teams, and any significant changes are reported to Executive as part of the Quarterly budget updates.
- The Council has previously adopted the Flexible Use of Capital Receipts Policy and is intending to in again in 2023/24, where these proceeds may be used for funding service transformation costs that would otherwise be classed as revenue expenditure. This was mainly to fund the ongoing children services transformation in prior years & 2022/23 and in 2023/24 and is a device to protect reserves and financial stability.

### **Treasury Management**

Treasury Management is concerned with the keeping of sufficient but not excessive cash resources, available to meet the Council's spending needs, while managing the risks involved in these investments. Surplus cash is invested until required, whilst a shortage of cash will be financed by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

The Council is typically cash rich in the short-term as revenue and capital income is received and before it is spent, but cash poor in the long-term as capital expenditure is

incurred before being financed. Revenue cash surpluses are therefore offset against capital cash shortfalls to reduce the overall borrowing amount required, as part of an integrated strategy on Treasury Management. This is in line with best practice.

The Council at the end of January 2023 had £218m of borrowing at an average interest rate of 2.5% and £20.1m of treasury investments at an average rate of around 3.0%.

Both investment and borrowing rates have increased significantly during the 2022/23 financial year given the various upward trajectory in bank rate, as a device to offset the high level of inflation. These have slightly increased the costs to the Council, given it is a net borrower rather than investor. These rate increases and any borrowing and investment decisions are regularly discussed with our treasury management adviser.

**Borrowing strategy:** The Council's main objectives when borrowing is to achieve a low but certain cost of finance for long-term capital projects whilst retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between using cheap short-term loans (currently available at variable rates around 4.0%) and long-term fixed rate loans where the future cost is known but interest costs vary (currently between 3.8% to 4.75%). In recent years, the Council has also been in negotiation with funders around lease arrangements as an alternative method of securing external finance for its capital projects.

Projected levels of the Council's total outstanding debt (which comprises borrowing and relevant finance leases) are shown below, compared with its capital financing requirement (need to borrow).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2022 actual</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
External Debt	<b>208.880</b>	<b>241.247</b>	<b>263.359</b>	<b>289.765</b>	<b>283.908</b>
Capital Financing Requirement	<b>263.534</b>	<b>281.104</b>	<b>297.562</b>	<b>326.456</b>	<b>321.972</b>

Statutory guidance is that debt should remain below the capital-financing requirement, except in the short-term where the benefits of short-term borrowing may be taken. As can be seen from Table 6, the Council expects to comply with this in the medium term with debt being lower than the capital-financing requirement in all relevant financial years. There may be some opportunity to take more capital funding than is needed whilst interest rates are at low levels. Discussions are ongoing with our treasury advisers on this position and what approach the Council should take.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt levels start to approach the legal limit and is a more realistic rather than worst-case view of what



will happen during the financial year. Any need to change these during the 2023/24 financial year from the original budget assumptions will be reported by the Director of Finance to the Executive at the earliest opportunity.

*Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	<b>2022/23 Budget</b>	<b>2023/24 limit</b>	<b>2024/25 limit</b>	<b>2025/26 limit</b>
Authorised Limit (OB + £20m)	356.000	<b>328.000</b>	357.000	352.000
Operational Boundary (CFR + £10m)	326.000	<b>308.000</b>	337.000	332.000

The authorised limit for 2023/24 at £328m is lower than in previous years due to changes in the threshold values being used above the capital financing requirement. This is a result of a lack of debt refinancing opportunities in recent times.

**Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, which focuses on minimising risk rather than maximising returns. Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.

*Table 8: Treasury management investments in £millions*

	<b>31.3.2022 Actual</b>	<b>31.3.2023 Forecast</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
Short-term investments	34.118	18.250	15.000	15.000	15.000
Longer-term investments	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>34.118</b>	<b>18.250</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>

**Governance:** Decisions on treasury management in relation to investment and borrowing are made daily and are therefore delegated by the Director of Finance to the Head of Finance & Investments and staff within the central finance team, who act in line with the treasury management strategy approved by Council. Quarterly updates on treasury management activity are reported to Executive as part of the regular budget monitoring process.

## **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to the revenue budget, offset by any investment income received. The net annual charge is reported as capital financing costs; this is compared to the net revenue stream i.e., the amount funded from council tax, business rates and general government grants. This is an important indicator around the affordability of the Council's capital plans going forwards.

*Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2021/22 forecast</b>	<b>2022/23 forecast</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>
Financing costs (£m)	9.430	8.190	9.204	9.804	10.001
Net Revenue Budget (£m)	116.492	118.329	126.354	133.102	137.988
Proportion of net revenue stream	8.1%	6.9%	7.3%	7.4%	7.2%

**Sustainability:** Due to the very long-term nature of capital expenditure and its financing, the revenue budget implications of this expenditure incurred in the next few years could extend for up to some 50 years into the future.

The figures in table above have reduced from 2022/23 going forwards due to the amendment in the MRP policy. Any savings generated by this policy change will be transferred to earmarked reserves to assist with the revenue budget position.

Although the capital financing costs remain relatively stable at a time when debt levels for the Council are still increasing. Members should be aware that this is because of various capital investments in commercial property made by the Council over the last few years for regeneration purposes. This results in around £4.8m of income per year being credited to the capital financing budget by the end of the 2023/24 financial year. It is imperative and a key budget risk that these rental levels are maintained, and the income assumed in the estimates above are generated. Progress will be reported as part of future budget monitoring and performance reports each quarter to Executive. The forecasts above may also differ slightly from the total included in the revenue budget for 2022/23 due to timing.

The Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because appropriate resources have been allocated from the Council's medium term financial plan, any finance leases have been appropriately vetted and any borrowing plans have been fully costed and reviewed.

Table 10 – Total Borrowing required for each year of the MTFP

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
	Estimate	Estimate	Estimate	Estimate
Investment Strategy	20.929	24.410	32.776	5.860
Finance Leases	0	0	4,500	0
Debt Restructuring	0	0	0	0
Total	20.929	24.410	37.276	5.860

This takes into account any debt needed by the Council to either finance the capital programme, in respect of leasing arrangements, or to finance any debt restructuring required.

Current interest rates at present mean that debt restructuring is not expected within the next three financial years and therefore no amounts have been factored into the borrowing plans of the Council for this. If this situation changes, this will be reported to Executive at the earliest opportunity.

The prudential indicators & limits set out in this report are consistent with the Council's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices.

The Director of Finance confirms that these are based on estimates of the most likely and prudent scenarios, with in addition sufficient headroom over and above this to allow for operational management and some scope for flexibility. For example unusual cash movements or any unbudgeted capital expenditure required. Risk analysis and management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

### **Prudence – Treasury Management Indicators**

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2023/24, 2024/25 and 2025/26 of 100% of its estimated total borrowing undertaken.

It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2023/24, 2024/25 and 2025/26 of 25% of its estimated total borrowing undertaken.

This means that the Director of Finance will manage fixed interest rate exposures on total debt within the range 75% to 100% and variable interest rate exposures on total debt within the range 0% to 25%.

It is also recommended that the Council sets upper and lower limits for the maturity structure (when the debt needs to be repaid) of its total borrowing as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period:

	<u>Upper limit</u>	<u>Lower limit</u>
under 12 months	50%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	20%

Currently investments are limited to a maximum of 3 years, with any deals being arranged so that the maturity will be no more than 3 years and one month after the date the deal is arranged.

The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

### **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Investments has in excess of 20 years' experience in local government treasury management. There is similar experience within the finance teams in relation to budgeting & accounting for capital expenditure and financing. The Council also pays junior staff to study towards relevant professional qualifications including CIPFA, CIMA, ACCA, AAT and other relevant vocational studies.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- Further details on staff training and the policy on the use of external advisers can be seen with reference to its Treasury Management Practices document which is on the Council's website.

### **Treasury Management Practices**

Further details of how the treasury management function operates, the procedures used to manage banking, treasury and capital market transactions, how risk is managed by the in-house team and how this fits with the CIPFA Code of Practice is included in the Council's set of Treasury Management Practices.

This document is available to Members for further information on request.

## **ANNUAL INVESTMENT STRATEGY & TREASURY**

### **MANAGEMENT POLICY STATEMENT 2023/24**

1. In accordance with revised guidance from the Department of Levelling Up, Housing & Communities (DLUHC), a local authority must prepare and publish an Annual Investment Strategy which must be approved by full Council before the start of the financial year to which it relates.
2. The DLUHC guidance offers councils greater freedom in the way in which they invest monies, providing that prior approval is received from Members by approving the Annual Investment Strategy. The guidance also considers the wider implications of investments made for non-financial returns and how these can be evaluated.
3. The Local Government Act 2003, which also introduced the Prudential Code, requires that a local authority must have regard to such guidance as the Secretary of State issues relating to prudent investment practice.
4. In addition, the Chartered Institute of Public Finance & Accountancy (CIPFA) has published a revised Code of Practice for Treasury Management in the Public Services during 2021. This replaces the 2017 Code which had been adopted in full by Middlesbrough Council. The revised Code requires the Council to clearly state, in the Annual Investment Strategy document, its policy on effective control, and monitoring of its treasury management function. These controls are set out in Treasury Management Practices (TMP's) which have been approved as part of acceptance of the previous Code.
5. The revised Strategy, showing where the Guidance has determined Council policy, can be set out as:

### **ANNUAL INVESTMENT STRATEGY 2023/24**

6. Middlesbrough Council will create and maintain as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
7. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
8. Middlesbrough Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review which will include an annual report on the previous year, in the

form prescribed in its TMP's. Revised Strategies can be presented to the Council for approval at any other time during the year if the Director of Finance considers that significant changes to the risk assessment of significant parts of the authority's investments has occurred.

9. Middlesbrough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Director of Finance. The execution and administration of treasury management decisions is further delegated to *the Head of Finance & Investments*, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's *Standard of Professional Practice on Treasury Management*.
10. Middlesbrough Council nominates the Corporate Affairs & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
11. The Council is very circumspect in its use of credit rating agencies with the section on Specified Investments setting out the current policy. Ratings are monitored on a real time basis as and when information is received from either our treasury management consultants or any other recognised source. Decisions regarding inclusion on the Approved List are made on the basis of market intelligence drawn from a number of sources.
12. All staff involved in treasury management will, under the supervision of *the Head of Finance & Investments*, act in accordance with the treasury management practices and procedures, as defined by the Council. Such staff will undertake relevant training, identified during the Council's induction process and, on an on-going basis, the Council's appraisal policy.
13. The general policy objective contained in the guidance is that local authorities should invest prudently the short-term cash surpluses held on behalf of their communities. The guidance emphasises that priority should be given to security and liquidity rather than yield. Within that framework the authority must determine a category of borrowers, who must be of "high credit quality" classified as **Specified Investments**, with whom it can invest surplus cash with minimal procedural formalities and further identify a category of borrowers classified as **Non-Specified Investments**, with whom it can also invest but subject to prescribed limits.
14. Although the guidance definition of Non-Specified Investments is "one not meeting the definition of a Specified Investment", the authority is required to identify which categories of investments are identified as prudent to use and the limits on any such investment either individually or in total. It is because some organisations do not subscribe to credit rating agencies that they have to be included as Non-Specified Investments, rather than any concern over their creditworthiness.
15. The guidance defines investment in such a way as to exclude pension fund and trust fund investments. In practice, Middlesbrough Council, in its role as Administering Authority for the Teesside Pension Fund, follows similar procedures as approved by Members as part of compliance with the CIPFA Code of Practice, albeit with different limits.

## **LIMITS & DEFINITION OF SPECIFIED INVESTMENTS**

16. The following are currently determined as meeting the criteria for Specified Investments.
17. The investment is made with the UK Government, or a local authority (as defined in the Local Government Act 2003), or a police authority, or fire, or a UK Nationalised Industry, or UK Bank, or UK Building Society.
18. The investment is made with a Money Market Fund that, at the time the investment is made, has a rating of AAA.
19. The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document which, at the time the investment is made, has a short-term "investment grade" rating with either Standard & Poors, Moody's Investors Search Ltd or Fitch Ratings Ltd (or in the case of a subsidiary the parent has such a rating). Where ratings awarded differ between the rating agencies any one award below investment grade will prevent the investment being categorised as a Specified Investment. The rating of all listed bodies must be monitored on a monthly basis. Where officers become aware of a downward revision of rating, that moves the body out of the "investment grade" category, between such monthly checks, the body should be removed from the list of Specified Investments and, if considered appropriate, the investment should be recalled.
20. All specified investments must be denominated in sterling and must be one where the authority may require it to be repaid or redeemed within 12 months of the date on which the investment is made and must be considered of high credit quality. This is defined as having met the criteria set out above. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

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|--|
| <ul style="list-style-type: none"><li>• The minimum % of the total of all investments which must be Specified Investments, at the time the investment is made, is 70%</li><li>• The maximum investment with any one counterparty is £15 million, except for the Debt Management Office which is has no limit.</li><li>• The maximum investment in any one group (i.e. a bank and its wholly-owned subsidiaries) is £15m.</li></ul> |
|--|

## **LIMITS & DEFINITION OF NON-SPECIFIED INVESTMENTS**

21. These categories of investment currently meet the criteria for non-specified investments:
22. The investment is made with a UK bank, or UK building society, or a UK subsidiary of an overseas bank.
23. The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document, which is not a Specified Investment.
24. The investment is for a period of one year or longer.

25. All non-specified investments must be denominated in sterling. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum % of the total of all investments which can be non-specified investments, at the time the investment is made, is 30%.
- The maximum investment with any one counterparty is £15 million
- The maximum investment in any one group (i.e. a bank and its wholly-owned subsidiaries) is £15m.
- The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

26. The maximum period for which an investment can be made is 3 years, with the maturity date no more than 3 years and 1 month from the time the deal is agreed.

27. As referred to earlier in the report, borrowing should be kept at, or below, the expected capital financing requirement over the medium term to reduce the risk of exposure to interest rate fluctuations. The balance of 'net borrowing' (loans less investments) should also be monitored to, where prudent, minimise interest rate differences.

28. The Council considers that it is empowered by Section 12 of the Local Government Act 2003 for the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future. While not "borrowing to invest" it is prudent to invest monies raised in advance of expenditure. As required by the Guidance such investment is permitted providing the anticipated expenditure is within this or the next financial year or within a period of eighteen months, whichever is the greater.



## TREASURY MANAGEMENT POLICY STATEMENT

29. Middlesbrough Council defines its treasury management activities as:  
*'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*
30. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage those risks.
31. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
32. The high-level policies and monitoring arrangements adopted by the Council for Borrowing and Investments are as follows:

### Borrowing

- Any borrowing decisions will aim to strike an appropriate risk balance between securing low interest rates and achieving cost certainty over the periods for which funds are required. Economic forecasts available from our treasury management advisers and any other available sources will be used to form a view on the target borrowing rates and overall borrowing strategy;
- Any decisions should also look to maintain the stability and flexibility of the longer term debt portfolio, given the current low interest rate environment where short term borrowing or borrowing from internal resources offer revenue budget savings;
- The main sources of funding for external borrowing for the Council are the Public Works Loan Board, Other Local Authorities and private sector financial institutions;

### Investments

- The CIPFA and DLUHC guidance require the Council to invest its funds prudently and to have regard to security, liquidity and yield when making these decisions;
- Security being the arrangements in place to protect principal sums invested by a local authority;
- Liquidity being to ensure that enough cash resources are available on a day to day basis for transactional needs;
- Yield being the interest rate and total financial return applicable to the investment being made;
- With these strategic issues in mind, the management of credit risk (or security) is key to the Council's investment strategy and any subsequent activity. The Council uses the external advisers' credit worthiness matrix to determine limits with individual counterparties.

## MINIMUM REVENUE PROVISION POLICY 2023/24

### INTRODUCTION

33. Local authorities are required each year to set aside some of their revenue income as provision for debt repayment. There is a simple duty for an authority each year to make an amount of revenue provision, which it considers “prudent”. (Minimum Revenue Provision) MRP Guidance makes recommendations to authorities on the interpretation of that term.
34. Authorities are legally obliged to “have regard” to any such guidance – which is exactly the same duty as applies to other statutory guidance including, for example, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the DLUHC Guidance on Investments.
35. Authorities are asked to prepare an annual statement of their policy on making MRP and to have this approved by the body before the start of each financial year.

### MEANING OF “PRUDENT PROVISION”

36. The main part to the guidance is concerned with the interpretation of the term “prudent provision”. The guidance proposes a number of options. It explains that provision for repayment of the borrowing, which financed the acquisition of an asset, should be made over a period bearing some relation to that over which the asset continues to provide a service or has economic benefit. It should also cover the gap between the Capital Financing Requirement and the various sources of capital income available to the Council to finance its capital programme, such as capital receipts, capital grants, contributions and direct revenue financing.

### OPTIONS FOR PRUDENT PROVISION

#### Option 1: Regulatory Method

37. For debt supported by (Revenue Support Grant) RSG in previous years, authorities will be able to continue to use the formulae in regulations, since the RSG was provided on that basis.

#### Option 2: CFR Method

38. This is a technically simpler alternative to Option 1 and may also be used in relation to supported debt. While still based on the concept of the Capital Financing Requirement (CFR), which can be derived from the balance sheet, it avoids the complexities of the formulae in the regulations.

#### Option 3: Asset Life Method

39. For new borrowing under the Prudential system (from 2008) for which no government support is given, there are two main options. Option 3 is to make provision for debt repayment in **equal annual instalments** over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

40. The formula allows an authority to make **voluntary extra provision** in any financial year that this is affordable.
41. In the case of the construction of a new building or infrastructure, MRP would not need to be charged until the new asset comes into service. This “**MRP holiday**” would be perhaps 2 or 3 years in the case of major projects and could make them more affordable. There would be a similar effect in the case of Option 4 under normal depreciation rules.

#### **Option 4: Depreciation Method**

42. Alternatively, for new borrowing under the prudential framework for which no Government support is being given, Option 4 may be used. This means making MRP in accordance with the standard rules for depreciation accounting.
43. Councils will normally need to follow the standard procedures for calculating depreciation when making this revenue provision.

#### **Option 5: 2% Annuity Method**

44. This method recognises the time value of money and the useful life of the assets funded from borrowing and is seen as a fairer way of charging MRP. It is supported by the Council’s treasury management advisers (Arlingclose) and is being adopted by many local authorities nationally as the way of accounting for both pre and post 2008 debt.

**2023/2024 MINIMUM REVENUE PROVISION -  
STATEMENT FOR MIDDLESBROUGH COUNCIL**

45. The Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full council as part of its budget setting process. The statement should indicate which of the options listed above are to be followed in the financial year.
46. For supported capital expenditure Middlesbrough Council intends to use option 5, a 2% annuity basis for the coming financial year.
47. For unsupported capital expenditure Middlesbrough Council intends to use option 5, a 2% annuity basis for the coming financial year.

## MIDDLESBROUGH COUNCIL

### Final Report of the Children and Young People’s Learning Scrutiny Panel

# YOUTH OFFENDING AND PARTNERSHIP WORKING WITH SCHOOLS

## CONTENTS

<b>THE AIM OF THE SCRUTINY REVIEW</b>	<b>Page</b>	<b>2</b>
<b>TERMS OF REFERENCE</b>	<b>Page</b>	<b>2</b>
<b>BACKGROUND INFORMATION</b>	<b>Page</b>	<b>2</b>
<b>SUMMARY OF EVIDENCE</b>		
<b>Term of Reference A</b> - To examine the role of the South Tees Youth Justice Service (STYJS).	<b>Page</b>	<b>3</b>
<b>Term of Reference B</b> - To identify the barriers to young people in the youth justice system engaging in education.	<b>Page</b>	<b>6</b>
<b>Term of Reference C</b> - To examine how the STYJS works with schools in Middlesbrough to:	<b>Page</b>	<b>8</b>
<ul style="list-style-type: none"> <li>➤ react swiftly and firmly to early signs of criminal behaviour;</li> <li>➤ promote engagement in the education system;</li> <li>➤ improve attendance;</li> <li>➤ prevent exclusions (fixed-term and permanent);</li> <li>➤ improve attainment; and</li> <li>➤ deliver well-targeted educational support.</li> </ul>		
<b>Term of Reference D</b> - To identify effective practice in respect of partnership arrangements with schools, which actively support the delivery of high-quality and bespoke education in the youth justice system.	<b>Page</b>	<b>11</b>
<b>Additional Information</b>	<b>Page</b>	<b>14</b>
<b>Conclusions</b>	<b>Page</b>	<b>15</b>
<b>Recommendations</b>	<b>Page</b>	<b>16</b>
<b>Acknowledgments</b>	<b>Page</b>	<b>17</b>
<b>Acronyms</b>	<b>Page</b>	<b>17</b>

## **THE AIM OF THE SCRUTINY REVIEW**

1. The purpose of the review was to examine how the South Tees Youth Justice Service (STYJS) works in partnership with schools in Middlesbrough to improve school attendance, educational engagement and attainment for those young people involved in the criminal justice system.
2. The review aims to assist the Local Authority in achieving its strategic priority:
  - ***Children and Young People*** - 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.

## **TERMS OF REFERENCE**

3. The terms of reference, for the scrutiny panel's review, are as follows:
  - a) To examine the role of South Tees Youth Justice Service (STYJS).
  - b) To identify the barriers to young people in the youth justice system engaging in education.
  - c) To examine how the STYJS works with schools in Middlesbrough to:
    - react swiftly and firmly to early signs of criminal behaviour;
    - promote engagement in the education system;
    - improve attendance;
    - prevent exclusions (fixed-term and permanent);
    - improve attainment; and
    - deliver well-targeted educational support.
  - d) To identify effective practice in respect of partnership arrangements with schools, which actively support the delivery of high-quality and bespoke education in the youth justice system.

## **BACKGROUND INFORMATION**

4. Children who are supervised by youth offending teams (YOTs) are more likely to have, or have experienced, problems with school attendance, educational engagement and attainment. Problems with schooling can have a lasting negative effect on an individual's further education, training or employment, thus affecting their life chances.<sup>1</sup>
5. In terms of the link between education and young people in the criminal justice system:
  - In 2016, Charlie Taylor was commissioned to review the entirety of the youth justice system. Following the review, it was concluded that education needs to be central to the response to youth offending. The review reported that too many children in the youth justice system had been out of school for long periods of time through truancy, or following exclusion, and half of 15-17 year olds in youth offending institutions had the literacy or numeracy levels expected of a 7-11 year old.
  - In 2017, One Education reported that:

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<sup>1</sup> <https://www.justiceinspectorates.gov.uk/hmprobation/wp-content/uploads/sites/5/2022/05/ETE-EP-v2.1.pdf>

- approx 90% of young people in the youth custody population had been suspended from school, at any one time, compared to 3-5% of general population;
  - 63% of boys and 74% of girls had been permanently excluded (N.B. there was a significantly lower number of girls in the youth custody population and that needed to be taken into account when considering the data);
  - 40% of young people had not been to school since they were 14; and
  - 90% were not attending before they reached 16 years old.
6. In June 2022, HM Inspectorate of Probation published findings from a thematic inspection of Education, Training and Employment (ETE) services in Youth Offending Teams (YOT) across England and Wales. The inspection was undertaken between November 2021 and January 2022. The report outlined that: *“Of the 181 cases inspected, two-thirds (65 per cent) of children (aged 10-17 years) had been suspended from school and almost half (47 per cent) had been permanently excluded. This resulted in some children not participating in any ETE services for two years or more”*. The report also stated that *“Children on youth justice caseloads have lives that are filled with disruption, trauma, adverse experiences, poor mental health and specialised needs. The services we spoke to were aware of this, and are striving to put ETE opportunities in place, but it remains the case that there are major barriers to children getting the education or training they so desperately need, if they are to stay away from crime. Services must strive to overcome these hurdles”*.<sup>2</sup>
7. To provide a snapshot of data, on 1 August 2022, just over 25% of the young people (post 16) open to South Tees Youth Justice Service (STYJS) were Not in Education Employment or Training (NEET). In terms of data in relation to young people open to the service who have been excluded, work was undertaken to report on data from the last academic year (1 September 2020 and 31 August 2021). The data highlighted that the percentage of young people open to the STYJS, who had been permanently excluded, was 6.6%. In comparison, the percentage of all young people who had been permanently excluded during that academic year was 0.29%.
8. The links between young people’s education and involvement in criminal behaviour is clearly an important issue, which requires a robust response.

## **SUMMARY OF EVIDENCE**

### **Term of Reference A - To examine the role of South Tees Youth Justice Service (STYJS).**

#### **Youth Justice Services**

9. Youth justice services are multidisciplinary statutory partnerships, which aim to deal with the needs of the whole child. Youth justice services are required to have staff from local authority social care and education, the police, the National Probation Service and local health services.
10. Children in the justice system often have multiple and complex needs. Where possible, youth justice services should seek to divert children from the justice system entirely and address these needs. For those who do offend, the core focus of youth justice services must continue to be rehabilitation, tackling the underlying causes of youth offending, and

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<sup>2</sup> <https://www.justiceinspectorates.gov.uk/hmiprobation/media/press-releases/2022/06/ete-thematic/>

delivering a system that gives children the support they need to break the cycle of offending and build productive and fulfilling lives.<sup>3</sup>

11. Youth justice services supervise 10 to 18 year-olds who have been sentenced by a court, or who have come to the attention of the police because of their offending behaviour but have not been charged - instead, they are dealt with out of court. There is a range of out of court disposals, which are available to youth justice services.
12. If a referral has been received from the police following an offence being committed, youth justice services will work closely with the police and the Crown Prosecution Service (CPS) to determine and assess the options available to the young person. A Triage disposal can be used, which aims to prevent young people from re-offending and slipping deeper into the criminal justice system. In low-risk cases where the young person admits the offence, and both the family and victim agrees, that can involve restorative intervention, rather than court action. The procedure followed is quite complex and technical.

### Youth Justice Board

13. The Youth Justice Board (YJB) is a non-departmental public body responsible for overseeing the youth justice system in England and Wales. The YJB provides the majority of funding to youth justice services and monitors their performance. The YJB also publishes guidance, such as the national standards for youth justice services.

### HM Inspectorate of Probation

14. HM Inspectorate of Probation is the regulating body of youth justice services. HM Inspectorate of Probation reports to the government on the effectiveness of work with adults, children and young people who have offended, with an aim to reduce reoffending and protect the public.

### National Outcome Measures for Youth Justice Services

15. There are three national outcome measures for youth justice services:
  - to reduce first time entrants to the youth justice system;
  - to prevent re-offending by children and young people; and
  - reduce the use of custody for young people (both sentenced and remanded).
16. Currently, there is no requirement for youth justice services to collect data in respect of educational attainment, truancy or exclusion from school. However, future changes to data requirements are planned, in order to capture and evidence the impact of offending on these areas.

### A joint inspection of education, training and employment services in youth offending teams in England and Wales

17. In June 2022, following a joint inspection of education, training and employment services in youth offending teams in England and Wales, HM Inspectorate of Probation published a thematic report. The recommendations contained within the report proposed that the YJB

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<sup>3</sup> <https://www.gov.uk/government/publications/national-standards-for-youth-justice-services/standards-for-children-in-the-youth-justice-system-accessible-version>



should revise its national indicator of ETE engagement to one that provides a more meaningful measure of performance. The report also included seven recommendations for youth justice management boards. In summary, the recommendations state that youth management boards should:

- ensure children receive comprehensive ETE assessments;
- monitor, alongside the local authority, key aspects of ETE work for children working with the youth offending team, including:
  - the extent of school exclusion in the youth offending team cohort;
  - the actual level of attendance at school, college, work or training placement;
  - the extent of additional support provided to children with special educational needs (SEN)/additional learning needs (ALN);
  - that every child with an education, health and care plan (EHCP) or individual development plan (IDP) has it reviewed on an annual basis to meet the statutory requirement.
- develop ambitious aims for ETE work in the youth offending teams, including the achievement of Level 2 English and Mathematics by every child;
- establish a greater range of occupational training opportunities for those children beyond compulsory school age; and
- monitor and evaluate the levels of educational engagement and attainment in disproportionately represented groups within the youth offending teams caseload.

#### Key Performance Indicators

18. In light of the report published by HM Inspectorate of Probation, the YJB has proposed key performance indicators (KPIs) to capture suitable education, training and employment (ETE), which will be introduced in April 2023. In future, youth justice services will be required to capture data in relation to:

- the percentage of children in the community, and being released from custody, with a suitable ETE arrangement; and
- the percentage of children who have identified special educational needs and disabilities (SEND) and the percentage of these children who are receiving support.

19. The YJB believes reporting on this data in future will provide transparency and accountability and assist in recognising the progress of young people and their successes, as well as identifying the barriers and challenges.

#### 2019 Inspection

20. The STYJS was last inspected by HM Inspectorate of Probation in 2019 and received a 'good' rating. There was one 'area for improvement' identified and the inspectorate stated "*There should be an education representative on the Board and in a specialist role in the staff team*".

21. The STYJS Management Board took immediate action and a STYJS Education, Training and Employment Specialist (ETE) was appointed in August 2020.

#### SEND Quality Mark

22. In May 2022 the service secured national accreditation through the SEND Quality Mark in recognition of the work undertaken with partners to meet the needs of young people, subject to intervention by the STYJS.

## Next Steps

23. In terms of next steps:

- One of the STYJS strategic priorities in 2022/23 is to ensure that the service contributes to supporting young people at risk of exclusion.
- As youth justice services will be measured upon a new set of KPIs, the STYJS plans to:
  - put in place monitoring systems to ensure that young people and those at risk of exclusion are tracked and supported to access services they need;
  - monitor assessment processes for young people identified as at risk of exclusion to ensure that those include effective plans to engage them in ETE; and
  - conduct audit activity of ETE processes.
- The Head of STYJS will work with the management board and heads of service within the education directorate to take forward the recommendations included in the HM Inspectorate of Probation thematic report. This work will include:
  - introducing new data sharing agreements to enable pupil-level data to be captured and reported upon; and
  - implementing tracking and monitoring systems to analyse and evaluate data in the future, with the overarching aim of reducing exclusions and improving the education experience and outcomes for young people.

24. *Further information in respect of the role of the STYJS can be found in the minutes and associated documentation for the meeting of the Children and Young People's Learning Scrutiny Panel, which was held on 5 September 2022.*

## **Term of Reference B - To identify the barriers to young people in the youth justice system engaging in education.**

25. A significant majority of students attend school each year and go on to achieve great things. However, in some circumstances a small but crucial minority may become involved in crime and will therefore require support and rehabilitation. Issues leading to these incidents varies case-by-case but can typically be described as exposure to exploitation, such as substance misuse and/or the inability to regulate behaviour resulting in violence or persistently disruptive behaviour.

26. There can be numerous and complex reasons contributing to a child not attending school and/or being excluded.

## **Drug and Alcohol Related Issues**

27. Although the link between substance misuse and crime is complex, there is evidence to suggest that a significant number of those committing criminal offences have problematic alcohol or drug use.<sup>4</sup>

28. In terms of drug or alcohol related issues, the STYJS works with Project ADDER to provide substance misuse support. In May 2021, an ADDER Worker post was appointed to, to

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<sup>4</sup> <https://www.justiceinspectorates.gov.uk/hmiprobation/research/the-evidence-base-probation/specific-areas-of-delivery/substance-misuse/>

create additional capacity in the STYJS and provide advice, guidance, intervention and support for young people with substance use needs. The post also improves links and redefines pathways to ensure that young people are referred into Tier 3 services in a timely way. In addition, the post has been successful in establishing links with the Substance Misuse Services in the Youth Custody Service, which has supported a better pathway for the resettlement of young people back into the community. All young people open to the service, who have drug/alcohol issues, can be referred to the ADDER Worker for specialist support. The role offers a point of contact and support for STYJS staff, re-introducing a level of expertise for staff which was previously not available. Staff members also benefit from increased training in substance misuse and receiving advice and guidance on how to best support those with drug/alcohol issues. Links have also been established with the wider ADDER Team, which plan to support pathways into adult provision, for those young people who transition to probation.

### Serious Youth Violence

29. Serious youth violence has become an area of significant concern for agencies working with young people, and that includes schools. There are increasing concerns that the most vulnerable young people in society are being drawn into differing forms of organised crime. Exposure to such behaviours and lifestyles can leave young people vulnerable to exploitation.
30. In 2021, a report entitled 'Violence and Vulnerability' was published by the Crest Advisory Group (Violence and Vulnerability). The report states that the risk of violence is heightened for those living in areas with high levels of neighbourhood crime and income deprivation, areas such as Middlesbrough.
31. The STYJS is currently working with CREST Advisory Group, as part of a strategic needs assessment for the newly developed Cleveland Unit for the Reduction of Violence (CURV). Once published, STYJS plans to work closely with the CURV and partners, including schools, to address the issues identified.

### Complex Needs

32. Many children/young people open to the service have multiple and complex needs.
33. There is a range of support available for pupils including the multi-agency Pupil Inclusion Panel (PIP), which forms part of the new Inclusion and Outreach Service. Alongside that, the STYJS has worked in partnership with local government colleagues across Hartlepool, Redcar & Cleveland and Stockton and the Tees, Esk and Wear Valley NHS Trust to develop a Trauma Informed Model of working. The model supports staff to develop bespoke packages of support for those young people with the most complex needs. If a young person is accepted on to the pathway, a formulation meeting is held followed by sessions for up to 15 weeks and progress is continuously reviewed and monitored. Furthermore, a discharge report provides a psychological overview of mental health symptoms, and informs an onward trauma informed care plan linking to an individualised intervention plan for the child/young person. The pathway provides psychological input to enable the formulation of a holistic plan, which in turn provides a better understanding of the barriers to young people in the youth justice system engaging in education.
34. The barriers to progression with ETE, as identified by young people, are detailed at paragraph 69 of the report.

35. Further information on the barriers to young people in the youth justice system engaging in education can be found in the minutes and associated documentation for the meeting of the Children and Young People's Learning Scrutiny Panel, which was held on 12 December 2022.

**Term of Reference C - To examine how the STYJS works with schools in Middlesbrough to:**

- **react swiftly and firmly to early signs of criminal behaviour;**
- **promote engagement in the education system;**
- **improve attendance;**
- **prevent exclusions (fixed-term and permanent);**
- **improve attainment; and**
- **deliver well-targeted educational support.**

36. Schools are a protective factor and assist in preventing young people engaging in criminal activity. Driving activity with schools aims to ensure education is central to the response to youth offending.

**The STYJS Education, Training and Employment (ETE) Team**

37. The STYJS ETE Team, comprises the ETE specialist and a dedicated Support Worker. The work of the team has been fundamental in:

- improving the education offer provided by the STYJS;
- developing pathways into services for young people, including SEND and Inclusion the Outreach Service;
- establishing systems to monitor and track those young people identified as NEET; and
- establishing an extensive network with local ETE providers to maximise opportunities for young people.

38. The STYJS ETE Team works in a collaborative way to provide advice, information, guidance, monitoring and oversight in respect of a young person's education, training and employment.

39. Since August 2021, every school age young person supervised by the STYJS is recorded, monitored and shared with the Inclusion and Outreach Service on a monthly basis. Collaboration has now improved and a more formalised process has been established. The joint protocol, which has been developed between the Inclusion and Outreach Service and the STYJS, enables effective communication, including sharing information and planning joint visits.

40. Following a referral, contact is made with parents/carers and the relevant school to arrange a planning meeting for the young person. The planning meeting determines what support needs to be put in place, taking into account the voice of the child and issues raised by school. Through regular sessions, the STYJS ETE Specialist is able to develop trusting relationships. The STYJS ETE Specialist has formalised processes and plays a key role in building positive relationships with young people to identify and address the barriers preventing them from engaging in education. These barriers are then discussed with the relevant school and through partnership working, solutions are put forward.

41. To provide support, the ETE Specialist also links in with other education teams, such as the Virtual School and the SEN Team. The ETE Specialist also attends Pupil Inclusion Panel (PIP) meetings, Inclusion Triage meetings and ETE Risk meetings.

42. For those in custody, the STYJS ETE Specialist undertakes work in terms of sentence planning. A protocol has been developed and shared with all schools in Middlesbrough and Redcar and Cleveland to ensure institutions receive the correct information in respect of EHCPs and learning plans. The protocol aims to ensure that those in custody receive effective support.

### Prevention

43. In recent months, the STYJS has developed a prevention offer for young people on the periphery of criminal behaviour, with one of the referral criteria being 'young people at risk of exclusion from school/education'. Referrals are taken directly by the service or via the Multi-Agency Children's Hub (MACH).
44. All young people who are at risk of exclusion are monitored and tracked by the ETE Specialist and these cases are discussed in supervision sessions with the ETE Support Worker.
45. Previously, the STYJS had also identified the need to implement a framework, which delivers a preventative intervention aiming to improve school attendance, educational engagement and attainment. Subsequently, the STYJS Inclusion Pathway has been developed.

### STYJS Inclusion Pathway

46. Following its endorsement by the Children and Young People's Learning Scrutiny Panel on 12 December 2022, the STYJS Inclusion Pathway was implemented in mid-December (2022). Since its introduction, 25 referrals have been received.
47. The STYJS Inclusion Pathway creates a mechanism which enables Case Managers to access support for young people who are at risk of disengagement from education. The pathway has been designed to promote engagement in the education system, improve attendance, prevent exclusions (fixed-term and permanent), improve attainment and deliver well-targeted educational support.
48. Training has been delivered for Case Managers, which included information on the importance of the STYJS Inclusion Pathway and the reason for its development.
49. The introduction of the STYJS Inclusion Pathway demonstrates effective practice in respect of partnership arrangements with schools, colleges and training providers to actively support the delivery of education.
50. In terms of the process followed, Case Managers contact schools, colleges and training providers to collect the following information:
- the young person's up-to-date attendance record;
  - information about the young person's behaviour in school/training;
  - the young person's academic levels/achievements;
  - the young person's risks and concerns in respect of ETE;
  - any services or support provided/not provided in response to the young person's special educational needs and whether a SEN Plan or EHCP is in place; and
  - the young person's attitude to ETE.
51. Gathering information from schools, colleges and training providers plans to provide a holistic picture of the young person.

52. Case Managers record attendance and exclusions. When assessing the young person, a referral is made to the STYJS ETE Team if the young person's attendance record is lower than 75% and/or the young person has been suspended more than 10 times during one term.
53. The referral mechanism in respect of attendance levels reflects the national average for young people attending school and does not take into account those attending alternative provision or pupil referral units. The figure of 75% reflects the nature of the cohort, however, work is planned to review attendance data of the STYJS cohort and the attendance threshold currently applied will be revisited. At present, some exclusion teams in the Tees Valley become involved if a young person has reached the threshold of 20 suspensions during one term. By lowering that threshold to 10, a preventative approach has been adopted.
54. With regards to the support provided by the STYJS ETE Team, the ETE Specialist and the ETE Support Worker will complete checks on Capita and consult with Case Managers and other education teams. Following these checks, if it is determined that support is required, the case will be allocated to the ETE Specialist.
55. Upon referral, a bespoke education plan and package of support is developed and both will take into account the young person's views, the parent/carer's views and the school's views to ensure that challenges and barriers are understood and addressed.
56. Collaborative relationships have been established to ensure that the education plan complements and reinforces the approaches taken by other statutory services and agencies involved with the young person.
57. To develop the education plan, the STYJS ETE Team will meet with the young person, their family and the school. A restorative approach is taken to discuss, assess and determine how the necessary support can be provided. The education plan includes objectives and rules aiming to promote the young person's engagement with education. The plan is developed with the young person, in consultation with the school, and mutually agreed objectives/rules are identified. A young person's needs, and the effective strategies to support those needs, are determined on a case-by-case basis. The education plan identifies the most appropriate way of delivering effective teaching and learning for each young person.
58. The Inclusion Pathway plans to provide an effective mechanism to ensure that barriers, to young people in the youth justice system engaging in education, are effectively assessed and addressed. Ultimately, the aim of the Inclusion Pathway is to increase inclusion and prevent exclusion. Future work is planned to collect and analyse both qualitative and quantitative data to demonstrate the impact of the STYJS Inclusion Pathway, specifically the improvements that have been secured as a result of its implementation.

#### Reacting Swiftly and Firmly to Early Signs of Criminal Behaviour

59. Neighbourhood and community influences can cause young people to become more vulnerable to committing crime. There has been an increase in partnership working between the STYJS and schools and a contextual safeguarding approach has been promoted by the STYJS Education, Training Employment Specialist via the Pupil Inclusion Panel (PIP). This approach encourages partners to share information and collectively plan to reduce risk in different settings. In addition, the development of an intelligence sharing form enables schools to share concerns with Cleveland Police, as they occur. The contextual safeguarding approach aims to understand, and respond to, young people's experiences in

a range of social contexts, including within school or college, in their groups of friends and within their community and local area.

60. The STYJS has undertaken work to improve links between schools and Police Community Support Officers (PCSO) and neighbourhood policing teams. For example, with regards to a particular school's concerns in respect of one pupil potentially engaging in criminal activity, the STYJS had contacted the PCSO and linked in with the school to ensure essential information was shared. Consequently, the sharing of information enabled the school to submit a Vulnerable, Exploited, Missing, Trafficked (VEMT) referral.
61. *Further information and case studies demonstrating how the STYJS works with schools can be found in the minutes and associated documentation for the meetings of the Children and Young People's Learning Scrutiny Panel, which were held on 5 September 2022 and 16 January 2023.*

**Term of Reference D - To identify effective practice in respect of partnership arrangements with schools, which actively support the delivery of high-quality and bespoke education in the youth justice system**

**Effective Practice guide - Education, Training and Employment**

62. In 2022, HM Inspectorate of Probation published a document entitled 'Effective practice guide - Education, training and employment. The guide was based on a joint inspection of education, training and employment and training services in youth offending teams in England and Wales.<sup>5</sup>
63. The information outlined below, demonstrates effective practice (nationally) in respect of partnership arrangements with schools and focuses on preventative work.

***Bristol Safer Options Hub***

64. Not engaging with the education system or being excluded from it are strong indicators which place children at risk of involvement in youth violence. In addition, school exclusions are a risk factor for child criminal exploitation (CCE) (National Crime Agency, 2018). Therefore, it is important that YOTs contribute to preventative work that minimises the potential for later involvement in criminal justice processes.
65. The Bristol Safer Options hub is an example of effective practice in strategic planning and high-quality outcomes. The hub is contained within the local authority safeguarding policies and arrangements, and it requires schools, colleges and other education settings to develop a response to violence and exploitation. In response to rising serious violence and child criminal exploitation in Bristol, in 2018, the local authority launched a specialist team, known as the Safer Options hub, whose job it is to support change across the whole partnership system. This was extended in 2019, with funding from the Home Office and the introduction of an Avon and Somerset-wide Violence Reduction Unit in the police. In 2020 it was integrated with Bristol's child sexual exploitation (CSE) and missing response.
66. The team, managed by a Safer Options Manager, involves staff from a range of disciplines, including a CSE social worker, contextual safeguarding social worker, reducing offending of children in care practitioner, missing engagement practitioner and police intelligence investigator. In addition, there are options for specialist funding, depending on need, for

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<sup>5</sup> <https://www.justiceinspectors.gov.uk/hmiprobation/wp-content/uploads/sites/5/2022/05/ETE-EP-v2.1.pdf>

education inclusion managers, youth justice prevention practitioners and senior youth and community practitioners.

67. While team members do not carry caseloads, they offer training, consultations, advice and some interventions to support case managers in working effectively with those on their caseload.

68. An example of the work undertaken by Bristol Safer Options Hub is outlined below:

If a child is found to be in possession of a weapon in school, the education inclusion managers make an assessment, advocate for the child and allocate support to the child. Data provided in December 2020 (operational from February to March and September to December 2020) noted:

- 23 weapons in school assessments were sent to YOT disposal panel
- 87% of children were able to remain in their original school place
- 100% received support or intervention
- 0 repeat offences
- 0 permanent exclusions.

*The last word: what children said about ETE provision*

69. The services of User Voice were commissioned, a national charity created and run by people who have been in prison and on probation, to give a voice to the children involved with justice services. They spoke with 29 children, to gather their perspectives on the ETE services that they had received. The children identified a number of barriers to progression with ETE and, consequently, their desistance, as follows:

- Multiple needs  
Children spoke of numerous areas of need, which impacted on their ability to focus on ETE. These included substance use, homelessness, bereavement, discrimination, living in care and managing the transition to adulthood, to name a few.  
Practitioners should be aware of these needs when planning and implementing any ETE delivery, so interventions can be sequenced appropriately, and any specific needs can be accommodated. Complex and often overlapping needs can often feel overwhelming, so it is important to instil a sense of hope for the child and their family or carers.
  - Neurodiversity  
A number of the children spoken to report they had a neurodiverse condition, which impacted on their engagement and experience with ETE. At least two had not been assessed for learning difficulties. Others had been assessed but still indicated their needs were not catered to in accordance with the outcomes of this.  
Practitioners should look for signs of neurodiversity and follow up, undertake relevant screenings and refer for specialist assessments, where appropriate. The outcomes of these assessments should be embedded in the child's assessment, plan and intervention delivery.
  - Mental health  
Anxiety was a key barrier preventing a number of the children from attending ETE, even when it was something that they genuinely wanted to do.  
Practitioners should openly discuss with the child, parents/carer any potential barriers to attending ETE provision, acknowledge these, explore the impact and develop collaborative strategies to overcome these.
- Covid-19



Covid-19 impacted on the way in which the children interacted with ETE and their YOS worker. Mask-wearing, telephone calls, online learning and quarantining have become the norm; however, the social aspect of group sessions has been lost and missed.

Practitioners have found creative ways to continue delivering YOS services during the pandemic; for example, they have maintained contact by meeting in parks and providing online support. It is important to consider innovative ways to deliver the full range of interventions for children.

➤ Lack of meaningful involvement

18 of the children didn't have an ETE plan or didn't know if they had one, but they believed a plan would be helpful to them. One child was very clear on the fact he had a plan but highlighted that he wasn't involved in developing it.

Practitioners should actively involve children and parents/carers in their assessments, plans and reviews. This co-creation will ensure the plan is individually tailored, allows the child to take ownership of achieving their goals and means they are more likely to engage with the plan.

➤ Lack of options - in terms of choices and flexibility

The children spoke of a desire to move on; they wanted to get a job or a skill that they could use moving forward. School was a challenging environment for a number of the children, and they felt that training would have been a better option for them. The children also raised some challenges regarding the timing of courses and their inability to get up in the morning, whether due to sleep issues or lifestyle factors.

Practitioners should explore a range of ETE options and not simply fit the child into a generic offer, linking to meaningfully involving the children and parents/carers. It is important to have high expectations and aspirations for children in terms of their ETE achievements and future career, and practitioners should empower children and those around them to have these of themselves. Considering a range of options customised for the child will assist with this and may well instil a sense of hope.

➤ Relevance

The biggest issue for children was the lack of relevance of the options available or consideration of their skills, interests, abilities and circumstances. Volunteering isn't seen as a viable option to children who need to support themselves financially. Those with neurodiverse conditions were repeatedly offered options that weren't suitable for them, while others were doing courses that were too easy to keep them interested. As the children were not meaningfully involved in assessments and plans and were not offered a choice, it is unsurprising that they feel the ETE they are doing is not relevant to them.

Practitioners should ensure ETE interventions are appropriate for the child's specific set of circumstances, including their protected characteristics, living circumstances, financial situation, strengths and areas of interest, to name but a few, so that they feel the intervention is relevant to them as an individual.

➤ Being meaningfully involved with their ETE plans

➤ Support

93 per cent had regular check-in with their YOS worker. These check-ins were considered helpful and supportive by some. Many of the children did mention how 'nice' their YOS worker is and some reflected on the lengths they go to support them.

➤ Achievements

Despite a lack of relevance for many, nearly all the children spoken with reported some benefit from engaging with ETE, and with the YOS more generally. Most of these benefits were acquiring soft skills and better behaviour; however, six attained qualifications and two reported better attendance.

### Conclusions: ETE in the youth justice system

70. Overall, the guide identified that expectations were met in relation to ETE when the following are in place:

- coordinated leadership, with representation from all relevant parties and a shared ambition around ETE for all children;
- robust information-exchange between partners;
- multi-agency ownership and responsibility in contributing to ETE provision;
- a vigorous analysis and use of management information and data to inform ETE service delivery;
- specialist assessments of speech, language and communication needs, which support the child and mitigate barriers to ETE; and
- a skilled practitioner group that can meaningfully support children with ETE.

#### Annual report: inspection of youth offending services (2019-2020)

71. In 2020 an annual report was published by HM Inspectorate of Probation<sup>6</sup>. The report stated that in Leicester, there is evidence of good work to support children with special educational needs and disabilities. Educational psychologists are linked to the YOT and work alongside colleagues who are based in the school, so that schools feel supported in managing children's behaviour. Each child who goes into custody is allocated an educational psychologist to ensure that their educational needs are being met, especially during the transition periods into and out of custody. There is a 'fair access panel', which is attended by senior leaders from all schools, including the academies. The YOT education worker attends the panel to advocate for the child, and the school must demonstrate that it has done all it can before it considers exclusion. The schools hold each other to account for any exclusions, and each school must seek support from the pupil referral unit before an exclusion is agreed.

#### **ADDITIONAL INFORMATION**

72. During the course of the scrutiny panel's investigations, information came to light which, while not directly covered by the terms of reference, is relevant to the work of the panel on this topic. This related to:

##### Reoffending

73. There are 45 young people (Year 7 to Year 11) in Middlesbrough who are currently receiving support from the STYJS. When referring to previous data that has been collected, it is estimated that approximately 38% of these young people will reoffend. Reporting data in respect of reoffending is both technical and complex, as there is a need to track young people over a period of time. Future work will aim to capture trends and assess the impact of the work undertaken by the STYJS.

##### Young Offender Institutes

74. In respect of young offender institutes, there are currently four in operation, previously there had been more. Currently, there are two secure schools being built.

75. At present, there are youth offending institutes for young people aged 15 to 18. When in custody, those institutes offer 30 hours of education to young people. Secure schools plan to provide an emphasis on education and they will operate more like schools than prisons.

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<sup>6</sup> <https://www.justiceinspectorates.gov.uk/hmiprobation/wp-content/uploads/sites/5/2020/11/HMI-Probation-Youth-Annual-Report-2020.pdf>

Regardless of whether a young person has been remanded or sentenced, those in custody will be offered education.

76. Wetherby Young Offender Institution is currently the closest institution to Middlesbrough. Currently, there are no plans for this institution to become a secure school. Although Wetherby Young Offender Institution operates essentially as a prison, the education provision is good. Therefore, those in custody are able to access a reasonable standard of education.

## **CONCLUSIONS**

77. Based on the evidence, given throughout the investigation, the scrutiny panel concluded that:

### **Young people in the Youth Justice System**

- a) Children known to youth justice services - both school age and over-16s - encounter challenges in accessing education, training and employment (ETE). Young people in the youth justice system have often experienced multiple adverse childhood experiences and consequently there can be numerous and complex reasons contributing to a young person not attending school and / or being excluded. Problems with schooling can have a lasting negative effect on an individual's further education, training or employment, thus affecting their life chances. The links between young people's education and involvement in criminal behaviour is clearly an important issue, which requires a robust response.

### **Reacting Swiftly and Firmly to Early Signs of Criminal Behaviour**

- b) In the last year there has been an increase in partnership working between the STYJS and schools in Middlesbrough and a contextual safeguarding approach has been promoted. The contextual safeguarding approach aims to encourage partners to share information and collectively plan to reduce risk in different settings and enables schools to share concerns with Cleveland Police as they arise. It is important that the contextual safeguarding approach is reviewed to ensure it delivers a whole-system approach, coordinates a multi-agency response to violence and exploitation, allows schools to react swiftly and firmly to early signs of criminal behaviour, supports the work of the Cleveland Unit for the Reduction of Violence (CURV) and specifically links to improved ETE outcomes. It is vital that the STYJS plays a key role in reviewing the contextual safeguarding approach to ensure schools, colleges and other educational settings develop a robust and responsive approach to violence and exploitation, which involves partner agencies.
- c) By supporting young people at risk of exclusion, the STYJS contributes to preventative work which minimises the potential for later involvement in criminal justice processes.

### **The STYJS and ETE**

- d) Evidence suggests that STYJS staff are working hard to ensure the delivery of a high-quality, personalised and responsive ETE service for young people involved, or at risk of being involved, in the criminal justice system. The STYJS has a strong focus on the young person's needs and a preparedness to engage with education providers to achieve the best-possible outcome for them. The STYJS manages each case by engaging the young person, parents and carers, taking account of each young person's diverse needs.

- e) A STYJS Education, Training and Employment Specialist (ETE) was appointed in August 2020 to improve collaboration and tackle and address periods of absence or disengagement from educational services. Evidence suggests that the STYJS ETE Specialist is a skilled relationship-builder and meaningful, trusting relationships are established to help promote engagement. Effective joint working has been established between the STYJS and the Inclusion and Outreach Service, which ensures a young person's needs are appropriately assessed when planning and implementing any ETE delivery. To further enhance the support offered, it would be beneficial for each young person who goes into custody to be allocated an educational psychologist to ensure that their educational needs are being met, especially during the transition periods into and out of custody (see effective practice example from Leicester, which is detailed at paragraph 71 of the report).

### The STYJS Inclusion Pathway

- f) To further enhance partnership working with schools and maximise the likelihood of young people engaging successfully in education, the STYJS Inclusion Pathway has recently been introduced. Although the intervention is only in its infancy, case studies demonstrate that the STYJS is making a direct impact through relationship building, addressing barriers, and partnership working where real tangible opportunities are being created for young people to engage in education. Evidence suggests that planning for ETE is well-informed, holistic and personalised, actively involving the child, their parents/carers and the relevant school. This co-creation helps to ensure the education plan is individually tailored, allowing the young person to take ownership of achieving their goals and means they are more likely to engage with the plan. Although case studies demonstrate the positive impact of the STYJS Inclusion Pathway, it is vitally important that its impact can be evidenced by data analysis. Subsequently, there is a need for data to be collected, analysed and evaluated to demonstrate the impact of the intervention on attendance, exclusions and attainment.

### Use of Information and Data

- g) From April 2023, the STYJS will be required to report on key performance indicators (KPIs) relating to education, training and employment (ETE). The future changes to data requirements will capture and evidence the impact of offending on educational attainment, truancy and exclusion from school and will improve collaborative working between the STYJS and schools. However, there is a need for the STYJS to access a wealth of local data and information from partners to inform ETE service delivery. The use of analytical software, clear data management arrangements and information exchange agreements and processes will enable the STYJS to drill down to an individual level to determine trends and develop summary dashboards for key areas. It is envisaged that reporting of such data will not only recognise the progress of young people and their successes but will also assist with identifying barriers and challenges.

## **RECOMMENDATIONS**

78. The Children and Young People's Learning Scrutiny Panel recommends to the Executive:

- a) That the STYJS supports Children's Services to undertake a review of Middlesbrough Council's contextual safeguarding/risk outside of the home approaches to ensure delivery of a robust and co-ordinated whole-system/multi-agency response to violence and exploitation; which:

- allows schools and education providers to react swiftly and firmly to early signs of criminal behaviour;
  - improves ETE outcomes for young people involved in the criminal justice system; and
  - supports the work of the Cleveland Unit for the Reduction of Violence (CURV).
- b) That each young person who goes into custody is assessed to determine whether an educational psychologist should be allocated to them, to ensure their educational needs are being met (especially during the transition periods into and out of custody).
- c) That data is collected, analysed and evaluated to demonstrate the impact of the STYJS Inclusion Pathway on school attendance, exclusions and attainment.
- d) That a system, data management arrangements and information exchange agreements are put in place to ensure the STYJS can access a wealth of data and information, from partner agencies, to:
- drill down to an individual level;
  - determine trends;
  - develop summary dashboards for key areas;
  - report on the progress of young people and their successes;
  - identify barriers and challenges; and
  - improve service delivery.
- e) That, in 6 months' time, the Children and Young People's Learning Scrutiny Panel receives:
- a detailed account of the work that has been undertaken to implement recommendations a) to d); and
  - an effective analysis of data from partner agencies (including schools), reporting on:
    - the profile of children/young people who come into contact with the STYJS, their needs, challenges and experiences of education; and
    - the STYJS's performance, specifically the impact of the STYJS Inclusion Pathway on school attendance, exclusions and attainment.

## **ACKNOWLEDGEMENTS**

79. The Children and Young People's Learning Scrutiny Panel would like to thank the following individuals for their assistance with its work:

- Rob Brown - Director of Education and Partnerships, Middlesbrough Council
- Kay Dargue - Head of STYJS, Middlesbrough Council
- Ifran Hanif - STYJS ETE Specialist, Middlesbrough Council

N.B. In respect of Term of Reference c) - The head teachers of all Middlesbrough's secondary schools were written to and provided with the opportunity to submit their views on how partnership arrangements between the STYJS and schools could be further enhanced/developed - no feedback was received.

## **ACRONYMS**

80. A-Z listing of common acronyms used in the report:

- CCE - Child Criminal Exploitation

- CSE - Child Sexual Exploitation
- ETE - Education, Training and Employment
- KPIs - Key Performance Indicators
- NEET - Not in Education, Employment or Training
- PIP - Pupil Inclusion Panel
- STYJS - South Tees Youth Justice Service
- YJB - Youth Justice Board
- YOS - Youth Offender Support
- YOT - Youth Offending Teams

## **BACKGROUND PAPERS**

81. The following sources were consulted or referred to in preparing this report:

- Reports to, and minutes of, the Children and Young People's Learning Scrutiny Panel meetings held on 5 September 2022, 12 December 2022 and 16 January 2023.

### **COUNCILLOR DENNIS MCCABE**

#### **CHAIR OF THE CHILDREN AND YOUNG PEOPLE'S LEARNING SCRUTINY PANEL**

**Membership** - Councillors D McCabe (Chair), M Saunders (Vice-Chair), A Hellaoui, T Higgins, C Hobson, D Jones, M Nugent and G Wilson.

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MIDDLESBROUGH COUNCIL

**OVERVIEW AND SCRUTINY BOARD**  
**22 FEBRUARY 2023**  
**SHORT REVIEW**  
**FINAL REPORT OF THE CULTURE AND**  
**COMMUNITIES SCRUTINY PANEL- OFF ROAD**  
**BIKES**

Purpose of report	Page 2
Aims of investigation	Page 2
Council's Three Core Objectives and priorities	Page 2
Terms of reference	Page 2
Background information	Page 3
Conclusions	Page 7
Recommendations	Page 7
Acknowledgements	Page 8
Background papers	Page 8

## **PURPOSE OF REPORT**

1. To present the final report of the Culture and Communities Scrutiny Panel following its investigation into Offroad bikes.

## **AIM OF INVESTIGATION**

2. The aim of the panel's investigation was to consider Middlesbrough Council's and Cleveland Police's approach to Offroad bikes, following concerns within the community and recent media attention.

## **STRATEGIC PLAN 2021-24**

3. The scrutiny of this topic aligns with the two of the Council's three core aims set out within the Strategic plan 2021-24.

*People-* Working with communities and other public services in Middlesbrough to improve the lives of local people

*Place-* Securing improvements in Middlesbrough's housing, infrastructure and attractiveness, improving the town's reputation, creating opportunities for local people and improving our finances.

4. The scrutiny topic further links with the below priority set out for the next three years:

*Crime and anti- social behaviour-* We will tackle crime and anti-social behaviour head on, working with our partners to ensure local people feel safer.

## **TERMS OF REFERENCE**

5. The terms of reference for the panel's investigation were as follows:
  - To understand what initiative Cleveland Police and Middlesbrough Council have in place to combat the issue of off road bikes.

## **BACKGROUND**

6. At the panel's first meeting, they agreed their work programme and raised increasing concern regarding off road bikes in the town.
7. The Panel wished to ask the following key questions to further their knowledge, as well as exploring avenues that the panel and local councillors could help assist the police to combat the issue.
8. The key questions the panel wished to ask were as follows:
  - In the past 12 months, how many off road bikes have been seized and how many arrests have been made?
  - How do Cleveland Police and Middlesbrough council work together?
  - What powers to PSCOs have to deal with off road bikes?



- Is there any education being undertaken within primary/ secondary schools to increase awareness of off road bikes?
  - In your view is there anything, are there any specific areas that we, as a panel, can recommend to assist the police/ council to combat/ control the issue.
  - What partners do we engage with?
9. The panel undertook their investigation over a series of two meetings.

## **SETTING THE SCENE**

10. Sunday 7th August, it was estimated over 100 persons gathered across various locations in Middlesbrough on off and on road bikes, cars and quads. A subsequent “ride” out commenced where the group rode to Marske via the Trunk Road, Eston High Street and Redcar in convoy before returning to Middlesbrough where they dispersed.
11. This began a full scale investigation from Cleveland police and partners.

## **EVIDENCE- MIDDLESBROUGH COUNCIL**

12. At the panels meeting on 20 October 2022, the panel heard from Dale Metcalfe, Middlesbrough Council’s Operational Community Safety Manager in relation to the work the Council do to assist Cleveland Police.
13. The Manager advised that the Council are instrumental in what is known as 'Operation Endurance', a scheme that aims to crack down on nuisance riders and motorists initially in the Cleveland areas. The Scheme is led by Cleveland Police, however works with partners, including Middlesbrough Council and Thirteen. From the Council, Neighbourhood wardens and community safety officers will join forces with the Road traffic team to crack down on this issue. Under the Road Traffic Act 1988. It is illegal to drive or ride a mechanically propelled vehicle without lawful authority on common land, moorland or land not forming part of a road, or on any road which is a footpath, bridleway or restricted byway.
14. After the incident on 7 August 2022, the Police gathered CCTV images which had been gathered from Middlesbrough Council CCTV and private CCTV and mobile phone footage. These images were able to assist Cleveland Police in identifying individuals.
15. It was known that several railing fences were cut down by the offenders in order to gain easy access to “cut through” points for the intended route. These were repaired by Middlesbrough Council with additional target hardening methods put in place to prevent/ reduce the risk of this happening again in the future.
16. In terms of new build estates, the panel heard that Cleveland Police’s Security by design officer is involved in planning applications both at pre application stage and when the application is submitted to see if there are any possibilities to include bollards/ traffic calming measures. Any measures need to ensure they meet DDA compliance.

17. In terms of supporting the police, the Council have measures in place through the Statement of Policy and Procedures for antisocial behaviour to assist and there are 5 strands:

Stage 1; Warning letters,

Stage 2; Second warning letter

Stage 3; Joint interviews (with parents and perpetrators), contracts and anti-social behaviour agreements

Stage 4; Final warning

Stage 5; Fixed Penalty Notices and penalty notices for disorder /parenting Orders, Noise Abatement Notices, Civil Injunctions, CPN's, Public Space Protection Orders (PSPO) and Criminal Behaviour Orders for offenders with criminal behaviour linked to antisocial behaviour.

18. These measures may not follow these stages, however quite often with younger people, the stages must be built to support evidence in Court especially for example, in supporting to put an anti-social injunction (ASI) on an individual.

19. Statement of Policy and Procedures for antisocial behaviour, paragraph 4 identifies the importance of the Neighbourhood Safety Wardens and Neighbourhood Safety Officers, advising that:

*The teams gather and receive intelligence and evidence from a variety of sources, i.e. resident diary sheets, Ward Members, Police AS13 data and Neighbourhood Safety Warden Incident reports. As front line officers they will quickly identify emerging trends, hotspot locations and perpetrators responsible. As a result, the team play a crucial role in the Active Intelligence Mapping (AIM) process where officers are often identified as "problem owners" due to their co-ordinated multi-agency approach when tackling the issues. This in essence is a huge part of Operation Endurance.*

## **EVIDENCE- CLEVELAND POLICE**

### ***Operation Endurance***

20. At the panel's meeting on 17 November 2022, the Panel received evidence from Chief Inspector Wendy Tinkler and Chief Inspector Jon Hagen, Cleveland Police.
21. Chief Inspector Tinkler, provided information to the panel on Operation Endurance, the overall force strategy.
22. The incident on 7 August 2022 did bring some criticism to Cleveland Police, but wanted to reassure work is ongoing to identify and arrest those involved.
23. Since the incident, the panel were advised that there have been 20 arrests, 19 bikes seized, 8 suspects who were further identified from the press appeal and they are looking at undertaking a day of action.
24. Following on from the incident on 7 August, there was intelligence that a further incident was planned in 2 weeks' time. Due to this intelligence significant work was completed between the police and other partners (including Middlesbrough Council)

to prepare. This included several press releases to deter offenders and the event didn't come to fruition.

In terms of the status of the investigation:

- When the incident was made known to Cleveland Police, there had been no intelligence to suggest this would occur which hampered opportunity to prepare. At the time of the event the incident was risk assessed, weighing up factors against current demand, potential harm and risk to members of the public, Cleveland Police and Staff and the offenders themselves.
- The sheer number of people in attendance hampered any opportunity to consider pursuit tactics, as this would have increased the risk posed to members of the public.
- The deployment of stingers was an available tactic (spikes that can be laid across the road to burst tyres) however due to the quantity of bikes, this was neither suitable nor appropriate.
- Cleveland police requested assistance from air support, however as there was no significant threat to life this was not appropriate.
- Following risk assessing the situation the Silver Command decided that evidence gathering would be undertaken by officers on the ground, and management of the event to ensure safety and minimize disruption to the community.
- Officers were deployed with CCTV capabilities and also our town cctv was utilised.
- The evidence gathered from the event has been reviewed.
- The investigation was extensive involving the backtracking of CCTV footage in order to identify those riders who were wearing helmets and face coverings. This enabled the identification of some due to cctv footage being obtained where riders had their face coverings/helmets removed.
- Those who have not been identified have been forward tracked, where officers have reviewed cctv and press coverage appealing for information e.g types of bikes/ quads and from 20 face recognition, there were 2 responses.
- There were positive comments on social media, as the public felt the incident was being dealt with.
- After the incident, and under the preventative arm with partners, the route the bikes took was assessed and it was noted they had taken down a number of fences to gain access. Highways repaired these immediately and on the 2 days there was potential for another incident, there were Lorries on standby with boulders. The police also conducted high visibility patrols to ensure no further damage was done.
- There was significant social media and press releases to highlight the dangers and warn riders what would happen if they undertook this type of activity again.

25. Despite the incident on 7 August 2022, the panel were pleased to learn that Middlesbrough had one of the lowest number of off road bikes in the area.

26. The panel had heard of 'Smartwater' and wished to know whether it could be used in this situation. The Chief Inspector advised that it was not suitable for this scenario. However Cleveland Police do use 'SelectaDNA tagging' which comes in 2 forms: the first a spray which can be directed towards suspects and their vehicles and the second is a bomb burst style, which can be used in large crowds e.g football crowds.

27. In terms of further work, the Chief inspector outlined that they would link into SelectaDNA tagging spray under section 59 notices. There was currently a piece of work being undertaken to look at areas where off road bikes most affect communities.

28. Section 59 notices allow an uniformed officer, who may see an off road bike whose driver is causing anti-social behavior and nuisance, to serve a section 59 notice, and this MUST be done in order to seize the bike. If they haven't been served a notice, the police have no power to seize the bike.
29. Section 59 warning Signage prevents the requirement to provide a warning notice to offenders. In effect the signage acts as the warning notice. Partnership work is being conducted to have appropriate signage created and put in those areas most affected.
30. The Chief Inspector outlined that she would be working with Middlesbrough Council to have section 59 orders included in any further Public space protection orders.
31. Further police powers are as follows:
  - Driving offences
  - Section 59 warnings
  - Section 165 under the road traffic act
  - Those who are arrested, the police have the power to seize anything in relation to the incident. If it is identified that a bike is being kept in a lock up, a section 18 can be requested from their Inspector to search the property.

### ***Operation Edmondson***

32. The investigation from 7 August 2022 is still ongoing and Cleveland Police had established a Preventative Plan to reduce any further incidents, known as Operation Edmondson.
33. Chief inspector, Redcar and Cleveland, Jon Hagan, was lead on the Operation.
34. The Chief Inspectors tactic was looking at it like organised crime and drugs, whereby establishing where the bikes are coming from, break the networks , establish where the bikes are and where they are stored. In terms of governance, each area in Cleveland now has a lead on Operation Edmondson, in Middlesbrough case, this is Inspector Steve Pattison.
35. In terms of the overall plan, the Chief Inspector was using the template from the Home Office organised crime strategy, in relation to the 4 P's:
  - PURSUE: prosecuting and disrupting people engaged in serious and organised criminality
  - PREVENT: preventing people from engaging in serious and organised crime;
  - PROTECT: increasing protection against serious and organised crime;
  - PREPARE: reducing the impact of this criminality where it takes place.
36. Each area will have a four P Plan and must take ownership and come up with tactical options, e.g, educational packages for schools to combat generational problems.
37. The Chief Inspector stressed the importance of educating parents on the dangers of off road bike but also ensuring teachers and educators understand. If a child is seen/

heard to be using an off road bike, this is a safeguarding issue and must be reported to children's services and the police.

38. The force were further looking at gaining a holistic approach to reoffenders of off road bikes, this would allow support to be put in place if considered appropriate.
39. In terms of criminal behaviour orders, the panel were made aware that currently the police have to appeal with the magistrates court and ask for certain restraints on an individuals e.g. not allowed to own a quad bike or be seen in public wearing a balaclava. If they are caught breaching these conditions, this gives the police power of arrest.

### **Support from the Council and local community**

40. In terms of moving forward, the force were keen to advertise Operation Edmondson, and put 'faces' in the public domain (only over 18 years of age) as often 'naming' is the best way to catch perpetrators.
41. The Inspector advised the force was keen to work alongside the council to issue community protection orders which would allow PSCOs to issue warning letters, and if caught again they would be issued with a notice, where they are issued with a fine and if not paid, they can be taking to court.
42. Further action would be as follows:
  - community intelligence and utilise crime stoppers
  - days of action,
  - standard reporting mechanism for housing providers
  - call backs and report back to the community on what is being done.
  - Internally launching front line training to inform officers of their powers
  - Key initiatives- link in with garages to ensure they do not serve riders who wear helmets in the forecourt/ shop.
  - Posters will be recirculated in the garages and circulated in ward areas.
  - Inspector Steve Pattison is also looking at a multi -agency response for off road bikes which will include Cleveland Police, housing, the council fire brigade etc. This will allow for a structured approach and there will be monthly actions on a local level.
43. The Chief Inspector presented some posters which were to be distributed within Section 51 areas and on social media. This would hopefully bring further attention to public of the dangers of off road bikes.

### **CONCLUSIONS**

44. Based on the evidence received, the Panel applauds the excellent work being undertaken by Cleveland Police, Middlesbrough Council and partners.

Whilst there is excellent work being undertaken, the panel feels councillors and the wider community need to take action and promote information on what to do if they witness off road bikes.

## RECOMMENDATIONS

45. Based on the evidence gathered during the investigation, and the conclusions above, the Culture and Communities Scrutiny Panel makes the following recommendations for consideration by the Executive:-
- A) That greater awareness is made to councillors and the general public on the dangers of off road bikes. The panel recommend that all ward councillors are provided with Cleveland police's crimestoppers/ off road bike posters to promote within their community and social media sites.
  - B) That Cleveland police provide the posters to the Council's stronger community team so that these can be placed on social media sites and within the lovemiddlesbrough magazine.
  - C) That the excellent partnership work with Cleveland Police and the Council continue and that the panel receive an update on Operation Endurance/ Edmondson 6 months after recommendations have been endorsed.

## ACKNOWLEDGEMENTS

46. The Panel would like to thank the following officers for their assistance in their work:

- Geoff Field, Director of Environment and Community Services
- Marion Walker, Head of Stronger Communities
- Dale Metcalf, Operational Community Safety Manager
- Chief Inspector Wendy Tickler, Cleveland Police (Middlesbrough Neighbourhood Policing)
- Chief Inspector Jon Hagan, Cleveland Police ( Redcar and Cleveland Neighbourhood policing )

## BACKGROUND PAPERS

47. The following sources were consulted or referred to in preparing this report:

- Minutes of the Culture and Community Scrutiny Panel held on 20 October 2022 and 17 November
- Cleveland Police
- Gazette Live - Chief Inspector condemns 'unacceptable' group on off-road bikes who will be 'held accountable', 9 August 2022.

## COUNCILLOR C MCINTYRE- CHAIR OF CULTURE AND COMMUNITIES SCRUTINY PANEL

The membership of the scrutiny panel is as follows: Councillors C McIntyre (Chair), G Wilson (Vice-Chair), Z Uddin, R Arundale, D McCabe, M Nugent, C Dodds and J Rostron

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