

EXECUTIVE

Date: Tuesday 21st November, 2023
Time: 5.00 pm
Venue: Mandela Room

AGENDA

1. Apologies for Absence
2. Declarations of Interest
To receive any declarations of interest.
3. Minutes - Executive - 4 October 2023 3 - 6

EXECUTIVE MEMBER FOR ENVIRONMENT

4. On Street Residential Electric Vehicle Charging Points 7 - 26

EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE

5. Corporate Performance Review: Quarter Two 2023/2024 27 - 42
6. Revenue and Capital Budget - Forecast Outturn position at Quarter Two 2023/24 43 - 98
7. Fees and Charges Review 99 - 120

EXECUTIVE MEMBER FOR REGENERATION

8. Asset Review 121 - 158

EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE

9. Review of Flexible Use of Capital Receipts Strategy 2023/24 159 - 178
10. 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
Monday 13 November 2023

MEMBERSHIP

Councillors C Cooke - Elected Mayor (Chair), P Gavigan, T Furness, P Storey, J Thompson, Z Uddin and N Walker

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Chris Lunn / Scott Bonner, 01642 729742 / 01642 729708, chris_lunn@middlesbrough.gov.uk / scott_bonner@middlesbrough.gov.uk

EXECUTIVE

A meeting of the Executive was held on Wednesday 4 October 2023.

PRESENT: Mayor C Cooke (Chair), Councillors P Gavigan, T Furness, P Storey, J Thompson, Z Uddin and N Walker

PRESENT BY INVITATION: Councillor M Storey (Chair of the Overview and Scrutiny Board)

ALSO IN ATTENDANCE: Councillor J Ewan

OFFICERS: S Bonner, C Benjamin, M Brown, R Brown, G Field, C Heaphy, R Horniman, D Middleton, M Nath, J Savage, E Scollay and J Tynan.

APOLOGIES FOR ABSENCE: None.

23/23 **DECLARATIONS OF INTEREST**

The Monitoring Officer advised Executive there was no requirement for Members to declare a pecuniary interest for agenda item 5, Local Council Tax Support 2024/2025 Consultation. As such there were no declarations of interest received at this point in the meeting.

23/24 **MINUTES - EXECUTIVE - 6 SEPTEMBER 2023**

The minutes of the Executive meeting held on 6 September 2023 were submitted and approved as a correct record.

23/25 **TOWN CENTRE FUNDING AND COMMUNITY SAFETY**

The Mayor and Executive Member for Adult Social Care and Public Protection submitted a report for Executive's consideration.

The purpose of the report was to review a previous Executive decision and propose an alternative delivery plan utilising the revised funding envelope. The report also reviewed specific savings identified during the 2023/24 budget setting process as well as requesting consideration was given to these service areas when setting the medium to long term financial plan.

This report reviewed the decision of Executive on the 18 October 2022 regarding the Town Centre Strategy (targeted support) Report. It also reviewed some savings proposals set as part of the 2023 budget.

The Town Centre Strategy (Targeted Support) report approved by Executive on October 2022 recommended the use of UKSPF and the IGF to make several interventions into the town centre. This was set out in Table 1.0 in the report.

At the time the report was agreed it was assumed that there was revenue grant available within the IGF. It was subsequently confirmed there was only capital grant available, meaning it could not be used to fund revenue activity. Therefore, the level of activity set out in Table 1.0 was limited with the delivery plan requiring revision to reflect this change. This revision also needed to take account of the new strategic direction as well as reflecting the fact some activity has been completed and others were due to be completed.

The impact of savings agreed at Full Council on 27 February 2023 also needed to be considered when reviewing the delivery plan and how grant funding could legitimately be maximised in line with grant conditions to deliver on the new strategic priorities.

ORDERED that Executive:

1. Approve the revision to the approved street lighting saving – lighting levels will remain and funded via un-ringfenced grant to the end of 2023/24
2. Approve the revised delivery plan and funding as presented in table 2.0.
3. Note that the arrangements apply to 2023/24 financial year only, with the exception of £260,000 of UKSPF grant funding being available within financial year 2024/25, and future levels of delivery will be considered as part of 2024/25 budget process to be approved by Council in February 2024
4. Note and accept the Police and Crime Commissioner grant described at paragraph 13
5. Approve the establishment of a further 10 FTE wardens on a 12 month fixed term contract over 2023/24 and 2024/25 financial year.

OPTIONS

It could have been agreed not to fund the activities outlined and use some of the grant for other purposes. However, this would have significantly affected the ability of those services to operate which were a priority for the Mayor and Executive.

REASONS

To ensure that the town centre was supported within the funding available whilst protecting the savings requirement of the authority and ensured that the wider town was supported in respect of community safety.

23/26

LOCAL COUNCIL TAX SUPPORT 2024/25 CONSULTATION

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

The purpose of the report was to request permission to undertake a consultation (a requirement of schedule 1A of the Local Government Finance Act 1992) with both the public and the major precepting authorities in respect of proposed changes to the Council's Council Tax Reduction (CTR) Scheme with effect from 1st April 2024.

Executive approval was required to commence consultation on changes to the 2024/25 scheme ahead of the final decision being made by Council at the budget setting meeting on 28 February 2024.

Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme that was administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government placed the duty to create a local scheme for working age claimants with Billing Authorities.

Middlesbrough Council, as the billing authority, had a statutory requirement to revise or make a CTR scheme by no later than 11 March each year, approved by Full Council decision.

ORDERED that Executive approves the consultation as per Option two in the report, as required by the Local Government Finance Act 1992, with the following:

- I. the public; and
- II. the major precepting authorities (Fire Authority and Police and Crime Commissioner).

OPTIONS

<u>OPTION</u>	<u>Cost</u>	<u>Proposed?</u>	<u>Reason</u>
1. No Change	£0	No	Existing scheme counts allowance for childcare costs in Universal Credit as income, disadvantaging some taking paid employment.
2. 90% amended: Care Leavers into Collection Fund with current level of support maintained;	£21k	Yes	Improves the support and fairness the current scheme whilst remaining affordable for the council. NB only childcare cost element will be subject to consultation.

And for those in receipt of Universal Credit, disregard as income the childcare costs element.

3. 95% scheme	£3.15m	No	The council is unable to meet this additional cost within the current budget position.
4. 100% scheme	£4m	No	The council is unable to meet this additional cost within the current budget position.
5. 90% with band uplift	£442k	No	The council is unable to meet this additional cost within the current budget position.

Option 1 was to leave the existing scheme in place. This was not recommended because the existing scheme counts allowances for childcare costs in Universal Credit as income, disadvantaging some people who took paid employment.

Options 3 and 4 enhanced or increased the scheme, e.g., to a 95% or 100% maximum discount scheme respectively. This was not recommended because the associated cost (c£3.15 million for a 95% scheme and c£4 million for a 100% scheme) would have been substantial and ultimately present an increased cost to the General Fund budget, a pressure that was considered to be unaffordable given the Council's current strained financial situation.

Option 5 provided an uplift in the amount of Council Tax Reduction awarded for those in the lower discount brackets, whilst maintaining a maximum support level of 90%. The c£442k cost of this option, however, was also considered to be unaffordable in the Council's current financial situation.

REASONS

The proposed changes would further assist low-income households and support the collection of council tax whilst remaining affordable for the Council to provide.

Any changes to the existing scheme, excluding the technical adjustment referenced in the report, were subject to full consultation which would run from 9 October 2023 for four weeks and would inform the scheme from 1 April 2024 (with exception of the care leavers).

23/27

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

None.

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

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MIDDLESBROUGH COUNCIL	
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Report of:	Executive member for Environment and Director of Environment and Commercial Services
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Submitted to:	Executive
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Date:	21 November 2023
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Title:	On Street Residential Electric Vehicle Charging Points
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Report for:	Decision
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Status:	Public
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Strategic priority:	Climate change
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Key decision:	Yes
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Why:	Decision(s) will have a significant impact in two or more wards
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Urgent:	Not applicable
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Why:	Not applicable
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Executive summary

This report has been compiled to approve expending externally awarded funding to provide On-Street Electric Vehicle Charging Points (EVCP) in partnership with an external delivery partner (Ubitricity) on Middlesbrough Councils Highway Network. Funding to the value of £209,582 has been offered to the Council from ORCS (On-street Residential Chargepoint Scheme) (£125,750), and £83,333 from Ubitricity. As part of the agreement, the Council will earn an income of 5% of fees generated. The recommended decision involves expenditure in excess of £150,000, affects several wards, introduces new technology/policy/process and enters the authority into a commercial partnership with a private organisation. The recommended option of approval is appropriate as this supports Council and national strategy and policy increase the use of electric vehicles. Other options that could be considered include the Council investing its own Capital allocations (instead of external funding) or partnering with other infrastructure providers.

The report has been considered by legal, finance and governance sections, alongside LMT.

Purpose

1. To approve the acceptance of funding granted from On-street Residential Charge point Scheme (ORCS) for the value of £209,582 (£125,750 from ORCS, and £83,333 from Ubitricity) to provide up to 160 electric vehicle charging points, utilising existing lamp columns, in partnership with supplier Ubitricity.

Background and relevant information

2. As part of National policy, the sale of Internal Combustion Engine (ICE) vehicles will be banned from 2030. Electric vehicles are increasing in popularity/accessibility, however supporting infrastructure (such as charging facilities) is not yet in a position to fully support this transition.
3. Many residential properties have off-street parking opportunities; allowing a vehicle to be charged on privately owned land through dedicated charging facilities. However, access to private driveways is limited across some areas of the Borough, such as terraced house streets.
4. Research (such as the report published in March 2022 by BritainThinks <https://www.gov.uk/government/publications/public-electric-vehicle-charging-infrastructure-drivers-without-access-to-off-street-parking>) has shown that lack of convenient charging options for those that park on street is a major barrier to EV uptake. Ensuring residents are not disadvantaged because of this is a priority for the council. The council feels it will be unable to remove the main barrier to EV uptake (across the Borough) unless residents are able to charge at, or very close to home.
5. The Council has had limited success in engaging potential customers to identify likely demand locations. A recent social media campaign received 3 responses. Therefore, partnering with a specialist organisation provides an opportunity to provide infrastructure in desirable locations appears prudent.
6. Ubitricity have worked with a number of Local Authorities and have a proven track record of success. Middlesbrough Council will be able to utilise their expertise in siting of the proposed charging points with software identifying hot spots where there is likely to be current and future demand for such provision. Ubitricity are a market leader and UK's leading public EV charging provider for on-street electric charger provision with over 6,500 installed. Middlesbrough Council are seeking to install up to 160 new on street charging stations at 90 identified locations (see appendix 1) at a cost of £209,582.
7. Middlesbrough Council has successfully applied for ORCS funding for 60% (£125,750.00) of the value of the proposal. Ubitricity will provide the remaining 40% (£83,333) contribution; thus, making it nil cost to the council (see appendix 2 for Funding Agreement Letter).
8. The proposal will utilise existing lamp columns that are adjacent to the carriageway (or new bollards adjacent to the carriageway where lamp columns are unsuitable), which

reduces the risk of charging cable obstructing the throughfare. Bollard style charge points will be sited in a safe location compliant with Highways Regulations and Access For All guidelines, allowing a minimum of 1.5m of pavement space away from moving traffic.

9. The charging infrastructure will be located on residential streets with either no restrictions for parking (which are accessible to anyone to utilise), or in residential parking permit areas (restricted to residents with valid permits). This will ensure that residents are able to utilise the facilities cost effectively with smart payment via a QR code making them easily accessible.
10. The 90 indicative locations have been identified within existing residential on-street parking facilities which are fully disability access compliant. This includes appropriate footway widths and maintained paving.
11. A fixed term agreement of 15 years will be in place to ensure that both Middlesbrough Council and Ubitricity are aware of the requirements/terms and conditions for the delivery of the project. The Charge points will be in Middlesbrough Council owned assets, the service will be managed by Ubitricity. As part of the agreement, the Council will earn an income of 5% of fees generated.

What decision(s) are being recommended?

That the Executive:

- Approve the receipt of grant funding from ORCS and the match funding from Ubitricity
- Agree to enter into a 15-year contract
- Approve the methodology outlined to deliver the On-street electric vehicle charging points.

Rationale for the recommended decision(s)

12. To provide availability of on street charge points in residential streets where off-street parking is not available; therefore ensuring that living in locations without off-street parking capability is not a barrier to owning an electric vehicle.
13. To ensure that the Council is supporting the green agenda.

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

14. Not accept the funding; this is not recommended as it will not allow the Council and residents to realise the benefits associated with the delivery of on-street residential electric vehicle charging points.
15. Fund the project using Council resources; A successful application has been made to provide grant funding (working in partnership with Ubitricity) which removes the requirement for any Council funding requirements.

16. Use an alternate delivery partner; Ubitricity (part of Shell) are a well-established provider of infrastructure, and can offer a competitive offer to Middlesbrough Council. Other operators cannot offer the same level of support, expertise and financial incentives.

Impact(s) of the recommended decision(s)

Legal

17. Upon approval, The Council will enter into a 15-year contract with Ubitricity. This will result in nil cost to the council and will earn an income of 5% of fees generated. There are a number of clauses in the contract to enable the Council to withdraw during the 15 year period. These have been examined and appropriate advice has been provided by Legal Services.

18. The Council, as Highway Authority, has the necessary legal power to approve the installation of equipment and undertake works on the Highway.

Strategic priorities and risks

19. The approval will allow The Council to support residents making the shift to Electric Vehicles; thereby supporting The Councils Green agenda ambitions.

20. Entering into this agreement will not preclude partnering with any other EVCP organisations or restrict alternate means to be investigated or implemented.

Human Rights, Equality and Data Protection

21. An EIA has been completed for the recommended decision (see appendix 3), which has identified that there are no adverse effects associated with the installation of on-street charging vehicles for people with protected characteristics.

22. No personal data will be held by The Council because of this project. The Councils data protection team have deemed the proposed contractual relationship compliant.

Financial

23. Funding is awarded on a grant basis to the Council as a combination of direct award from ORCS (£125,750), and match funding from Ubitricity (£83,333). There is no financial Council outlay required to deliver this project. The only costs to the Council will be officer time for "business as usual" tasks associated with processing, enquiries, and other related tasks. The supplier will install and maintain the charging infrastructure into existing lamp columns with appropriate metering allowing 24 hour charging capability for residents. The funding is expected to be fully expended in 2023/2024.

24. An income of 5% of fees generated will be earned by The Council. This will be net of any costs to the supplier and as such likely to be minimal.

25. Ubitricity will operate and maintain the EVCPs in good and safe condition and fully operational and in accordance with Good Industry Practice and all manufacturer

guidelines. They will provide a responsive maintenance service level agreement for damage and repair of columns.

26. Ubitricity will be responsible for any payments, taxes and costs associated with the provisions of the maintenance of the EVCP (charge points) however it will not be liable for upgrade, replacement, relocation and maintenance required to the District Network Operator connection
27. Any reactive maintenance excludes incidents relating to EVCP vandalism and third-party interference and damage, this includes defacing, tampering, interference, theft or physical damage. The Council will be liable to cover costs associated with vandalism, at approximately £1,000 per unit. From discussions with other authorities that have implemented this infrastructure, there have been very few incidents requiring action to remediate. The infrastructure is discrete, and therefore minimises the risk of misuse and vandalism.
28. The service and supply will be procured as a direct award concession contract.
29. Replacement of equipment after useful life (15 years) will be the responsibility of the Council, however due to the anticipated advances in technology it is not possible to estimate likely replacement costs.

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

Action	Responsible Officer	Deadline
Sign Funding Agreement Letter with ORCS	Chris Bates	19/11/23
Sign contract with Ubitricity	Chris Bates	19/11/23
Commence delivery of project	Chris Bates	19/11/23

Appendices

1	Potential Middlesborough CP location – Google My Maps – Proposed 90 locations for infrastructure installations
2	ORCS funding agreement letter
3	Equality Impact assessment level 1

Background papers

Body	Report title	Date
n/a	n/a	n/a

Contact: Chris Bates / Chris Orr

Email: chris_bates@middlesbrough.gov.uk / chris_orr@middlesbrough.gov.uk

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Chris Orr
Infrastructure Programme Manager
Middlesbrough Council
PO Box 500
Middlesbrough
TS1 9FT

Our reference: ORCS 322

Dear Chris,

Grant Offer Letter – Onstreet Residential Chargepoint Scheme

Thank you for your application for the above Grant Funding for the purpose of installing on-street chargepoints for local residents wishing to charge their plug-in electric vehicles.

Your application has been assessed against the priorities and criteria as set out in the Invitation to Apply. We are pleased to inform you that, on behalf of the Secretary of State for Transport, we are offering your organisation Middlesbrough Council, a grant with a maximum value of **£125,750** (one hundred twenty-five thousand seven hundred and fifty pounds) only.

The award of this Grant Funding Offer and its terms and conditions are set out in the Grant Agreement in the Annex to this letter. You should read the Grant Agreement carefully before accepting the offer of funding.

Failure to comply with the Grant Agreement may result in the funding being withdrawn.

ACCEPTANCE OF OFFER

If you wish to accept this offer on the conditions specified, please sign and date the Grant Agreement and return to OZEV within 10 days from receipt.

Yours sincerely
Tamsin Kiouzelis

For and on behalf of the Department for Transport
Web: <https://www.gov.uk/government/organisations/department-for-transport>



Annex:

The Grant Agreement for funding under the On-street Residential Chargepoint Scheme (ORCS) between:

(a) the Secretary of State for Transport of 33 Horseferry Road, London, SW1P 4DR; and

(b) Middlesbrough Council.

A. Definitions

1. In this Grant Agreement (“the Agreement”), except where the context otherwise requires:

“Chargepoint” means a fixed appliance for the provision of a supply of electricity which meets the specifications in the Guidance document ¹;

“DfT” means the Department for Transport;

“Secretary of State” means Secretary of State for Transport hereafter referred to as SoS

“eligible expenditure” means the payment of:

- (a) the purchase cost of a chargepoint;
- (b) capital costs of a parking bay and the costs of making traffic regulation orders where applicable;
- (c) the purchase cost of electrical components related to the chargepoint;
- (d) the cost of civil engineering works related to the installation;
- (e) labour costs of the installation;
- (f) hardware costs of the installation; and
- (g) other capital costs as defined by the council’s accountancy rules and with the agreement of the Secretary of State

“funding period” means the period commencing on the date of issue of the grant offer letter and ending on 31/03/2024

“Grant Recipient” means Middlesbrough Council;

“Guidance document” means the “Grants to provide residential on-street chargepoints for plug-in electric vehicles – Guidance for Local Authorities” document available at www.gov.uk/government/publications/grants-for-local-authorities-to-provide-residential-on-street-chargepoints;

“OZEV” means the Office for Zero Emission Vehicles; and

¹ There are two technical specifications. Annex B deals with public chargepoints that are open to the public and Annex C deals with chargepoints that are restricted to residential use only.



"Project" means the installation of one or more chargepoints which is agreed by OZEV within the funding period.

B. Grant Funding

1. The Secretary of State for Transport agrees to provide grant funding for the installation of one or more chargepoints determined in accordance with paragraphs 2 to 8.

C. Applications for payment of the grant

2. The Grant Recipient must claim, using the appropriate form², for payment of a grant amount to the Secretary of State for Transport providing such information on the project design, public impact, actual and estimate costs and other information as the Secretary of State for Transport may determine.

D. Determination of the amount of the grant

3. The maximum amount of grant payable for the Project for the funding period is **£125,750** (one hundred twenty-five thousand seven hundred and fifty pounds) only.

4. The Secretary of State for Transport must consider the claim from the Grant Recipient and determine the grant amount to be paid to the Grant Recipient, taking into account the eligibility criteria set out in paragraph 6 and any other the information provided in respect of the Project.

5. Any unspent funds may not be carried over into future financial years.

E. Eligibility criteria

6. The Secretary of State for Transport may only pay a grant amount where:

- (a) the Grant Recipient is Local Authority in England, Wales and Scotland, or a District Council in Northern Ireland. OZEV will use the Local Authority definition used in the Local Government Act 2000, Schedule 1 for England and Wales, the Local Government of Scotland Act 2003, Section 61 for Scotland, and the Local Government (Northern Ireland) Act 1972 to determine this;
- (b) any chargepoints installed under the Project must:
 - i. be situated on land owned by the Grant Recipient; or
 - ii. have the support of the relevant highways authority that has responsibility for maintenance of the highway on the residential streets where chargepoints are to be located evidenced in writing; or
 - iii. have the support of the land-owner responsible for maintenance of the land where the chargepoints are to be located evidenced in writing;

² The application form is available at: [On-Street Residential Chargepoint Scheme guidance for local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/on-street-residential-chargepoint-scheme-guidance-for-local-authorities)



- (c) the Grant Recipient has submitted an application in compliance with the application criteria in the Guidance document.

F. Payment of the grant

7. Subject to paragraphs 3 to 6, the Secretary of State for Transport must pay to the Grant Recipient a grant amount for each chargepoint which is installed by the Grant Recipient within the funding period, providing:

- (a) the grant amount for each chargepoint does not exceed 60% of the eligible expenditure incurred; and
- (b) the average amount for each chargepoint installed within the funding period does not exceed £13,000.

8. The Secretary of State for Transport shall make payment of a grant amount as follows:

- (a) 75% of the grant amount determined under paragraph 4 within [10 days of such determination] and
- (b) 25% of the grant amount determined under paragraph 4 upon completion of the Project and receipt of satisfactory proof of completion.

G. Grant conditions

9. The Grant Recipient shall comply with the following conditions:

- (a) the grant may only be used to pay for eligible expenditure;
- (b) funding is subject to completion of the project stated in the application;
- (c) the Grant Recipient must ensure that, if the total costs of the Project are less than the amount of grant received upfront, the unspent funds are accounted for and repaid to the secretary of state within the funding period;
- (d) grant claims must be sent to Energy Saving Trust (EST) at onstreetchargepoints@est.org.uk. Prior to claiming, contact EST for the relevant documents that must be completed when submitting a claim;
- (e) claims must be certified by the Grant Recipient's Chief Financial Officer (or equivalent) or by such other person as is appointed for this purpose by the Grant Recipient with the approval of DfT;
- (f) the Grant Recipient must comply with all reasonable information requests from DfT regarding progress of the Project;
- (g) the Grant Recipient must keep a record of income and expenditure funded partly or wholly by the grant, and retain all accounting records relating to that income and expenditure for a period of at least six years after the end of grant



funding³. The Grant Recipient must make these available at any reasonable time for inspection by officials from DfT or their representatives or by the Comptroller and Auditor General or their representatives;

- (h) the Grant Recipient must make sufficient progress against agreed project delivery milestones and inform DfT about any slippage against these milestones;
- (i) the Grant Recipient must inform DfT of changes in project design before the changes are implemented, in particular changes to the locations of the chargepoints which must be approved by DfT before installation;
- (j) the Grant Recipient must ensure that the chargepoints delivered by the Project are maintained in a serviceable condition and are available for use for at least seven years, from the point of first installation, unless given specific permission otherwise by DfT;
- (k) the Grant Recipient must share with the DfT upon request any data and information which is gathered through the planning, costing, promotion, delivery and analysis of the project for a period of up to three years after the period for which DfT's grant funding has been paid to the Grant Recipient. This may include (but is not limited to) costs and other financial data, business, technical and non-functional requirements, procurement specifications, data/ information/ analysis relating to users (vehicle or individual) and chargepoints, market analysis and promotional materials and strategy documents as well as chargepoint usage data. Data on usage of the chargepoints must be supplied to OZEV for a period of 3 years from the point of first installation. Requirements for the provision of this data are set out in the Guidance document;
- (l) the Grant Recipient must ensure that all chargepoints installed continue to meet the requirements of the technical specification in the Guidance document;
- (m) the Grant Recipient must ensure that all chargepoints that are publicly accessible are added to the National Chargepoint Registry⁴ within two weeks of the chargepoint becoming available for use;
- (n) the Grant Recipient must ensure that all publicly accessible chargepoints installed have Ad Hoc access in accordance with Alternative Fuels Infrastructure Regulations (2017) 5(2).⁵
- (o) if the Grant Recipient has any grounds for suspecting financial irregularity in the use of any grant paid under this grant agreement, they must notify DfT immediately, explain what steps are being taken to investigate the suspicion, and keep DfT informed about the progress of the investigation⁶.

³ Accounting records include purchase orders, original invoices, receipts, accounts and deeds, whether in writing or electronic form.

⁴ [NCR - National Chargepoint Registry \(dft.gov.uk\)](https://www.dft.gov.uk/national-chargepoint-registry)

⁵ [Regulations: alternative fuels infrastructure - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/alternative-fuels-infrastructure-regulations)

⁶ For these purposes, "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of grant for purposes other than the purposes of the Project.



- (p) the Grant Recipient must have all necessary permission and authority (whether required by legislation or otherwise) to undertake a chargepoint installation;
- (q) the Grant Recipient must give appropriate publicity to the Project by drawing attention to the benefits and opportunities it affords. In acknowledging the Government's contribution, the Grant Recipient must comply with any guidance on publicity provided by DfT, and must, in particular, acknowledge that the Project has received grant from the OZEV. Wherever practicable, publicity material must include OZEV's logo.
- (r) Any information, know-how, system or process learned from or created in operating the Project (including examples of good practice in the design and implementation of a project) may be disseminated by DfT among all persons or bodies who have responsibility for similar projects under the ORCS. The Grant Recipient agrees that such persons may share and use freely all such information, know-how, system or process for their own purposes.

H. Breach of Conditions and Recovery of Grant

10. If the Grant Recipient fails to comply with any of the conditions of grant in this Grant Agreement, DfT may reduce, suspend, or withhold grant payments, or require all or any part of the grant to be repaid.

Where the grant has been used in accordance with this grant agreement to fund assets which have depreciated in value, DfT must take account of that depreciation in determining the amount to be repaid. DfT must do so on the basis that the amount to be repaid will not exceed the depreciated value of the assets in question.

11. Without prejudice to the generality of the foregoing, the Grant Recipient must repay any amount required to be repaid within 30 days of receiving the demand for repayment, if:

- (a) any information provided in the application for grant funding or in a claim for payment or in subsequent or supporting correspondence is found to be materially incorrect or incomplete to an extent which DfT considers to be material;
- (b) the Grant Recipient takes inadequate measures to investigate and resolve any reported irregularity;
- (c) it appears to DfT that other circumstances have arisen or events have occurred which are likely to affect significantly the Grant Recipient's ability to complete or continue the Project in a satisfactory manner;
- (d) a charge is secured against a fixed asset acquired or improved wholly or partly using financial assistance provided under this grant agreement;
- (e) DfT receives an order to recover a subsidy; or



- (f) the Grant Recipient does not comply with any of the conditions described in the Grant Agreement.

12. Where DfT has required the Grant Recipient to repay any grant amount, DfT may recover that amount by withholding, or deducting the amount from any sum due to the Grant Recipient from DfT under a grant agreement for any other project or activities under any scheme or programme administered by DfT.

13. In the event that it becomes necessary to take steps to enforce the terms and conditions of this Grant Agreement, DfT will write to the Chief Executive (or equivalent) of the Grant Recipient giving particulars of its concern about the Project or of any breach of a term or condition of the grant.

14. The Grant Recipient must act within 30 days (or earlier, if appropriate taking account of the severity of the problem) to address DfT's concern or rectify the breach, and may consult DfT or agree an action plan for resolving the problem. If DfT is not satisfied with steps taken by the Grant Recipient to address its concern or rectify the breach, it may take steps to withhold or suspend the further payment of grant, or to recover grant already paid.

I. Termination of the funding agreement

15. DfT may terminate this agreement upon such date as is specified in written notice given to the Grant Recipient. Such notice shall not be effective unless given at least three months before the date of termination specified therein. The provisions of section H above shall survive termination of this agreement.

J. Acceptance of grant offer and agreement of terms and conditions

By signing below, the Grant Recipient accepts the terms and conditions of this Grant Agreement.

Signature:

Name: Natasha Robinson, Nick Shaw and Katie Black - Joint Heads of the Office for Zero Emission Vehicles (authorised to sign on behalf of the Secretary of State for Transport)

Signature*:

.....
Name: (BLOCK CAPITALS)

.....
Position:

Date:

*Please sign both copies of this agreement and return one of the copies to DfT.

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Template for Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	On-street Residential Electric Vehicle Charging Points			
Coverage:	To cover the proposed provision of on-street Electric Vehicle Charging points at identified locations across the Borough.			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input checked="" type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input checked="" type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input checked="" type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input type="checkbox"/>

<p>Description:</p>	<p><u>Key aims, objectives and activities</u></p> <p>The purpose of the scheme is to provide availability of on street charge points in residential streets where off street parking is not available; therefore ensuring that living in locations without off-street parking capability is not a barrier to owning an electric vehicle.</p> <p>Not having access to off street charging facilities has been identified as a major barrier to people purchasing an electric vehicle. In line with local and national ambitions to transition from internal combustion powered vehicles to electric, the provision will provide the opportunity to achieve improved air quality and reduction in Carbon emissions.</p> <p><u>Statutory drivers (set out exact reference)</u></p> <p>As a Highway Authority, the Council has statutory duties, as set out within the Traffic Management Act 2004. “It is the duty of a Local Traffic Authority to manage their road network with a view to achieving, so far as is reasonably practicable having regard to their other obligations, policies and objectives, the following objectives;</p> <p>(a) Securing the expeditious movement of traffic on the Authority’s road network; and</p> <p>(b) Facilitating the expeditious movement of traffic on road networks for which another Authority is the Traffic Authority.”</p> <p>The introduction of on street charging point facilities will allow the Council to align with Government policy to transition to electric vehicles.</p> <p><u>Differences from any previous approach</u></p> <p>Although the Council has a suite of Electric Vehicle Charging Points within its car parks, this will be the first instance of making such provision on street. The Council has partnered with Ubitricity; a market leader in such provision to identify locations where there is a likely suppressed demand. Making the provision will remove a major barrier to accessing this transition to alternate fuelled vehicles; providing opportunities to residents who currently have no suitable provision.</p> <p><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></p> <p>Ubitricity (partnering provider of service), Northern Power Grid, Residents, Politicians, Council Officers, disability groups, taxis, Emergency services, and visitors to the area.</p> <p><u>Intended outcomes.</u></p> <p>The Council intends to increase the number of people within Middlesbrough who utilise electric vehicles; reducing Carbon emissions, improving the local environment and facilitating transition from internal combustion engine vehicles to low emission vehicles.</p>
<p>Live date:</p>	<p>November 2023</p>
<p>Lifespan:</p>	<p>November 2023 onward</p>
<p>Date of next review:</p>	<p>November 2024 (unless installation creates unforeseen issues)</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p>Human Rights 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>The project aims to improve access to electric vehicle use, specifically by providing opportunities for residents who do not have the capability to achieve this safely within their existing parking arrangements. The facilities will be installed within either existing lamp columns adjacent to the carriageway, or new bollards installed at the kerb edge. Therefore not impact negatively upon human rights.</p> <p>Evidence used to inform this assessment includes analysis of the Human Rights Act 1998.</p>
<p>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?*</p>	<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"> • eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; • 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. <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"> • removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; • 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; • encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.

* 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
				<p>The project aims to improve uptake of electric vehicles in order to facilitate transition from internal combustion engine powered vehicles. The Council is bound by legislation, which includes ensuring that those with physical and learning disabilities, and inhibited mobility are not detrimentally impacted upon.</p> <p>The proposals intend to utilise existing lamp column infrastructure to provide charging capability. The charging sockets are embedded within the doors of the lamp columns, at accessible height and not obstructive. Only lamp columns at the carriageway edge will be considered. In locations where the lamp columns are located to the rear of the footway, compliant bollards will be installed to make the provision.</p> <p>This addresses any issues associated with trailing cables and associated trip hazards within the highway envelope, as they will not inhibit the thoroughfare. This is particularly important for people with visual impairment and those with mobility issues.</p> <p>The provision of the infrastructure will be in areas of the Borough with either no parking restrictions, or within areas that are managed by Resident Parking Permit restrictions. This will ensure that they are accessible to existing residents on the same arrangements as currently exists.</p> <p>All locations will be risk assessed prior to installation, and monitoring of the provision will allow alternate locations to be identified if such requirements arise. The infrastructure is positioned at a height compliant to allow access to people who use wheel chairs.</p> <p>No parking spaces are proposed to be removed as part of the provision.</p> <p>Evidence used to inform this assessment includes analysis of statutory guidance in relation to accessibility, including the Access for All legislation.</p>
<p>Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	☒	☐	☐	<p>The infrastructure will be accessible to all of the community. There is no evidence to suggest that this will impact negatively upon relationships between different community groups.</p>
<p>Next steps:</p> <ul style="list-style-type: none"> ➡ 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:	Chris Orr	Head of Service:	Craig Cowley
Date:	6/9/23	Date:	6/9/23

MIDDLESBROUGH COUNCIL	
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Report of:	Executive Member for Finance and Governance Chief Executive
Submitted to:	Executive
Date:	21 November 2023
Title:	Corporate Performance Review: Quarter Two 2023/2024
Report for:	Decision
Status:	Public
Strategic priority:	All
Key decision:	No
Why:	Not applicable
Urgent:	No
Why:	Not applicable

Executive summary	
<p>This report advises the Executive of corporate performance at the end of Quarter Two 2023/2024, 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).</p> <p>This report also asks that the Executive:</p> <ul style="list-style-type: none"> • Approves the proposed amendments to Executive actions at Quarter Two 2023/24, detailed in Appendix 1 • notes progress of delivery of the Strategic Plan 2022-24 at Quarter Two 2023/24, detailed in Appendix 2. • Approves the proposed amendments to Strategic Plan workplan at Quarter Two 2023/24, detailed in Appendix 3. 	

Purpose

1. This report advises the Executive of corporate performance at the end of Quarter Two 2023/2024 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 approved actions, delivery of the Strategic Plan and other key associated items, together with actions to be taken to address any issues identified.
4. The projected financial outturn at the end of Quarter Two 2023/2024 is 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 the end of Quarter Two 2023/2024

7. The Council's performance overall at the end of Quarter Two saw a slight dip from the position reported at Quarter One, with progress towards expected performance standards, as set out in the Council's risk appetite, achieved in one of the four active performance disciplines in 2023/24.

Progress in delivering Executive actions.

8. 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.
9. At the end of Quarter Two 2023/24, 21 of 35 live actions (60%) were reported as on target to be delivered by the agreed timescales; a worsening position from the Quarter One 2022/23 report of 68%, remaining below the 90% expected standard of achievement of actions.

10. There are nine 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:
- Four actions relating to *Boho 11; Expansion of the Digital Sector*, are no longer relevant, as activity falls within the agreed boundary of the Mayoral Development Corporation and are therefore proposed to be removed.
 - Two actions relating to *Locality Working from a Children's Services Perspective* have been delayed, awaiting the outcome of the new Council Plan priorities.
 - An action relating to Phase 2 of the *Linthorpe Local Cycling and Walking Implementation Plan* has been delayed, whilst awaiting an Executive decision to progress.
 - An update report on *Dealing with major vacant Town Centre properties* to Executive in line with reports of the Towns' Fund, has been delayed by two months, to November 2023.
 - Development of an online training module, an action relating to the *Final Report of the Adult Social Care and Services Scrutiny Panel*, to raise awareness of roles of social care workers has been delayed, to allow for focus on service practice assurance, in readiness for CQC inspections.

Progress in delivering the Strategic Plan 2022-24

11. 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.
12. 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.
13. 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.

Outcomes

14. There continues to be a diluted relationship between delivery of the Strategic Plan workplan and the agreed outcomes and measures, originally expected as a result of successful delivery of the refreshed Strategic Plan workplan, in 2022.
15. This is reflected in the performance overall at Quarter Two 2023/24 against Strategic Plan outcomes, reported as 44% against the 90% performance standard.
16. This will be addressed in the development of the new Council Plan, ensuring demonstrable impact and effective reporting against outcomes measure, work for which is underway, with an initial draft expected in October 2023.

Workplan

17. At Quarter Two 2023/24, performance against the Strategic Plan workplan is slightly below the target corporate standard of 90%, though remains steady from the reported position at Quarter One, with 81% (51 of 63) of initiatives on-track. RAG-rated progress is detailed at Appendix 1.

Status	Q2 2023/24 position	Q1 2023/24 position	Expected standard	Standard achieved	Trend
COMPLETED	49%	44%	90%	No	↔
GREEN	27%	37%			
AMBER	5%	0%	N/A	N/A	N/A
RED	6%	8%	N/A	N/A	↓
WITHDRAWN	13%	11%	N/A	N/A	N/A

18. There are seven workplan initiatives off-track at Quarter Two 2023/24, six of which have requested closure due to being no longer achievable, and one initiative requesting an extension to the due date, detailed in Appendix 2. All change requests require Executive approval.

19. As reported at Quarter Four 2022/23, a number of Strategic Plan workplan initiatives were withdrawn from the active workplan following 2023/24 budget setting process. For the purposes of transparency however, they continue to be reported in Appendix Two, reflecting their closure / withdrawal from the reporting portfolio.

20. It is assumed that outside of these revisions, all Strategic Plan workplan initiatives will be achieved as per approved timescales.

Strategic Risk Register

21. The Council has now completed its refreshed approach to the management of strategic risk. The 12 key risks that the organisation has set out, are detailed below:

Risk	Score
Failure to meet a balanced budget	High
Volatility in the demand and cost of children's social care	High
Unlawful decision by the Council	High
Serious accident or death occurs as a result of failure to comply with health and safety legislation	High
Unable to recruit and retain key staff	High
Failure to ensure a sound approach to cyber security	Medium
Corporate Governance arrangements are not fit for purpose	High
Negative impacts from the Mayoral Development Corporation on regeneration and council financial sustainability	High
Failure of the Council and its partners to work effectively together to deliver change	High
Failure to deliver quality practice within children's safeguarding services	High

22. There are no changes to the risks proposed at Quarter Two 2023/24.

Progress in delivering Programmes and Projects

23. The Council maintains a portfolio of programmes and projects in support of achievement of the Council's strategic priorities. At Quarter Two 2023/24, 94% (16 out of 17) of the programmes / projects remained on-track to deliver against project time, cost, scope and benefits, remaining above the expected combined standard of 90%.

Status	Q2 2023/24 position	Q1 2023/24 position	Expected standard	Standard achieved	Trend
GREEN	82%	82%	90%	Yes	↔
AMBER	12%	12%			
RED	6%	6%	N/A	N/A	↔

Progress in other corporate performance matters

24. 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.

Status	Q2 2023/24 position	Q1 2023/24 position	Expected standard	Standard achieved	Trend
P 1 / 2 audit actions in time	90%	83%	90%	Yes	↑
FOI / EIR responded to <20 days*	71%	82%	90%	No	↑
% live SARs open and in time	100%	94%	90%	Yes	↑
Information security incidents	10	6	N/A	N/A	↑
Incidents reported to the ICO	0	0	N/A	N/A	↔
% complaints closed in time	88%	87%	90%	N/A	↓

25. At the end of Quarter Two 2023/24, the key points of note in matters of compliance, are:

- 90% of Priority 1 and 2 actions arising from internal audits have been completed.
- 71% of Freedom of Information Requests (FOIs) and Environment Information Requests (EIRs) were responded to within statutory timescales; a decrease from the 82% reported at Quarter One 2023/24.
- There continues to be no live Subject Access Requests (SARs) that have exceeded legal timescales; an ongoing positive performance trend which reflects the investment the Council has made to improve compliance.
- Complaints resolved within timescales continues to increase slightly, reporting 88% this quarter.

What decision(s) are being recommended?

26. That the Executive:

- Approves the proposed amendments to Executive actions at Quarter Two 2023/24, detailed in Appendix 1
- notes progress of delivery of the Strategic Plan 2022-24 at Quarter Two 2023/24, detailed in Appendix 2.
- Approves the proposed amendments to Strategic Plan workplan at Quarter Two 2023/24, detailed in Appendix 3.

Rationale for the recommended decision(s)

27. 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

28. Not applicable.

Impact(s) of the recommended decision(s)

Legal

29. 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

30. 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

31. 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

32. Any financial implications relating to issues set out in this report, are summarised in the Revenue and Capital Budget – Quarter One 2023/24 report, also considered by the Executive at its meeting of 23 August 2023.

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

Action	Responsible Officer	Deadline
Approved Quarter Two 2023/24 amendments to Executive actions and Strategic Plan workplan to be implemented, via appropriate feeder systems.	J Chapman	30/11/2023

Appendices

1	Executive actions; proposed amendments at Quarter Two 2023/24
2	Strategic Plan Workplan; progress at Quarter Two 2023/24
3	Strategic Plan Workplan; proposed amendments at Quarter Two 2023/24

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
Executive	Corporate Performance Results: Quarter Three 2022/23	14/02/23
Executive	Corporate Performance Results: Quarter Four Year End 2022/23	20/06/23
Executive	Corporate Performance Results: Quarter One Year 2023/24	23/08/23

Contact: Gemma Cooper, Head of Strategy, Business and Customer

Email: gemma_cooper@middlesbrough.gov.uk

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Appendix 1: Executive actions; proposed amendments at Quarter Two 2023/24

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
30/09/2023	Boho 11 - Expansion of the Digital Sector	Report to Executive	REG	30/09/2023	Request to close
30/09/2023	Boho 11 - Expansion of the Digital Sector	Development appraisal and Business case	REG	31/08/2023	Request to close
30/09/2023	Boho 11 - Expansion of the Digital Sector	RIBA Stage 1 and 2 Design and costs	REG	31/07/2023	Request to close
30/09/2023	Boho 11 - Expansion of the Digital Sector	Procurement of Design Team to prepare indicative layout	REG	30/04/2023	Request to close
06/06/2022	Final Report of the Children and Young People's Social Care and Services Scrutiny Panel; Locality Working from a Children's Services Perspective Service Response	That the Locality Working Steering Group considers the branding and promoting of Locality Working across Middlesbrough and submits a report to scrutiny with its proposals.	ECS	30/06/2023	31/12/2023
06/06/2023	Final Report of the Children and Young People's Social Care and Services Scrutiny Panel; Locality Working from a Children's Services Perspective Service Response	Determine roll-out model of Locality Working into other areas based on evaluation report outcome, demand analysis and community surveys.	ECS	31/07/2023	31/12/2023
05/04/2022	Local Cycling and Walking Implementation Plan; Linthorpe Road Corridor Phase 2	That the ambitious, re-allocation of road space to deliver cycle infrastructure improvements along the Linthorpe Road corridor, as per plans contained in the appendix, be taken forward.	ECS	30/06/2023	31/12/2024
18/10/2022	Dealing with major vacant Town Centre properties	Update report to be provided to Executive in line with reports of the Towns' Fund	REG	01/09/2023	30/11/2023
08/03/2022	Final Report of the Adult Social Care and Services Scrutiny Panel: The Recruitment and Retention of Staff within Adult Social Care Service Response	Online learning module, highlighting roles within Adult Social Care to be developed.	ASC	04/09/2023	31/12/2023

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Appendix 2: Strategic Plan Workplan; progress at Quarter Two 2023/24

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.	Q1 2023/24 position	Q2 2023/24 position
Expand the current model for youth provision in areas that suffer high levels of deprivation	W	W
Make steps towards every child playing a musical instrument by extending to one other school or year group	G	G
Evidence that Middlesbrough Council listens to children's voices	C	C
Create and deliver a strategy to increase digital inclusion for children, young people and adults across Middlesbrough	C	C
Consolidate and build on recent Children's Services progress to improve Ofsted rating	C	C
Explore potential for the establishment of an Eton Sixth Form in Middlesbrough	G	G

We will work to address the causes of vulnerability and inequalities in Middlesbrough and safeguard and support the vulnerable.	Q1 2023/24 position	Q2 2023/24 position
Deliver and extend the 50 Futures programme	G	G
Further develop the Dementia Friendly Middlesbrough programme	C	C
Achieve 'Age Friendly Communities' status	C	C
Implement and extend locality working	C	C

We will tackle crime and anti-social behaviour head on, working with our partners to ensure local people feel safer.	Q1 2023/24 position	Q2 2023/24 position
Support the police and hold them to account for each neighbourhood	C	C
Establish and support Neighbourhood Watch schemes across the whole town	C	C
Increase CCTV across the whole town	C	C
More environmental action and punishment for fly tipping	C	C
Encourage more residents to report crime and ASB	G	G
Reward and champion individuals for being good neighbours	C	C
Increased enforcement against problem properties / streets / gardens in disrepair	C	C

We will ensure our town acts to tackle climate change, promoting sustainable lifestyles.	Q1 2023/24 position	Q2 2023/24 position
Develop an Urban Farm	W	W
Develop local wildlife / nature reserve in North Ormesby and one other site	G	A
Demonstrate increased recycling rates	G	G
Establish six community growing areas	R	R
Double the size of our urban meadows / wildflower planting sites	C	C
15 new EV charging points across town	C	C
Big community tree planting days	C	C
Middlesbrough hosts inaugural climate conference	W	W

We will ensure the recovery of local communities, businesses and the Council's operations from COVID-19, taking opportunities to build back better.	Q1 2023/24 position	Q2 2023/24 position
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	C	C
	G	G
Ensure effective Council response to immediate issues of COVID19 impacting upon individuals, families, communities and business	C	C
	G	G

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.	Q1 2023/24 position	Q2 2023/24 position
Improve identified play parks and spaces in line with our Towns Fund Recommendation	G	C
Establish the requirement for potential CPO of derelict buildings and problem sites	C	C
Improve our Highways	C	C
12 new back alleys are reclaimed, improved and showcased	C	C
Neighbourhood and town wide front garden competitions	R	R
Vastly improve Thorntree and Pallister Parks in line with Towns Fund Recommendation	G	G
Creation of Tree Maintenance Squad and ongoing maintenance work programme	W	W
Creation of a subsidised Pest Control service	W	W

We will transform our town centre, improving accessibility, revitalising unused assets, developing iconic new spaces and building more town centre homes.	Q1 2023/24 position	Q2 2023/24 position
Complete town-wide lighting scheme	W	W
Consider potential for BOHO digital expansion	G	G
St Hilda's housing starts around Old Town Hall	G	A
Protect and celebrate heritage through marketing and comms strategies and complete planned works on Captain Cook pub and Old Town Hall	G	G
Open three entertainment facilities within Captain Cook Square (cinema, Lane 7, eSports)	G	G
Commence construction on the south side of the dock	G	A
Action plan agreed and commenced for House of Fraser building	G	G
Action plan agreed and commenced for Centre North East	G	G
Action plan agreed and commenced for The Crown Pub building	G	G
Action plan agreed and commenced for Gurney House	G	G

We will invest in our existing cultural assets, create new spaces and events, and improve access to culture.	Q1 2023/24 position	Q2 2023/24 position
Increased ticket sales and attendance of events through effective marketing	C	C
Complete improvements to Teesaurus Park	C	C
Create three new annual events in 2022 as per existing approvals	C	C
Aim for all children to get an experience of live theatre	R	R
Increase attendance at existing Council events like Orange Pip	C	C
Increase visitor numbers to museums and attractions	C	C
Increase tickets sales at town hall performances	G	C

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.	Q1 2023/24 position	Q2 2023/24 position
Encourage public to help drive decision making	R	G
Introduce a marketing campaign and associated support to significantly grow Middlesbrough Lottery	C	G

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.	Q1 2023/24 position	Q2 2023/24 position
Work with the voluntary sector to create and promote volunteering opportunities and an increase in volunteers	C	C
Introduce Neighbourhood Action Weeks, driven by volunteers	C	C
Market a small local grant programme	W	W
Market a strong buy-local campaign	G	C
Commence work on the new Southlands Centre	G	R
Commence work on Nunthorpe community centre	G	G
Promote Middlesbrough on the national stage	C	C
Increase sponsorship income from businesses for various council activities	R	W
Improve user experience of the council website, increasing online transactions	C	C

Key:	
C	Complete
G	On-track
A	Some slippage
R	Unachievable
W	Withdrawn from portfolio

Appendix 3: Strategic Plan Workplan; proposed amendments at Quarter Two 2023/24

Initiative	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Due Date
PEN 05 Neighbourhood and town wide front garden competitions	ECS	30/06/2023	(R): Not enough interest to deliver (I): None	Request to close
CCH 04 Establish six community growing areas	ECS	30/04/2023	(R): 5 out of 6 delivered. Remaining site cannot be achieved within current Strategic Plan timeframes. (I): None	Request to close
CUL 04 Aim for all children to get an experience of live theatre.	REG	30/04/2023	(R): Unachievable due to lack of funding (I): Minimal	Request to close
QOS 08 Commence work on Nunthorpe Community Centre	REG	31/10/2023	(R): Project was delayed awaiting Executive decision (I): Minimal	31/03/2024
TOC 06 Commence construction on the south side of the dock	REG	31/03/2024	(R): Cannot be progressed by MBC due to MDC (I): Minimal	Request to close
CCH 02 Develop local wildlife / nature reserve in North Ormesby and one other site	REG	30/09/2023	(R): Undeliverable within timescales. Dependent on adoption of Local Plan (April 25) (I): None	Request to close
TOC 02 Consider potential for BOHO digital expansion	REG	31/03/2024	(R): Cannot be progressed by MBC due to MDC (I): None	Request to close
TOC09 Action plan agreed and commenced for The Crown Pub building	REG	31/03/2024	(R): Cannot be progressed by MBC due to MDC (I): Minimal	Request to close
TOC 03: St Hilda's housing starts around Old Town Hall	REG	31/03/2024	(R): Cannot be progressed by MBC due to MDC (I): Minimal	Request to close

TOC 08: Action plan agreed and commenced for Centre Northeast	REG	31/03/2024	(R):Cannot be progressed by MBC due to MDC (I): Minimal	Request to close
TOC 10: Action plan agreed and commenced for Gurney House	REG	31/03/2024	(R):Cannot be progressed by MBC due to MDC (I): Minimal	Request to close
QOS 07: Commence work on the new Southlands Centre	REG	31/03/2024	(R): Additional funding and resolution required to meet Sport England requirements (I): Delay to delivery	31/03/2024

MIDDLESBROUGH COUNCIL	
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Report of:	Executive Member for Finance and Governance Interim Director of Finance (s151 Officer)
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Submitted to:	Executive
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Date:	21 November 2023
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Title:	Revenue and Capital Budget – Forecast Outturn position at Quarter Two 2023/24
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Report for:	Decision
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Status:	Public
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Strategic priority:	All
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Key decision:	Yes
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Why:	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards
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Urgent:	No
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Why:	Not Applicable
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Executive summary

This report advises the Executive of the Council's financial position as at Quarter Two 2023/24, and seeks approval of budget virements within the revenue budget, and revisions to the capital programme in relation to activity in Quarter Two.

The report enables the Executive to discharge its financial management responsibilities by setting out the:

- General Fund Revenue Budget forecast outturn at Quarter Two;
- Statement of the Council's reserves and provisions at Quarter Two
- Capital Programme forecast outturn at Quarter Two;
- statement of the Council's borrowing and prudential indicators;
- actions that the Council has taken and plans to take in order address the issues identified.

In respect of the General Fund Revenue Budget, the Executive is requested to:

- Note the forecast 2023/24 net revenue budget outturn as at Quarter Two of £134.910m against an approved budget of £126.354m, a forecast overspend of £8.556m (6.8%). This represents an improvement of £3.007m from that forecast at Quarter One.
- Note that the forecast overspend of £8.556m relates primarily to a combination of forecast demand and inflationary pressures in the following Directorates :

	£m
Adult Social Care	1.676
Children's Social care	3.172
Education & Partnerships (Integrated Transport Unit - home to school transport)	1.879
Environment and Community Services (waste disposal costs)	1.017
2023/24 local government pay award	1.451
Other variances	(0.639)
Total	8.556

- Note and endorse the management actions taken in consultation with Executive Portfolio Holders over the year to date to control expenditure within the approved budget and to develop more financially sustainable solutions for future years as set out in paragraphs 7 to 14.
- Note that further work is continuing with a view to fully mitigate the forecast overspend and that further reports will be submitted to the Executive for noting and approval of management actions as appropriate.
- **Approve** the proposed revenue budget virements over £250,000 as detailed in Appendix 3.

In respect of the Council's Reserves and Provisions, the Executive is requested to:

- Note that the interim s151 Officer has undertaken a review of the balance sheet which has resulted in the release of £0.758m from the Revenue Grants Received Unapplied account that will be transferred to the Change Fund for which the balance will be re-stated as at 31 March 2023.
- Note that the s151 Officer has determined that the uncommitted 2023/24 Change Fund Reserve of £1.488m, shall be available to fund expenditure on transformation and efficiency as part of an agreed financial recovery plan.
- Note that as a result of the balance sheet review, the interim s151 officer is in discussion with the External Auditor in relation to the audit of the Council's methodology to calculate the Collection Fund Bad Debt provision in 2021/22 financial statements. This may result in favourable adjustments affecting the 2022/23 and

2023/24 accounts and impact upon 2024/25 budget setting. This will be reported upon conclusion of that work.

In relation to the Council's financial recovery and resilience, the Executive is requested to:

- Note the Quarter Two forecast of usable revenue reserves of £6.273m available at 1 April 2024 based on the Quarter Two forecast outturn position of £8.556m, a reduction from the already critically low level of £14.829m at 31 March 2023 reported in the Quarter One report. These would comprise of:
 - General Fund Reserve of £6.273m
 - Council's unrestricted usable earmarked reserves of £NIL
- Note that the risk of a s114 Notice under the provisions of the Local Government Finance Act 1988 in relation to setting a legally balanced budget for 2024/25 remains. A further report setting out the proposed 2024/25 draft budget and MTFP for the period 2024/25 to 2026/27 for consultation will be presented for consideration at the Executive meeting on 20 December 2023.
- Note that Statutory Officers remain in dialogue with the Department for Levelling Up Housing and Communities (DLUHC), the External Auditor and the Middlesbrough Independent Improvement Advisory Board (MIIAB) in relation to the development and delivery of the Council's Financial Recovery and Resilience plans.

In respect of the Capital Programme and Treasury Management, the Executive is requested to:

- Note that a full review of the Capital Programme has been undertaken since Quarter One including a review of profiling and alignment of funding sources in order to optimise the use of grants and external funding and mitigate the revenue impact of debt financing as far as possible.
- **Approve** the inclusion of additions to the Capital Programme for 2023/24 totalling £4.330m (detailed in paragraph 60) which are externally funded or funded from within existing Council resources for the 2023/24 Capital Programme as approved by Council in February 2023. These have increased the 2023/24 Capital Programme budget to £67.334m from the £63.004m revised Capital Programme budget for 2023/24 approved at Quarter One.
- Note the 2023/24 Capital Programme forecast outturn of £54.595m at Quarter Two, which is a reduction of £12.739m (19%) from the revised £67.334m budget for 2023/24. The forecast outturn against the revised capital programme is a favourable variance comprising:
 - An underspend of £0.076m
 - Slippage of £12.663m into 2024/25.
- Note the Treasury Management forecast outturn position with respect to the Council's prudential indicators as set out in paragraphs 69 to 79.

In respect of the Dedicated Schools Grant (DSG), the Executive is requested to:

- Note the current forecast in-year deficit of £3.231m for 2023/24 relating to the High Needs Block, which is an increase of £1.451m from the £1.780m reported at Quarter One.
- Note the forecast total cumulative deficit of £9.795m at 31 March 2024, including £10.252m relating to the High Needs Block, as set out in Table 7 and paragraphs 51 to 57.
- Note that under existing government regulations this deficit cannot be funded from the General Fund, and the Council is required to deliver a recovery plan to the Department for Education (DfE).
- Note that the Council is part of the DfE Delivering Better Value (DBV) scheme which aims to support financial recovery of the DSG position.

Purpose

1. This report:
 - Sets out the Council's forecast 2023/24 financial position at Quarter Two and highlights the areas of particular financial challenge;
 - Sets out the management actions taken to control expenditure within the General Fund budget approved by Council in February 2023.
 - Seeks Executive endorsement of the management actions that are planned in the form of Financial Recovery Plans in order to control expenditure within the approved budget and to develop more financially sustainable solutions for future years.
 - Seeks approval of the Executive in relation to revenue budget virements and revisions to the Capital programme.

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 actions. 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 Programme within approved Council resources.
3. This report enables the Executive to discharge its financial management responsibilities by setting out the:
 - General Fund Revenue Budget forecast outturn at Quarter Two;
 - Statement of the Council's projected reserves and provisions at Quarter Two
 - Capital Programme forecast outturn at Quarter Two;
 - statement of the Council's borrowing and prudential indicators;
 - actions that the Council has taken and plans to take in order address the issues identified.
4. Financial Procedure Rule 1.37 requires the Executive's approval of the proposed revenue budget virements as set out in Appendix 3.
5. A revised Capital Programme for the period 2023/24 to 2025/26 is attached at Appendix 7 for the Executive's consideration.

Revenue Budget

Context

6. The 2023/24 Revenue and Capital Budget Projected outturn report to the Executive at Quarter One set out:
 - the context in which the 2023/24 budget was approved by Council in February 2023, including the s151 Officer's statutory report on the robustness of budget estimates and adequacy of financial reserves under s25 of the Local Government Act 2003.
 - the 2023/24 Quarter One forecast overspend of £11.563m and critical level of usable General Fund reserves at 31 March 2023 standing at £14.8m.
 - the s151 Officer's advice in relation to the risk of issuing a s114 Notice under the Local Government Finance Act 1988.

- the 2023/24 to 2025/26 revised Capital Programme taking account of the 2022/23 final outturn position.
- A statement of the Council's reserves and provisions and borrowing and prudential indicators
- The actual and planned management actions to be taken in relation to controlling expenditure within the approved 2023/24 budget and to secure the Council's Financial Recovery and Resilience in the medium term.
- The requirement for unrelenting focus upon cost control and delivery of 2023/24 approved savings and demand mitigation to deliver within the approved budget.
- 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.

Budgetary Management and Control measures taken during Quarter Two 2023/24

7. Statutory Officers have engaged in regular dialogue over the period of the financial year in relation to the development and delivery of the Council's financial recovery plan with DLUHC officials, the External Auditor and the newly established Middlesbrough Independent Improvement Advisory Board (MIIAB).
8. On 7 July 2023, Council received a report setting out Phase 3 of the Corporate Governance Improvement Plan, including plans to voluntarily establish an Independent Improvement Advisory Board comprising experienced local authority peers to support, advise and guide the Council in delivering the Plan. The Corporate Governance Improvement Plan (CGIP) was endorsed by Council on 18 September 2023. Theme two of the CGIP relates to improving the Financial Recovery and Resilience of the Council. The plan also set out the terms of reference for MIIAB and the first meeting of the MIIAB took place on 2 October 2023.
9. On 21 August the External Auditor Ernst & Young LLP (EY), issued 11 statutory recommendations under s24 schedule 7(2) of the Local Audit and Accountability Act 2014. Three of the recommendations were related to the Financial Recovery and Resilience of the Council as set out in the report extract below:

4. We recommend that the Council builds upon the steps already taken to control its expenditure to identify specific deliverable savings over the short term (next 12 months) and protect its limited remaining reserves. Where appropriate, this may need to include the Council changing how it meets its statutory responsibilities and the extent to which it delivers services which are not required to discharge its statutory responsibilities.
5. We recommend that the Council reviews its service delivery models to ensure that they are efficient, represent value for money and achieve the outcomes required for the resources invested. Where opportunities to improve service delivery models are identified, the Council should develop detailed plans for implementation of service delivery transformation and how the up-front transformation costs will be funded.
6. We recommend that the Council review its financial forecasting processes to understand why significant financial pressures, over and above those anticipated and reflected in the Council's annual budget, have emerged within the first half of both the 2022/23 and 2023/24 financial years and ensure future forecasting reflects the lessons learned.

10. The Council's response to the s24 report agrees and acknowledges the recommendations and sets out the actions already taken and further plans to develop and implement measures to control in year expenditure. These are mirrored in theme 2 of the CGIP and include the activity set out below.

11. In relation to s24 Recommendation 4 the following actions have been implemented and will contribute to controlling the financial outturn:

- Continuation of monthly **budget challenge** sessions to identify opportunities to exercise further spending restraint and more cost-effective solutions within 2023/24 and future year. These will be reflected in further reports to the Executive as required and incorporated into Financial Recovery plans that are factored into the forecast outturn in Tables 1 and 2 below as appropriate;
- Continuation of regular **Vacancy Control Panels** by the LMT to constrain new recruitment to only essential vacancies that are necessary to meet statutory responsibilities, are externally funded or contribute to reducing the forecast overspend and are assessed as required for future planned service provision given the need to reduce the pay bill over the medium term.
- Monthly reports are being provided to Directors detailing expenditure on travel and other expenses, purchase card activity, and orders placed over £5,000 in order that **Directors** can ensure their service **compliance** with the s151 Officer's **spending control** direction issued in July 2023.
- A fundamental review and relaunch of the use of **purchasing cards** has been undertaken which has resulted in the reduction in approved card holders from 313 to 171 in order to strengthen controls and limit their use as part of a wider initiative to drive increased compliance with new Contract Procedure Rules (CPRs) approved by Council on 18 September 2023. Directors will enhance monitoring of expenditure through purchase cards on a monthly basis going forward, and mandatory training is being provided for all remaining purchase card users and their line managers before the end of the calendar year.
- An in year review of **fees and charges** has been undertaken to uplift for inflation since the last increase in November 2022. Recommended increases are set out in a separate report on this agenda. A fees and charges policy is being developed for 2024/25 onwards and a number of budget proposals considering opportunities to grow income are being developed and will be presented as part of the draft 2024/25 budget report to be considered by the Executive on 20 December 2023.

The implemented actions will be monitored closely for the remainder of the financial year to assess their impact and the need for further measures to be taken.

12. In relation to s24 Recommendation 5 and 6 the following measures are being taken:

- The budget development methodology being adopted for 2024/25 is focused upon the development of proposals to:
 - i. Managing/reducing service demand
 - ii. Service redesign
 - iii. Service transformation
 - iv. Reduction/stopping service levels.
- Reviewing and improving the robustness of demand and unit cost modelling to inform financial forecasts and budget modelling over longer time horizons has

commenced and will support the 2024/25 budget development process to provide increased assurance over the robustness of future budget estimates;

- The development and review of service benchmarking data and establishing deep dive reviews of high cost and overspending areas has commenced.

13. This work is informing the refinement of the year end forecast and the development of budget proposals and transformation plans to redesign services from a significantly lower cost base as part of the 2024/25 budget and MTFP development.
14. A number of transformational themes that will improve outcomes and deliver savings are emerging. The budget proposals will be brought forward in the 2024/25 draft budget and MTFP report for consultation that will be considered by the Executive on 20 December and will ultimately be considered by Council for approval on 28 February 2024. However, where opportunities for saving can be implemented within the financial year within the Council's governance arrangements, these opportunities are being factored into Directorate Financial Recovery Plans at the earliest opportunity. A number of areas as summarised in Table 6 and detailed in Appendix 5 have already been identified as suitable for investment and funding has been approved by the s151 Officer to be used from the Council's Change Fund on an invest to save basis to drive transformation subject to individual business cases and will be included in the revised Flexible Use of Receipts Strategy for 2023/24 where appropriate to enable alternative funding via cashed capital receipts by 31 March 2024. This will serve to preserve limited revenue resources.

Revenue Budget Forecast Year-End Outturn as at Quarter Two 2023/24

15. The 2023/24 forecast outturn on 30 September 2023 (Quarter Two) is an overspend of £8.556m (6.8%) against the approved budget of £126.354m by 31 March 2024. This represents an improvement of £3.007m from that forecast at Quarter One.
16. The analysis of the forecast financial position by Directorate is set out in Table 1 below. A summary of the key issues and variances is included in table 2, with details of Directorate variances detailed in Appendix 1. Table 1 includes any potential non-delivery of required budget savings as detailed in paragraphs 23 to 26.

Table 1 – Summary of Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

All Directorates	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Forecast Variance as a % of Current Net Budget Full Year	Movement from Quarter One (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)
	£m	£m	£m	£m	%	£m	£m	£m
				Adv/(Fav)		Adv/(Fav)	Adv/(Fav)	Adv/(Fav)
Adult Social Care	49.808	49.649	51.325	1.676	3.4	(1.297)	(0.219)	1.457
Public Health	(3.280)	(3.280)	(3.280)	0.000	0.0	0.000	0.000	0.000
Children's Care	54.649	54.650	57.822	3.172	5.8	(0.477)	(0.450)	2.722
Education & Partnerships	5.494	5.387	7.330	1.943	36.1	0.425	(0.464)	1.479
Regeneration	(1.987)	0.986	0.590	(0.396)	(40.2)	(0.234)	0.000	(0.396)
Environment & Communities	20.228	17.368	18.105	0.737	4.2	(0.556)	(0.165)	0.572
Legal & Governance	10.245	10.304	10.308	0.004	0.0	(0.370)	0.000	0.004
Chief Executive	0.000	0.234	0.222	(0.012)	(5.0)	(0.012)	0.000	(0.012)
Finance	4.429	4.635	4.488	(0.147)	(3.2)	(0.614)	0.000	(0.147)
Total Directorates	139.586	139.933	146.910	6.977	5.0	(3.135)	(1.298)	5.679
Central Budgets	(13.232)	(13.579)	(12.000)	1.579	(11.6)	0.128	0.000	1.579
Total Budget	126.354	126.354	134.910	8.556	6.8	(3.007)	(1.298)	7.258

Note – the above table reflects a number of service moves between Directorates following approval of virements in the Quarter One report. The figures for the movement from Quarter One have been adjusted for the service moves between Directorates to provide meaningful comparisons between quarters

17. Table 1 shows that £1.298m of Financial Recovery Plan savings have been identified and quantified to date, with details being provided for each Directorate in Appendix 2. These will require further Director assurance to confirm deliverability together with the identification of further mitigations of expenditure to deliver the financial outturn within the approved budget by the year end. Subject to satisfactory assurance the plans will be factored into the year-end forecast.
18. Containing expenditure within the approved budget remains a critical priority for the Leadership Management Team and the Executive for the remainder of the financial year in order protect critically low reserves and provide an opportunity to start to rebuild them over 2024/25 and the medium term.
19. Financial Procedure Rule 1.37 requires the Executive's approval of the proposed revenue budget virements set out in Appendix 3.

Summary of key variances and recovery plans

20. The most significant directorate variances and financial recovery plans are summarised in Table 2 below, with further detail for each Directorate being included in Appendices 1 and 2.

Table 2 -Summary of variances and recovery plan actions

Directorate	Service Area	Summary of Variances over £250,000	2023/24 Forecast Overspend/ (underspend) £m	Financial Recovery Plan Key Actions	Value of Recovery Plan 2023/24 £m
Adults Social Care	Care Packages	Net unbudgeted demand and inflationary pressures in care packages.	2.203	Implementation of new residential admissions panel and review of high cost care package. Review of spending on personal care and fairer charging (review of zero payers)	(0.219)
	Across Directorate	Staff savings in excess of abatement target	(0.597)		
	Homelessness	Increased use of temporary accommodation (hotels and bed and breakfast accommodation) due to lack of available permanent accommodation, offset by grants.	0.370	Council wide cross cutting review of housing strategy	TBC
	Across Directorate	Other variances below £250,000	(0.300)		
Children's Care	External Residential	Increased numbers of children in external residential placements above budgeted level - national issue	2.507	Placement reviews	(0.400)
	Internal Residential	Agency staff	1.473	Permanent recruitment to posts, including marketing campaign and review of recruitment and retention packages.	(0.050)
	Fostering	Increasing number of young people in Independent Fostering Agency (IFA) placements above budget	0.770	Recruitment of internal foster carers to reduce reliance on independent fostering agencies and higher cost placements	TBC
	Across Service Teams	Staff savings from vacant posts and reduced expenditure on Section 17 and other expenditure across teams	(2.648)	To investigate increasing savings on vacant posts to cover over spend in Directorate	TBC
	Across Directorate	2023/24 budget savings for Children's Care and from the Children's Services Financial Improvement Plan currently rated "Red" and "Amber" (as shown in Table 4 and Appendix 4).	1.569	Review of savings required including review of purchase of properties for use as internal residential accommodation, and continued recruitment of edge of care provision.	TBC
	Across Directorate	Other variances below £250,000	(0.499)		
Education & Partnerships	Integrated Transport Unit	Increased number of children eligible for home to school transport, including children with Special Education Needs (SEN). Increase in costs per child of transportation.	1.879	Review all routes, decrease unused seat, encourage parents to use own transport, route planning and efficiencies, non statutory challenges, and investigate schools purchasing transport where appropriate.	(0.400)
	Across Directorate	Other variances below £250,000	0.064	Choice Advisors service needs review. Review of Partnership arrangements.	(0.064)
Regeneration	Commercial Income	Increased income above budget at Cleveland Centre and offset by decreased income below budget for Captain Cook Centre due to collapse of major tenant. Also expenditure savings on running costs.	(0.329)		TBC
	Across Directorate	Other variances below £250,000	(0.067)		
Environment & Communities	Waste Disposal	Increased contractual costs per tonne above budget, and increased civic amenity site management costs	1.017	Review of residual waste, recycling, and enforcement.	TBC
	Bereavement Services	Crematorium income shortfall and increased expenditure mainly Cemeteries	0.509	A report is to be taken to Executive on 21/11/23 on increasing the cremation and burial fees by from 1 December 2023	(0.074)
	Community Safety	Wardens - additional grant income and staff savings	(0.379)		
	Across Directorate	Other variances below £250,000	(0.410)	Review of Bus Station departure charges and car parking pressure to be met from Car Parking Reserve	(0.091)
Legal and Governance	Across Directorate	Other variances below £250,000	0.004		
Chief Executive	Across Directorate	Other variances below £250,000	(0.012)		
Finance	Resident & Business Support	Savings from review and revision of bad debt provision calculation, offset by court costs income pressures and staffing costs pressures due to reduction in level of New Burdens .	(0.527)		TBC
	Resident & Business Support- Housing Benefits Subsidy	Increase in homelessness cases and the cost of temporary accommodation, due to insufficient level of suitable available temporary accommodation, and Housing Benefit Subsidy not covering full costs	0.477	Council wide cross cutting review of housing strategy	TBC
	Across Directorate	Other variances below £250,000	(0.097)		
Central Budgets	Pay and prices contingency	Expected 2023/24 national pay award over budget provision - subject to finalisation of pay award	1.451		TBC
	External Audit Fees	Higher forecast external audit fees due to additional work undertaken by External Audit for statutory accounts (national issue) and in addressing Council governance failures	0.200		TBC
	Across Directorate	Other variances below £250,000	(0.072)		
Total Variance			8.556		(1.298)

21. It should be noted that the measures taken to control expenditure in year are a combination of 'one off mitigations' that have a favourable impact only in 2023/24 and plans that deliver 'ongoing' cost reductions or income generation that will have a favourable impact upon the calculated budget gap for 2024/25.

22. The ongoing pressures that remain as a result of the following are currently being identified and quantified in order to measure the impact upon the 2024/25 budget model:
- Partial or Non-delivery of approved planned savings (RAG Red and Amber)
 - Demand and other financial pressures for which a one-off mitigation has been delivered

Budget savings delivery

23. The approved revenue budget includes savings totalling £9.383m in 2023/24 and a further £2.987m in 2024/25. The savings tracker included in Table 3 summarises performance in 2023/24 and the impact upon delivery for 2024/25, categorising the current expected achievability of the savings. Table 4 shows performance for each Directorate against the 2023/24 savings. Savings delivery plans are monitored via the Savings Programme Board that is chaired by the Head of Business, Strategy and Customer Services.
24. The forecast overspend shown in Table 1 includes £1.569m (17%) of savings for 2023/24 categorised as “Red” and “Amber” within the savings tracker. Those categorised as “Green” £3.382m (36%) and considered to be on track are being further tested and challenged to gain further assurance. £4.432m (47%) have been delivered and classed as ‘Blue’.
25. Directors have been tasked with developing mitigation plans for those savings which are categorised as “Red” where savings will not be achieved, and “Amber” where there is significant risk to delivery. Also there is a need to ensure full achievement of savings categorised as “Green”. Any changes in delivery or alternative savings proposals will require approval by Executive and will be reported in future budget monitoring reports.

Table 3 – Savings Programme Assurance Summary

		2023/24	2024/25	Overall
RAG	RAG Description	£m	£m	£m
Blue	Saving Realised (delivered)	4.432	-	4.432
Green	Saving forecast to be realised as originally planned, or to be realised through alternative actions.	3.382	0.614	3.996
Amber	Medium risk to savings delivery, with mitigating actions being considered/worked on.	0.595	0.539	1.134
Red	High risk to savings delivery with limited scope of mitigation.	0.974	1.834	2.808
	Total Savings	9.383	2.987	12.370

Table 4 – Savings Programme Assurance for 2023/24 by Directorate

Directorate	23/24 RED (£m)	23/24 AMBER (£m)	23/24 GREEN (£m)	23/24 BLUE (£m)	TOTAL (£m)
Regeneration	-	-	0.300	0.296	0.596
Environment and Commercial Services	-	-	1.261	0.782	2.043
Legal and Governance	-	-	0.120	0.121	0.241
Adult Social Care and Health Integration	-	-	0.416	0.086	0.502
Public Health	-	-	-	0.296	0.296
Education and Partnerships	-	-	-	0.313	0.313
Children's Care	0.056	-	-	0.698	0.754
Central	-	-	-	0.543	0.543
Finance	-	-	-	0.130	0.130
Fees and Charges	-	-	1.111	-	1.111
Children's Services Financial Improvement Plan	0.918	0.595	0.174	1.167	2.854
TOTAL (£m)	0.974	0.595	3.382	4.432	9.383
Overall Percentages	10%	7%	36%	47%	

26. A detailed savings tracker of savings categorised as “Red” and “Amber” by Directorate is attached at Appendix 4. “Red” and “Amber” rated savings are factored into the forecast overspend for the year together with any in year mitigations to offset the resultant overspend.

Council Reserves and Provisions

27. It is critical that expenditure is contained within the approved budget of £126.354m to stabilise the Council’s financial position and provide a basis from which to rebuild reserves from the current critically low level.

28. The Interim Director of Finance has undertaken a due diligence exercise in relation to the Council’s accounting practice and an in-depth review of the balance sheet in order to provide assurance over the robustness of estimates and adequacy of reserves that will inform 2024/25 budget setting in order to identify:

- Risks that may impact adversely upon the reported financial position.
- opportunities to optimise the Council’s financial position.

A number of work streams remain in progress and any matters arising will be reported as appropriate upon conclusion of those work streams.

29. This work has included an in-depth review and revision of the methodology for calculating the bad debt provisions incorporated in the pre audited draft financial statements for 2021/22 and 2022/23 in accordance with the implementation of International Accounting Standard 37 (IAS37) governing the accounting for Provisions, Contingent Assets and Contingent Liabilities. IAS37 is applicable from 2021/22 financial year which are currently subject to external audit and the change in methodology and associated calculations is currently being reviewed by the External Auditor. This may result in favourable adjustments affecting the 2021/22, 2022/23, and 2023/24 accounts and will be reported once this work has been completed.

30. The balance sheet review has identified the opportunity to release £0.758m from the Revenue Grants Received Unapplied account which will be transferred to the Change Fund and re-stated at 31 March 2023.
31. The s151 Officer has determined that the revised balance on the Change Fund Reserve of £1.488m including the above shall be available in accordance with the approved use of Change Fund to fund expenditure on transformation and efficiency, including the cost of redundancies where relevant. The use of the Change Fund will contribute to the reduction of the 2023/24 overspend and/or support achieving a balanced budget for 2024/25. Projects will be subject to individual business cases and will also be included in the revised Flexible Use of Receipts Strategy for 2023/24 where appropriate to enable alternative funding via cashed capital receipts by 31 March 2024 which will serve to preserve limited revenue resources.
32. Table 5 provides an analysis of restricted and unrestricted reserves together with General Fund Provisions. It shows that the forecast balances on unrestricted usable revenue reserves currently comprising of the General Fund Reserve and unrestricted usable earmarked reserves, based upon the Quarter Two forecast outturn position of £8.556m would mean that all unrestricted usable earmarked reserves would be exhausted, leaving a General Fund Reserve of £6.273m representing the Council's total unrestricted usable revenue reserves. This is a significant reduction from the total of £14.829m at 31 March 2023, reported in the Quarter One report, which were already at a critically low level.

Table 5 – Analysis of unrestricted and restricted reserves and provisions, and impact of the forecast overspend on the level of reserves

	<u>Closing Balance 31/03/23 / Opening Balance</u>	<u>Additional Contributions</u>	<u>Transfers between Reserves</u>	<u>Use in Year</u>	<u>Use for projected 23/24 overspend</u>	<u>Forecast Balance at year-end</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
GENERAL FUND RESERVE	12.041				(5.768)	6.273
USABLE EARMARKED RESERVES						
<i>Restricted Use</i>						
Public Health	0.129					0.129
Insurance Fund	0.028					0.028
Better Care Fund	0.896					0.896
Marton Library S106	0.025					0.025
Housing Rental Sinking Fund	0.093					0.093
	1.171	0.000	0.000	0.000	0.000	1.171
<i>Unrestricted Use</i>						
Financial Resilience Reserve	1.797				(1.797)	0.000
Change Fund	0.000	0.730	0.758	(1.488)		0.000
Car Parking Reserve	0.742				(0.742)	0.000
Elections Costs	0.249				(0.249)	0.000
	2.788	0.730	0.758	(1.488)	(2.788)	0.000
	3.959	0.730	0.758	(1.488)	(2.788)	1.171
UNUSABLE EARMARKED RESERVES						
Revenue Grants Unapplied (Technical Reserv	10.539		(0.758)			9.781
Dedicated Schools Grant Adjustment Account	(6.565)			(3.230)		(9.795)
	3.974	0.000	(0.758)	(3.230)	0.000	(0.014)
SCHOOL BALANCES	3.640					3.640
GENERAL FUND PROVISIONS						
Business Rates Appeals	4.203					4.203
Insurance	0.824					0.824
Other	0.167					0.167
	5.194	0.000	0.000	0.000	0.000	5.194
	28.808	0.730	0.000	(4.718)	(8.556)	16.264
*NOTE	The year-end balances for 2022/23 may be subject to further change due to further technical adjustments which may be required as part of the closure of the Council's accounts. These will be mainly relating to the closure of the Collection Fund accounts, and school balances. There may also be potential changes required as part of the external audit of the Council's accounts for 2022/23. The final year-end balances for 2022/23 will be reported in the Council's Statement of Accounts for 2022/23, and will be updated as required as part of the quarterly budget monitoring reports throughout the financial year.					

33. Usable reserves remain at a critically low level and will be reduced further by any final overspend resulting at 31 March 2024. Priority must be given to replenishing reserves in the 2024/25 financial year and over the medium term to rebuild and strengthen the Council's financial sustainability.

34. For the avoidance of doubt, the risk of a s114 Notice under the provisions of the Local Government Finance Act 1988 in relation to setting a legally balanced budget for 2024/25 remains. A further report setting out the proposed 2024/25 draft budget and MTFP for the period 2024/25 to 2026/27 for consultation will be presented for consideration at the Executive meeting on 20 December 2023.

Contingency Budget and Change Fund

35. Table 6 summarises the 2023/24 budget and commitments against the central budgets controlled under the delegated powers of the s151 Officer in relation to the Contingency Budget and the Change Fund Budget and Change Fund Reserve at 30 September 2023. Note that the Change Fund is supplemented by a further £0.758m now held in the Change Fund Reserve following the recent balance sheet review (as detailed in paragraph 30). A summary of the projects approved for utilisation of these budgets is set out at Appendix 5.

Table 6 – Summary of 2023/24 budget and commitments against central budgets

	Corporate Contingency	Change Fund Reserve
	£m	£m
Starting Budget 2023/24	1.300	0.000
Budgeted contribution 2023/24	-	0.730
Additional contributions in year	-	0.758
Available for use	1.300	1.488
Approved Corporate Governance Improvement Plan Management Interventions	0.594	0.040
Approved invest to save transformation expenditure	0.000	0.984
Allocated/Committed to date	0.594	1.024
BALANCE REMAINING UNCOMMITTED	0.706	0.464

36. The s151 Officer has determined that the Change Fund resources of £1.488m budgets may be utilised to fund investment in transformation and/or efficiency measures that will realise a reduction in ongoing service expenditure in 2023/24 and/or future years. Appendix 5 shows that a number of invest to save transformation projects have already been approved to be funded from the Change Fund. Further applications for use of these funds will be subject to s151 Officer approval of a robust business case.

Potential further Risks to the Council's financial resilience

37. As set out in the main body of the report, current service delivery models are incurring annual expenditure in excess of the annual income available to the Council. Therefore, it is critical that the Council deploys further robust plans within 2023/24 and in relation to 2024/25 to adopt models of service that are deliverable within a sustainable funding envelope to address the substantial overspend position. This is critical to achieving a legally balanced budget for 2024/25.

38. The extent to which in year overspends are controlled on a one off basis, results in financial pressures continuing into 2024/25 and beyond. These will factor into the calculation of the budget gap for 2024/25 and will require robust budget proposals at scale to deliver savings sufficient to balance 2024/25. This presents a significant challenge to the organisation to deliver transformation and efficiency at pace in 2024/25. This issue is a key driver of the risk of a potential s114 Notice in relation to

2024/25 and will be addressed in the 2024/25 Budget and MTFP report that will be considered by the Executive on 20 December 2023.

39. All budget savings categorised as “Red” continue to be reviewed as part of the budget monitoring process to determine whether they are either delayed or undeliverable. Where possible, ways of enabling and accelerating their delivery will be implemented. If they are deemed to be undeliverable, alternative options will need to be developed by the relevant Chief Officer for consideration and approval by the Executive in considering options to balance the 2024/25 budget.
40. All budget savings currently categorised as ‘Green’ are forecast to be delivered by the year-end and are being tested to gain further assurance of delivery. It is expected that services will continue to work towards delivering these savings on time.
41. Economic conditions remain challenging, with the Cost of Living crisis having an impact across the economy including on residents, businesses and the Council directly. The continuing high level of inflation is a significant factor in managing the Council’s fragile financial position. For the Council in addition to the obvious higher costs caused by this, there are also risks around income collection.
42. Due diligence is being undertaken by the s151 Officer to ensure that the Council is compliant with accounting standards and grant funding conditions across a number of service areas to provide assurance of the robustness of the General Fund budget position. Risks and opportunities are being explored and significant issues will be factored into future reports addressing the Council’s financial position as this work is concluded.
43. The Council’s financial challenges will undoubtedly continue over the medium term. Therefore a step change in the scale and nature of measures to achieve financial balance is required. There are likely to be few if any easy options available to the Council in exercising control over the 2023/24 budget and setting a balanced 2024/25 budget.

Collection Fund - Council Tax and Business Rates income

44. Income received from Council Tax and Business Rates (NNDR) is a major source of income for the Council. It is accounted for within the Collection Fund and operates under the Government regulations. Due to the prescribed mechanisms for operating the Collection Fund, the financial impact of any 2023/24 income collection variances do not immediately affect the General Fund position. By illustration, the impact of any final surplus or deficit on the Collection Fund for 2022/23 is fed into the development of the 2024/25 budget and MTFP and any cost/ benefit does not impact the current 2023/24 financial year.
45. The 2023/24 MTFP presented to Council in February 2023 included the estimated effect of Council Tax and Business Rates income. In the context of the current economic climate and the Cost of Living Crisis, there is an ongoing risk to the levels of collection of these taxes which may result adversely upon collection rates. The forecast in-year collection rate for 2023/24 is 91% for Council Tax and 96.8% for Business Rates, however the above factors may affect these forecasts.

46. There is currently a growing uptake by residents of the Council Tax Reduction Scheme due to the cost of living crisis as a consequence of the current adverse economic climate. At the end of 2022/23 there were 18,130 claimants, however it is currently estimated that there are 18,257 claimants. It is likely that this will increase further in future years resulting in increased costs to the General Fund over time. This will be closely monitored and the MTFP will be updated as appropriate.
47. The budgeted Council Tax base includes assumptions on housing growth. If there is a variance in growth in housing numbers compared to the levels budgeted, this will impact upon Council Tax income due.
48. The Government provided support for businesses through increased business rates reliefs and grants in 2020/21, 2021/22, and for the start of 2022/23. Following the reduction in the level of this support, there is a risk that Business Rates income collection reduces in the future if businesses fail or are unable to pay the resultant increased amounts due. This area is to be reviewed in detail to inform future budget forecasting and the development of the 2024/25 budget and MTFP.
49. The level of outstanding Council Tax and Business Rates debt is expected to rise, and the Council will need to review the collectability of this debt and the adequacy of the bad debt provision over the period of the MTFP.
50. The Quarter Three report will provide a comprehensive update of the Collection Fund position addressing these factors. This will further inform the 2024/25 budget and MTFP development process and future budget monitoring and forecasting.

Dedicated Schools Grant (DSG)

51. The Council received £182.451m (before deductions and recoupment) of Dedicated Schools Grant (DSG) for 2023/24. 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). Currently after deductions and recoupment the Council will receive DSG of £63.502m in 2023/24. The forecast expenditure is £66.733m, an overspend of £3.231m within 2023/24.

Table 7 - Dedicated Schools Grant (DSG) after recoupment and deductions

	2023/24 Income	2023/24 Expenditure	2023/24 FORECAST OVERSPEND	BALANCE AS AT 31/03/2023	FORECAST CUMULATIVE DSG DEFICIT AS AT 31/03/2024
	£m	£m	£m	£m	£m
Early years	12.121	12.121	0.000	(0.254)	(0.254)
Schools Block	20.330	20.330	0.000	(0.182)	(0.182)
High Needs	30.008	33.239	3.231	7.021	10.252
Central school services block	1.043	1.043	0.000	(0.021)	(0.021)
TOTAL	63.502	66.733	3.231	6.564	9.795

52. There was a £6.564m total cumulative deficit on the DSG grant at the end of 2022/23, which included £7.021m attributed to the High Needs Block. The DSG deficit is predicted to increase during 2023/24 and it is currently forecast that there will be a total cumulative DSG deficit of £9.795m at 31 March 2024, including £10.252m relating to the High Needs Block which is partly offset by £0.457m of surplus forecast across the other blocks. The driver for increased costs is numbers of young people identified and assessed as having Special Educational Needs, and also the increases in Education, Health, and Care Plans.
53. The Dedicated Schools Grant (DSG) is subject to a statutory override by central Government which instructs Councils to account for the DSG deficits and resulting negative balance in a separate reserve and not to fund it by using its General Fund resources. This was planned to end on 31 March 2023, however Government has extended the arrangement to at least 31 March 2026. This is considered to be a potential major risk to the Council's financial resilience in the medium term if the Government remove the statutory override before the deficit position is resolved – the current balance is £9.795m which would be required to be met from the General Fund resources. The position that Government takes will be closely followed and updates will be provided as appropriate.
54. 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 and commit to reducing the deficit. 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.
55. The Council complete regular DSG management recovery plans to outline forecasts over the next 5 years. The Council is also working with the DfE and has received a Stage 1 grant of £45,000 and recently a Stage 2 grant bid for £1m has been approved for the "Delivering Better Value" (DBV) programme 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 participating in the DBV programme. It should be noted that Middlesbrough Council is not involved in the "Safety Valve" programme, which is support for those local authorities with the greatest DSG deficits.
56. 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.
57. 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 1,659 in 2022 to a predicted level of 2,115 in 2023, a 28% increase, and this is predicted to increase further in the future (see Table 8). It should be noted that the number of children with and EHCP is a key cost driver in relation to home to school transport costs that are met by the General Fund through the Integrated Transport Unit. This is a national issue affecting a large number of local authorities and presents a growing and significant financial risk to the Council. The Government have partly recognised this by an increase in funding allocated in the finance settlements for

2022/23 and 2023/24 for both Schools and High Needs Blocks. However, no specific funding has been provided in recognition of the adverse impact upon the General Fund cost of home to school transport, where it is currently forecast that 75-80% of EHCPs are forecast to require home to school transport.

Table 8 – Actual and forecast Education, Health, and Care plans (EHCPs)

Year	2022	2023	2024	2025	2026	2027
Number of EHCP – actual and forecast	1,659	2,115	2,235	2,355	2,475	2,595

Capital Programme Forecast Year-End Outturn 2023/24 as at Quarter Two

58. The Council approved a capital programme for 2023/24 of £71.211m (the original 2023/24 capital budget). This was then updated to take account of year end slippage in the Revenue and Capital Budget – Year End Outturn Position 2022/23 report of 20 June 2023, and Executive approved a revised capital budget for 2023/24 of £80.474m. Following a further review Executive approved a revised budget of £63.004m at Quarter One.
59. A comprehensive review of the capital programme, its profiling and forecast outturn including financing has been undertaken and is incorporated in this report to 30 September – Quarter Two.
60. The following additions over £0.250m to schemes within the current Capital Programme for 2023/24 totalling £4.330m, which are externally funded or funded from within existing Council resources for the 2023/24 Capital Programme as approved by Council in February 2023, have been added to the revised Capital Programme, subject to approval by Executive.
 - On 27 February 2023, Council approved the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report. The report approved the flexible use of £3.000m of capital receipts to fund transformational revenue expenditure within the financial year. These funds have now been added to the Capital Programme.
 - The Council is undertaking a comprehensive Waste Strategy Review. The review has identified the need for a programme of wheeled bin replacements. £1.200m of Council capital resources within the resources approved by Council for 2023/24 in February 2023 have been identified and allocated in order to fund the replacements to enable the implementation of improved waste collection measures arising from the review.
61. There are no new schemes over £250,000 that have been added to the Capital Programme
62. There are no schemes over £250,000 that have been removed from the Capital Programme
63. There are no schemes within the Capital Programme that have been reduced by more than £250,000.

64. Table 9 below summarises the Capital Programme Financial Performance 2023/24 per Directorate as at Quarter Two. It is currently forecast at Quarter Two that the Council will spend £54.595m at year-end. This is 68% of the Executive approved revised original budget of £80.474m.

Table 9 – Summary of Capital Programme Financial Performance 2023/24 as at Quarter Two

	2023/24 Capital Programme Budget (as per 22/23 outturn)	2023/24 Capital Programme Budget (as per Quarter One)	2023/24 New externally funded schemes or funded from requested transfer within existing approved Council funded capital programme	2023/24 Revised Capital Programme Budget (as at Quarter Two)	2023/24 Actual Spend To 30/9/23	2023/24 Forecast Outturn	2023/24 Forecast Variance	2023/24 Forecast Variance % against Revised Quarter Two Budget	2023/24 Explanation Of Variance		Impact Upon 2024/25 Capital Programme
									Slippage	Reduction	
	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	2.705
Regeneration	41.745	25.107	-	25.107	8.081	18.565	(6.542)	(26.06)	(6.614)	(0.015)	6.614
Environment & Community Services	23.560	20.714	1.200	21.914	6.211	20.769	(1.145)	(5.22)	(1.145)	-	1.145
Public Health	0.031	0.165	-	0.165	0.009	0.165	-	-	-	-	-
Education & Partnerships	7.852	6.938	0.060	6.998	0.574	4.244	(2.754)	(39.35)	(2.705)	(0.036)	2.705
Children's Care	2.141	2.107	3.070	5.177	0.083	3.415	(1.762)	(34.04)	(1.663)	(0.025)	1.663
Adult Social Care	1.447	3.682	-	3.682	1.484	3.595	(0.087)	(2.36)	(0.087)	-	0.087
Legal & Governance Services	3.120	3.713	-	3.713	1.978	3.642	(0.071)	(1.91)	(0.071)	-	0.071
Finance	0.578	0.578	-	0.578	0.070	0.200	(0.378)	(65.40)	(0.378)	-	0.378
Total	80.474	63.004	4.330	67.334	18.490	54.595	(12.739)	(18.92)	(12.663)	(0.076)	12.663

Note. Regeneration & Environment and Community Services budgets have been re-based following changes between Directorates.

65. Table 10 shows a summary of the reasons for the movements from the revised original capital budget for 2023/24 of £80.474m, and a breakdown of the forecast underspend of £12.739m in the capital programme for 2023/24 as at Quarter Two.

Table 10 - Summary Breakdown of movement in capital expenditure 2023/24

	<u>23/24</u> <u>£m</u>
Executive approved budget 20 June 23 (as per 2022/23 year end outturn report)	80.474
Slippage	(19.839)
Additions to existing schemes	2.285
New schemes	0.134
Reductions to existing schemes	(0.050)
Capital budget forecast outturn at Q1 (revised budget for 2023/24)	63.004
Amendments (subject to approval)	4.330
Revised approved budget as at Q2	67.334
Slippage	(12.663)
Additions to existing schemes	-
New schemes	-
Reductions to existing schemes	(0.076)
Capital budget forecast outturn at Q2	54.595

66. Capital slippage is a way of reprofiling capital budgets between financial years to match forecast timing of expenditure, whilst staying within the approved project budget. Details of capital slippage forecast for 2023/24 are shown in Appendix 6.
67. It can be seen from Table 9 that capital programme spend to the end of September 2023 of £18.490m is low compared to the forecast outturn for 2023/24 of £54.595m (34%), as such there is a risk that spend will be lower than forecast. While this will have a beneficial impact on revenue through higher investment balances and reduce the need to borrow it indicates that delivery is behind schedule and late delivery may pose risks for next financial year.
68. The revised Capital Programme covering the period 2023/24 to 2025/26 is summarised in Table 11 below and detailed in Appendix 7 for noting by Executive.

Table 11 - Summary of Capital Programme 2023/24 to 2025/26

Directorate	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	TOTAL £m
Regeneration	37.155	18.565	64.887	2.979	123.586
Environment and Community Services	10.222	20.769	18.369	15.603	64.963
Public Health	0.219	0.165	0.007	-	0.391
Education & Partnerships	4.050	4.244	13.603	1.112	23.009
Children's Care	1.100	3.415	4.163	-	8.678
Adult Social Care	2.884	3.595	0.995	0.660	8.134
Legal and Governance Services	3.223	3.642	1.663	2.185	10.713
Finance	0.109	0.200	6.856	0.500	7.665
Total EXPENDITURE	58.962	54.595	110.543	23.039	247.139
Funded by					
Borrowing	24.597	23.396	42.711	10.145	100.849
Finance Leases	-	-	4.500	-	4.500
Capital Receipts	0.755	3.155	5.469	4.811	14.190
Grants	30.653	26.536	52.344	7.983	117.516
Contributions	2.957	1.508	5.519	0.100	10.084
Total FUNDING	58.962	54.595	110.543	23.039	247.139

Treasury Management - Borrowing & Prudential Indicators

69. The Council's investment and borrowing activity is managed in accordance with the Treasury Management Strategy (TMS) which is a key element of the MTFP alongside the annual revenue budget and capital programme which are approved by Council annually in before the start of the financial year.
70. Treasury Management activity is governed by the Prudential Indicators which are set within the TMS. The Council uses external expert Treasury Management Advisers to inform the development of its strategy and operational in year decisions. The budgeted and the actual position as at Quarter Two 2023/24 are summarised in table 12.

71. Investment and borrowing decisions are taken to manage the short, medium, and long term cash needs of the Council and are driven primarily by:

- the extent to which the Council finances its capital expenditure by borrowing which is measured by the Capital Financing Requirement (CFR)
- the timing differences between operational income and expenditure flows
- the level of cash backed reserves held by the Council; and informed by short to long term interest rate forecasts.

Table 12 – Prudential Indicators – Quarter Two 2023/24

Prudential Indicators - 2023/24 Quarter Two				
	<u>Budget</u> <u>(as per</u> <u>22/23</u> <u>outturn)</u> <u>(£M)</u>	<u>Forecast</u> <u>at Q2</u> <u>(£M)</u>	<u>Variance</u> <u>(£M)</u>	<u>Variance</u> <u>as % of</u> <u>Budget</u> <u>%</u>
Capital Expenditure	80.474	54.595	(25.879)	(32.2)
<u>Financing</u>				
External Sources	47.073	28.044	(19.029)	(40.4)
Own Resources	5.965	3.155	(2.810)	(47.1)
Debt	27.436	23.396	(4.040)	(14.7)
Capital Financing Requirement	300.588	300.227	(0.361)	(0.1)
External Debt borrowed	266.385	223.845	(42.540)	(16.0)
Cash Balances	15.000	12.029	(2.971)	(19.8)
Capital Financing cost	9.276	9.286	0.010	0.1
Revenue Budget	126.354	126.354	n/a	n/a
Cost as a % of Revenue Budget	7.3%	7.3%		

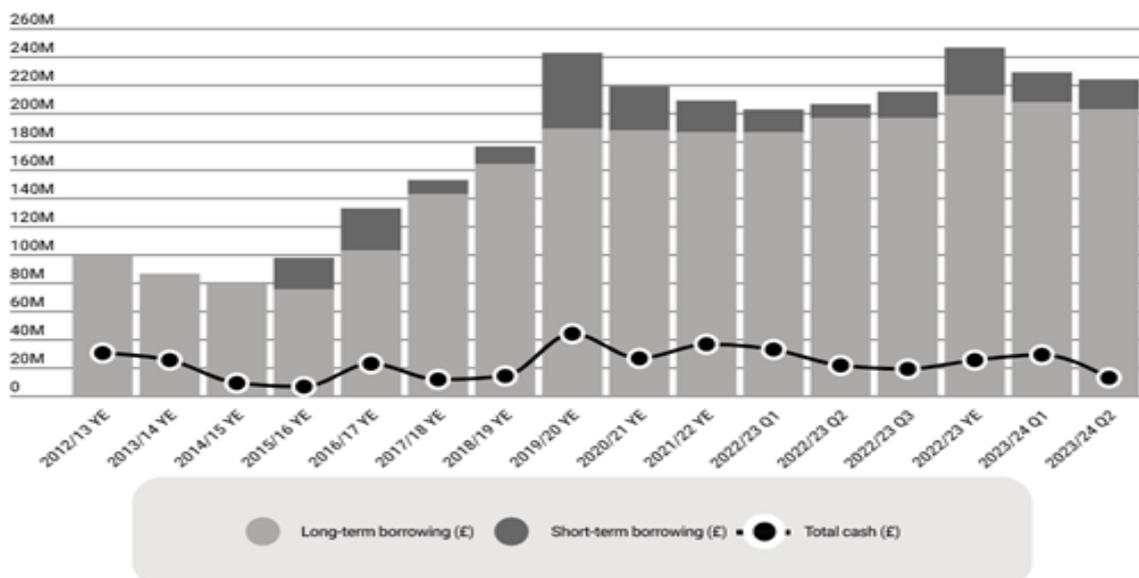
72. The Council's forecast Capital Expenditure outturn at Quarter Two is £54.595m compared to a revised original approved budget of £80.474m, an underspend of £25.879m (32.2%). This results in a slightly lower level of debt funding in-year than was anticipated at the start of the financial year.

73. During the first quarter, external borrowing reduced from £229.053m on 30 June 2023, to £223.845m on 30 September 2023. This decrease of £5.208m reflects the repayment of one long term loan of £5.000m, plus repayment of principal amounts on existing annuity loans held by the Council of £0.208m.

74. The long-term loan repaid above was a LOBO loan (Lender Option Borrower Option). This loan was taken out by the Council in 2004 for a period of 50 years at an interest

rate of 3.93%. The loan had an option attached to it which meant that the Lender, Dexia, could increase the interest rate at six monthly intervals. The Council then has the option to repay the loan if the interest rate movement was not favourable.

75. In September this year, Dexia exercised this option for the first time in 19 years on the loan with an offer of 4.90% going forwards. Given that the loan does not expire for a further 31 years and interest rates are expected to be lower than this over the medium to longer term, it was not felt to be good value for money. The Director of Finance, in conjunction with the Councils' treasury management advisers, decided to repay the loan out of existing cash balances and to re-finance this loan when interest rates reduce to lower levels.
76. Cash balances have reduced by over half from £24.950m to £12.029m between the end of June and September 2023. This reflects three main factors – the capital and revenue spending plans of the Council to date in this financial year, the expected over-spend on the revenue budget mentioned earlier in this report and the LOBO loan repayment. In addition, with interest rates being at high levels currently, there is little incentive to take external borrowing at present. The approach has therefore been to depress cash levels as far as possible during the quarter and only to borrow if the overall liquidity needs of the Council were compromised. The only external borrowing activity required during the quarter was the roll forward of an existing short-term loan with another local authority. Cash traditionally tends to be low within the third quarter, as income in advance is spent and the revenue and capital budgets are utilised. It is expected that there will be a demand for borrowing during the next quarter.
77. The ratio of short-term to long-term borrowing has remained constant during the quarter given the lack of borrowing activity. Long term Public Works Loan Board (PWLB) rates continue to remain high due to the changes in bank rate over the last 12 months. The Council's total under borrowed position (external debt compared to the capital-financing requirement – or underlying need to borrow) is £76.382m on 30 September 2023, or 25.4%. The overall strategy for borrowing in the current inflationary climate is complex and is regularly discussed with the Council's appointed external treasury management advisers. The over-riding objective continues to be to demonstrate value for money from any borrowing decisions taken. Most of the external borrowing required will be taken later this financial year.



78. 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 approved by Council as part of the annual budget process in February each year. CIPFA and Government view this approach as best practice in ensuring resources are allocated prudently to capital schemes.

79. The amount of external debt at £223.845m and the total underlying need to borrow of £300.227m are both well below the Council's authorised debt limit of £328.000m for the year. This is the threshold above which any borrowing would be illegal. The cost of capital financing to the Council is marginally higher than that set at budget of £9.276m. This is due to the costs of borrowing on the debt expected to be taken being higher than originally budgeted for, offset by capital schemes funded by borrowing being phased into the next financial year. The total annual cost of financing the Council's capital investment plans being £9.286m, or 7.3% of the current net revenue budget.

What decision(s) are being recommended?

In respect of the General Fund Revenue Budget, the Executive is requested to:

- Note the forecast 2023/24 net revenue budget outturn as at Quarter Two of £134.910m against an approved budget of £126.354m, a forecast overspend of £8.556m (6.8%). This represents an improvement of £3.007m from that forecast at Quarter One.
- Note that the forecast overspend of £8.556m relates primarily to a combination of forecast demand and inflationary pressures in the following Directorates :

	£m
Adult Social Care	1.676
Children's Social care	3.172
Education & Partnerships (Integrated Transport Unit - home to school transport)	1.879
Environment and Community Services (waste disposal costs)	1.017
2023/24 local government pay award	1.451
Other variances	(0.639)
Total	8.556

- Note and endorse the management actions taken in consultation with Executive Portfolio Holders over the year to date to control expenditure within the approved budget and to develop more financially sustainable solutions for future years as set out in paragraphs 7 to 14.
- Note that further work is continuing with a view to fully mitigate the forecast overspend and that further reports will be submitted to the Executive for noting and approval of management actions as appropriate.
- **Approve** the proposed revenue budget virements over £250,000 as detailed in Appendix 4.

In respect of the Council's Reserves and Provisions, the Executive is requested to:

- Note that the interim s151 Officer has undertaken a review of the balance sheet which has resulted in the release of £0.758m from the Revenue Grants Received Unapplied account that will be transferred to the Change Fund for which the balance will be re-stated as at 31 March 2023.
- Note that the s151 Officer has determined that the uncommitted 2023/24 Change Fund Reserve of £1.488m, shall be available to fund expenditure on transformation and efficiency as part of an agreed financial recovery plan.
- Note that as a result of the balance sheet review, the interim s151 officer is in discussion with the External Auditor in relation to the audit review of the Council's methodology to calculate the Collection Fund Bad Debt provision in 2021/22 financial statements. This may result in favourable adjustments affecting the 2022/23 and 2023/24 accounts and impact upon 2024/25 budget setting. This will be reported upon conclusion of that work.

In relation to the Council's financial recovery and resilience , the Executive is requested to:

- Note the Quarter Two forecast of usable revenue reserves of £6.273m available at 1 April 2024 based on the Quarter Two forecast outturn position of £8.556m, a reduction from the already critically low level of £14.829m at 31 March 2023 reported in the Quarter One report. These would comprise of:
 - General Fund Reserve of £6.273m
 - Council's unrestricted usable earmarked reserves of £NIL
- Note that the risk of a s114 Notice under the provisions of the Local Government Finance Act 1988 in relation to setting a legally balanced budget for 2024/25 remains. A further report setting out the proposed 2024/25 draft budget and MTFP for the period 2024/25 to 2026/27 for consultation will be presented for consideration at the Executive meeting on 20 December 2023.
- Note that Statutory Officers remain in dialogue with the Department for Levelling Up Housing and Communities (DLUHC), the External Auditor and the Middlesbrough Independent Improvement Advisory Board (MIIAB) in relation to the development and delivery of the Council's Financial Recovery and Resilience plans.

In respect of the Capital Programme and Treasury Management, the Executive is requested to:

- Note that a full review of the Capital Programme has been undertaken since Quarter One including a review of profiling and alignment of funding sources in order to optimise the use of grants and external funding and mitigate the revenue impact of debt financing as far as possible.
- **Approve** the inclusion of additions to the Capital Programme for 2023/24 totalling £4.330m (detailed in paragraph 60) which are externally funded or funded from within existing Council resources for the 2023/24 Capital Programme as approved by Council

in February 2023. These have increased the 2023/24 Capital Programme budget to £67.334m from the £63.004m revised Capital Programme budget for 2023/24 approved at Quarter One.

- Note the 2023/24 Capital Programme forecast outturn of £54.595m at Quarter Two, which is a reduction of £12.739m (19%) from the revised £67.334m budget for 2023/24. The forecast outturn against the revised capital programme is a favourable variance comprising:
 - An underspend of £0.076m
 - Slippage of £12.663m into 2024/25.
- Note the Treasury Management forecast outturn position with respect to the Council's prudential indicators as set out in paragraphs 69 to 79.

In respect of the Dedicated Schools Grant (DSG), the Executive is requested to:

- Note the current forecast in-year deficit of £3.231m for 2023/24 relating to the High Needs Block, which is an increase of £1.451m from the £1.780m reported at Quarter One.
- Note the forecast total cumulative deficit of £9.795m at 31 March 2024, including £10.252m relating to the High Needs Block, as set out in Table 7 and paragraphs 51 to 57.
- Note that under existing government regulations this deficit cannot be funded from the General Fund, and the Council is required to deliver a recovery plan to the Department for Education (DfE).
- Note that the Council is part of the DfE Delivering Better Value (DBV) scheme which aims to support financial recovery of the DSG position.

Rationale for the recommended decision(s)

80. 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

81. Not applicable.

Impact(s) of the recommended decision(s)

Legal

82. The proposed recommendations are consistent with and will promote the achievement of the Council's general legal duty to achieve Best Value in accordance with Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007).

Strategic priorities and risks

83. 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.
84. Any impact on the Council's Strategic Plan will be reported as part of the Corporate Performance Update: Quarter Two 2023/24 report to this Executive.
85. 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 Two 2023/24 report.

Human Rights, Equality and Data Protection

86. The overall impact assessment within the budget report to Council on 27 February 2023 found that the impact of the budget savings proposals on the protected characteristics of race could not be fully mitigated. It also identified an adverse impact on community cohesion, in line with the individual impact assessments. The complete overall impact assessment included in Appendix 4 of that report however 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

87. This report sets out the financial implications associated with the financial performance of the Council in managing its revenue and capital resources for the financial year 2023/24 and the financial implications are incorporated throughout.

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

Action	Responsible Officer	Deadline
Corporate revenue budget spending controls set out in the main body of the report will continue to be applied to Directorates as stated.	Director of Finance	31/3/24
Current Management Recovery Plans to be finalised and implemented, and further Management Recovery Plans to be identified by Directors for 2023/24	Directors	ongoing
Revenue budget virements detailed in Appendix 3 to be actioned, subject to approval	Head of Financial Planning & Support	30/11/23
Amendments to the capital programme for 2023/24 to be actioned, subject to approval	Head of Financial Planning & Support	30/11/23

Appendices

1	Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two
2	Directorate Financial Recovery Plans
3	Proposed revenue budget virements above £250,000 at Quarter Two 2023/24
4	Detailed savings tracker of savings categorised as “Red” and “Amber” by Directorate
5	Summary of projects approved for utilisation of Contingency Budgets and Change Fund
6	Capital Programme Quarter Two 2023/24– details of capital slippage
7	Revised Capital Programme to 2025/26

Background papers

Body	Report title	Date
Executive	Children’s Service Financial Improvement Plan	14/2/23
Council	Budget 2023/24 - S25 Report of the Chief Finance Officer	27/2/23
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2023/24	27/2/23
Executive	MTFP Update	23/8/23
Executive	Revenue and Capital Budget – Forecast Outturn position at Quarter One 2023/24	23/8/23

Contact: Andrew Humble, Head of Financial Planning & Support
(deputy s151 Officer)

Email: andrew_humble@middlesbrough.gov.uk

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Adult Social Care Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv/(Fav)	Adv/(Fav)		Adv/(Fav)	
Public Protection	0.652	0.652	0.565	(0.087)	(0.002)		(0.087)	
Service Strategy	(5.779)	(6.837)	(6.947)	(0.110)	(1.018)		(0.110)	
Prevention, Provider & Support Services	(5.074)	(5.269)	(5.586)	(0.317)	0.080		(0.317)	1
Access & Safeguarding Services	5.857	6.109	6.152	0.043	0.257		0.043	2,3
Specialist and Lifelong Learning	3.386	3.129	3.073	(0.056)	0.154		(0.056)	
Purchased Care : Residential	22.479	25.115	25.951	0.836	(0.118)	(0.066)	0.770	4
Purchased Care : Direct Payments	7.172	7.720	7.724	0.004	0.041		0.004	
Purchased Care : Supported Tenancies	9.085	10.074	10.046	(0.028)	0.054		(0.028)	
Purchased Care : Enablement & Support	3.164	3.595	4.021	0.426	0.355		0.426	5
Purchased Care : Day Care	1.476	1.591	1.651	0.060	0.003		0.060	
Purchased Care : Personal Care	9.024	9.922	10.030	0.108	0.149	(0.073)	0.035	
Purchased Care : Other (incl Prior years Growth/Inflation allocation)	(1.634)	(6.151)	(5.354)	0.797	(1.249)	(0.080)	0.717	6
Total Directorate	49.808	49.649	51.325	1.676	(1.297)	(0.219)	1.457	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance £m	Reason
1	Prevention, Provider & Support Services	(0.317)	Underspend on pay costs £(0.214)m due to vacancies and a combination of underspend in running costs and additional income from Health £(0.140)m.
2	Access & Safeguarding Services	(0.327)	Underspend on pay costs £(0.310)m in the main due to vacancies
3	Access & Safeguarding Services: Temporary Accommodation	0.370	Increased use of hotels to provide temporary accommodation, £0.567m partially offset by utilisation of homelessness grant, £(0.197)m
4	Purchased Care : Residential	0.836	Increased Residential care costs, £1.063m, a net increase of 29 placements; is partially offset by additional income receivable from service users and Health
5	Purchased Care: Enablement & Support	0.426	Overspend is driven by a net increase of 27 care packages, £0.455m, partially offset by additional health income receivable
6	Purchased Care: Other	0.797	Increased income from service user community care packages £(0.112)m, offset by higher costs driven from a net increase in demand, £0.909m
	Other variances +/- £150,000	(0.109)	
		<u>1.676</u>	

Key risks (not included in forecast):

Additional purchased care growth during Quarters Three and Four has not been factored into the forecast outturn, mitigated by demand management measures identified in the Financial Recovery plan.

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Public Health Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv /(Fav)	Adv /(Fav)		Adv /(Fav)	
Substance Misuse	3.855	3.855	3.547	(0.308)	0.000	0.000	(0.308)	1
Misc Public Health	(12.163)	(12.163)	(12.233)	(0.070)	0.000	0.000	(0.070)	2
Best Start In Life	3.279	3.279	3.279	0.000	0.000	0.000	0.000	
Health Protection	1.091	1.091	1.108	0.017	0.000	0.000	0.017	
Healthy Environments	0.144	0.144	0.144	0.000	0.001	0.000	0.000	
Ill Health Prevention	0.377	0.377	0.373	(0.004)	0.000	0.000	(0.004)	
Public Mental Health	0.137	0.137	0.131	(0.006)	0.000	0.000	(0.006)	
Transfer surplus to PH reserve	0.000	0.000	0.371	0.371	(0.001)	0.000	0.371	3
Total Directorate	(3.280)	(3.280)	(3.280)	0.000	0.000	0.000	0.000	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance £m	Reason
1	Substance Misuse	(0.308)	A reduction in pay costs has arisen from delayed recruitment to vacant posts and a lower level of prescribing costs.
2	Misc Public Health	(0.070)	An underspend, £(0.070)m relates to lower pay costs arising from delayed recruitment to vacant posts
3	PH Reserve	0.371	It is proposed to transfer any underspend to an Public Health earmarked reserve, per the grant guidance/conditions
	Other variances +/- £150,000	0.007	
		0.000	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Children's Care Summary

Children's Care	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv / (Fav)	Adv / (Fav)		Adv / (Fav)	
Assessments & Safeguarding Care Planning	9.618	9.623	8.129	(1.494)	(0.539)	0.000	(1.494)	1
Children Looked after, Corporate Parenting and Children with Disabilities	3.792	3.823	3.467	(0.356)	(0.082)	0.000	(0.356)	2
Fostering, Adoption and Connected Carers	16.824	16.780	17.550	0.770	0.584	0.000	0.770	3
External Residential	10.309	10.241	13.634	3.393	(0.421)	(0.400)	2.994	4
Internal Residential services	3.793	3.837	5.310	1.473	0.574	0.000	1.473	5
Other Services	6.287	6.165	5.366	(0.798)	(0.398)	0.000	(0.798)	6
Management, Business Development & Admin	4.026	4.182	4.366	0.184	(0.194)	(0.050)	0.134	7
Total Directorate	54.649	54.650	57.822	3.172	(0.476)	(0.450)	2.723	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance	Reason
1	Assessments & Safeguarding Care Planning	(1.494)	£1.494m a reduction in Assessments and Child in Need numbers has resulted in savings from Pay costs as vacant posts are held and S17 and team costs reduce.
2	Children Looked after, Corporate Parenting and Children with Disabilities	(0.356)	£(0.356)m underspend on Pay costs is due to vacant posts across the service along with reduced running costs
3	Fostering, Adoption and Connected Carers	0.770	An increase in placements and projected Inter-agency adoption fees will result in an overspend, £0.770m
4	External Residential	3.393	An overspend, £3.393m, is a result of increasing external residential numbers due to market sufficiency and lower Education contributions
5	Internal Residential services	1.473	An overspend, £1.473m, is due to increased agency costs partially due to a delay in delivery of a saving initiative to increase in-house residential capacity
6	Other Services	(0.798)	An underspend on pay costs, £(0.798)m, is due to vacant posts held across resource teams.
7	Management, Business Development	0.184	£0.184m overspend is forecast due to increased staffing costs
		<u>3.172</u>	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Education & Partnerships Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv /(Fav)	Adv /(Fav)		Adv /(Fav)	
Management Budgets	0.414	0.307	0.307	0.000	0.000		0.000	
Central & Schools DSG Funded Budget	(0.858)	(0.858)	(0.858)	(0.000)	0.000		(0.000)	
Achievement	0.704	0.704	0.704	0.000	0.000		0.000	
SEN & Vulnerable Learners	0.899	0.899	0.899	0.000	(0.064)		0.000	
Access to Education (Excl ITU)	0.109	0.109	0.126	0.017	0.019	(0.017)	(0.000)	
Integrated Transport Unit	3.707	3.707	5.587	1.879	0.463	(0.400)	1.479	1
Partnerships	0.517	0.517	0.564	0.047	0.007	(0.047)	(0.000)	
Total Directorate	5.494	5.387	7.330	1.943	0.425	(0.464)	1.479	

Excluded from Council outturn

DSG - High Needs block	30.266	30.008	33.239	3.231
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KEY ISSUES

Ref. No.	Service Area	Forecast Variance	Reason
1	Integrated Transport Unit	1.879	An overspend is forecast within the Integrated Transport Unit as a result of increased demand for home to school combined with higher prices to supply services. Efforts continue to address through mitigations.
	Other variances +/- £150,000	0.063	
		<u>1.943</u>	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Regeneration Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv /(Fav)	Adv /(Fav)		Adv /(Fav)	
Director Of Regeneration	0.132	0.132	0.132	0.000	0.000	0.000	0.000	
Economic Growth	0.090	0.090	(0.053)	(0.143)	(0.111)	0.000	(0.143)	1
Regeneration Development	(1.349)	(1.349)	(1.378)	(0.029)	(0.009)	0.000	(0.029)	
Planning Services	0.275	0.275	0.391	0.116	(0.005)	0.000	0.116	2
Property Services		5.502	5.496	(0.006)	0.061	0.000	(0.006)	
Highways & Transport	2.535	0.000	0.000	0.000	0.000	0.000	0.000	
Commercial	(4.698)	(4.692)	(5.021)	(0.329)	(0.012)	0.000	(0.329)	3
Cultural Services	1.117	1.117	1.026	(0.091)	(0.141)	0.000	(0.091)	4
Marketing & Comms	0.465	0.465	0.423	(0.042)	(0.018)	0.000	(0.042)	
Community Learning	(0.554)	(0.554)	(0.426)	0.128	0.001	0.000	0.128	5
Total Directorate	(1.987)	0.986	0.590	(0.396)	(0.234)	0.000	(0.396)	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance	Reason
1	Economic Growth	(0.143)	On 4 October 2023, Executive approved the "Review of Town Centre and Community Safety Funding" report. The report agreed one year's grant funding for two posts within the service, resulting in cost recovery on pay costs.
2	Planning Services	0.116	A major housing application previously anticipated to be received in-year is no longer expected to be submitted resulting in an overspend, £0.086m for Development Control services
3	Commercial	(0.329)	An favourable income forecast is due to The Cleveland Centre, £(0.406)m which is partially offset by additional costs incurred by The Captain Cook Shopping Precinct where one of the major tenants has gone into administration.
4	Cultural Services	(0.091)	An net underspend is due to an increase in ticket sales for Town Hall and Theatre performances and receipt of grants
5	Community Learning	0.128	An overspend, £0.128m is due to Adult Education increased pay costs which are not recovered from grant funding
	Other variances +/- £150,000	(0.077)	
		<u>(0.396)</u>	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Environment & Community Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv /(Fav)	Adv /(Fav)		Adv /(Fav)	
Strategic Asset Management	5.271	0.105	0.136	0.031	(0.009)	0.000	0.031	
Property & Commercial	(0.926)	(1.261)	(0.887)	0.374	0.139	(0.074)	0.300	1
Environment Services	13.226	15.797	16.515	0.718	0.083	(0.091)	0.627	2
EPCS General	0.251	0.321	0.271	(0.050)	0.000		(0.050)	
Supporting Communities	2.406	2.406	2.070	(0.336)	(0.769)		(0.336)	3
Total Directorate	20.228	17.368	18.105	0.737	(0.556)	(0.165)	0.572	

KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast Variance</u>	<u>Reason</u>
1	Property & Commercial	0.509	Bereavement Services overspend is due to £0.299m, income shortfall largely due to a reduction in the number of Cremations, coupled with an increase in operational costs, £0.210m
1	Property & Commercial	(0.140)	Increase in Universal Free School Meal funding income
2	Environment Services	1.017	an overspend on Waste Disposal services is due to an increase in Tonnage price, additional plant shutdown costs and waste management fee rises
2	Environment Services	0.150	An overspend on Agency costs for fleet fitters due to recruitment issues and an increase in vehicle hire costs whilst waste and area care vehicles await repair
2	Environment Services	(0.253)	Additional grant funding received towards Pothole Repairs
2	Environment Services	(0.218)	An favourable forecast due to Street Lighting engineers recovered to the capital scheme for column replacement works
3	Supported Communities	(0.379)	Community Safety Wardens saving, awaiting Exec approval for 1 year funding from grant.
	Other variances +/- £150,000	0.051	
		0.737	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Legal & Governance Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv / (Fav)	Adv / (Fav)		Adv / (Fav)	
Legal Services	2.012	1.956	2.048	0.092	(0.082)		0.092	1
Democratic Services	1.649	1.649	1.615	(0.034)	0.004		(0.034)	
Human Resources	1.560	1.559	1.480	(0.079)	(0.069)		(0.079)	
Governance, Policy & Information	2.184	2.262	2.232	(0.030)	(0.151)		(0.030)	
ICT	2.473	2.473	2.393	(0.080)	(0.080)		(0.080)	2
Coroner's Service	0.364	0.364	0.494	0.130	0.008		0.130	3
Director of LGS	0.003	0.041	0.046	0.005	0.000		0.005	
Total Directorate	10.245	10.304	10.308	0.004	(0.370)	0.000	0.004	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance	Reason
1	Legal Services	0.092	Increase in External Counsel costs employed for Childcare cases, noting difficulties in recruiting internally to support cases
2	ICT	(0.080)	Underspend is due to pay costs driven from vacant posts
3	Coroner's Service	0.130	Overspend is due to outstanding charges from Health Authority to Coroner, some of which relate to 2022/23.
	Other variances +/- £150,000	(0.138)	The majority of underspend is due to pay costs driven from vacant posts and lower spend on member allowances (for Democratic Services, Human Resources and Governance, Policy & Information)
		<u>0.004</u>	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Chief Executive Summary

Finance	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv /(Fav)	Adv /(Fav)		Adv /(Fav)	
Chief Executive*	0.000	0.234	0.222	(0.012)	(0.012)		(0.012)	1
Total Directorate	0.000	0.234	0.222	(0.012)	(0.012)	0.000	(0.012)	

KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast Variance (£)</u>	<u>Reason</u>
1	Chief Executive	(0.012)	Small saving due to annual leave taken
		<u>(0.012)</u>	

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Finance Summary								
	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv/(Fav)	Adv/(Fav)		Adv/(Fav)	
Chief Executive*	0.234	0.000	0.000	0.000	0.000		0.000	
Director of Finance	0.127	0.257	0.257	0.000	0.000		0.000	
Financial Planning & Support	0.686	0.808	0.808	0.000	0.000		0.000	
Central Support Services & Overheads to Grants	(1.831)	(1.831)	(1.831)	0.000	0.000		0.000	
Finance & Investments	2.395	2.369	2.369	0.000	0.000		0.000	
Pensions Governance & Investments	0.534	0.534	0.534	0.000	0.000		0.000	
Resident & Business Support - Operational / Non-Housing Benefits Subsidy	0.100	0.100	(0.427)	(0.527)	(0.815)		(0.527)	1
Resident & Business Support - Housing Benefits Subsidy	0.850	0.850	1.327	0.477	0.200		0.477	2
Strategic Commissioning & Procurement	1.335	1.549	1.451	(0.098)	0.000		(0.098)	
Total Directorate	4.429	4.635	4.488	(0.147)	(0.614)	0.000	(0.147)	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance (£)	Reason
1	Resident & Business Support - Operational / Non-Housing Benefits Subsidy	(0.527)	Underspend of £(0.527)m is due to review and revision of bad debt provision calculation, partially offset by a shortfall from court costs income and increased staffing costs previously grant funded
2	Resident & Business Support - Housing Benefits Subsidy	0.477	An overspend, £0.477m is due to an increase in the number of homelessness cases coupled with an increase in the cost of temporary accommodation and the resulting Housing Benefit Subsidy not covering these full costs.
	Other variances +/- £150,000	(0.098)	
		<u>(0.147)</u>	

Key risks (not included in forecast)

Further increases in homelessness costs

Appendix 1 - Detailed Directorate Revenue Budget Forecast Outturn 2023/24 as at Quarter Two

Central Summary

	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Movement from Q1 (Forecast Variance before Financial Recovery Plan)	Financial Recovery Plan	Forecast Outturn Variance (if Financial Recovery Plans assured)	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	
				Adv /(Fav)	Adv /(Fav)		Adv /(Fav)	
General Fund	(0.261)	(0.261)	(0.261)	0.000	0.000		0.000	
Capital Financing	9.276	9.276	9.286	0.010	0.210		0.010	1
Added Years Pensions	1.216	1.216	1.183	(0.033)	(0.033)		(0.033)	
Change Fund	0.730	0.730	0.730	0.000	0.000		0.000	
Pay & Prices Contingencies	5.217	5.217	6.668	1.451	0.000		1.451	2
Centrally Held Grants	(27.796)	(27.796)	(27.796)	0.000	0.000		0.000	
Corporate Governance	0.000	0.023	0.023	0.000	0.000		0.000	
Senior Management Review	0.086	0.049	0.000	(0.049)	(0.049)		(0.049)	
Flexible Use of Capital Receipts	(3.000)	(3.000)	(3.000)	0.000	0.000		0.000	
Contingency for Future Uncertainty	1.300	0.786	0.786	0.000	0.000		0.000	
Supplier Incentive Payments Rebates	0.000	0.000	0.000	0.000	0.000		0.000	
External Audit **	0.000	0.182	0.382	0.200	0.000		0.200	3
Total Directorate	(13.232)	(13.579)	(12.000)	1.579	0.128	0.000	1.579	

KEY ISSUES

Ref. No.	Service Area	Forecast Variance (£m)	Reason
1	Capital Financing	0.010	Swing in variance since Q1 due to requirement to restructure debt at higher interest cost due to LOBO loans called in
2	Pay & Prices Contingencies	1.451	Projected overspend relates to the additional costs expected for the national pay award over budget provision. The pay award is not yet agreed and this remains subject to national pay negotiations. It is proposed that this pressure is passed to Directorates and will be met through the vacancy control process.
3	External Audit	0.200	Overspend is due to higher external audit fees arising from the additional work undertaken by the External Auditor in relation to the audit of the statutory accounts and in addressing governance issues associated with the Council's Best Value and governance failures. Also due to national issues in increased work required for audits and limited capacity in the audit market.
	Other variances +/- £150,000	(0.082)	
		<u>1.579</u>	

Key risks (not included in forecast)

Further increase in external audit fees / 2023/24 pay award not yet agreed

Adult Social Care Recovery Plan			
	Budget issue	Recovery Plan	Description of Proposed Management Recovery Plan
		£m	
Purchased Care	Increase in Residential care placements	(0.066)	Demand Management measure - Implement new residential care admissions panel (to provide greater challenge around admission to residential care).
Purchased Care	Reduce spending on Personal Care	(0.026)	Undertake review of "double-handed" domiciliary care cases (to replace two workers with one worker with equipment where appropriate).
Purchased Care	Review high cost care packages	(0.047)	Appoint 5 additional staff to undertake reviews of care packages, with a focus on high cost packages
Purchased Care	Reduce spending on Personal Care	0.000	Demand Management measure - Expansion of reablement provision to reduce demand on domiciliary care. Estimated cost mitigation between £0.079m to £0.158m to be confirmed
Purchased Care	Increase income receivable toward expensive care packages (reduce net expenditure)		Consider development of a Continuing Health Care (CHC) Lead post to improve CHC decision-making across the directorate (additional cost of post is £0.050m-£0.060m) would need to make savings in excess of this to generate budget recovery. Estimated of cost reduction and / or additional income to be confirmed
Purchased Care	Fairer Charging : Review of "zero payers" by Resident & Business Support, additional income receivable from Nov 2023 onwards (included in Finance Directorate R1 for 24/25	(0.080)	Full year effect £0.198 additional income
Total Directorate	Purchased Care Overall	(0.219)	

Children's Care Recovery Plan			
Children's Care	Budget issue	Recovery Plan £m	Description of Proposed Management Recovery Plan
Assessments & Safeguarding Care	Freeze of 1 Team posts to Contribute saving to overall Children's Care	0.000	To investigate increasing savings on vacant posts for social workers to cover over spend in Directorate
Children Looked after, Corporate Parenting and		0.000	To investigate increasing savings on vacant posts for social workers to cover over spend in Directorate
Fostering, Adoption and Connected Carers	Recruitment of Internal carers will reduce future impact on IFA	0.000	Increasing internal fostering capacity to reduce reliance on Independent Fostering agencies and higher cost placements
External Residential	High number of placements (66 paid placements) well above average of 46.5 average number budget set upon	(0.400)	Review of all Young people placed in external & internal to plan around any opportunities to support to improve placements for young people
Internal Residential services	Savings of £700k target to Internal Residential as part of CS plan	0.000	Project team to continue to look at sourcing properties to deliver Internal Residential Services to Young people currently placed in
Other Services	Forecast savings against vacant posts across resource teams	0.000	To investigate increasing savings on vacant posts for workers to cover over spend in Directorate
Management, Business Development & Admin	Agency staff filling majority of senior roles (HOS)	(0.050)	Adverts to go out ASAP, with updated ILACs and working conditions. Marketing campaign along with review of recruitment and retention.
Total Directorate		(0.450)	

Education & Partnerships Recovery Plan			
Education & Partnerships	Budget issue	Recovery Plan £m	Description of Proposed Management Recovery Plan
Management Budgets		0.000	
Central & Schools DSG Funded Budget	Historical deficit on MBC balance sheet	0.000	MBC Education service are in process of implementing work with Delivering Better Value (DBV) Programme
Achievement		0.000	
SEN & Vulnerable Learners	Education Psychologists service.	0.000	Service needs to align income target (SLA) with split of budget income. i.e. if 30% / 70% split on Council (statutory) versus SLA then service needs to match against delivery
Access to Education (Excl ITU)		(0.017)	Choice Advisors service needs review
Access to Education - Integrated Transport Unit	Overspend forecast, predominantly from taxi costs (minibuses). Challenge to be less reliant on pressured taxi market	(0.400)	Update to £400k. Review all routes, decrease unused seats and encourage parents to use own transport. Route planning and efficiencies. Non statutory challenges. Investigate schools purchasing transport where appropriate.
Partnerships		(0.047)	Review of Partnership arrangements and public health alignment.
Total Directorate		(0.464)	

Environment & Community Recovery Plan			
Environment & Community Services	Budget issue	Recovery Plan £m	Description of Proposed Management Recovery Plan
Property & Commercial	Pressure in Bereavement due to other local authorities having crematorium and income target is down	(0.074)	A report is to be taken to Executive on increasing the Bereavement Services fees and charges by 8.6% from December 2023
Property & Commercial	Pressure on Bus Station Departure Charges to review and increase	(0.060)	Departure Charges need to review to increase
Environment Services	Car Parking	(0.031)	Pressure to be met from Earmarked Reserve
Total Directorate		(0.165)	

**Appendix 3 : Proposed revenue budget virements above £250,000 at Quarter Two 2023/24
(under Financial Procedure Rule 1.37)**

<i>Proposed Virement Request</i>	Regeneration £000s	Environment & Community Services £000s	Public Health £000s	Education & Partnerships £000s	Children's Care £000s	Adult Social Care £000s	Legal & Governance Services £000s	Chief Executive £000s	Finance £000s	Central Budgets £000s
<u>Permanent</u>										
Management re-structure : Transfer Public Protection from Adult Social Care to Environment & Community Services		652				(652)				
Independent Living Fund Grant subsumed into the Social Care Grant from 2023/24 which is held centrally						1,828				(1,828)
<u>Temporary</u>										
Total Virement	0	652	0	0	0	1,176	0	0	0	(1,828)
									Total:	0

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Appendix 4 - Detailed savings tracker of savings categorised as “Red” and “Amber” by Directorate

Saving Initiative	23/24	24/25	TOTAL (£m)
	AMBER / RED (£m)	AMBER / RED (£m)	
CC04: Re purpose Safe families Contract	0.056	0.019	0.075
CEN02: Senior Management Review	-	0.244	0.244
ECS06: Street Lighting approx. 1 in 2 lights turned off between midnight and 6am in less used spaces where safe to do so	-	0.074	0.074
ECS12: Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding	-	0.417	0.417
LGS06: Delete Political assistant vacancy	-	0.019	0.019
CS01: Reduction in the use of high-cost external family support provision	0.319	0.318	0.637
CS04: Introduce supplier incentive Scheme across Children’s purchasing	0.031	0.031	0.062
CS06: Increase the in-house residential offer to reduce expenditure on external placements	0.787	1.061	1.848
CS07: Reduction in agency costs	0.076	0.190	0.266
CS10: Improved financial management linked to purchasing card expenditure	0.200	-	0.200
CS11: Review of educational contribution	0.100	-	0.100
TOTAL	1.569	2.373	3.942

Red/Amber saving detail

CC04: Without ceasing the entire contract (which was not what was consulted on at budget setting process) the saving is unable to be realised.

CEN02: Delivery plan required to provide assurance saving will be achieved. Potential for this to be replaced with the Spans and layers analysis work.

ECS06, ECS12: Alternative proposal / mitigation required if saving is no longer progressing due to new Political Administration and change in direction.

LGS06: Saving unachievable due to the requirement to provide the Mayor with a Political Assistant resulting in the vacant post not being removed. Alternative proposal / mitigation required.

CS01: Element of saving at risk due to unsuccessful recruitment of support worker positions resulting in a reduced number being in post than originally planned. Potential to move saving into 2024/25 following new starters in January 2024.

CS04: No suppliers have signed up to the scheme to date. However, a new post has been recruited too within Procurement & Commissioning with the focus of rolling out the supplier incentive scheme. Potential to reprofile saving 2024/25 & 2025/26.

CS06: Due to a lack of suitable / available properties the savings target will not be achieved. New proposals have been put forward for the development of internal resources as a whole focussing on external placements, commissioning arrangements, and purchasing of new homes (pending assurance)

CS07: Conversions of agency to permanent have not taken place at the rate identified in the delivery plan. The wider agency budget is within tolerance however this is mainly due to staff vacancies within the service resulting in partial achievement of saving. Workforce Development Programme been put forward as part of a new proposal (pending assurance)

CS10: Delay in rolling out spending restrictions to staff, current analysis has not identified any savings to date.

CS11: Saving unachievable due to an existing budget pressure of £0.480m linked to Education DSG funding criteria. Reductions in the cost of placements will affect the ability to achieve education contributions as they fund a percentage of the total cost.

Savings Programme : 2023/24 temporary achievements

The following savings have been made on a temporary basis for 2023/24 only and therefore have been RAG rated as “green” for this financial year.

Whilst mitigation is being considered as part of budget setting process, they remain a risk for 2024/25 as there is no delivery plan in place to achieve the savings permanently. The 2024/25 saving amount reflects the entirety of the saving where there is an existing 2024/25 saving to achieve.

Saving Initiative	23/24 achievement (£m)	24/25 Cumulative pressure (£m)
RC04: Reshaping of Economic Growth Team to provide a greater focus on town centre	0.100	0.100
ECS16: Increased use of Indigenous Growth Fund (IGF) grant funding to fund Council services in the Town Centre	0.142	0.142
ECS06: Street Lighting; reduced lighting between midnight and 6am, in less used spaces	0.074	0.148
ECS12: Reduce Council expenditure on Neighbourhood Safety and maximise grant funding	0.583	1.000
LGS04: Deletion of 2 project management posts	0.100	0.100
LGS06: Delete political assistant vacancy	0.020	0.039

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Appendix 5 - Summary of projects approved for utilisation of Contingency Budgets and Change Fund

	<u>Corporate</u> <u>Contingenc</u> <u>y</u> £m	<u>Change</u> <u>Fund</u> <u>Reserve</u> £m
Starting Budget 2023/24	1.300	
Budgeted contribution 2023/24		0.730
Additional contributions in year		0.758
Available for use	1.300	1.488
<u>Approved Corporate Governance Improvement Plan Management Interventions</u>		
Financial improvement - Interim finance lead - accounts closure and audit, financial reporting, systems, and	0.091	
Financial improvement - Interim finance lead - financial strategy, business partnering to improve VFM and support transformation programme	0.103	
Additional cost of Interim Section 151 Officer post above budget to drive transformation in Council's financial management arrangements and deliver financial recovery	0.095	
Specialist Children's Services Financial Consultant to support transformation and cost efficiency	0.098	
Consultancy support to establish comprehensive policy and methodology for setting and review of fees and charges to optimise income	0.029	
Interim Finance consultant - Infrastructure, assets and leasing	0.024	
Consultancy support to review financial and contract procedure rules	0.024	
Development and implementation of a Corporate Finance Dashboard to drive transformation - Qlikview migration from Alteryx to Power BI and Purchase of Power BI Licences	0.026	
Corporate Governance Improvement training for managers and members	0.052	
Middlesbrough Independent Advisory Improvement Board costs to support delivery of improved culture, governance and financial recovery	0.022	
Locum Governance solicitor to ensure scheme of delegation is up to date and complete	0.030	
Support to deliver corporate savings programme		0.040
	0.594	0.040
<u>Proposed invest to save transformation expenditure subject to s151 business case approval</u>		
Children's Care - Improvement Lead for Review of Placements		0.060
Children's Services - Review of staffing establishment		0.070
Adult Social Care - Transformation Lead and 5 reviewing staff to undertake reviews and transformation project including activity identified in Assistive Technology Transformation, developing the prevention hub, and review of the Connect Service		0.201
Finance specialist improvement to support transformation		0.064
Integrated Transport Unit - external resource for review		TBC
Finance - additional resource in Residents and Business Support to target reduction in aged debt and increase income of Council Tax, Business Rates and Sundry Debt		0.169
Additional resource to support the enforcement of compliance in procurement to achieve cost efficiency in supplies and services		0.025
Consultancy to support corporate level transformation - Stage 1		0.040
Consultancy to support corporate level transformation - Stage 2		0.150
HR - additional Business Partner to support transformation		0.013
Data and analytics - additional resources to support transformation		0.060
Short term project resource and expertise to develop and source transformation opportunities		0.060
Interim ICT specialist to progress digital transformation		0.072
	0.000	0.984
Allocated/Committed to date	0.594	1.024
BALANCE REMAINING UNCOMMITTED	0.706	0.464

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Appendix 6 : Capital Programme Quarter Two 2023/24 – Details of capital slippage

Capital slippage is a way of reprofiling capital budgets between financial years to match forecast timing of expenditure, whilst staying within the approved project budget.

Project	Scheme	2023/24 £m	2024/25 £m	2025/26 £m	Funding Source	Slippage Explanation
Regeneration	Middlesbrough Development Company	(1.702)	1.702	-	Council borrowing	Work on projects has ceased, resulting in less funding required than originally envisaged. Final projections are being calculated and when finalised funding can be removed from the capital programme.
Regeneration	Municipal Buildings Refurbishment	(1.100)	1.100	-	Council borrowing	Tenders received are over budget causing delays due to need for additional finance
Regeneration	Future High Streets Fund	(1.300)	1.300	-	Grant	Delays in agreements being completed has resulted in later start on sites
Regeneration	Towns Fund - East Middlesbrough Community Hub	(0.449)	0.449	-	Council borrowing / Grant	Tenders received are over budget causing delays due to need to value engineer
Regeneration	Cleveland Centre	(0.324)	0.324	-	Council borrowing	Works associated with the car park are being reviewed, resulting in a delay in planned expenditure.
Regeneration	Cultural Development Fund - Enhancements to Central Library & Partner Organisations	(0.577)	0.577	-	Council borrowing / Grant	Delays encountered in finalisation of partnership agreements with funding provider
Regeneration	Property Asset Investment Programme	(0.281)	0.281	-	Council borrowing	
Regeneration	New Civic Centre Campus	(0.210)	0.210	-	Council borrowing	Costs came in under budget, need to realign to other projects
Regeneration	LUF - South Middlesbrough Accessibility	(0.200)	0.200	-	Grant	Funding agreement is yet to be finalised causing a delay to the start on site.
Regeneration	Housing Growth	(0.198)	0.198	-	Council borrowing	Minor slippage across a number of schemes
Regeneration	Other Small Scale Slippage Across The Directorate	(0.273)	0.273	-	Council borrowing / Grant	
	Regeneration Total	(6.614)	6.614	0.000		
Environment and Community Services	Purchase of Vehicles	0.253	(0.253)	-	Council borrowing	Refuse Wagon delivery expected earlier than previously anticipated
Environment and Community Services	Bridges & Structures - Non LTP	(0.700)	0.700	-	Council borrowing	Principle Inspections were completed later than expected resulting in delays to works at Linby and White Bridge. Will complete spring 2024
Environment and Community Services	Traffic Signals - Non TVCA	(0.400)	0.400	-	Council borrowing	Delays in costing the civils works has resulted in the upgrade works completing later than planned
Environment and Community Services	Other Small Scale Slippage Across The Directorate	(0.298)	0.298	-	Council borrowing	
	Environment and Community Services Total	(1.145)	1.145	0.000		
Education and Partnerships	Schemes In Special Schools	(0.933)	0.933	-	Grant	£0.750m of which refers to the new Social, Emotional and Mental Health Needs units at Green Lane which is now planned for building to commence in 2024/25.
Education and Partnerships	Schemes In Secondary Academies	(0.853)	0.853	-	Grant / Contributions	£0.319m of which refers to the Unity City Academy Bulge Scheme - The scheme has not been developed nor is the necessary funding agreement in place. £0.260m relates to SEND classroom extensions which will now be undertaken in 2024/25
Education and Partnerships	Other Small Scale Slippage Across The Directorate	(0.919)	0.919	-	Grant	
	Education and Partnerships Total	(2.705)	2.705	0.000		
Children's Care	Children's Services Financial Improvement Plan Schemes	(1.663)	1.663	-	Council borrowing	Two schemes currently in progress but only at design stage. Work will not commence until 2024-25
Children's Care	Other Small Scale Slippage Across The Directorate	0.000	0.000	-		
	Children's Care Total	(1.663)	1.663	0.000		
Adult Social Care and Health Integration	Other Small Scale Slippage Across The Directorate	(0.087)	0.087		Council borrowing / Grant	
	Adult Social Care and Health Integration Total	(0.087)	0.087	0.000		
Legal and Governance Services	Other Small Scale Slippage Across The Directorate	(0.071)	0.071	-	Council borrowing	
	Legal and Governance Services Total	(0.071)	0.071	0.000		
Finance	Former Partner Investment (ICT Infrastructure Revenues & B	(0.264)	0.264		Council borrowing	Planned expenditure, which is linked to transformation, will now take place in 2024/25
	Other Small Scale Slippage Across The Directorate	(0.114)	0.114		Council borrowing	
	Finance Total	(0.378)	0.378			
	TOTAL	(12.663)	12.663	0.000		

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Appendix 7 - Revised Capital Programme to 2025/26

	Actual	Forecast Expenditure				TOTAL
	2022/23	2023/24	2024/25	2025/26		
	£m	£m	£m	£m	£m	
Regeneration						
Town Centre Related Projects	0.736	1.082	0.158	-	1.976	
Middlehaven Related Projects	-	-	0.507	-	0.507	
Housing Growth	0.042	0.052	3.398	-	3.492	
BOHO X	10.610	2.399	-	-	13.009	
Unallocated Grant Following Completion Of Boho X Project	-	-	5.600	-	5.600	
BOHO 8	0.002	-	-	-	0.002	
Brownfield Housing Fund	0.236	0.068	6.076	-	6.380	
Towns Fund	2.275	1.229	12.943	-	16.447	
Towns Fund - East Middlesbrough Community Hub	0.218	0.051	3.618	-	3.887	
Future High Streets Fund	5.621	6.303	1.300	-	13.224	
Acquisition of Town Centre Properties	-	-	1.207	-	1.207	
Acquisition of The Crown	0.785	0.102	-	-	0.887	
New Civic Centre Campus	5.358	0.200	0.210	-	5.768	
Middlesbrough Development Company	6.480	2.665	1.702	-	10.847	
Teesside Advanced Manufacturing Park	0.010	0.005	-	-	0.015	
Teesside Advanced Manufacturing Park - Phase 2	-	-	8.820	-	8.820	
Local Authority Delivery 2 Green Homes Grant	0.798	-	-	-	0.798	
Capitalisation Of Major Schemes Salaries	0.530	0.530	0.530	0.530	2.120	
Capitalisation Of Planning Services Surveys	0.020	0.040	0.080	0.040	0.180	
Affordable Housing Via Section 106	-	-	1.495	-	1.495	
Highways Infrastructure Development Section 106	-	-	2.942	-	2.942	
Zetland Solar Panels	0.100	-	-	-	0.100	
Lingfield Education Units	0.038	0.009	-	-	0.047	
Levelling Up Fund - South Middlesbrough Accessibility	-	0.080	3.923	0.809	4.812	
Gresham Projects	0.010	-	-	-	0.010	
Property Services Building Investment	0.340	0.340	0.340	0.340	1.360	
Property Asset Investment Programme	1.661	0.400	0.631	1.200	3.892	
Captain Cook Public House	0.255	-	-	-	0.255	
Town Hall Roof	0.044	-	2.956	-	3.000	
Municipal Buildings Refurbishment	0.000	0.400	1.100	-	1.500	
Resolution House	0.085	0.000	0.502	-	0.587	
Cleveland Centre	0.310	0.447	1.213	-	1.970	
Changing Places Toilet Albert Park	0.083	0.007	0.000	-	0.090	
Members Small Schemes	0.063	0.098	0.120	0.060	0.341	
Empty Homes 2015 To 2018	0.128	-	-	-	0.128	
Theatre Bar Refurbishment	0.004	0.040	-	-	0.044	
Leisure Trust Investment - Equipment	0.002	0.804	-	-	0.806	
Stewart Park Section 106	0.006	0.005	0.034	-	0.045	
Investment In Parks	0.035	0.016	-	-	0.051	
Teessaurus Park	0.043	-	-	-	0.043	
Archives Relocation	0.126	-	-	-	0.126	
Cultural Development Fund - Enhancements to Central Library & Partner Organisations	0.101	0.862	3.482	-	4.445	
Museum Estate & Development Fund	-	0.331	-	-	0.331	
Total Regeneration	37.155	18.565	64.887	2.979	123.586	

Council Funding	External Funding
£m	£m
1.558	0.418
0.500	0.007
2.792	0.700
2.062	10.947
-	5.600
-	0.002
-	6.380
0.100	16.347
2.600	1.287
-	13.224
1.207	-
0.887	-
5.768	-
6.165	4.682
0.015	-
8.820	-
-	0.798
2.120	-
0.180	-
0.302	1.193
0.142	2.800
0.070	0.030
0.047	-
-	4.812
0.008	0.002
1.360	-
3.892	-
-	0.255
3.000	-
1.500	-
0.587	-
1.970	-
0.010	0.080
0.341	-
-	0.128
0.044	-
0.806	-
-	0.045
0.051	-
0.043	-
0.038	0.088
0.087	4.358
0.020	0.311
49.092	74.494

	Actual	Forecast Expenditure				TOTAL
	2022/23	2023/24	2024/25	2025/26		
	£m	£m	£m	£m	£m	
Environment and Community Services						
Purchase Of New Vehicles	0.734	3.319	3.197	2.260	9.510	
Capitalisation Of Wheeled Bin Replacement	0.100	0.100	0.100	0.100	0.400	
Replacement Wheely Bins As Part Of Waste Strategy Review	-	1.200	-	-	1.200	
Capitalisation Of Street Furniture / Dog Fouling & Litter Bins	0.055	0.055	0.055	0.055	0.220	
Capitalisation Of Highways Maintenance	0.575	0.575	0.575	0.575	2.300	
Waste Disposal Plant Investment	0.139	-	-	-	0.139	
Local Transport Plan - Highways Maintenance	2.433	2.426	2.338	4.678	11.875	
Local Transport Plan - Incentive Funding	0.805	1.193	2.133	2.130	6.261	
Street Lighting-Maintenance	0.465	0.468	0.468	0.468	1.869	
Urban Traffic Management Control 1	0.163	0.074	-	-	0.237	
Flood Prevention	0.023	-	-	-	0.023	
Section 106 Ormesby Beck	-	0.015	-	-	0.015	
Section 106 Cypress Road	-	0.020	-	-	0.020	
Hostile Vehicle Mitigation	0.100	0.031	-	-	0.131	
Bridges & Structures (Non Local Transport Plan)	0.707	2.998	3.120	2.240	9.065	
Henry Street	0.001	0.039	-	-	0.040	
CCTV	0.168	0.141	0.060	-	0.369	
Cargo Fleet Nature Reserve	0.047	0.047	-	-	0.094	
Towns Fund Initiatives	0.399	0.308	0.071	-	0.778	
Traffic Signals - Tees Valley Combined Authority	0.301	0.073	-	-	0.374	
Hemlington MUGA	0.030	-	-	-	0.030	
Highways Infrastructure	1.374	3.126	3.000	-	7.500	
Libraries Improvement Fund	0.023	0.097	-	-	0.120	
Urban Traffic Management Control 2	0.129	2.388	-	-	2.517	
Traffic Signals Non Tees Valley Combined Authority	-	0.750	1.550	0.980	3.280	
Newport Bridge	-	0.275	1.238	1.617	3.130	
Street Lighting Column Replacement	-	0.464	0.464	0.500	1.428	
Linthorpe Road Cycleway	1.425	0.424	-	-	1.849	
Replacement Of Pay & Display Parking Machines	0.026	0.163	-	-	0.189	
Total Environment and Community Services	10.222	20.769	18.369	15.603	64.963	

Council Funding	External Funding
£m	£m
9.510	-
0.400	-
1.200	-
0.220	-
2.300	-
0.139	-
-	11.875
0.003	6.258
1.869	-
-	0.237
-	0.023
-	0.015
-	0.020
0.131	-
9.065	-
-	0.040
0.369	-
-	0.094
-	0.778
-	0.374
0.030	-
7.500	-
-	0.120
-	2.517
3.280	-
3.130	-
1.428	-
-	1.849
0.189	-
40.763	24.200

	Actual	Forecast Expenditure				TOTAL
	2022/23	2023/24	2024/25	2025/26		
	£m	£m	£m	£m	£m	
Public Health						
Relocation Of The Safe Haven To Middlesbrough Bus Station	0.219	0.031	-	-	0.250	
Live Well East – Internal Alterations & Improvements	-	0.134	0.007	-	0.141	
Total Public Health			0.007		0.391	

Council Funding	External Funding
£m	£m
0.105	0.145
-	0.141
0.105	0.286

	Actual	Forecast Expenditure			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
Education & Partnerships					
Block Budget (Grant) Devolved Formula Capital - Various Schools	-	-	0.173	-	0.173
Block Budget (Grant) Devolved Formula Capital (Energy Efficiency) - Various Schools	-	-	0.087	-	0.087
Block Budget (Grant) Section 106 Avant Low Gill	-	-	0.035	-	0.035
Block Budget (Grant) School Condition Allocation	-	-	0.822	-	0.822
Block Budget (Grant) Basic Needs	-	-	3.791	-	3.791
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	-	-	0.521	-	0.521
Schemes in Maintained Primary Schools	1.047	0.993	0.060	-	2.100
Schemes in Primary Academies	-	0.529	0.125	-	0.654
Schemes in Secondary Academies	2.414	0.262	1.231	-	3.907
Schemes in Special Schools	0.480	1.386	5.980	0.366	8.212
Capitalisation of Salary Costs	0.109	0.111	-	-	0.220
Contribution to New School at Middlehaven	-	0.500	0.400	0.746	1.646
Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project)	-	0.007	-	-	0.007
Special Education Needs Projects	-	0.374	0.325	-	0.699
Family Hubs	-	0.082	0.053	-	0.135
Total Education & Partnerships	4.050	4.244	13.603	1.112	23.009

Council Funding	External Funding
£m	£m
-	0.173
-	0.087
-	0.035
-	0.822
-	3.791
-	0.521
0.489	1.611
-	0.654
-	3.907
0.064	8.148
-	0.220
0.646	1.000
-	0.007
-	0.699
-	0.135
1.199	21.810

	Actual	Forecast Expenditure			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
Children's Care					
Rosecroft Renovations	0.008	-	-	-	0.008
34 Marton Avenue, Fir Tree - Garage Conversion	0.009	-	-	-	0.009
Contact Centre - Bus Station Unit 1	0.234	0.017	-	-	0.251
Bathroom Refurbishment	0.005	-	-	-	0.005
Holly Lodge Sensory Room	0.089	0.011	-	-	0.100
Transformational Expenditure Funded Through Flexible Use of Capital Receipts	0.755	3.000	-	-	3.755
Caravan Purchase	-	0.050	-	-	0.050
Children's Services Financial Improvement Plan	-	0.337	4.163	-	4.500
Total Children's Care	1.100	3.415	4.163	-	8.678

Council Funding	External Funding
£m	£m
0.008	-
0.009	-
0.251	-
0.005	-
0.022	0.078
3.755	-
0.050	-
4.500	-
8.600	0.078

	Actual	Forecast Expenditure			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
Adult Social Care					
Chronically Sick & Disabled Persons Act - All schemes	0.788	0.944	0.647	0.610	2.989
Disabled Facilities Grant - All schemes	1.963	2.391	0.233	-	4.587
Capitalisation of Staying Put Salaries	0.050	0.050	0.050	0.050	0.200
Home Loans Partnership (Formerly 5 Lamps)	0.006	0.025	0.050	-	0.081
Small Schemes	-	0.015	0.015	-	0.030
Connect / Telecare IP Digital Switchover	0.077	0.170	-	-	0.247
Total Adult Social Care and Health Integration	2.884	3.595	0.995	0.660	8.134

Council Funding	External Funding
£m	£m
1.304	1.685
-	4.587
0.100	0.100
-	0.081
-	0.030
-	0.247
1.404	6.730

	Actual	Forecast Expenditure			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
Legal and Governance Services					
Desktop Strategy / Device Refresh	0.739	0.600	-	-	1.339
Enterprise Agreements	0.922	1.035	-	-	1.957
CRM	0.041	0.000	-	-	0.041
IT Refresh - Network Refresh	0.283	0.214	-	-	0.497
IT Refresh - Lights On	0.313	0.379	-	-	0.692
ICT Essential Refresh & Licensing	0.517	0.555	1.663	2.185	4.920
GIS Replacement	0.039	-	-	-	0.039
Prevention & Partnership Tablets	0.051	-	-	-	0.051
Sharepoint	0.318	0.720	-	-	1.038
HR Recruitment	-	0.064	-	-	0.064
IKEN	-	0.038	-	-	0.038
HR Pay	-	0.037	-	-	0.037
Total Legal & Governance Services	3.223	3.642	1.663	2.185	10.713

Council Funding	External Funding
£m	£m
1.339	-
1.957	-
0.041	-
0.497	-
0.692	-
4.920	-
0.039	-
0.051	-
1.038	-
0.064	-
0.038	-
0.037	-
10.713	-

	Actual	Forecast Expenditure			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
Finance					
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	0.003	-	0.264	-	0.267
Business World Upgrade	0.001	-	0.026	-	0.027
Derisking Sites	0.105	0.200	2.066	0.500	2.871
Capitalisation of Property Finance Lease Arrangements	-	-	4.500	-	4.500
Total Finance	0.109	0.200	6.856	0.500	7.665

Council Funding	External Funding
£m	£m
0.267	-
0.027	-
2.869	0.002
4.500	-
7.663	0.002

	Actual	Forecast Expenditure			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
ALL DIRECTORATES					
Total ALL DIRECTORATES	58.962	54.595	110.543	23.039	247.139

Council Funding	External Funding
£m	£m
119.539	127.600

	Actual	Forecast Funding			TOTAL
	2022/23	2023/24	2024/25	2025/26	
	£m	£m	£m	£m	£m
FUNDED BY:					
Borrowing	23.396	42.711	10.145	100.849	

Council Funding	External Funding
£m	£m
100.849	-

Finance Leases	-	-	4.500	-	4.500
Capital Receipts	0.755	3.155	5.469	4.811	14.190
Grants	30.653	26.536	52.344	7.983	117.516
Contributions	2.957	1.508	5.519	0.100	10.084
Revenue Resources	-	-	-	-	0.000
Total FUNDING	58.962	54.595	110.543	23.039	247.139

4.500	-
14.190	-
-	117.516
-	10.084
0.000	-
119.539	127.600

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MIDDLESBROUGH COUNCIL	
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Report of:	Executive Member for Finance and Governance Interim Director of Finance (s151 Officer)
Submitted to:	Executive
Date:	21 November 2023
Title:	Fees and Charges Review 2023/24
Report for:	Decision
Status:	Public
Strategic priority:	All
Key decision:	Yes
Why:	Decision will have a significant impact in two or more wards
Urgent:	No
Why:	

Executive summary	
<p>The first quarter’s monitoring position reported on 23 August 2023 identified a forecast overspend for 2023/24 of £11.563m. A separate report to this Executive highlights an updated forecast overspend of £8.556m as at Quarter Two as a result of management action and spending controls.</p> <p>A key driver of the forecast overspend is due to the challenging financial and economic climate that the Council continues to operate within and the stubbornly high level of inflation. This has significantly increased the costs of service delivery including energy, utilities, fuel, and food, and also staff costs as a result of the national pay award which has recently been agreed for all local government employees for 2023/24.</p> <p>The Council has also incurred significant increased costs from external service providers in areas such as adult’s and children’s social care, transport provision for children and adults, waste disposal, and temporary accommodation for homeless people.</p> <p>Local authorities received no government support towards the cost of inflationary pressures for 2023/24, which have continued to exceed the expectations at budget setting. The Council last increased its fees and charges for discretionary services in November 2022. In order to recoup some of the costs of service provision, a review of the fees and</p>	

charges the Council levies for a range of services has been undertaken and it is proposed to increase fees and charges in line with inflation for a range of services with effect from 1 December 2023. The relevant fees are outlined in paragraphs 7 to 12 and summarised in Appendix 1. Further details are set out in Appendix 2.

It is estimated that £0.116m of additional income will be achieved from the increases by the end of 2023/24.

The fees for land charges services have not been increased since 2017 and it is therefore proposed that fees are increased from 1 December 2023 as outlined in paragraphs 13 to 18 and detailed in Appendix 3. It is estimated that £5,000 of additional income will be achieved from the increase in land charges by the end of 2023/24.

That the Executive:

- **Approve** the proposed fees and charges increases for a number of services from 1 December 2023 as summarised in Appendix 1 and detailed in Appendix 2.
- **Approve** the proposed increases in fees for land charges services from 1 December 2023 as detailed in Appendix 3
- Note that a full detailed fees and charges review for all discretionary services is being undertaken as part of the 2024/25 budget setting process and future increases will fall in line with the annual budget process thereafter.

Purpose

1. The purpose of the report is for Executive to approve the proposed fees and charges increases from 1 December 2023 outlined in this report following a review of fees for a range of services, and note the impact on each Directorate's forecast position. This review results in an uplift for inflation incurred since the last increase in November 2022. A full fees and charges review is being undertaken as part of the 2024/25 budget setting process.

Background and relevant information

2. The Council's scheme of delegation gives the Executive collective responsibility for financial management and budget monitoring with budgets delegated to Directors for operational and strategic decision making.
3. Executive will recall the first quarter's monitoring position reported on 23 August 2023 identified a forecast overspend for 2023/24 of £11.563m, and a separate report to this Executive highlights an updated forecast overspend of £8.556m as at Quarter Two.
4. A key driver of the forecast overspend is due to the challenging financial and economic climate that the Council continues to operate within and the stubbornly high level of inflation. This has significantly increased the costs of service delivery including energy, utilities, fuel, and food, and also staff costs as a result of the national pay award which has recently been agreed for all local government employees for 2023/24. The Council has also incurred significant increased costs from external service providers in areas such as adult's and children's social care, transport provision for children and adults, waste disposal, and temporary accommodation for homeless people.
5. Local authorities received no government support towards the cost of inflationary pressures for 2023/24 which have continued to exceed the expectations at budget setting. The Council last increased its fees and charges for discretionary services in November 2022. In order to recoup some of the costs of service provision, a review of the fees and charges the Council levies for a range of services has been undertaken and it is proposed to increase fees and charges in line with inflation for a range of services with effect from 1 December 2023. The relevant fees are outlined in paragraphs 7 to 12 and summarised in Appendix 1. Further details are set out in Appendix 2.
6. It is also proposed that the fees for land charges services the Council provides are increased from 1 December 2023 as outlined in paragraphs 13 to 18 and detailed in Appendix 3. These fees were last increased in 2017.

General Fees and Charges increases

7. It is proposed that going forward from 2024/25 budget setting, that Fees and Charges will be increased annually as part of the budget setting process and incorporated into the Council's decisions in February each year in line with the prevailing inflation rate determined by the s151 Officer.
8. A full review of fees and charges for discretionary services is being progressed as part of the 2024/25 budget setting process and this will consider the potential effect of increases in fees and charges upon demand for services. This review will feed into the 2024/25 budget setting with the effects of the review being included as part of the budget

report to Executive and Council in February 2024. This review will be undertaken in conjunction with external consultants as detailed in the Governance Improvement: Next steps – Resourcing the Financial Recovery and Resilience and Cultural Transformation programmes report to Executive on 19 July 2023.

9. For the majority of services the last increase in Fees and Charges applied was from 1 November 2022 with the full year effect of this being built into the 2023/24 budget setting. However, due to the level of inflation continuing to exceed budget forecasts, it is necessary to recoup some of the costs of service provision by applying an inflationary uplift to Fees and Charges from 1 December 2023. No increase has been applied to services where it is not possible to increase fees and charges due to them being set by legislation or where significant notice and consultation is required, or to any services where applying the increase would materially adversely affect demand for services and income generated.
10. The proposed increase in Fees and Charges has been calculated by the average increase in the consumer price inflation (CPI) rate from November 2022 to that forecast for the end of October 2023. This has resulted in an average increase of 8.6% being proposed, taking account of the need to round certain fees and charges for ease of charging and collection.
11. Details of the areas of Fees and Charges proposed to be increased from 1 December 2023 are summarised in Appendix 1 with the detail of the increases for each area contained in Appendix 2. A cautious approach has been taken to estimate the potential additional income that can be achieved in the remainder of 2023/24 considering the achievability of each increase, the consultation required and any statutory constraints, and any adverse effect on demand. It is estimated that £0.116m of additional income will be achieved by the end of 2023/24. Table 1 below shows by Directorate the estimated additional income from the fees and charges implementation and shows a revised forecast position for 2023/24 if the additional income is realised.

Table 1 - Summary by Directorate of additional income from fees and charges increase from 1 December 2023 and effect on Q2 forecast variance

All Directorates	2023/24 Q2 Forecast variance £m	2023/24 Additional Fees & Charges Income £m	2023/24 Effect on forecast variance £m
Adult Social Care	1.676	(0.002)	1.674
Public Health	0.000	0.000	0.000
Children's Care	3.172	(0.000)	3.172
Education & Partnerships	1.943	(0.012)	1.931
Regeneration	(0.396)	(0.024)	(0.420)
Environment & Communities	0.737	(0.062)	0.675
Legal & Governance	0.004	(0.012)	(0.008)
Chief Executive	(0.012)	0.000	(0.012)
Finance	(0.147)	(0.004)	(0.151)
Total Directorates	6.977	(0.116)	6.860
Central Budgets	1.579	0.000	1.579
Total Budget	8.556	(0.116)	8.439

12. An impact assessment has been completed to assess the proposed Fees and Charges increases (see Appendix 4). It found that there were no concerns that the fee increases could result in disproportionate adverse impact on groups or individuals because they hold one or more protected characteristics.

Land Charges

13. Land charges have not been increased since 2017 and were excluded from the report to Executive in October 2022 and the budget report to Council in February 2023, which incorporated a fee increase across the majority of the services the Council provides.

14. The land charges searches are carried out by the Legal Practice Team in Legal Services, who undertake the administration, co-ordination, and application of the searches to ensure timely deadlines are met. The fees set in 2017 do not reflect the increase in staff costs and inflationary costs incurred since 2017 and as such do not reflect the cost of service provision.

15. Whilst it is difficult to say what the impact would be on income due to factors such as numbers of people purchasing property either residential or commercial or the extent of searches being undertaken by individuals, it is noted that the cost of providing the service is chargeable to meet the staffing costs and other associated costs of the provision.

16. It is therefore proposed that the fees are increased from 1 December 2023 as shown in Table 1 in Appendix 3. It should be noted that a fee income increase above inflation is proposed in order to account for the lack of increases over preceding years since 2017. Table 2 in Appendix 3 shows a comparison of the current and proposed fees from 1 December 2023 for Middlesbrough compared to the fees charged by neighbouring local authorities.

17. The estimated rise in income from the proposed increase in fees is likely to be in the region of £15,000 per annum and £5,000 for 2023/24 for the period from 1 December 2023, when taking the average income over the last 3 years.

18. It should be noted that fee income fluctuates from year to year. It should also be noted that HM Land Registry are carrying out an exercise to move some searches online by 2025 which will reduce fee income for the Council, however there will still be a requirement to carry out some searches within the local authority. Legal Services has the fee income target against its budget for Land Charges.

What decision(s) are being recommended?

That the Executive:

- **Approve** the proposed fees and charges increases for a number of services from 1 December 2023 as summarised in Appendix 1 and detailed in Appendix 2.
- **Approve** the proposed increases in fees for land charges services from 1 December 2023 as detailed in Appendix 3
- Note that a full detailed fees and charges review for all discretionary services is being undertaken as part of the 2024/25 budget setting process and future increases will fall in line with the annual budget process thereafter.

Rationale for the recommended decision(s)

19. 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.
20. To contribute to the significant additional costs the Council is incurring during 2023/24 as a result of the high levels of inflation that persist in the economy. This will contribute to meeting the cost of provision and support the reduction of the forecast overspend reported in the Revenue and Capital Budget – Forecast Outturn position at Quarter Two 2023/24 report to this Executive.

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

21. To not propose the increase in fees and charges from 1 December 2023 will mean that the Council will not be covering the cost of service provision for these discretionary services and this adversely impacts its financial position. A range of measures are being taken to mitigate the in year overspend in order to protect the Council's level of revenue reserves which are at a critically low level.

Impact(s) of the recommended decision(s)

Legal

22. 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

23. Without adequate financial control, there is a risk that resources will not be aligned to corporate priorities.
24. External financial and economic uncertainty give rise to budget sensitivities and cost fluctuations that might not currently be foreseen but arise during the remainder of this year.

Human Rights, Equality and Data Protection

25. 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.
26. 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.

27. 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.

28. An impact assessment has been completed to assess the proposed Fees and Charges increases (appended to this report at Appendix 4). It found that there were no concerns that these could result in disproportionate adverse impact on groups or individuals because they hold one or more protected characteristics.

Financial

29. Financial implications are included in the main body of this report, with additional income of £0.116m being estimated to be received in 2023/24 for discretionary fees and charges increases for a range of services from 1 December 2023. There is also additional estimated income of £5,000 in 2023/24 from the proposed increase in fees for Land Charges from 1 December 2023.

Actions to be taken to implement the recommended decision

Action	Responsible Officer	Deadline
Implement the proposed increases to fees and charges outlined in this report	Each Director	1 December 2023
Undertake a detailed fees and charges review as part of the 2024/25 budget setting process	Interim Director of Finance	31 January 2024

Appendices

1	Summary of proposed Fees and Charges increases from 1 December 2023
2	Detail of current and proposed Fees and Charges increases from 1 December 2023
3	Details of proposed increases for fees for Land Charges services from 1 December 2023
4	Impact assessment of proposed Fees and Charges increases

Background papers

Body	Report title	Date
Council	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24	27/2/23
Executive	Revenue and Capital Budget – Forecast Outturn position as at Quarter One 2023/24	23/8/23
Executive	Medium Term Financial Plan (MTFP) Refresh 2024/25 to 2026/27	23/8/23
Executive	Revenue and Capital Budget – Forecast Outturn position as at Quarter Two 2023/24	21/11/23

Contact: Andrew Humble – Head of Financial Planning & Support
(deputy S151 Officer)

Email: Andrew_Humble@middlesbrough.gov.uk

Appendix 1 - Summary of proposed Fees and Charges increases from 1 December 2023

Increase of average 8.6% to be applied based on average of inflation from start of November 2022 and forecast inflation to end of October 2023

<u>Directorate</u>	<u>Brief Detail</u>	<u>2023/24 Additional Income £000</u>
<u>Increase in Fees and Charges to other organisations</u>		
Children's Care	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	(0.3)
Education & Partnerships	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	(12.1)
Environment and Community Services	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	(1.2)
Finance	Increase in charges to grants for support service costs in line with inflation	(4.3)
<u>Increased charges to the public</u>		
Adult Social Care	Trading Standards / Environmental Protection - increase in various application, licence, and permit fees	(1.7)
Environment and Community Services	Bereavement Services - increase in various fees and charges	(21.6)
Environment and Community Services	Highways Services - increase in various fees and charges	(2.1)
Environment and Community Services	Highways Service Management - increase in various charges	(2.8)
Environment and Community Services	Environmental Enforcement / Pest Control - increase in fees and charges	(0.5)
Environment and Community Services	Community Facilities - increase in charges for room hires and other charges	(4.0)
Environment and Community Services	Car Parking - increase in all long and short stay off street parking charges, including season tickets	(29.5)
Regeneration	Culture - increase in fees and charges (including Town Hall, Theatre, Museums)	(24.0)
Legal and Governance Services	Registrars Service - increase in fees for various services provided	(11.7)
		(115.8)
TOTAL PER DIRECTORATE		
Adult Social Care		(1.7)
Children's Care		(0.3)
Education & Partnerships		(12.1)
Regeneration		(24.0)
Environment and Community Services		(61.7)
Legal and Governance Services		(11.7)
Finance		(4.3)
		(115.8)

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Appendix 2 - Detail of current and proposed Fees and Charges increases from 1 December 2023

Adult Social Care	Current fee	Proposed fees from 1 December 2023	% increase
	£	£	%
Day Centre Meal (2 course lunch & drink)	4.70	4.70	No change
Day Centre Meal (1 course lunch & drink)	3.90	3.90	No change
Levick Court (chg/wk re SU funded external organisations)	1448.00	1448.00	No change
North Ormesby Day Centre (chg/wk re SU funded external organisations)	232.00	232.00	No change
The Orchard Centre (chg/wk re SU funded external organisations)	700.00	700.00	No change
Community Inclusion Service (chg/wk re SU funded external organisations)	385.00	385.00	No change
Sandringham Autism Service (chg/wk re SU funded external organisations)	549.00	549.00	No change
Public Protection - Cosmetic Treatment License - premises	66.00	71.70	8.6
Public Protection - Cosmetic Treatment License - person	66.00	71.70	8.6
Public Protection - Hairdressing License	35.00	38.00	8.6
Public Protection - Food Hygiene re-visit	165.00	179.20	8.6
Public Protection - IPPC Permit Part B Subsistence Charge	79.00	79.00	No change
Public Protection - IPPC Permit Part B Subsistence Charge	113.00	113.00	No change
Public Protection - IPPC Permit Part B Subsistence Charge	228.00	228.00	No change
Public Protection - IPPC Permit Part B Subsistence Charge	772.00	772.00	No change
Public Protection - Sale of fireworks (annual license)	500.00	500.00	No change
Public Protection - Storage of fireworks (set by HSE) – 1 year	111.00	111.00	No change
Public Protection - Storage of fireworks (set by HSE) – 2 year	144.00	144.00	No change
Public Protection - Storage of fireworks (set by HSE) – 3 year	177.00	177.00	No change
Public Protection - Storage of fireworks (set by HSE) – 4 year	211.00	211.00	No change
Public Protection - Storage of fireworks (set by HSE) – 5 year	243.00	243.00	No change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 1 year	55.00	55.00	No change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 2 year	88.00	88.00	No change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 3 year	123.00	123.00	No change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 4 year	155.00	155.00	No change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 5 year	189.00	189.00	No change
Public Protection - HMO Licence	665.00	722.20	8.6
Public Protection - Immigration Inspection fee	132.00	143.40	8.6
Public Protection - Animal Activities Licence - 1 year	256.00	278.00	8.6
Public Protection - Animal Activities Licence - 2 year	326.00	354.00	8.6
Public Protection - Animal Activities Licence - 3 year	395.00	429.00	8.6
Environment & Community Services			
	£	£	%
Bereavement Services			
Full Internment	726.00	788.40	8.6
Ashes Internment	178.00	193.30	8.6
Ashes Scatter	60.00	65.20	8.7
EROB Purchase	1133.00	1230.40	8.6
Webcam Livestream	60.00	65.20	8.7
Pro-Tribute	75.00	81.50	8.7
Slideshows	50.00	54.30	8.6
Keepsakes	60.00	65.20	8.7
Permits	133.50	145.00	8.6
Scatters from away	60.00	65.20	8.7
Use of Chapel	100.00	108.60	8.6
Highways Maintenance Planned/Responsive			
Bus Stop/Traffic Suspension Notices/Demolition Notices	60.00	65.20	8.7
Winter Maintenance			
Salt provision to Other Redcar & Cleveland - cost plus administration fee	Variable	Variable	
Gritting James Cook Hospital and Serco - cost plus administration fee	Variable	Variable	
Highways Maintenance Projects			
Various Highways works linked one off projects-based on level of works required	Variable	Variable	
Highways Services Management			
New street naming and numbering	155.00	168.30	8.6
1 to 3 addresses (per address)	40.00	43.40	8.5
4 addresses or more (per address)	13.00	14.10	8.5
for every 50 addresses above 4	100.00	108.60	8.6
Community Facilities			
Acklam Hub			
Room 1 - Hourly	11.00	11.90	8.2
Room 1 - Half Day	27.50	29.90	8.7
Room 1 Full Day	44.00	47.80	8.6
Room 1 Community Group Hourly	5.50	6.00	9.1
Room 1 Community Group Half Day	16.50	17.90	8.5

Room 1 Community Group Full Day	27.50	29.90	8.7
Room 2 Hourly	11.00	11.90	8.2
Room 2 Half Day	16.50	17.90	8.5
Room 2 Full Day	27.50	29.90	8.7
Room 2 Community Group Hourly	3.85	4.20	9.1
Room 2 Community Group Half Day	11.00	11.90	8.2
Room 2 Community Group Full Day	16.50	17.90	8.5
Easterside Community Hub			
Room 18 Hourly	11.00	11.90	8.2
Room 18 Hourly (out of hours)	13.75	14.90	8.4
Room 18 Full Day (9am to 5pm weekdays)	55.00	59.70	8.5
Room 18 Community Groups Hourly	5.50	6.00	9.1
Room 18 Community Groups Hourly (out of hours)	8.25	9.00	9.1
Refreshments per session	5.00	5.40	8.0
Grove Hill Community Hub			
Room 3 Hourly	11.00	11.90	8.2
Room 3 Hourly (out of hours)	13.75	14.90	8.4
Room 3 Full Day (9am to 5pm weekdays)	55.00	59.70	8.5
Room 3 Community Groups Hourly	5.50	6.00	9.1
Room 3 Community Groups Hourly (out of hours)	8.25	9.00	9.1
Refreshments per session	5.00	5.40	8.0
Hemlington Community Hub			
Room 1 Hourly	11.00	11.90	8.2
Room 1 Half Day	27.50	29.90	8.7
Room 1 Full Day	44.00	47.80	8.6
Room 1 Community Groups Hourly	3.85	4.20	9.1
Room 1 Community Groups Half Day	11.00	11.90	8.2
Room 1 Community Groups Full Day	16.50	17.90	8.5
Refreshments per person	0.50	0.50	0.0
Room 2 Hourly	11.00	11.90	8.2
Room 2 Half Day	27.50	29.90	8.7
Room 2 Full Day	44.00	47.80	8.6
Room 2 Community Groups Hourly	3.85	4.20	9.1
Room 2 Community Groups Half Day	11.00	11.90	8.2
Room 2 Community Groups Full Day	16.50	17.90	8.5
Activity Room Hourly	11.00	11.90	8.2
Activity Room Half Day	27.50	29.90	8.7
Activity Room Full Day	44.00	47.80	8.6
Activity Room Community Groups Hourly	5.50	6.00	9.1
Activity Room Community Groups Half Day	16.50	17.90	8.5
Activity Room Community Groups Full Day	27.50	29.90	8.7
Marton Community Hub			
Room 1 Hourly	10.00	10.90	9.0
Room 1 Half Day	25.00	27.20	8.8
Room 1 Full Day	40.00	43.40	8.5
Room 1 Community Group Hourly	5.00	5.40	8.0
Room 1 Community Group Half Day	15.00	16.30	8.7
Room 1 Community Group Full Day	25.00	27.20	8.8
Room 2 Hourly	10.00	10.90	9.0
Room 2 Half Day	15.00	16.30	8.7
Room 2 Full Day	25.00	27.20	8.8
Room 2 Community Group Hourly	3.50	3.80	8.6
Room 2 Community Group Half Day	10.00	10.90	9.0
Room 2 Community Group Full Day	15.00	16.30	8.7
Refreshments per person	0.50	0.50	0.0
Newport Community Hub			
Room 1 Hourly	9.90	10.80	9.1
Room 1 Community Group Hourly	7.70	8.40	9.1
Room 3 Hourly	9.90	10.80	9.1
Room 3 Community Group Hourly	7.70	8.40	9.1
Room 4 & 5 Hourly	17.60	19.10	8.5
Room 4 & 5 Community Group Hourly	8.80	9.60	9.1
Room 7 Hourly	9.90	10.80	9.1
Room 7 Community Group Hourly	7.70	8.40	9.1
Main Hall Hourly	17.60	19.10	8.5
Main Hall Community Group Hourly	13.75	14.90	8.4
School Hall Hourly	17.60	19.10	8.5
School Hall Community Group Hourly	13.75	14.90	8.4
Sports Hall Hourly	33.00	35.80	8.5
Sports Hall Community Group Hourly	27.50	29.90	8.7
Kitchen Hourly	14.30	15.50	8.4
Kitchen Community Group Hourly	9.90	10.80	9.1
Out of Hours per hour	36.30	39.40	8.5
Refreshments per person	0.50	0.50	0.0
North Ormesby Community Hub			
Hall Hourly	16.50	17.90	8.5
Hall Community Groups Hourly	11.00	11.90	8.2
Room 1 Hourly	11.00	11.90	8.2
Room 1 Community Group Hourly	5.50	6.00	9.1
Room 2 Hourly	11.00	11.90	8.2
Room 2 Community Group Hourly	5.50	6.00	9.1
POD Hourly	5.50	6.00	9.1
POD Community Group Hourly	5.50	6.00	9.1

Kitchen Hourly	5.50	6.00	9.1
Kitchen Community Group Hourly	5.50	6.00	9.1
Refreshments per person	5.50	6.00	9.1
Thorntree Community Hub			
Hall Hourly	16.50	17.90	8.5
Hall Full Day	100.00	108.60	
Hall Community Groups Hourly	5.00	5.40	8.0
Lounge Hourly	11.00	11.90	8.2
Lounge Full Day	70.00	76.00	8.6
Lounge Community Groups Hourly	5.00	5.40	8.0
Conference 1 Hourly	16.50	17.90	8.5
Conference 1 Full Day	100.00	108.60	8.6
Conference 1 Community Groups Hourly	5.50	6.00	9.1
Conference 2 Hourly	16.50	17.90	8.5
Conference 2 Full Day	100.00	108.60	8.6
Conference 2 Community Groups Hourly	5.50	6.00	9.1
Refreshments per person	1.00	1.10	10.0
Environment Enforcement			
Central Government have recently issued the level of fines Council's can set. Legal Advice needs to be sought and a revision of the Enforcement Policy needs to be sought before fines are amended			
Fly Tipping	400.00	1000.00	150.0
Littering	80.00	500.00	525.0
Household Duty of Care Offences	300.00	600.00	100.0
Pest Control			
External Contracts are assessed annually based on estimated no of visits plus additional charges for items not included in substantive contract:			
Wasps & Bees per visit	42.30	45.90	8.5
Bed Bugs/Cockroaches per 2 visits	211.40	229.60	8.6
Rodents per visit	40.56	44.00	8.5
Other insects per visit	98.65	107.10	8.6
Hourly Rate per visit	46.98	51.00	8.6
Off Street Car Parking			
Season Ticket (all car parks)			
1 month	55.50	60.30	8.6
3 month	166.50	180.80	8.6
6 month	332.50	361.10	8.6
12 month	665.00	722.20	8.6
Season Ticket (Zetland & Station Street)			
1 month	40.00	43.40	8.5
3 month	109.00	118.40	8.6
6 month	217.50	236.20	8.6
12 month	435.00	472.40	8.6
Short Stay Car Parks			
Amber Street-per hour (max of £12)	1.50	1.60	6.7
Captain Cook Square-3 hours	1.00	1.10	10.0
Captain Cook Square-4 hours	6.00	6.50	8.3
Captain Cook Square-per hour after 4 hours up to 10 hours	1.50	1.60	6.7
Captain Cook Square-Sunday 3 hours	1.00	1.10	10.0
Captain Cook Square-Sunday over 3 hours	1.80	2.00	11.1
Buxton Street & MIMA Car Parks	1.50	1.60	6.7
Buxton Street & MIMA Car Parks-Sunday	1.80	2.00	11.1
Long Stay Car Parks			
Dock Street -2 hours	1.50	1.60	6.7
Dock Street -4 hours	2.20	2.40	9.1
Dock Street -over 4 hours	2.70	2.90	7.4
Gurney Street-2 hours	1.50	1.60	6.7
Gurney Street-4 hours	3.50	3.80	8.6
Gurney Street-over 4 hours	4.50	4.90	8.9
Gurney Street-Sunday (all day)	1.00	1.10	10.0
Cannon Park -2 hours	1.00	1.10	10.0
Cannon Park -4 hours	1.50	1.60	6.7
Cannon Park-over 4 hours	2.50	2.70	8.0
Captain Cook Square-3 hours	1.00	1.10	10.0
Captain Cook Square-4 hours	2.50	2.70	8.0
Captain Cook Square-over 4 hours	3.50	3.80	8.6
Captain Cook Square-Sunday, 3 hours	1.00	1.10	10.0
Captain Cook Square-Sunday , over 3 hours	1.80	2.00	11.1
France Street Car Park-2 hours	1.50	1.60	6.7
France Street Car Park-4 hours	2.50	2.70	8.0
France Street Car Park-over 4 hours	3.50	3.80	8.6
Zetland Car Park - up to 10 hours	2.30	2.50	8.7
Station St Car Park-Sunday up to 10 hours	2.30	2.50	8.7
Transporter Bridge (Ferry Road) Car Park-3 hours	1.00	1.10	10.0
Transporter Bridge (Ferry Road) Car Park-up to 4 hours	2.00	2.20	10.0
Transporter Bridge (Ferry Road) Car Park-over 4 hours	2.70	2.90	7.4
Regeneration	Current fee	Proposed fees from 1 December 2023	% increase

	£	£	%
CAPTAIN COOK MUSEUM - Adult Entry ticket	4.00	4.50	12.5
CAPTAIN COOK MUSEUM - Child Entry ticket	3.00	3.50	16.7
CAPTAIN COOK MUSEUM - Concession Entry ticket	3.00	3.50	16.7
CAPTAIN COOK MUSEUM - Group Entry ticket (1 adult, 3 children)	10.00	12.00	20.0
CAPTAIN COOK MUSEUM - Group Entry ticket (2 adult, 2 children)	12.00	13.00	8.3
CAPTAIN COOK MUSEUM - Workshop (Per Child)	5.00	5.50	10.0
CAPTAIN COOK MUSEUM - Room hire	approx 20 - 50ph	22 to 54	10% to 8%
CAPTAIN COOK MUSEUM - Face paint	3.00	3.50	16.7
CAPTAIN COOK MUSEUM - Loan box	22.00	25.00	13.6
CAPTAIN COOK MUSEUM - Beverage charge (Per Person)	2.00	2.50	25.0
DORMAN MUSEUM - Trail	1.00	1.00	0
DORMAN MUSEUM - Lego exhibition ticket single	3.50	4.00	14.3
DORMAN MUSEUM - Lego exhibition ticket group	14.00	16.00	14.3
DORMAN MUSEUM - VR ride single ticket	4.00	4.00	0
DORMAN MUSEUM - VR ride group ticket	12.00	13.00	8.3
DORMAN MUSEUM - Craft workshop	2.00	2.00	0
DORMAN MUSEUM - Loans box	22.00	25.00	13.6
DORMAN MUSEUM - Room hire	approx 20 -50ph	22 to 54	10% to 8%
DORMAN MUSEUM - School Workshop 1/2 day	66.00	72.00	9.1
DORMAN MUSEUM - School workshop	9.00	10.00	11.1
DORMAN MUSEUM - Guided tours	28.50	31.00	8.8
DORMAN MUSEUM - Beverage charge (Per Person)	2.00	2.50	25
DORMAN MUSEUM - Face Paint	3.00	3.50	16.7
EVENTS - Orange Pip Market - Alcohol Trader Pitch Fee	160.00	174.00	8.8
EVENTS - Orange Pip Market - Alcohol Trader Percentage	0.15	0.15	0
EVENTS - Orange Pip Market - Hot Food Pitch Fee	150.00	163.00	8.7
EVENTS - Orange Pip Market - Cold Food Pitch Fee	105.00	114.00	8.6
EVENTS - Orange Pip Market - Sweet Treats Pitch Fee	90.00	98.00	8.9
EVENTS - Orange Pip Market - Crafts Pitch Fee	72.00	78.00	8.3
EVENTS - Orange Pip Market - kw Power unit charge	7.00	7.60	8.6
EVENTS - Town Centre Advertising Space	75.00	81.00	8.0
EVENTS - Land Hire Fees	5000.00	5430.00	8.6
EVENTS - Ad-Hoc Equipment Hire	300.00 to 600.00	330 to 650	10% to 8%
EVENTS - Xmas Lights Switch-on - Big Screen Advert (1 per hr)	200.00	220.00	10.0
EVENTS - Xmas Lights Switch-on - Big Screen Advert (3 per hr)	500.00	543.00	8.6
EVENTS - Xmas Lights Switch-on - Big Screen Advert (5 per hr)	800.00	870.00	8.8
EVENTS - Xmas Lights Switch-on - Pitch fee for use of own stall	150.00	160.00	6.7
EVENTS - Xmas Lights Switch-on - Pitch fee for MBC-provided stall	90.00	100.00	11.1
EVENTS - Xmas Lights Switch-on - Fairground	1000.00	1090.00	9.0
MIDDLESBROUGH THEATRE - PERFORMANCE FEE - EVENING	742.50	806.00	8.6
MIDDLESBROUGH THEATRE - PERFORMANCE FEE - MATINEE	594.00	645.00	8.6
MIDDLESBROUGH THEATRE - PERFORMANCE FEE - SUNDAY EVENING	815.55	885.00	8.5
MIDDLESBROUGH THEATRE - PERFORMANCE FEE - SUNDAY MATINEE	667.15	725.00	8.7
MIDDLESBROUGH THEATRE - REHEARSAL FEE - 9AM - 10PM	37.15	40.30	8.5
MIDDLESBROUGH THEATRE - REHEARSAL FEE - 9AM - 10PM SUNDAY	52.80	57.30	8.5
MIDDLESBROUGH THEATRE - REHEARSAL FEE 10PM - 1AM	65.45	71.10	8.6
MIDDLESBROUGH THEATRE - REHEARSAL FEE 10PM - 1AM SUNDAY	105.05	114.10	8.6
MIDDLESBROUGH THEATRE - REHEARSALS ON BANK HOLIDAYS CHARGED AT DOUBLE RATE			
MIDDLESBROUGH THEATRE - SECURITY PER HOUR (EXTERNAL CONTRACTOR)	17.45	19.00	8.9
MIDDLESBROUGH THEATRE - STEWARDS PER HOUR	18.45	20.00	8.4
MIDDLESBROUGH THEATRE - TECHNICIANS PER HOUR	19.80	21.50	8.6
MIDDLESBROUGH THEATRE - BOOKING FEE (TICKETS)	1.20	1.30	8.3
MIDDLESBROUGH TOWN HALL - Booking Fees - Tickets	2.50	2.70	8.0
MIDDLESBROUGH TOWN HALL - Booking Fees - Tickets	1.00	1.50	50.0
MIDDLESBROUGH TOWN HALL - Hire Of Main Hall - Professional Hire	3000.00	3260.00	8.7
MIDDLESBROUGH TOWN HALL - Hire Of Crypt - Professional Hire	2000.00	2170.00	8.5
MIDDLESBROUGH TOWN HALL - Hire Of Courtyard - Professional Hire	1000.00	1090.00	9.0
MIDDLESBROUGH TOWN HALL - Hire Of Courtroom - Professional Hire	500.00	540.00	8.0
MIDDLESBROUGH TOWN HALL - Hire Of Main Hall - Commercial Hire	1650.00	1790.00	8.5
MIDDLESBROUGH TOWN HALL - Hire Of Crypt - Commercial Hire	1050.00	1140.00	8.6
MIDDLESBROUGH TOWN HALL - Hire Of Fire Station - Commercial Hire	350.00	380.00	8.6
MIDDLESBROUGH TOWN HALL - Hire Of Courtroom - Commercial Hire	450.00	490.00	8.9
MIDDLESBROUGH TOWN HALL - Hire Of Studio - Commercial Hire	200.00	220.00	10.0
MIDDLESBROUGH TOWN HALL - Hire Of Courtyard - Commercial Hire	400.00	435.00	8.8
MIDDLESBROUGH TOWN HALL - Hire Of Police Cells - Commercial Hire	150.00	165.00	10.0
MIDDLESBROUGH TOWN HALL - Hire Of Main Hall - Charity Hire	1100.00	1200.00	9.1
MIDDLESBROUGH TOWN HALL - Hire Of Crypt - Charity Hire	800.00	870.00	8.8
MIDDLESBROUGH TOWN HALL - Hire Of Fire Station - Charity Hire	260.00	280.00	7.7
MIDDLESBROUGH TOWN HALL - Hire Of Courtroom - Charity Hire	420.00	460.00	9.5
MIDDLESBROUGH TOWN HALL - Hire Of Building - Production Filming	POA	POA	0.0
MIDDLESBROUGH TOWN HALL - Hire Of Main Hall - Wedding Reception	2750.00	2990.00	8.7
MIDDLESBROUGH TOWN HALL - Hire Of Crypt - Wedding Reception	2475.00	2690.00	8.7
MIDDLESBROUGH TOWN HALL - Hire Of Fire Station - Wedding Reception	1650.00	1790.00	8.5
MIDDLESBROUGH TOWN HALL - Hire Of Courtyard - Wedding Reception	600.00	650.00	8.3
MIDDLESBROUGH TOWN HALL - Hire Of Police Cells - Wedding Drinks Reception	200.00	220.00	10.0
MIDDLESBROUGH TOWN HALL - Hire Of Courtroom - Wedding Ceremony	350.00	380.00	8.6
MIDDLESBROUGH TOWN HALL - Hire Of Building - Dry Hire Event (no bars from MTH)	7500.00	8150.00	8.7
MIDDLESBROUGH TOWN HALL - Hire Of Building - Exclusive Use	5000.00	5430.00	8.6
MIDDLESBROUGH TOWN HALL - Hire Of Building - Paranormal Tour	1500.00	1630.00	8.7
MIDDLESBROUGH TOWN HALL - Banner Board Printing	50.00	54.00	8.0
MIDDLESBROUGH TOWN HALL - Email E-Shots	25.00	27.00	8.0
MIDDLESBROUGH TOWN HALL - Brochure Advert	50.00	54.00	8.0

MIDDLESBROUGH TOWN HALL - Press Release	25.00	27.00	8.0
MIDDLESBROUGH TOWN HALL - Duty Manager	18.00	19.50	8.3
MIDDLESBROUGH TOWN HALL - Stewarding Staff	16.00	20.00	25.0
MIDDLESBROUGH TOWN HALL - Technical Staff	18.00	21.50	19.4
MIDDLESBROUGH TOWN HALL - Bar Staff	16.00	20.00	25.0
MIDDLESBROUGH TOWN HALL - Technical Equipment	POA	POA	0.0
MIDDLESBROUGH TOWN HALL - Tea/Coffee	15.00	16.50	10
MIDDLESBROUGH TOWN HALL - Drinks Packages	POA	POA	0
MUSEUMS - Shop Stock	Individually Priced	Individually Priced	0
MUSEUMS - One off events/activities	£2.00 - 10.00	2.50 to 11.00	25% to 10%
Legal and Governance Services	Current fee	Proposed fees from 1 December 2023	% increase
	£	£	%
Non Refundable booking fee	50.00	54.30	8.6
Monday to Thursday -Victoria Room	230.00	249.80	8.6
Monday to Thursday -Erimus Room	328.00	356.20	8.6
Approved Venue	458.00	497.40	8.6
Friday-Victoria Room	253.00	274.80	8.6
Friday-Erimus Room	351.00	381.20	8.6
Approved Venue	475.00	515.90	8.6
Saturday-Victoria Room	275.00	298.70	8.6
Saturday-Erimus Room	377.00	409.40	8.6
Saturday-Approved Venue	530.00	575.60	8.6
Sunday & Bank Holiday-Approved Venue	596.00	647.30	8.6
Private Citizenship Ceremony	163.00	177.02	8.6

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Appendix 3 - Detail of proposed increases in fees for Land Charges services from 1 December 2023

Table 1 - Current Land Charges fees and proposed increased fees from 1 December 2023

Search Type	Current fee	Proposed fees from 1 December 2023	% increase
LLC1 Only - Non Vat	£6.00	£18.00	200
LLC1 Parcel fee - up to 17 parcels - Non Vat	£1.00	£1.00	0
LLC1 Parcel fee - 17 parcels or more, always - Non Vat	£22.00	£22.00	0
CON29R - Residential - Inc Vat	£93.00	£111.60	20
CON29R – Commercial – Inc Vat	£93.00	£120.90	30
CON29R Parcel Fee - Inc Vat	£8.10	£12.15	50
LLC1 + CON29R- Residential (FULL SEARCH) - Inc Vat	£99.00	£129.60	31
LLC1 + CON29R- Commercial (FULL SEARCH) - Inc Vat	£99.00	£138.90	40
CON29O (extra questions) - Inc Vat	£21.00	£21.00	0
Additional Questions - Inc Vat	£21.00	£21.00	0
Enquirer Additional Questions	£21.00	£21.00	0
Copy Documents Fee – Inc VAT	£6.00	£12.00	100
Personal Search Printouts	Free	Free	n/a
CON29R and O prices are inclusive of VAT			

Table 2 - comparable neighbouring local authority Land Charges fees

Search Type	Middlesbrough		Redcar & Cleveland	Hartlepool	Stockton CON29 Only
	Current fee	Proposed fees from 1 December 2023			
LLC1 Only - Non Vat	£6.00	£18.00	£29.00	£15.40	HMLR
LLC1 Parcel fee - up to 17 parcels - Non Vat	£1.00	£1.00	£1.00	£1.00	HMLR
LLC1 Parcel fee - 17 parcels or more, always - Non Vat	£22.00	£22.00	£22.00	£22.00	HMLR
CON29R - Residential - Inc Vat	£93.00	£111.60	£147.00	£106.92	£88.80
CON29R – Commercial – Inc Vat	£93.00	£120.90	£147.00	£106.92	£106.80
CON29R Parcel Fee - Inc Vat	£8.10	£12.15	£16.00	£12.23	£19.20
LLC1 + CON29R- Residential (FULL SEARCH) - Inc Vat	£99.00	£129.60	£176.00	£122.30	n/a
LLC1 + CON29R- Commercial (FULL SEARCH) - Inc Vat	£99.00	£138.90	£176.00	£122.30	n/a
CON29O (extra questions) - Inc Vat	£21.00	£21.00	£19.00	£9.24	£13.20
Additional Questions - Inc Vat	£21.00	£21.00	£13.50	£9.24	£13.20
Enquirer Additional Questions	£21.00	£21.00	£13.50	£50.16	£13.20
Copy Documents Fee – Inc VAT	£6.00	£12.00	n/a	n/a	n/a
Personal Search Printouts	Free	Free	n/a	n/a	n/a
Expedite Fee	n/a	n/a	£28.00	n/a	n/a

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Appendix 4 - Impact assessment of proposed Fees and Charges increases from 1 December 2023

Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	To assess the proposal to apply a mid-year increase to a range of fees and charges levied by the Council			
Coverage:	Cross cutting			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input checked="" type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>

	<ul style="list-style-type: none"> • Key aims, objectives and activities To assess the proposal to increase the range of fees and charges undertaken for the following services by 8.6% (the average increase in the consumer price inflation (CPI) rate from the start of November 2022 to that forecast for the end of October 2023): <ul style="list-style-type: none"> • Increase in fees and charges to other organisations (Health, LAs, schools etc.) • Increase in charges to grants for support service costs • Adult Social Care - Trading Standards / Environmental Protection - increase in various application, licence, and permit fees • Environment & Community Services - Bereavement Services - increase in various fees and charges • Environment & Community Services - Highways Services - increase in various fees and charges • Environment & Community Services - Highways Service Management - increase in various charges • Environment & Community Services - Environmental Enforcement / Pest Control - increase in fees and charges • Environment & Community Services – Community Facilities - increase in charges for room hires and other charges • Environment & Community Services - Car Parking - increase in all long and short stay off street parking charges, including season tickets • Regeneration - Culture - increase in fees and charges (including Town Hall, Theatre, Museums) • Legal & Governance Services - Registrars Service - increase in fees for various services provided To assess the proposal to increase a range of fees for : <ul style="list-style-type: none"> • Legal & Governance Services - Land Charges – increases to a range of fees by various percentage increases to reflect the fact that the fees have not been increased for a number of years • Statutory drivers Relevant legislation includes but is not restricted to Care Act 2014, Local Governance and Finance Act 1992, Public Libraries and Museum Act 1964, Allotment and Small Holdings Act 1908, Cremation Act 1902. • Differences from any previous approach The proposal is to raise charges for these services generally by 8.6% (the average increase in the consumer price inflation (CPI) rate from start of November 2022 to that forecast for end of October 2023), or as indicated above. • Key stakeholders and intended beneficiaries (internal and external as appropriate) Users of these services. • Intended outcomes. That the services are able to continue to deliver services that meet customer needs with appropriate charges that reflect the increased cost of providing these services.
Live date:	1 December 2023
Lifespan:	1 December 2023 – 31 March 2024
Date of next review:	February / March 2024

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights 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 proposal will not impact on human rights.</p> <p>Evidence to support this position includes, knowledge of the fees and charges made and protections in place for those less able to pay where applicable.</p>
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? *	<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> <p>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</p> <p>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</p> <p>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</p> <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"> removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; 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 encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low. <p>Because of the nature of the proposals, the proposal 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 as there are a range of mitigations in place for those less able to pay. Evidence to support this position includes, knowledge of the market, and the protections in place for those less able to pay.</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	
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town? *	☒	☐	☐	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. Evidence to support this position includes, knowledge of the market, and the protections in place for those less able to pay.
Next steps: ➡ 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. 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.				
Assessment completed by:	Andrew Humble – Head of Financial Planning & Support		Head of Service:	N/A
Date:	4/11/23		Date:	N/A

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Regeneration and Director of Finance
Submitted to:	Executive
Date:	21 November 2023
Title:	Asset Review
Report for:	Decision
Status:	Public
Strategic priority:	All
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Urgent:	No
Why:	

Executive summary	
<p>An asset review has been undertaken to identify land and property owned by the Council that could be utilised differently (including disposal) to assist in supporting the Council's financial recovery and to achieve financial sustainability.</p> <p>Disposal of capital assets generates capital receipts that may be used to support the Council's financial position in one of three ways:</p> <ul style="list-style-type: none"> - To fund investment in projects that will either deliver ongoing revenue savings or deliver transformation in public service delivery through cost and/or demand reduction in accordance with Government regulations governing the Flexible Use of Capital Receipts. - To repay the Council's debt and reduce the annual costs of repaying principal and/or interest on such debt. - To invest in infrastructure through the capital programme. <p>The Council holds significant amounts of land and buildings on its balance sheet which presents opportunity for review and optimisation to support the Council's delivery of services in the future.</p>	

A review has been undertaken for all land and property assets, and recommendations made as to the future strategy for each. These recommendations can be summarised as:

- The investment of £1.5m in existing Council buildings to accommodate additional staff;
- The development of a public sector hub within the Cleveland Centre;
- The closure and sale of Middlesbrough House, Multi Media Exchange, 3 Park Road North, Lloyd Street Depot;
- The procurement of specialist external management arrangements for the premium assets within the commercial portfolio;
- Disposal of Tees AMP 1 and 2, the Viewley Centre; Lorne Street Industrial Estate; Howard Street Industrial Estate; Letitia Industrial Estate; Gilkes Street Industrial Estate; Carcut Road Industrial Estate; Florence/Italy Street Units;
- Disposal of the Middlesbrough Municipal Golf Centre with the appropriate covenants in place to secure its permanent use as a golf club;
- Disposal of Zetland Street Car Park with the appropriate covenants in place to secure its permanent use as a car park; and,
- Disposal of sites known as Land East of Middlesbrough Municipal Golf Centre Driving Range; Acklam [Stainsby Road]; Hemlington Grange [West]; Coulby Farm Way East / West; Muirfield, Nunthorpe; Land West of Toby Carvery; Cannon Park Car Park 1; Cannon Park Car Park 2; and Corporation Quay.

The financial impact of the proposed sales would be an estimated net capital receipt of over £33m, with a reduction in the Council's longer term income of £1m pa, with a one off revenue cost of £0.6m in relation to TeesAMP 1.

Purpose

1. This report sets out the details of a review of land and property assets held by the Council, with a view to generating additional income and/or disposals resulting in a pipeline of capital receipts being realised to support the financial recovery and return to financial sustainability over the period of the Medium Term Financial Plan. Approval is sought for the recommended changes and disposals.

Background and relevant information

Financial Position

2. On 23 August 2023, the Executive considered the following reports:
 - a. Revenue and Capital Budget – Forecast Outturn at Quarter One 2023/24 which sets out the significant financial challenges facing the Council in the current year in terms of controlling expenditure within the approved budget set within the context of critically low usable revenue reserves. Usable revenue reserves stand at £14.8m comprising the General Fund Reserve of £12.041m and the Council's unrestricted usable earmarked reserves of £2.788m at 31 March 2023.
 - b. Medium Term Financial Plan (MTFP) Refresh 2024/25 to 2026/27 which estimates the expected budget gap between projected spending levels for current policies and service delivery models compared with the estimated

available resource which is a shortfall of £14.204m rising to £24.522m over the period 2024/25 to 2026/27 T

3. The scale of the financial challenge will require the Council to consider a range of options for reducing expenditure on its services to fall within an affordable and financially sustainable budget. This will include options for service:
 - a. transformation (doing different things to achieve improved outcomes);
 - b. redesign (doing things differently/more efficiently);
 - c. reduction/ stopping (doing less); and,
 - d. income generation.
4. The need for change has been reinforced by the Council's External Auditor. On 21 August 2023, the Council received a Value for Money Update report from its External Auditor, EY which included the issuance of 11 Statutory Recommendations under s24 Schedule 7(2) of the Local Audit and Accountability Act 2014. This included three recommendations relating to concerns about the financial sustainability of the Council. Recommendation 5 within the Auditors report is relevant context for the Executive in considering this report as the Council is required to comply with the Statutory recommendations in order to avoid an escalation of action by the External Auditor and potential further intervention by the Department for Levelling Up Homes and Communities (DLUHC). It stated that:

'We recommend that the Council reviews its service delivery models to ensure that they are efficient, represent value for money and achieve the outcomes required for the resources invested. Where opportunities to improve service delivery models are identified, the Council should develop detailed plans for implementation of service delivery transformation and how the up-front transformation costs will be funded.'
5. LMT has been working over the summer with the Mayor and Executive Members to implement measures to control expenditure and optimise income in 2023/24 whilst also developing budget proposals for the 2024/25 budget and MTFP to 2026/27 that will be brought forward to a meeting of the Executive in December 2023. This is the start of the budget consultation process that will conclude in the Council considering and approving the 2024/25 budget on 28 February 2024.
6. A significant level of change and transformation is essential to achieving financial sustainability for the Council and will require up front financial investment to develop and deliver new service solutions whilst delivering cost reduction, efficiency and/or demand management over the term of the MTFP and beyond.
7. Much of this expenditure would normally be accounted for as revenue expenditure, under legislative requirements of the Local Government Act 2003 in relation to the capitalisation of expenditure. This presents a significant constraint to the Council achieving this requirement given its critically low levels of revenue reserves. The Council will therefore need to secure alternative funding sources, the primary one being to generate a pipeline of capital receipts from asset sales that can be applied to investment in transformation and cost reduction/ demand management projects under Government funding flexibilities explained below.
8. The Local Government Act 2003 Sections 16(2)(b) and 20: Treatment of Costs as Capital Expenditure was implemented in 2016/17 in which the Government relaxed the

restrictions to allow local authorities to capitalise eligible expenditure and finance it using capital receipts under a 'Flexible Use of Capital Receipts Policy' that is subject to Council approval. The flexibility is currently applicable through to 2024/25 financial year and is subject to review and is likely to be extended to future financial years.

9. In addition to the need to generate a pipeline of capital receipts for investment, it is essential that the Council also reviews its income generating assets to challenge whether these are optimising income or whether alternative uses may present improved value for money and provide increase income to support the operational revenue budget.

Reviewing the Role of Assets

10. As with any other business or organisation, the Council must respond to the financial challenges it faces and a key element of this is to consider the land and property assets that it holds, and how they can be used most effectively to address the financial challenges. The three key areas where this could be considered are as follows:

Operational Property

- a. The Council currently has operational responsibility for 83 different buildings and facilities, at a cost of £6m pa (including items such as maintenance, rates, utilities and security). One of the solutions to reducing Council expenditure must therefore be to look at reducing the number of operational properties it uses.

Commercial Property

- b. The Council also owns a significant number of commercial properties that it uses to generate income from occupiers on a range of leasehold arrangements. This also has the potential to contribute to addressing the overall financial position through either increasing the income via positive rent reviews, or through disposals in return for capital receipts.

Land

- c. The Council regularly sells land assets identified for housing and agrees a pipeline of future disposals that aligns to the Local Plan. Alongside these agreed housing sites the Council owns a significant amount of open space, farmland, small infill sites and generic land that sits unclassified between other people's ownerships. Whilst the potential exists to accelerate disposal of the agreed housing land pipeline, there also exists an option to sell off other small plots of land held by the Council, including those suitable for self-build, small (0-10 unit) housing schemes or other commercial uses.

11. The benefits of reducing ongoing operational costs or increasing rental income are immediate and impact directly on the Council's revenue position. The benefits of securing additional capital receipt income are less direct (as set out above) but are essential to enabling investment in the transformation of the Council's service delivery models from a lower cost base.

12. Given the Council's need to undergo significant transformation to achieve financial sustainability, the Council needs to explore all possible opportunities to generate additional receipts, and provide the funding required to enable the required change to be achieved effectively and at pace.

Asset Review

13. To support the drive for financial sustainability, a review of all land and property assets has been undertaken. The terms of this review were specified as:
- a. urgently review the Council's asset holdings to identify short term (by year end) opportunities to:
 - i. Generate capital receipts through the disposal of surplus assets;
 - ii. Minimise running/holding costs to free up revenue capacity;
 - iii. Maximise revenue generation from the commercial portfolio;
 - b. set out the Council's longer term asset requirements in a revised policy and strategy framework;
 - c. 'right size' the Council's operational estate to match future strategic direction and service priorities; and,
 - d. implement appropriate future management arrangements for the Council's property assets under a corporate landlord model.
14. This report primarily considers the outcomes of objective 'a'. A further report will be brought for Executive consideration on objectives b-d.
15. The review has looked at the operational assets the Council uses, the commercial assets it owns or occupies and the plots of land it owns to conclude an appropriate future strategy for each one. A number of factors have been considered in determining the future strategy, including but not limited to:
- holding costs (the ongoing cost of owning the asset);
 - maintenance backlog (the cost of work that the asset needs to continue to function effectively); and,
 - income potential (the rental received or the commercial potential if not currently exploited).
16. In determining the future strategy for each of the commercial assets in particular there is an inbuilt tension between the need to secure receipts now to assist transformation, and retain the income that would be due in future years that would be part of securing longer term sustainability. Inevitably those that provide the most sustainable long term income stream are also those that would generate the largest and most immediate capital receipt. A balance therefore needs to be found that reflects the Council's current financial risk profile.
17. The rationale for recommending disposal of an asset is therefore based on one of the following criteria:
- a. the asset has a negative or limited five year net benefit (i.e. the income profile is less than projected running costs and assessed maintenance liability); or,
 - b. the asset is appropriate for institutional investment and realises a significant receipt.
18. The recommended strategy for each asset has also been tested against the needs identified for the Council's own evolving requirements, such as the need to identify land and properties suitable for the provision of children's homes. The future strategy for each has also been tested against the overall geographical impact to ensure that

properties are not being unnecessarily retained when others around them are being sold and vice versa.

19. Each asset has therefore been discussed by a panel comprising Economic Growth, Capital Projects, Asset Management, Valuation and Estates and then cross checked by Finance, Planning and Highways for any technical considerations. Outcomes have then been shared with each directorate to ensure the future service delivery objectives continue to be supported. The main categories used were as follows:
- a. *retain as is* - assets that will continue to be used in the same way as they are currently;
 - b. *retain but needs new strategy* - where assets are to be retained but different management arrangements would improve income and/or reduce running costs;
 - c. *retain but expand capacity* - where assets could accommodate more staff to reduce the need for other buildings;
 - d. *surplus* - where assets can be disposed of in the short / medium term; and,
 - e. *review further* - where the future categorisation of assets is dependent upon the service delivery models emerging within the wider transformation programme.
20. An example of the assets categorised as requiring further review would be the 20 buildings located within communities for which options need to be considered as part of the Council's emerging locality working model. Although there are likely to be significant surplus assets within this category, the nature of them dictates that the benefits are likely to be solely around reducing running costs rather than generating additional capital receipts.
21. No assets currently proposed for transfer to the Mayoral Development Corporation by the Secretary of State for Local Government, Housing and Communities have been considered as part of the review.

Outcomes of the Review

22. The main recommendations of the review are as follows:

Operational Property

23. *Close and sell Middlesbrough House* - Children's Services staff within the building would primarily be relocated to Fountain Court, with the remainder moving to other Council buildings with public facing provision. The customer centre will be revised and relocated (where necessary) in line with the outcome of a review of the Council's approach to *Customer and Digital* that is due to commence. Investment will be required in both Fountain Court and other buildings to facilitate the additional staff, and Middlesbrough House would then be sold as a surplus asset.
24. *Relocate the Live Well Centre from Dundas House to the Cleveland Centre* - the Council currently leases space within Dundas House from a private sector landlord. External grant funding is available to relocate the Live Well Centre as part of a new public services hub within the Council owned Cleveland Centre. This would remove the need for the Council to pay rent to the private sector.
25. *Relocate Middlesbrough Community Learning from the Multi Media Exchange to the Cleveland Centre* - the external funding identified above to relocate the Live Well

Centre is also available to establish new community learning provision within the Cleveland Centre as part of the wider public services hub. This would enable the relocation of Middlesbrough Community Learning and free the Multi Media Exchange up to be sold.

26. *Relocate Children’s Services staff from 6-14 Viewley Centre to the other Council buildings* - as with the public facing elements from Middlesbrough House, the staff would be relocated alongside other public facing provision to enable continuity of service. This would free up those units within the Viewley Centre to be sold.

27. *Sell 3 Park Road North and Lloyd Street Depot* - both properties have little or no current usage and would be sold.

28. *Resolution House / Depot* - although no actions are proposed in the short term, the longer term future of Resolution House needs to be considered, and a new depot solution explored – perhaps in partnership with others.

29. *Town Hall (Municipal Buildings)* - although no actions are proposed in the short term, the longer term future of the Town Hall needs to be considered, as significant ongoing investment is required to maintain its current use.

30. *Further reviews linked to transformation* - the Council currently operates a number of properties that need to be further reviewed once the future operating models for various services are determined, such as Family Hubs, community centres and crematoria. These will be reviewed in 2024, and will consider a range of options including retention and reinvestment, alternative delivery models or community asset transfers.

31. The overall financial impact of the changes proposed above is as follows:

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m		£m
Revenue					
Reduction in running costs	0.000	-0.223	-0.261	-0.035	-0.519
Total	0.000	-0.223	-0.261	-0.035	-0.519
Capital	0.000	0.000	0.000	0.000	0.000
Expenditure required	0.350	1.150	0.000	0.000	1.500
Receipts received	0.000	-1.500	-0.250	0.000	-1.750
4% cost of sales reduction	0.000	0.060	0.010	0.000	0.070
Total	0.350	-0.290	-0.240	0.000	-0.180

Commercial Property

32. The following properties have been identified as being retained in the longer term by the Council, but would require specialist external management arrangements to ensure that the role of landlord was sufficiently separated from the Council’s role in sector development:

- a. Boho 1, 5, 8 and X;

- b. Centre Square 1 and 2 (leaseholding only);
- c. Captain Cook Square; and,
- d. Cleveland Centre.

33. As Captain Cook Square and the Cleveland Centre are already successfully managed externally, and generate income for the Council it is recommended that similar commercial arrangements are sought for the Boho and Centre Square properties.

34. The following properties have all been identified as either having a low or negative five year benefit to the Council (i.e. the income profile is less than the projected running costs and assessed maintenance liability) and should therefore be declared surplus and sold:

- a. Viewley Centre;
- b. Lorne Street Industrial Estate;
- c. Howard Street Industrial Estate;
- d. Letitia Industrial Estate;
- e. Gilkes Street Industrial Estate;
- f. Carcut Road Industrial Estate; and,
- g. Florence/Italy Street Units.

35. It is not intended that the tenants of these properties are disrupted, and any lease agreements already in place would transfer across to any prospective new owner.

36. Middlesbrough Municipal Golf Centre also met the definition of having a low or negative five year benefit to the Council, due to the significant amounts that are required for reinvestment in the asset. As such it is also recommended for disposal – but with the appropriate covenants in place to protect members and secure its permanent use as a golf club.

37. The Zetland Street Car Park is also recommended for disposal due to the limited income secured against significant running costs, and again this would be covenanted to secure its long term use as a car park.

Tees Advanced Manufacturing Park (TeesAMP)

38. In order to balance the disposals of low value, low return industrial space, there is a need to include assets for sale that are attractive to the market (particularly institutional investors) and could provide a significant early receipt that is essential to funding the transformation of services to return to financial sustainability. The grant conditions that are attached to many of the Council's premium assets prevent their future sale. The only premium asset the Council owns that would represent an attractive option for institutional investors and would return an early capital receipt is Tees Advanced Manufacturing Park (TeesAMP).

39. The Council developed the park in 2019, with a view to eventually selling the development to facilitate future growth. An expansion site known as TeesAMP 2 sits adjacent to the park, which was due to be developed in 2024/25 at a cost to the Council of £8.8m. By selling the completed development (TeesAMP 1) and the future development site (TeesAMP 2) the Council could realise a significant capital receipt and reduce the capital programme by £8.8m which would require debt financing at an additional long term revenue cost to the Council.

40. The annual income lost through the sale of TeesAMP 1 is significant but represents a necessary cost of releasing the early receipt.

41. The overall financial impact of the changes proposed above is as follows:

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Revenue					
Lost income	0.025	1.075	0.409	0.125	1.634
Lost income (rent free periods)	0.650	0.000	0.000	0.000	0.650
Total	0.675	1.075	0.409	0.125	2.284
Capital	0.000	0.000	0.000	0.000	0.000
Receipts received	-10.600	-4.745	-0.200	-0.750	-16.295
Capital no longer required	0.000	-8.800	0.000	0.000	-8.800
4% cost of sales reduction	-0.424	-0.190	-0.008	-0.030	-0.652
Total	-10.176	-13.485	-0.190	-0.750	-24.601

Land

42. Although the future use of all of the Council's land holdings has been considered, sites have only been identified for disposal where they are not required for public open space, hold potential for commercial or residential use and are likely to secure planning and highways consent. Those identified for disposal are as follows:

Housing Sites

- a. Land East of Middlesbrough Municipal Golf Centre Driving Range;
- b. Acklam [Stainsby Road];
- c. Hemlington Grange [West];
- d. Coulby Farm Way East / West;
- e. Muirfield, Nunthorpe; and,
- f. Land West of Toby Carvery.

Commercial Sites

- g. Cannon Park Car Park 1;
- h. Cannon Park Car Park 2; and,
- i. Corporation Quay.

43. Plans of these sites are included as Appendix I.

44. Alongside the plots of land identified above, the Council also owns a significant number of smaller sites and individual plots that would be disposed of as 'business as usual' throughout the year as interest comes forward. It is noted that this process would continue as normal in addition to the disposal of those sites identified above.

45. As most of these identified sites are relatively small there is no requirement to include them specifically within the Local Plan that is currently in development in order to realise their housing potential. It is however prudent for the largest sites (a,b and c) to

be included within the Preferred Options document due to go out to consultation in December.

46. Although it is normal practice to dispose of land ‘*subject to the purchaser securing planning permission*’ the delay that is caused between deals being agreed and the receipt ultimately being received can be significant. Although this remains relevant to the development of larger strategic sites, in the current financial climate it may not be prudent to attach this condition to all of the sales identified above as significant delays in receiving receipts would be problematic in terms of realising the required pipeline of capital receipts.

47. The overall financial impact of the changes proposed above is as follows:

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Capital					
Receipts received	0.000	-1.167	-3.550	-4.300	-9.017
4% cost of sales reduction	0.000	0.047	0.142	0.172	0.361
Total	0.000	-1.120	-3.408	-4.128	-8.656

48. A summary of the proposed recommendations is included as Appendix II.

Disposal Strategy

49. The Council has a clear Asset Disposal Policy that has been approved as part of the overall Asset Management Plan and is included as Appendix III. Although both the Asset Management Framework and the Disposal Policy are under review as part of the wider asset work, no changes are proposed that would alter the recommendations or how they are taken forward.

50. The current disposal policy does however require that the disposal of assets over the financial threshold are subject to an Asset Disposal Business Case that requires Executive consideration. In light of the formal review undertaken to date, the balanced analysis of the business case that has already been carried out and the volume of sales proposed, it is recommended that the Executive approve the defined list of disposals set out, with the sign-off of individual Asset Disposal Business Case forms being delegated to the Director of Regeneration in consultation with the Director of Finance as they come forward. Any additional assets subsequently identified for disposal or recategorized to identify them for disposal would be brought back to Executive.

51. Although the individual sites and properties identified for disposal could all be placed on the open market at once, this may not be appropriate in terms of maximising the return to the Council. As a result it may be necessary to dispose of properties in waves to enable best value to be secured. It is therefore recommended that the responsibility for the packaging and timing of disposals identified in this report be delegated to the Director of Regeneration in consultation with the Director of Finance.

52. The general principles of open market sale will be observed in the disposals unless there is a clear and obvious reason identified for a specific asset. Departure from these principles would need to be confirmed by the Directors of Finance and Regeneration

and recorded as delegated decisions. It is anticipated that the higher value disposals such as TeesAMP will be managed through external agents with the necessary expertise to maximise the return for the Council. Others will be managed through the Council's Valuation and Estates Team.

53. All operational properties identified for disposal will be vacated and mothballed at the earliest opportunity to enable savings to be made in terms of utilities and business rates.

Implementing the Rest of the Review

54. The changes identified as being required to implement the alternative strategies for properties such as Boho 1,5,8 and X will be implemented through the Council's Asset Management Team and brought forward for Executive decisions where required.

55. The additional objectives of the wider review including the move to a single corporate landlord model will also come forward for Executive consideration – including an Asset Management Plan updated to reflect the move to a Corporate Landlord model.

What decision(s) are being recommended?

That the Executive:

- a. close and sell Middlesbrough House, relocating staff to Fountain Court and other Council buildings;
- b. invest £1.5m from the Council's Capital Programme in expanding the capacity of Fountain Court and other Council buildings;
- c. relocate the Live Well Centre from Dundas House to the Cleveland Centre, subject to confirmation of external funding;
- d. relocate Middlesbrough Community Learning from the Multi Media Exchange to the Cleveland Centre, subject to confirmation of external funding;
- e. close and sell Multi Media Exchange;
- f. relocate Children's Services staff from 6-14 Viewley Centre to other Council buildings;
- g. close and sell 3 Park Road North;
- h. close and sell Lloyd Street Depot;
- i. seek specialist external management arrangements for the premium assets within the commercial portfolio;
- j. sell the following commercial properties:
 - i. Tees AMP 1 & 2;
 - ii. Viewley Centre;
 - iii. Lorne Street Industrial Estate;
 - iv. Howard Street Industrial Estate;
 - v. Letitia Industrial Estate;
 - vi. Gilkes Street Industrial Estate;
 - vii. Carcut Road Industrial Estate;
 - viii. Florence/Italy Street Units;
- k. sell the Middlesbrough Municipal Golf Centre with the appropriate covenants in place to protect members and secure its permanent use as a golf club;
- l. sell the Zetland Street Car Park with the appropriate covenants in place to secure its permanent use as a car park;
- m. sell the following sites for housing development:

- i. Land East of Middlesbrough Municipal Golf Centre Driving Range;
- ii. Acklam [Stainsby Road];
- iii. Hemlington Grange [West];
- iv. Coulby Farm Way East / West;
- v. Muirfield, Nunthorpe;
- vi. Land West of Toby Carvery;
- n. sell the following sites for commercial development:
 - i. Cannon Park Car Park 1;
 - ii. Cannon Park Car Park 2;
 - iii. Corporation Quay;
- o. delegate the approval of individual Asset Disposal Business Case forms for the assets listed above to the Director of Regeneration, in consultation with the Director of Finance; and,
- p. delegate the packaging and timing of disposals identified in this report to the Director of Regeneration, in consultation with the Director of Finance.

Rationale for the recommended decision(s)

56. Reducing the number of assets held by the Council will enable revenue costs to be reduced and capital receipts to be secured, and the alternative strategies proposed for others should enable the Council to reduce its revenue costs and increase commercial income. The additional income, reduced expenditure and secured capital receipts will all be essential to addressing the budget challenges that the Council faces, but comes at the cost of reducing longer term income potential.

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

57. The following options have been considered as part of the review:

Dispose of all non-operational assets

58. Although the Council's short term financial situation is challenging and would be supported by the complete disposal of all non operational assets, there is a need to balance this with the longer term view as well. If the Council sells all commercial assets and invests the receipts in reducing capital borrowing and funding transformation, there is inevitably going to be less long term reliance upon the revenue income generated by a commercial portfolio. This reliance is however unlikely to be eased to the extent that none of the commercial income is required in future. The optimum balance can be found by taking a more incremental approach that is recommended in this report, and if the financial position improves and the long term reliance on commercial income reduces over time then there is a case to be made for further asset disposals.

Sale and leaseback of operational assets

59. Similar to the argument regarding the disposal of all non-operational assets, the Council needs to balance taking short term capital benefits at the expense of the longer term revenue position. A sale and leaseback arrangement may ultimately be determined to be necessary if the financial position does not improve, but this exchange of long term revenue for short term capital is viewed as being an unnecessary step at this stage, with such saleable commercial assets to utilise first.

Categorisation of community based properties for disposal or retention

60. The long list of community based assets identified in the report represent an opportunity to reduce running costs, rather than to raise capital receipts. The future use

of community assets is as likely to be driven by Council need and the appetite for community asset transfers than it is by commercial considerations, as the properties have only a limited financial value. Determining the disposal or retention of these individually ahead of the Council determining its preferred model for locality working would potentially weaken the chances of success, and create a confused local picture.

Impact(s) of the recommended decision(s)

Legal

61. The disposal of land and property, the implementation of new commercial arrangements for retained properties and potential transfers to other organisations will all require significant contracting and legal input.

Strategic priorities and risks

62. The key strategic risk that the report addresses is *Failure to meet a balanced budget*.

63. As an organisation facing financial challenges, it is appropriate that the Council reviews its assets to determine whether they hinder the ability to meet a balanced budget, or whether they offer an opportunity to take action to reduce the overall strategic financial risk. The recommended actions balance the need to take short term action to reduce the risk, without compromising the longer term ability of the Council to balance its budget. As the disposal of assets can be done incrementally, the list of assets could be added to in future if the need to take more significant action is identified, and a revised risk profile is applied to the list of retained assets.

Human Rights, Equality and Data Protection

64. The sale of assets does not in itself specifically compromise the rights of individuals, but some of the recommendations on the movement of services may have an impact upon the accessibility of provision by individuals. These changes need to be subject to individual impact assessments by the relevant services prior to any implementation, and the necessary changes put in place to mitigate any identified impacts.

Financial

65. The case for generating capital receipts to fund service transformation and financial recovery is set out in the main body of the report and has been balanced throughout the review with reducing operating costs and maintaining the longer term supply of commercial income. The recommended disposals reflect the balancing of these factors with the Council's current risk profile.

66. The schedule of recommended disposals provides a flow of capital receipts and reduced operating costs across the next two to three years but is balanced by the need to invest in existing buildings such as Fountain Court to accommodate additional staff. The overall forecast outcome of the recommended actions is therefore as follows:

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Revenue					
Reduction in running costs	0.000	-0.223	-0.261	-0.035	-0.519

Lost income	0.025	1.075	0.409	0.125	1.634
Lost income (rent free periods)	0.650	-0.650	0.000	0.000	0.650
Total	0.675	0.202	0.148	0.090	1.765
	0.000	0.000	0.000	0.000	0.000
Capital	0.000	0.000	0.000	0.000	0.000
Expenditure required	0.350	1.150	0.000	0.000	1.500
Receipts received	-10.600	-7.412	-4.000	-5.050	-27.062
Capital no longer required	0.000	-8.800	0.000	0.000	-8.800
4% cost of sales reduction	0.424	0.296	0.160	0.202	1.082
Total	-9.826	-14.765	-3.840	-4.848	-33.279

67. The financial impacts of the recommendations are based on the following assumptions:

- a. TeesAMP would be sold in 2023/24;
- b. all other properties would be sold by the end of 2026/27;
- c. the cost of selling each asset is estimated at 4% of its value; and,
- d. rent free periods in existing leases on properties being sold would be accounted for in the year of sale.

68. The current capital programme includes a plan to utilise capital receipts over the term of the 2023/24 Medium Term Financial plan. It should be noted that all commitments in the capital programme are under review and will be the subject of a further report in due course.

69. It will be necessary to review and revise the existing Transformation Programme and Flexible Use of Capital Receipts Strategy for which a report for consideration by the Executive is included elsewhere on this agenda for consideration and recommendation to Council for approval. The 2024/25 Flexible Use of Capital Receipts Strategy will be brought forward as part of the budget setting proposals for approval by Council in February 2024. It should be noted that the application of capital receipts under the Flexible Use of Capital Receipts Strategy will require capital receipts to be realised (ie cash in the bank) before expenditure that is reliant upon this funding can be incurred.

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

Action	Responsible Officer	Deadline
Commence preparation of Asset Disposal Business Cases for the recommended properties	Director of Regeneration	31/12/23
Commence procurement specialist management arrangements for premium commercial assets	Director of Regeneration	31/12/23
Commence programme of disposals	Director of Regeneration	31/01/24
Commence programme of investment in Fountain Court and other Council buildings	Director of Regeneration	30/03/24
Commence programme of staff moves	Director of Regeneration	30/03/24

Appendices

1	Plans of Proposed Land Sales
2	Summary of Recommendations
3	Asset Disposal Policy

Background papers

Body	Report title	Date
Middlesbrough Council	Revenue and Capital Budget – Forecast Outturn at Quarter One 2023/24	23/08/23
Middlesbrough Council	Medium Term Financial Plan (MTFP) Refresh 2024/25 to 2026/27	23/08/23

Contact: Richard Horniman

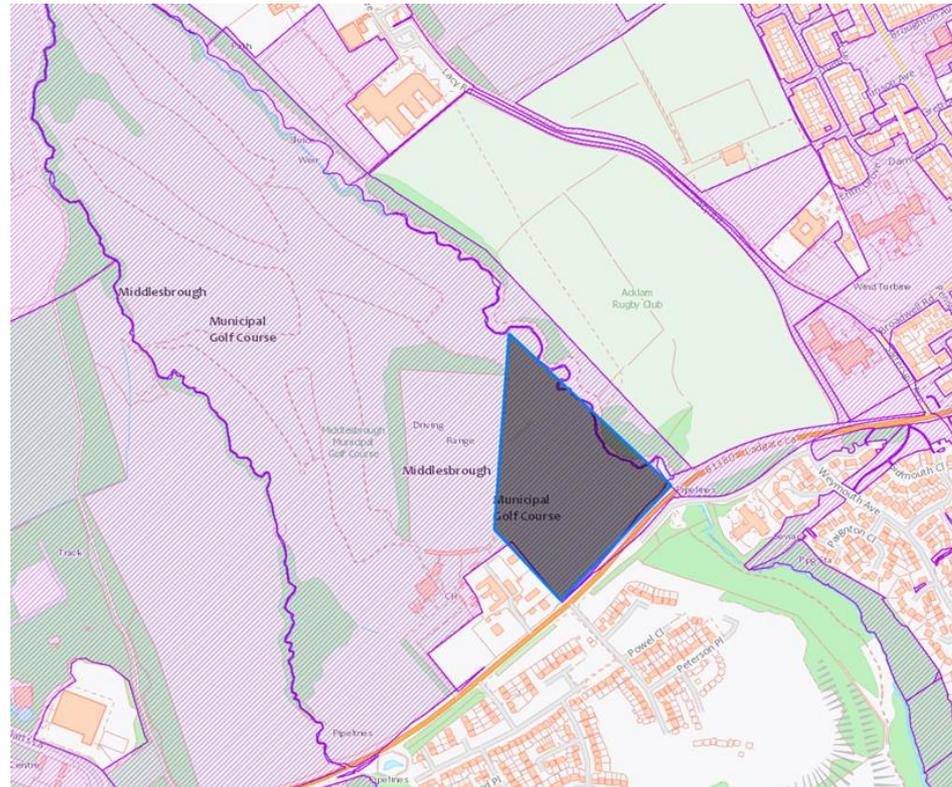
Email: Richard_horniman@middlesbrough.gov.uk

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Land East of Driving Range

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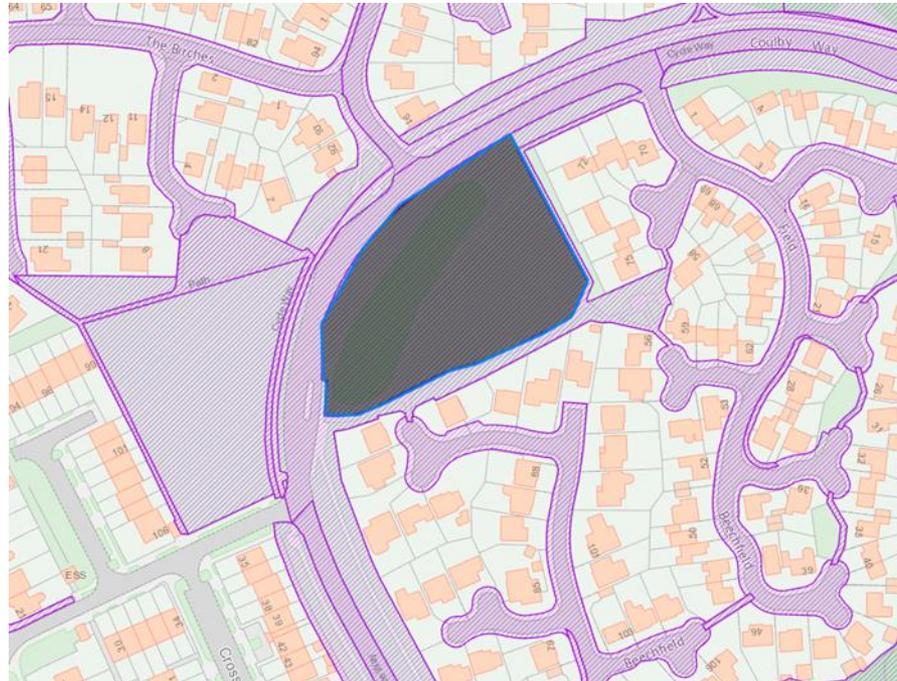
- 5.16ha



Coulby Farm Way East

- 0.56ha

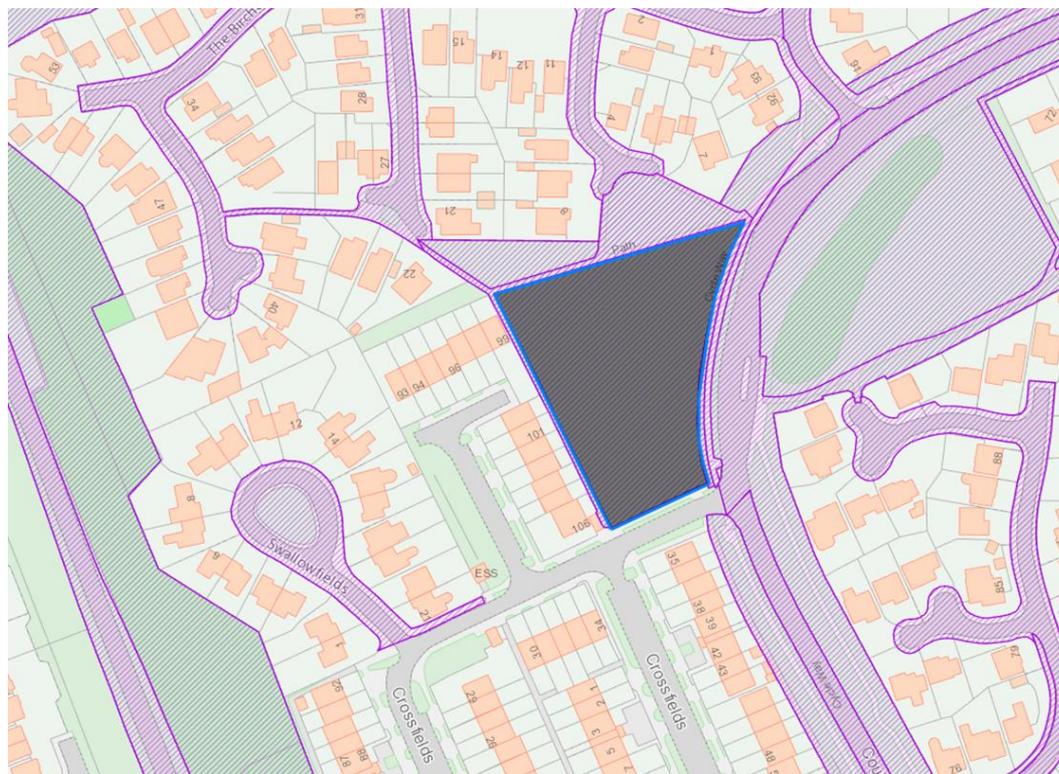
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Coulby Farm Way West

- 0.43ha

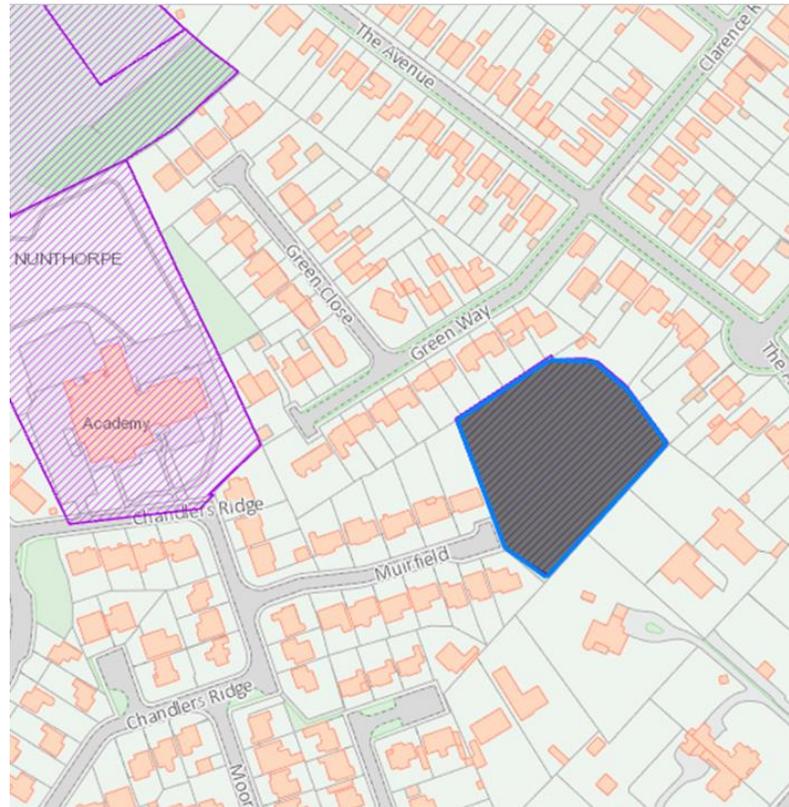
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Muirfield Nunthorpe

- 0.54ha

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Land West of Toby Carvery

- 1.03ha

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Cannon Park Car Park 1

- 0.74ha

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Appendix II – Summary of Asset Review Recommendations

1. Close and sell Middlesbrough House, relocating staff to Fountain Court and other Council buildings
2. Invest £1.5m from the Council's Capital Programme in expanding the capacity of Fountain Court and other Council buildings
3. Relocate the Live Well Centre from Dundas House to the Cleveland Centre, subject to confirmation of external funding
4. Relocate Middlesbrough Community Learning from the Multi Media Exchange to the Cleveland Centre, subject to confirmation of external funding
5. Close and sell Multi Media Exchange
6. Relocate Children's Services staff from 6-14 Viewley Centre to other Council buildings
7. Close and sell 3 Park Road North
8. Close and sell Lloyd Street Depot
9. Consider the long term future of Resolution House, with a view to identifying a new depot solution
10. Consider the long term usage of the Town Hall (Municipal Buildings) to justify ongoing investment
11. Review other Council properties such as Family Hubs, community centres and crematoria once the future operating models for various services are determined
12. Seek alternative management arrangements for retained commercial properties to provide separation between the Council's landlord role and the wider economic development role
13. Dispose of the following industrial properties:
 - a. Viewley Centre
 - b. Lorne Street Industrial Estate
 - c. Howard Street Industrial Estate
 - d. Letitia Industrial Estate
 - e. Gilkes Street Industrial Estate
 - f. Carcut Road Industrial Estate
 - g. Florence Street Units
 - h. Italy Street Units

14. Dispose of Middlesbrough Municipal Golf Centre with the appropriate covenants in place to protect members and secure its permanent use as a golf club
15. Dispose of Zetland Street Car Park with the appropriate covenants in place to secure its permanent use as a car park
16. Dispose of TeesAMP 1
17. Dispose of the site identified for TeesAMP 2
18. Reduce the Council's Capital Programme by the £8.8m identified for the development of TeesAMP 2
19. Dispose of the following sites for housing development:
 - a. Land East of Middlesbrough Municipal Golf Centre Driving Range;
 - b. Acklam [Stainsby Road]
 - c. Hemlington Grange [West]
 - d. Coulby Farm Way East / West
 - e. Muirfield, Nunthorpe
 - f. Land West of Toby Carvery
20. Dispose of the following sites for commercial development:
 - a. Cannon Park Car Park 1
 - b. Cannon Park Car Park 2
 - c. Corporation Quay.



Asset Disposal Policy

Live from: April 2021

Live until: April 2024

Title	Asset Disposal Policy		
Creator	Author(s)	David Velemir	
	Approved by	Content to be approved by Executive Committee	
	Department	Finance	
	Service area	Valuation & Estates	
	Head of Service	David Velemir	
	Director	Ian Wright	
Date	Created	January 2020	
	Submitted	April 2021	
	Approved		
	Updating Frequency	Every three years or as case law/legislation require changes	
Status	Version: 1.4		
Contributor(s)	David Velemir, Louise Grabham, Ian Wright, Martin Shepherd, Andrew Perriman, Valuation & Estates Team		
	Legislation	Best Value Statutory Guidance, General Disposal Consent (2003), Local Government Act 1972.	
Subject	Asset Disposals		
Type	Policy		
	Vital Record		EIR
Coverage	Middlesbrough Council		
Language	English		

Document Control

Version	Date	Revision History	Reviser
1.0	December 2016	Policy content agreed within a report to Executive Sub-Committee for Property	Ian Wright
1.1	October 2017	Policy content transferred into a policy format – no change to content – signed off by Estates Strategy Board	Ian Wright / Ann-Marie Johnstone
1.2	January 2019	Additional guidance around what constitutes pipeline and active Disposals	Ian Wright
1.3	January 2020	Policy content to be agreed within a report to Executive Committee	David Velemir
1.4	April 2021	Policy content to be agreed within a report to Executive Committee	Louise Grabham

Distribution List

Version	Date	Name/Service area	Action
1.0	December 2016	LMT, Asset Management, Economic Development, Finance, Legal and Valuation & Estates Teams	Disseminate
1.1	October 2017	LMT, Asset Management, Economic Development, Finance, Legal and Valuation & Estates Teams	Disseminate
1.2	January 2019	LMT, Asset Management, Economic Development, Finance, Legal and Valuation & Estates Teams	Disseminate
1.3	March 2020	Asset Management, Economic Development, Finance, Highways, Legal and Valuation & Estates Teams	Disseminate
1.4	April 2021	Asset Management, Economic Development, Finance, Highways, Legal and Valuation & Estates Teams	Disseminate

Scope and purpose

1. The acquisition and disposal of assets is essential to enable the Council to update its asset portfolio to meet the changing needs of Middlesbrough.
2. Ensuring that the Council's assets are disposed of properly and in the best interests of the town is a key duty of the Council.
3. The purpose of this policy is to set out how the Council will manage disposal of its assets. It provides a framework for decisions to be considered in the light of the responsibility to support communities and stimulate economic activity in Middlesbrough.
4. This policy applies to all property assets owned by the Council. Where approval to dispose of property has been granted under previous policy, steps will only be taken to retrofit application of this policy to 'live' disposal cases.

Equality and Diversity

5. This policy will provide:
 - A clear framework for the disposal of assets
 - A process that will support effective management of the Council's property assets.

Drivers and enablers

6. Asset disposals are an essential part of the delivery of the Council's Estates Strategy, which is intended to support the Mayor's priorities around people, place & business in addition to delivering the Council's Strategic Priorities of:
 - Physical Regeneration
 - Social Regeneration
 - Business Regeneration
7. The policy has been put in place to set out how the Council will manage its property portfolio. The Council's Estates Strategy allows groups its property assets under five categories to ensure they are being effectively managed (properties can move across these groups and may be applicable to more than one group because of the nature of the asset). The five categories are:
 - To generate revenue streams
 - To generate capital receipts
 - To stimulate economic activity
 - To support communities
 - To deliver operational services
8. This policy applies where a business case for disposal of an asset is approved by the Head of Asset Management, as it is no longer required by the organisation for operational purposes and disposal is recommended based on consideration of the Estates Strategy aims.

9. In the interests of completeness there is also a record of assets defined as pipeline disposals – these assets do not yet have an approved asset disposal business case, as they are at an early stage of consideration for disposal and no decision has been made that the Council has a desire to dispose. Once it is clear that the Council no longer requires an asset and wishes to pursue disposal, a business case will be approved by the Head of Asset Management and these disposals will then be classified as active disposals and follow this policy.
10. The disposal of Local Authority assets is governed by the General Disposal Consent (2003) under the Local Government Act 1972. This consent gives Councils the power to dispose of assets for market value or for less than the market value for the following reasons;

Asset Disposal Triggers

11. The Council's property assets will be kept under active management and be assessed with those properties being brought forward for disposal. This process will be overseen by the Council's Asset Management Team. Reasons for disposal could include:
 - Operational assets that are no longer required for the provision of services and/or a drain on the Council's resources
 - Commercial assets that are poorly performing in terms of income generation
 - Properties that have been identified as having the potential to support the voluntary sector in its work within the Town
 - Properties that could have a demonstrable effect on economic and/or social regeneration within the Town
12. This list is not exhaustive and there may be other issues that trigger the rationale for disposal. The trigger(s) for disposal will be fully set out in the Asset Disposal Business Case (ADBC) (attached at Appendix 1). This will be completed in order to establish the preferred use for the asset.

Overview of the asset disposal process

13. The approval process can be broken down into six stages:
 - Stage 1 – Completion of the ADBC and seek decision to market for disposal
 - Stage 2 – Approval given to market the asset for disposal
 - Stage 3 – Marketing of the asset
 - Stage 4 – Approval of sale/decision not to sell based on the outcome of the marketing exercise
 - Stage 5 – Legal Services instructed
 - Stage 6 – Completion of sale
14. These stages are set out in detail in the flow chart attached to this policy at Appendix 2 and the detailed procedure note attached at Appendix 3.

Approval processes

15. The Head of Asset Management will provide initial approval of any Asset Disposal Business Case, to provide assurance that the asset is no longer required by the Council for operational purposes.
16. The approval to market, and final approval to dispose/not sell, will be taken by the following, depending on the estimated value of the asset by the:
 - Valuation & Estates Manager – meets the non-key decision test and up to £50,000.
 - Director of Finance – meets the non-key test and up to £150,000.
 - Executive Committee – meets the key decision test (one element of this is that it is over £150,000).
17. In the eventuality that an asset achieves a price in excess of the projected market value, 3% of the capital receipt will be made available for local community use for the ward in which the asset is located. The funding will be retained by the Finance Directorate and agreement for use will be determined in consultation with the following parties:
 - Director of Finance
 - Executive Member – Finance and Governance
 - Ward member in which asset was situated

This will ensure any capital receipt expenditure will meet accounting requirements.

Overview of the asset disposal process

18. This policy will be reviewed every three years, unless case law, legislation or changes in best practice require it to be reviewed sooner.

Appendix 1

Asset Disposal Business Case

Asset Disposal Business Case

Name of Asset:	
Asset Register Number:	
Current Use:	
Valuation at Current Use (Asset Register)	
Reason for Disposal:	
Latest Valuation (Proposed Disposal)	

Asset disposal stream (Please Select):

Generate Capital Receipt	
Stimulate Economic Activity	
Support Communities	

(In the event of more than one stream being relevant, please rank in order of importance – 1, 2 & 3)

Officer requesting disposal (Responsible Service Manager):

Name:	
Position:	

Could the asset be disposed of for an alternative use that may give a higher capital receipt to the Council:

Yes		No	
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(To be completed by the Valuation & Estates Team)

If yes, please outline the potential use:

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Estimated Value at Alternative Use	
------------------------------------	--

Is the Council proposing to dispose of the asset at an undervalue:

Yes		No	
-----	--	----	--

(To be completed by the Valuation & Estates Team)

If yes, please outline the reasons why, and how, the proposed disposal will secure, promote or improve economic & social well-being:

--

Key factors to be considered when assessing potential disposals:

1.	
2.	
3.	
4.	

Any additional financial factors to be considered other than immediate capital receipt:

--

Asset not needed by the Council – approved to proceed:

Head of Asset Management	Yes	No	Date

Preferred method of marketing:

Formal/Informal Offers	
Private Treaty	
Auction	
Community Asset Transfer Process	

(To be completed by the Valuation & Estates Team prior to marketing)

Method for final approval:

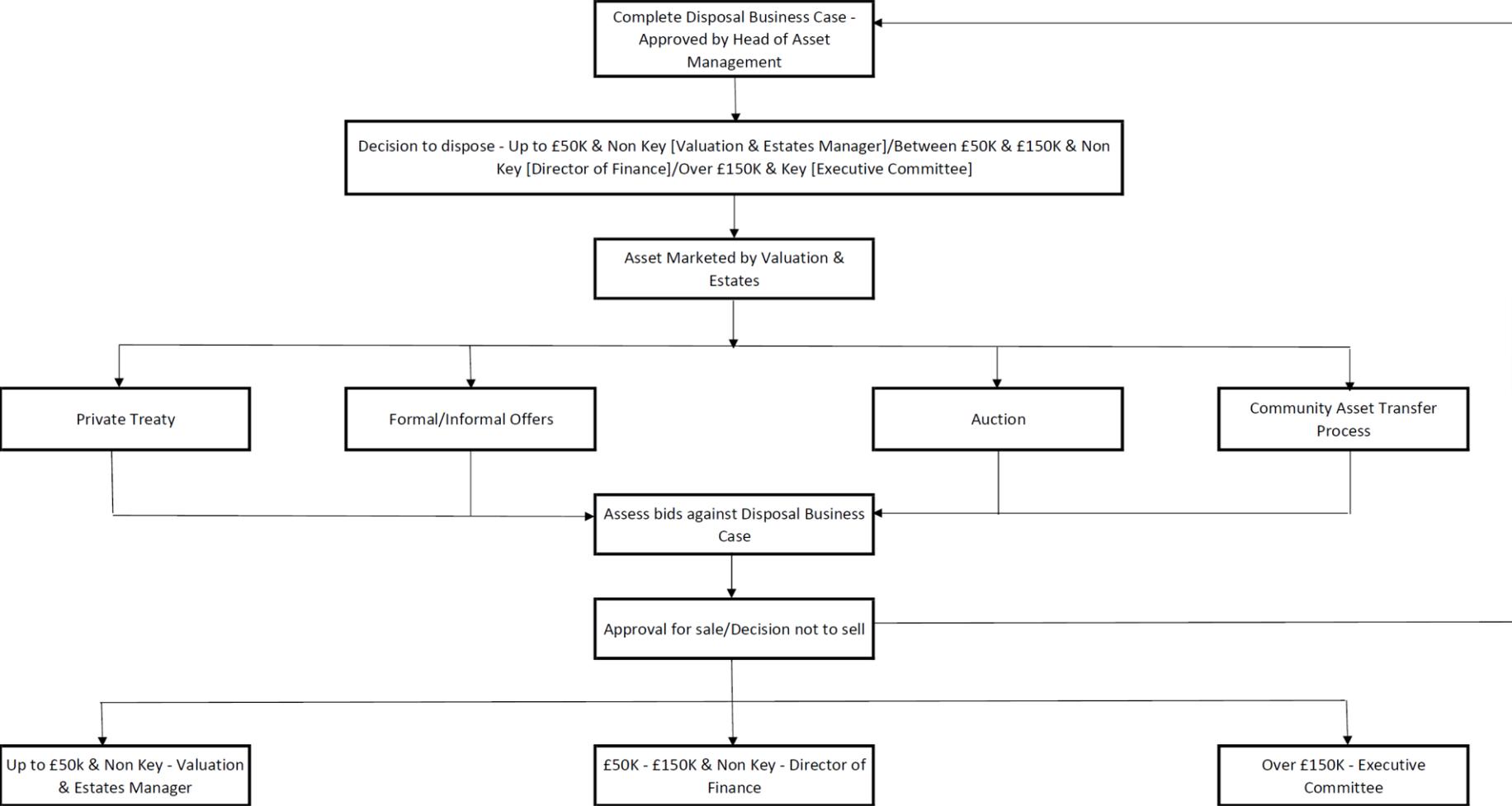
Estimated Value	Approval Required	Authorised	Date
Up to £50,000	Valuation & Estates Manager		
Between £50,000 and £150,000	Director of Finance		
More than £150,000	Executive Committee		

(To be completed by the Valuation & Estates Team prior to marketing)

Appendix 2

Asset Disposal Process Flow Chart

Asset Disposal Process



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Appendix 3 – Detailed procedure note

This note should be read alongside the content of the Asset Disposal Business Case template form. It sets out actions that should be taken at each of the six stages of the asset disposal process:

- Stage 1 – Completion of the ADBC and seek decision to market for disposal
- Stage 2 – Approval given to market the asset for disposal
- Stage 3 – Marketing of the asset
- Stage 4 – Approval of sale/decision not to sell based on the outcome of the marketing exercise
- Stage 5 – Legal Services instructed
- Stage 6 – Completion of sale

Stage 1 – Completion of the ADBC

1. The completion of the Asset Disposal Business Case is the commencement of the asset disposal process under this policy. This represents the point where the Council decides that it wishes to actively consider disposal of an asset, prior to this point, consideration of the position of assets may still be monitored but will not be covered by this policy
2. Identification that the most appropriate way to manage an asset is to dispose of it, may come from a number of sources within the Council as part and parcel of day to day asset management. The source and rationale should be clearly recorded within the Asset Disposal Business Case 'reason for disposal' section. All ADBC's will be completed by the Officer requesting disposal in collaboration with the Valuations and Estates Team.
3. The primary reason for disposal should be indicated, whether it is to:
 - Generate capital receipts.
 - Stimulate economic activity.
 - Support communities.
4. The rationale for selecting the reason should be fully set out in the ADBC in this section.
5. It is important to note that because the completed ADBC is approved by Head of Asset Management, that person will not commission any requests for disposals to avoid a potential conflict of interests, although Officers within that service may do so.
6. The ADBC will identify whether an asset could be disposed of for an alternative use that may give greater benefit to the Council. The purpose of this free text section is to identify whether there are other uses that would generate a greater level of income than either the current use or the proposed use, if one has been suggested by the Officer requesting disposal. To give an example that illustrates the thinking required for this section, a building valued by the Council at £10,000 may have attracted interest from a potential buyer who has offered £15,000 – but, as a cleared site, the asset might generate £100,000 in capital, plus housing that would attract new homes bonus payments and increase the Council Tax base of the Town. This last figure, with information on the additional benefits that could be derived, should be entered into the estimated value at alternative use in this example.

7. The next section of the ADBC will set out the key factors that should be considered when assessing disposals. Depending upon the asset, this might include:
 - Any regeneration plans for the area
 - The market value of the property
 - Any other outcomes required from the disposal that may include the potential social value offered by any sale, such as job creation and community benefits.
8. Again, this list is not exhaustive as it is impossible to anticipate every scenario that may result in an asset disposal.
9. In order for the Council to make properly informed decisions around disposal, the market value of the existing use of each asset must be sought at the point of the decision to dispose. Where appropriate, a professional valuation should be procured by the Valuation & Estates Team in order to properly consider the potential of alternative uses for a site/property that might provide an improved return for the Council than the existing, or identified, use.
10. A valuation is required because the valuation of an asset on the Council's balance sheet is likely to be different to its market value. For accounting purposes the valuation used for the balance sheet is usually based upon the replacement cost to the Council of the asset rather than what might be achieved if it is sold on the open market. Therefore an open market valuation is required before the disposal process commences.
11. At this stage it is also important for the Council to assess if some investment in the property, for example around ground investigations or planning consents, would be likely to increase the potential income that could be generated by the disposal.
12. As set out above, the Council is not bound to make decisions around disposals based upon purely financial criteria – it is however essential that the financial position is clearly set out, so that the opportunity cost of delivering other factors can be properly understood.
13. If the Council clearly understands the market value of an asset, with no constraints on the use a purchaser may make of the asset, then it will be able to assess how much potential capital receipt would need to be sacrificed in order to achieve a desired social, economic or environmental outcome.
14. Subject to compliance with the requirements of statutory legislation, the Council is then able to conclude that the reduction in capital receipt is worthwhile in order to obtain the economic, social or environmental value offered by the prescribed use.
15. It is also important that future revenue streams such as Council Tax, New Homes Bonus and Business Rates are properly factored into the equation when assessing the potential benefit to the Council of a transaction. Any assessment of a disposal must take into account the medium to long term and pick up these issues alongside the capital receipt and any short or long term liabilities.
16. The Disposal Business Case will be authorised in the first instance by the Head of Asset Management, to ensure that the disposal of the asset is in line with the Council's overall Estates Strategy.

Stage 2 – Approval given to market the asset for disposal

17. The disposal will then be approved as follows, depending on the estimated value of the asset by the:
 - Valuation & Estates Manager – meets the non-key decision test and up to £50,000.
 - Director of Finance – meets the non-key test and up to £150,000.
 - Executive Committee – meets the key decision test (one element of this is that it is over £150,000).
18. Where approval is via an Officer decision, this must be recorded and published following the Officer delegated decision making process. Democratic Services Officers can provide guidance on completion of this process.
19. Where a meeting of the Executive Committee is required, the Executive report process should be followed. Again, advice on this is available on the intranet, and from Democratic Services Officers.
20. Regardless of the approval route, the proposal to recommend marketing for disposal should be accompanied by sufficient information to provide assurance that the proposal is compliant with the Asset Disposal Policy.

Stage 3 – Marketing of the asset

21. The ADBC will identify the preferred method of Marketing as one of the following:
 - Formal/informal offers
 - Private treaty
 - Auction
 - Community Asset Transfer process

Stage 4 – Approval of sale/decision not to sell based on the outcome of the marketing exercise

22. The delegation of responsibilities for the approval of sales/decision not to sell are outlined below, and are based on the estimated value of the asset, not the sale offer(s) received;
 - Valuation & Estates Manager – meets the non key decision test and up to £50,000.
 - Director of Finance – meets the non key decision test and up to £150,000.
 - Executive Committee – meets the key decision test (one element of this is that it is over £150,000).

23. Any proposed sale that is less than the asset value for current use determined in the Disposal Business Case must be approved by the Director of Finance in their role as S151 Officer and the Director of Legal and Governance Services as Monitoring Officer prior to any of the authorisations taking place. This will apply to any proposed sale:
- **For Assets valued up to £50,000**
Above £10,000 variance from asset value
 - **For Assets valued between £50,000 and £150,000**
Above 20% variance from asset value
 - **For Assets valued above £150,000**
Above 20% variance from asset value or £150,000 variance from asset value
24. In addition to any requests for wayleaves, easements, licences or associated deeds, all new leases, associated renewals, variations and rent reviews are to be signed off by the Valuation & Estates Manager.

Stage 5 – Instruct Legal

25. Once appropriate approvals are secured, instructions to proceed in line with those respective approvals should be issued in writing to Legal Services. Fees will be demanded as standard by the Council in all disposal transactions – upon completion, purchasers will be required to pay the Council's reasonable legal fees (equivalent to 1.50% of the purchase price) and surveyors fees (equivalent to 2.00% of the purchase price). These fees will be subject to capped minimum payments of £1,500 (legal) & £2,000 (surveyors) and the authority to depart from this standard approach will be at the discretion of the Valuation & Estates Manager.

Stage 6 – Completion of Sale

26. Once contracts have been exchanged, the asset will be classified as a completed disposal – if the sale does not proceed, the asset will be reclassified as a legacy disposal, and go back to stage 3 of this policy process.

MIDDLESBROUGH COUNCIL	
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Report of:	Executive Member for Finance and Governance Interim Director of Finance (s151 Officer)
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Submitted to:	Executive
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Date:	21 November 2023
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Title:	Flexible Use of Capital Receipts Strategy – 2023/24 Refresh
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Report for:	Decision
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Status:	Public
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Strategic priority:	All
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Key decision:	No
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Why:	Not applicable
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Report to be referred to Council for approval

Urgent:	No
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Why:	
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Executive summary
<p>Local authorities are ordinarily limited in their ability to utilise capital receipts from the sale of fixed assets for specific purposes which precludes financing of revenue expenditure under s15(1) of the Local Government Act 2003 (as amended).</p> <p>In 2016/17, the Department of Levelling up Housing and Communities) (DLUHC) implemented a time limited relaxation to the regulations under the Local Government Act 2003 Sections 16(2)(b) and 20: Treatment of Costs as Capital Expenditure. This allows capital receipts to be used to finance revenue expenditure in specific circumstances and subject to certain conditions. The current statutory direction applies to financial years from 1 April 2022 up to and including 31 March 2025 and it is expected that the scheme will continue into future years as a tool that brings flexibility to local authorities pursuing transformation and modernisation to improve value for money.</p>

Eligible expenditure under the regulations relates to:

- revenue expenditure which is designed to generate ongoing expenditure savings, income generation, and/or more efficient delivery of services, and/or
- transforms service delivery to reduce costs/ reduce demand; and/or
- improves the quality-of-service delivery in future years.

The annual Flexible Use of Capital Receipts (FUoCR) Strategy for 2023/24 was approved by Full Council in February 2023 as part of the approval of the budget and Medium-Term Financial Plan (MTFP). The Strategy set out plans of up to £3m of eligible revenue expenditure to be incurred during 2023/24 to be funded by capital receipts in accordance with statutory regulations.

The Council is not allowed to apply flexible capital receipts to fund expenditure in excess of the sum set out in the approved FUoCR Strategy. However, the regulations enable the revision of the FUoCR Strategy to reflect an increase in the plan during the financial year provided that it is approved by Council and notified to the Department of Levelling Up Housing and Communities (DLUHC).

As the Executive is aware, Chief Officers have worked over the course of the year to develop financial recovery plans that will deliver cost reductions in 2023/24 and into 2024/25 and future years. Some of these plans require the investment in additional capable capacity on a short-term basis in order to develop and implement projects and initiatives that will deliver cost efficiency and/or improved outcomes going forward. The value of the planned expenditure to be funded from FUoCR within 2023/24 has therefore increased by £1.299m from £3m to £4.299m for the 2023/24 financial year.

Given the critical level of Council revenue reserves, the primary source of funding such investment is further utilisation of capital receipts in accordance with the FUoCR Strategy. As part of the review of the Strategy, the opportunity has been taken to optimise the use of capital receipts to fund in year transformation expenditure. This requires the consideration of the revised strategy by the Executive and referral for consideration and approval by Council.

That the Executive:

- Endorse the proposed revisions to the FUoCR Strategy increasing the planned expenditure in 2023/24 from £3m to £4.299m and refer to Council for consideration and approval.
- Note the interim revenue financing arrangements from the Change Fund pending receipt of cash from asset disposals enabling the application of capital receipts in line with the regulations.

Purpose

1. This report proposes a revision of the FUoCR Strategy for the Council for 2023/24 that is subject to approval by Full Council. The report sets out the revisions to the Strategy that are required in order to enable a range of transformation and efficiency plans to be progressed within the 2023/24 financial year to be funded from Usable Capital Receipts which are the primary source of funding available given the Council's usable revenue reserves are critically low.
2. The report sets out the approach that will be taken to optimise the Flexible Use of Capital Receipts during 2023/24 in accordance with Statutory Guidance within the context of the Council realising a pipeline of cash receipts from the disposal of capital assets subject to Executive approval of the recommendations set out in the Asset Review report elsewhere on this agenda.

Background and relevant information

3. 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 (as amended) by the Ministry of Housing, Communities and Local Government (now Department of Levelling Up Housing and Communities – DLUHC) 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.
4. The Spending Review 2015 included a relaxation to the above regulations allowing the use of capital receipts for a limited period, initially between 2016/17 and 2018/19, to fund revenue expenditure:
 - a. that is designed to generate ongoing revenue savings in the delivery of public services and/or
 - b. transform service delivery to reduce costs and/or
 - c. improve the quality of service delivery in future years”.

Further revisions to the regulations have been implemented, refining, and extending the scheme, the latest of which was issued on 2 August 2022 to apply to financial years 2022/23, 2023/24 and 2024/25.

5. A summary of the key points of the current direction and the Statutory Guidance are set out below and a link to the detailed Statutory Guidance is included in the Background Papers section to this report.
 - a. Capital receipts are the money that councils receive from asset sales, the use of which is normally restricted to either funding capital expenditure or repaying debt. The receipts cannot usually be used to fund revenue expenditure.

- b. The direction allows authorities to use the proceeds from asset sales to fund the revenue costs in specific circumstances where projects:
 - i. will reduce costs, or
 - ii. increase revenue income, or
 - iii. support a more efficient provision of services.
- c. 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 under the direction (i.e. currently 2021/22 to 2024/25).
- d. In 2022 a new restriction was introduced to ensure that capital receipts obtained must be from 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.
- e. 'Qualifying expenditure' is defined as '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.
- f. In 2022 a new restriction was introduced to prevent authorities from funding 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.

To clarify the statutory payments that can be claimed through the flexible use of capital receipts are:

- Redundancy pay – based on the capped weekly wage for statutory payments of £643 and a maximum 30 weeks as per the statutory guidance (therefore the maximum statutory redundancy pay claimable under flexible use of capital receipts is £19,290)
 - Pension strain costs – not including any discretions, added years etc.
- g. There is a requirement to annually 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).
 - h. 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.
 - i. Since 2022 local authorities must send details setting out their planned use of the flexibility in advance of use for each financial year to DLUHC. 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.

- j. Since 2022/23 the Strategy is required to 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.
 - k. The Statutory Guidance allows local authorities to update their Strategy during the year and must notify DLUHC to enable central Government to keep track of planned and actual use of the flexibility. Full Council must approve the revised plan.
 - l. The amount of expenditure capitalised in the financial year must not exceed the amount set out in the plan, including any updated plans, provided to the DLUHC. This is to allow central Government to keep track of planned use of the flexibility for national accounts purposes.
6. The revised Flexible Use of Receipts Strategy is set out in Appendix 1. In accordance with the Statutory Guidance, this includes details of:
- a. Previous year projects including a commentary on whether the planned savings or service transformation have been/ are realised in line with the initial analysis
 - b. The original plan for 2023/24
 - c. The revised plan for 2023/24
 - d. The forecast of capital receipts from approved asset sales, together with forecast receipts from asset disposals that are proposed for approval by the Executive as set out in the Asset Review report contained elsewhere on this agenda
7. Given that the application of capital receipts is dependent upon the receipt of cash from asset disposal by 31 March 2024, arrangements have been made to provide revenue budget cover to fund the expenditure on financial recovery plan initiatives to enable them to progress quickly. An exercise will be undertaken at the year end to apply capital receipts to replace the committed revenue expenditure as explained in financial implications at paragraphs 15 to 20.

What decision(s) are being recommended?

That the Executive:

- Endorse the proposed revisions to the FUoCR Strategy increasing the planned expenditure in 2023/24 from £3m to £4.299m and refer to Council for consideration and approval.
- Note the interim revenue financing arrangements from the Change Fund pending receipt of cash from asset disposals enabling the application of capital receipts in line with the regulations.

Rationale for the recommended decision(s)

8. The revised FUoCR Strategy will enable the progression of Financial Recovery Plans to deliver cost reduction, income generation, and/or income generation that will contribute to reducing the in-year overspend and the Council's ability to balance the 2024/25 budget and MTFP to 2026/27.

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

9. If the revised FUoCR Strategy is not approved, then projects and initiatives to deliver cost reduction and income growth will either not be able to progress at all, or will be constrained by limited revenue resources in the Change Fund.

Impact(s) of the recommended decision(s)

Legal

10. Local authorities are ordinarily limited in their ability to utilise capital receipts from the sale of fixed assets for specific purposes which precludes financing of revenue expenditure under s15(1) of the Local Government Act 2003 (as amended).
11. The Department of Levelling up Housing and Communities (DLUHC) implemented a time limited relaxation to the regulations under the Local Government Act 2003 Sections 16(2)(b) and 20: Treatment of Costs as Capital Expenditure. This allows capital receipts to be used to finance revenue expenditure in specific circumstances and subject to certain conditions. The current statutory direction applies to financial years from 1 April 2022 up to and including 31 March 2025.
12. As this is a budget and policy framework matter it is for Full Council to approve, following the recommendation of the Executive to it in accordance with s.1.9(a) Financial Procedure Rules.

Strategic priorities and risks

13. This report forms an element of the Council's budget and policy framework which underpins the priority to deliver a legally balanced budget and sustainable medium term financial plan.

Human Rights, Equality and Data Protection

14. There are no human rights, equality or data protection issues arising as a result of the recommendations in this report.

Financial

15. The Flexible Use of Capital Receipts Strategy is a core element of the Council's budget and policy framework that is approved by Council annually. The ability to capitalise eligible revenue expenditure in accordance with the regulations set out in the main body of the report, provides a mechanism through which the Council is able to invest in transformation and efficiency initiatives to achieve financial recovery and resilience over the short to medium term.

16. As noted in the strategy at Appendix 1, additional capital receipts realised from both approved disposals and new disposals that are subject to Executive approval are expected to be realised before 31 March 2024. In order to apply the receipts to qualifying expenditure, the cash from disposal will need to be received by the Council by 31 March 2024. Whilst there is no guarantee that the capital receipts will be realised, officers are working hard to ensure that the forecast receipts are realised by the end of the financial year. Provided that they are, there is potential for qualifying expenditure during 2023/24 to be capitalised under the revised FUoCR Strategy in order to fund investment in transformation and efficiency, whilst also improving the 2023/24 forecast outturn position as explained below.
17. Over the course of the year to 30 September, a total of £0.594m has been approved to be committed/ spent from the Central Contingency revenue budget. Of this sum, £0.373m is in relation to expenditure enabling transformation and efficiency measures to deliver reduced expenditure in future years. This is qualifying expenditure and is incorporated into the revised strategy at Appendix 1.
18. Subject to approval of the revised FUoCR Strategy and receipt of sufficient capital receipts by 31 March 2024, this would enable £0.373m of revenue expenditure to be capitalised, therefore reducing the revenue outturn position by the £0.373m and improving the 2023/24 outturn position as summarised in table 1 below.

Table 1	Budget	Budget at 1/4/23 £m	Committed/ Spent at 30/9/23 £m	Uncommitted Budget £m
Central Contingency		1.300	(0.594)	0.706
Potential to capitalise revenue expenditure under revised FUoCR subject to realisation of capital receipts and decommit from revenue budget			0.373	0.373
Potential revised position on the Central Contingency budget		1.300	(0.221)	1.079

19. In addition to the expenditure incurred to date, Chief Officers have identified opportunities to develop and deliver Financial Recovery Plans some of aspects which require investment of £0.984m within 2023/24 which is qualifying expenditure under FUoCR and is incorporated within the revised strategy at Appendix 1. Provided that sufficient capital receipts are realised by 31 March 2024, this expenditure will be capitalised in accordance with the revised strategy.
20. In the interim period until capital receipts are realised, revenue budget cover on the planned management interventions is required to enable expenditure to be incurred and the interventions to progress promptly. The s151 Officer has approved that this revenue funding will be provided by the Change Fund, subject to review and capitalisation of the expenditure upon realisation of capital receipts. The position on the Change Fund following the balance sheet review and provision of revenue budget cover, is summarised in Table 2.

Table 2 Budget/Reserve	Budget/ Balance at 1/4/23 £m	Committed at 30/9/23 £m	Balance available to fund transformation £m
Change Fund Reserve (top up from balance sheet review)	0.758	0.000	0.758
Change Fund – central budget	0.730	0.040	0.690
Total available for transformation pending realisation of capital receipts	1.488	0.040	1.448
Planned qualifying expenditure under revised FUoCR			(0.984)
Uncommitted balance on Change Fund pending realisation of capital receipts			0.464

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

Action	Responsible Officer	Deadline
If approved by Executive on 21 November 2023 the revised Flexible Use of Capital Receipts Strategy for 2023/24 will be submitted to Council for approval on 29 November 2023	Head of Financial Planning & Support	21/11/23
If approved by Council on 29 November 2023 the revised Flexible Use of Capital Receipts Strategy for 2023/24 will be adopted and notified to DLUHC	If approved by Council on 29 November 2023 the revised Flexible Use of Capital Receipts Strategy for 2023/24 will be adopted and notified to DLUHC	If approved by Council on 29 November 2023 the revised Flexible Use of Capital Receipts Strategy for 2023/24 will be adopted and notified to DLUHC
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 approved by Council and notified to DLUHC as appropriate.	Head of Financial Planning & Support	30/6/24

Appendices

1	Revised Flexible Use of Capital Receipts Strategy 2023/24
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Background papers

Body	Report title	Date
Department for Levelling Up, Housing & Communities (DLUHC)	Flexible use of capital receipts direction: local authorities Direction - Flexible use of capital assets (publishing.service.gov.uk)	2/8/22
Department for Levelling Up, Housing & Communities (DLUHC)	Statutory Guidance on the Flexible Use of Capital Receipts (updated August 2022) Guidance on the flexible use of capital receipts (updated August 2022) - GOV.UK (www.gov.uk)	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	Children’s Services Financial Improvement Plan	14/2/23
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2023/24	27/2/23
Executive	Revenue and Capital Budget – Year-End Outturn position 2022/23 report	20/6/23
Executive	Revenue and Capital Budget – Forecast Outturn position at Quarter One 2023/24	23/8/23
Executive	Revenue and Capital Budget Forecast Outturn position at Quarter Two 2023/24	21/11/23
Executive	Asset Review	21/11/23

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Appendix 1

REVISED FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2023/24

Use of Flexible Capital Receipts in previous years

1. 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.
2. 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.

2021/22

3. 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 schedule of expenditure on projects to transform services that were funded through flexible use of capital receipts 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.
4. 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

5. The Strategy for 2022/23 was approved by Council on 7 September 2022. Table 1 summarises the projects to transform services that were proposed to be funded through flexible use of capital receipts for 2022/23 which totalled 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 provides a wider benefit, which would not otherwise be realised.
6. Delivery against the 2022/23 Strategy was reported through quarterly monitoring reports and the final year-end position against the Strategy was reported as part of the Revenue and Capital Budget – Year-End Outturn position 2022/23 report to Executive on 20 June 2023.

Table 1 Flexible Use of Capital Receipts 2022/23 Proposed

Project	Further Details	Estimated Investment Required 2022/23 £000	Estimated ongoing annual savings £000
Children's Services	Funding for transformation of Service and Children's Services Ofsted Improvement Plan to improve services and outcomes		
	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	
TOTAL		2,694	420

7. At year-end only £755,000 of capital receipts were received and for which transformation expenditure qualified under the Government regulations, i.e. that future ongoing cost/demand savings could be identified. Table 2 provides the projects to transform services that were funded through the Flexible Use of Capital Receipts for 2022/23 along with the final costs for 2022/23, and the associated estimated annual revenue cashable savings or future cost avoidance. Entries were made in the Council's accounts for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.

Table 2 – Flexible Use of Capital Receipts 2022/23 Actual

Project	Further Details	Investment Required 2022/23 £000	Estimated ongoing annual savings £000
Children's Services	Funding for transformation of Service and Children's Services Ofsted Improvement Plan to improve services and outcomes		
	Workforce Development - set up costs for the creation of a Social Worker Academy to reduce the requirement for agency staff	451	641
	Children's Services Ofsted Improvement Plan - Additional posts to improve and embed good practice	304	Enabling
TOTAL		755	641

2023/24 Original Planned Use of Flexible Capital Receipts

8. The planned use of flexible capital receipts in 2023/24 was set out in the budget and MTFP report approved by Council on 27 February 2023. The plan incorporated £3m of expenditure on transformation and other eligible expenditure within an overall MTFP strategy that forecast flexible receipts in year in excess of £9m, the balance of receipts assumed to be used to finance the capital programme.
9. The main emphasis of the Flexible Use of Capital Receipts Strategy in 2023/24 is within Children's Services associated with expenditure within the Children's Financial Improvement Plan targeted to realise savings in expenditure and cost avoidance arising from a range of projects.
10. Table 3 summarises the planned projects to transform services, achieve cost avoidance that were proposed to be funded through flexible use of capital receipts for 2023/24 totalling approximately £3m, including the estimated projected costs, and the associated estimated annual full year 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.
11. The estimates of transformational expenditure were made on a prudent basis, and it was noted that there may be a need to review and revise the original plan dependent upon whether the initial planned projects were delivered given the significant transformation work required within Children's Services which presents the single biggest risk to the Council's financial sustainability.
12. It was noted that if it was necessary to increase the use of capital receipts on a flexible basis during 2023/24 above that contained in the Strategy, that an amended plan and strategy would be submitted for approval by Council, and notified to DLUHC as required by the statutory guidance.

Table 3 - Original Planned Use of Flexible Capital Receipts 2023/24 (as approved by Council in February 2023)

Project	Further Details	Estimated Investment Required 2023/24 £000	Estimated ongoing full year net savings £000
Children's Services	Children's Services Financial Improvement Plan		
	Support to deliver Children's Financial improvement Plan	300	4,722
	Family Support - set up and lead in costs for the creation of in-house team and reduction in the use of high cost external provision	200	included in above
	Integration of specialist agency team required in Safeguarding & Care Planning to improve "Children in Need and Child Protection", and transition into business as usual. This will also led to the removal of 2 other managed Teams by using current staff to provide the service	800	included in above
	Set up and lead in costs for the implementation of various projects to Increase the in-house residential offer to reduce expenditure on external placements by purchase and/or refurbishment of additional properties to develop additional bedspaces.	500	included in above
	Creation of new Children's Services Assistant Director post to drive transformation and cost reductions	100	enabling
Corporate	Support to deliver corporate savings programme	400	8,824
	Service reconfiguration, restructuring or rationalisation of management and staff (only statutory elements included) associated with achieving the ongoing savings	500	included in above
	Support required to respond to Best Value Improvement Notice	100	enabling
Adult Social Care	Adult Social Care - implementation of improvement plan and transformation in readiness for CQC inspection	100	enabling
TOTAL		3,000	13,546

Revised Planned Use of Flexible Capital Receipts 2023/24

13. A number of schemes within the original plan for 2023/24 for £3m approved by Council in February 2023 have not progressed as originally intended and a number of new projects have been added for which the expenditure qualifies under the regulations for flexible use of capital receipts funding.
14. As reported in the Quarter One Revenue and Capital Budget Forecast Outturn considered by the Executive on 23 August 2023, the Council's level of forecast annual revenue expenditure materially exceeds its income resulting in a forecast overspend of £11.563m. Over the year to the end of Quarter Two, a range of measures have been taken to reduce expenditure through the development of Financial Recovery Plans to contain expenditure within the 2023/24 approved budget. The Quarter Two financial forecast is an overspend of £8.556m as set out in the Quarter Two Revenue and Capital Budget Forecast Outturn elsewhere on this agenda, and work will continue to manage the overspend down further.
15. However, in order to achieve financial sustainability, it is necessary for the Council to develop implement a further range of transformational and efficiency plans to secure cost reduction and income growth within 2023/24 and into 2024/25 and future years.
16. In addition, a number of proposed transformation projects are in development which will be brought forward to the Executive in December as part of the 2024/25 budget development process, which will be considered for approval by Council in February 2024 along with the annual FUoCR Strategy for 2024/25.
17. In order for expenditure within the 2023/24 revised plan to be funded from flexible use of capital receipts, assets must be sold and cash received by the Council before 31 March 2024. The capital receipts forecast for 2023/24 prior to any Executive decisions regarding the Asset Review is set out in the revised Capital Programme for 2023/24 to 2025/26 contained in the Revenue and Capital Budget – Forecast Outturn position at Quarter Two 2023/24 report to this Executive and is shown in Table 4 below. Table 4 also shows the additional capital receipts proposed for approval by the Executive as set out in the Asset Review report contained elsewhere on this agenda.

Table 4 – Analysis of Forecast Capital receipts

<i>Forecast capital receipts</i>	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Receipts from approved asset disposals	3.155	5.469	4.811	-	13.435
Additional Receipts proposed in Asset Review report	10.600	7.412	4.000	5.050	27.062
Total Available Receipts subject to Executive approval	13.755	12.881	8.811	5.050	40.497

18. This will provide the opportunity to fund a number of new management interventions set out in the revised plan at Table 5 below within 2023/24 from flexible use of capital receipts. Where expenditure that qualifies for inclusion in the revised FUoCR strategy has previously been approved from revenue resources, finance officers will seek to optimise the application of flexible capital to ease financial pressures upon the revenue budget and limited reserves.

Finance				
Transformation	Financial improvement - Interim finance lead - financial strategy, business partnering to improve VFM and support transformation programme	Corporate Contingency	0.103	Enabling
Transformation	Finance specialist finance improvement to support transformation	Change Fund	0.064	Enabling
Procurement compliance	Additional resource to support the enforcement of compliance in procurement to achieve cost efficiency in supplies and services	Change Fund	0.025	Enabling
Debt Review	Additional resource in Resident and Business Support to target reduction in aged debt and increase income of Council Tax, Business Rates and Sundry Debt	Change Fund	0.169	1.584
Children's Services				
Family Support	Family Support - set up and lead in costs for the creation of in-house team and reduction in the use of high cost external provision	Children's Care	0.300	0.727
Internal residential	Set up costs for the implementation of various projects to Increase the in-house residential offer to reduce expenditure on external placements by purchase and/or refurbishment of additional properties to develop additional bedspaces.	Children's Care	0.100	enabling
Staffing	Integration of specialist agency team required in Safeguarding & Care Planning to improve "Children in Need and Child Protection", and transition into business as usual. This has led to the removal of 2 of 3 managed teams and will led to the eventual removal of the remaining managed team by May 2024 using current staff to provide the service	Children's Care	0.800	1.200
	Review of staffing establishment	Change Fund	0.070	Cost reduction
	Use of market weighted allowances to attract permanent staff to reduce use of agency staff.	Children's Care	0.813	enabling
	Recruitment costs to attract permanent staff to reduce use of agency staff	Children's Care	0.007	enabling
Transformational Support	Specialist Children's Services Financial Consultant drive transformation and cost reductions	Corporate Contingency	0.098	enabling

	Specialist Children's Services manager to drive service improvement	Children's Care	0.080	enabling
Placements	Dedicated Placement Manager to drive transformation in placements	Children's Care	0.052	enabling
	Improvement Lead for Review of Placements	Change Fund	0.060	1.500
Internal fostering	Increase capacity by increase in fees to internal carers to allow for existing carers to increase places and attract more to take up as a carer, in order to reduce need for Independent Fostering Agency (IFA) placements and any subsequent External residential placements	Children's Care	0.750	0.460
Education & Partnerships				
Integrated Transport Unit	Integrated Transport Unit - external resource for review	Change Fund	TBC	TBC
Adult Social Care				
Transformation review	Transformation Lead and 5 reviewing staff to undertake reviews and transformation project including activity identified in Assistive Technology Transformation, developing the prevention hub, and review of the Connect Service	Change Fund	0.201	1.900
TOTAL			4.299	7.371

Monitoring the Strategy

19. Delivery against the updated strategy will be monitored throughout the remainder of 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 including the realisation of cashable capital receipts that will enable the release of committed revenue funding that will enable projects to commence prior to receipt of cashable receipts.
20. It should be noted that the final financing position on the strategy will be determined as part of the accounts closure process at 31 March 2024.
21. The legitimacy of the use of the Strategy has been determined by the Council's s151 Officer to be in accordance with the statutory regulations.

The Prudential Code

22. 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.

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

- Capital financing requirement will be increased by an estimated £4.299m 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 £4.299m in 2023/24 is approximately £0.400m p.a.

24. 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.

25. 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.

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