

EXECUTIVE

A meeting of the Executive was held on Wednesday 20 December 2023.

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

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

ALSO IN ATTENDANCE: Councillors D Coupe, T Livingstone, M McClintock and M Smiles

OFFICERS: M Adams, D Alaszewski, C Benjamin, S Bonner, P Brewer, G Field, C Heaphy, R Horniman, A Hoy, D Middleton, E Scollay and J Tynan

APOLOGIES FOR ABSENCE: None.

23/37 **DECLARATIONS OF INTEREST**

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

23/38 **MINUTES - EXECUTIVE - 21 NOVEMBER 2023**

The Executive Member for Regeneration sought an amendment to Minute number 23/34. It was clarified that should the Viewley Centre be sold as part of the asset review a further decision on that sale would be brought back to Executive for consideration.

With the above clarification the minutes of the Executive meeting held on 15 Minutes 2023 were submitted and approved as a correct record.

SUSPENSION OF COUNCIL PROCEDURE RULE NO. 4.13.2 – ORDER OF BUSINESS

In accordance with Council Procedure Rule No. 4.57, Executive agreed to vary the order of business to deal with the items in the following order: 5,6,9,12,8,13,4,7,10,11,14,15,16,17,18.

23/39 **PUBLIC HEALTH STRATEGY AND GRANT ALLOCATION**

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

The report sought an endorsement of the Public Health Strategy as well decisions around the proposed allocation of the public health grant to wider council service areas, which included the implementation of governance arrangements and directorate Service Level Agreements. The report also sought to provide assurance that the grant allocations delivered public health outcomes as well as seeking approval of the ongoing financial rigour in the allocation of the public health grant to wider council services on an annual basis.

In common with all other local authorities, Middlesbrough Council received an annual public health grant allocation from the Department of Health and Social Care (DHSC). The public health allocation for 2023/4 was £18.309m. The public health grant was ringfenced, meaning it could only be applied where the main and primary purpose was the delivery of public health outcomes. The public health grant conditions set out a combination of prescribed and non-prescribed public health activity against which the use of the public health grant was to be reported.

On average, people in Middlesbrough were less healthy than those in other parts of the North East and compared to the England average. Middlesbrough's communities had wide ranging health and wellbeing needs which varied significantly between different groups of the population and geographically across the town.

ORDERED that Executive:

- 1. Endorse the Public Health Strategy.**
- 2. Approve the proposed allocation (as set out in table 1, paragraph 13 of the report) of the public health grant to wider council services and the implementation of the governance arrangements (including directorate Service Level Agreements) to provide assurance that the grant allocations deliver public health outcomes.**
- 3. Approve the ongoing financial rigour of the allocation of the public health grant to wider council services, reviewed on an annual basis.**

OPTIONS

There were no other options put forward as part of the report as failure to comply would put Middlesbrough Council at significant financial and reputational risk.

REASONS

The Public Health Strategy outlined the key priorities for public health over the next three years giving clarity to the public health outcomes that would be delivered through the programme approach and through whole council action.

To support delivery of the Public Health Strategy, the Council received a ring-fenced public health grant which could only be used where the main and primary purpose was public health.

Middlesbrough Council was required to produce an annual Statement of Assurance, which demonstrated that the public health grant had only been applied to eligible expenditure in line with the legislative requirements of its intended purposes and as set out in the grant determination letter.

Without robust arrangements in place as outlined in the report, there was a significant risk to non-compliant use of the public health grant. Failure to comply with the grant conditions or provision of the requisite level of assurance to the Secretary of State could result in the grant payments being reduced, suspended, or withheld. Repayment of whole or part of the grant monies paid may also have been required, which would have a significant impact on the overall financial position and reputation of the Council.

23/40

SOUTH TEES CHANGING FUTURES PROGRAMME - EXTENDED FUNDING

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

The purpose of the report was to seek approval for Middlesbrough to accept 'boost funding' to enable the continuation, as lead organisation, for the South Tees Changing Futures Programme for the period of one additional year – from April 2024 – March 2025.

Following Executive's approval to bid for funding, Middlesbrough were awarded £3.1m via the following funding bodies: the Department for Levelling Up Communities and Housing (DLUHC) and the National Lottery Community Fund (NLCF), for the South Tees Changing Futures (STCF) programme in 2021.

This programme supported adults experiencing multiple disadvantages in both Middlesbrough Council and Redcar & Cleveland Borough Council areas. Further roll of out funding had become available, which the South Tees Changing Futures programme had successfully been awarded. A funding amount of £0.850m from April 2024 – March 2025 would be awarded.

There would be additional activities that could be undertaken with the boost funding, some of which would be above the procurement threshold for direct award. These were detailed in the report.

It was queried if a similar process would be carried out in Redcar and Cleveland. It was clarified the process described in the report only applied to Middlesbrough.

ORDERED that Executive:

1. **Accept the boost funding.**
2. **Approve that Middlesbrough Council continued as lead organisation of the Changing Futures South Tees Programme.**
3. **Approve Middlesbrough Council accept and hold monies, regarding South Tees Changing Futures Programme Boost Funding.**
4. **Delegate the allocation of monies for activities required to deliver the programme and management of associated procurement processes to the Director of Public Health, as advised by the South Tees Changing Futures Board, for the allocated period of April 2024-March 2025.**

OPTIONS

Middlesbrough Council were the lead organisation for this programme and this request was to both continue the status of Middlesbrough Council being lead organisation and to accept the boost funding.

An alternative option would have been to not accept the funding and let the programme end – this would deny South Tees the opportunity for continued investment and ongoing improvement to benefit some of Middlesbrough’s most vulnerable residents, therefore, it is not deemed to be a worthy option.

A further option would have been to drastically alter the STCF workstreams, potentially making them much smaller in scope. This was not considered to be feasible as a network of support and relationships had been developed since the STCF programme was implemented in 2021. The application for extended/boost funding was based on the continuation of the existing programme. To deviate significantly from the current workstream would have likely impacted the award of these funds and would not be a suitable recommendation.

The final alternative would have been for Redcar and Cleveland Borough Council (RCBC) to take on the role of lead organisation for STCF - given that Middlesbrough Council has been the lead organisation since the outset of the programme. RCBC assuming that responsibility would have risked disruption and delay to the objectives that we have been provided funding to deliver.

Part of the proposed plan included a procurement process of two projects. These were to be procured and implemented ready for the funding commitment period, April 1st 2024 – March 31st 2025. Delayed funds could have impacted negatively, and implementation of service in a timely manner. This could have delayed/lowered service provision and restricted opportunity to improve the lives of those with multiple disadvantages.

REASONS

Since successfully attaining Changing Futures area status in 2021, an opportunity had arisen to extend the programme and further invest into the community and services, for those with complex multiple disadvantages. The additional funding enabled Changing Futures more time to make a positive impact for those experiencing these challenges, particularly in the current climate where demand on services is at an all-time high. It provided the opportunity to extend the programme management function, and key workstreams for the year 2024/25.

Being provided additional time to continue working with partner organisations and stakeholders created better chances for the longevity of Changing Futures and to sustain new ways past the programme end date. It also demonstrated the confidence of DLUHC and National Lottery Community Fund in the approach so far and facilitated ongoing conversations about future needs.

Accepting this funding would not only help those with multiple disadvantages, continued involvement in the Changing Futures Programme would give Middlesbrough (and South Tees) a further opportunity for ongoing research and evaluation of the

programme, strengthening relationships with DLUH and the National Lottery Community Fund and potentially increased the likelihood of further funding and support.

Additional activities would need to be undertaken to build on work undertaken to date and to address gaps identified in research, such as the A Way Out report on women facing multiple disadvantages – see Appendix 2. These activities would require procurement processes to be undertaken. The STCF team would work with corporate commissioning and procurement colleagues to ensure that the appropriate policies and procedures were followed for all such activities.

23/41

SHIFT PARTNERSHIP PROPOSAL

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

The report sought approval of a new three-year partnership with SHiFT, a youth justice charity, that would create a new SHiFT Practice hosted by Children's Services within the Council. The Practice would work intensively across two, 18-month Programmes with children and young people caught up in, or at highest risk of, cycles of crime and exploitation. The costs of the partnership were supported by the sum of £600,000 which SHiFT has secured from the Department for Levelling Up, Housing & Communities, alongside the match funding of £556,347 investment from the Council.

The report described that despite the best efforts of dedicated professionals, many young people and their families did not get the support they needed to move to a place of safety and strength. Too often, current responses to harm and offending exacerbated crisis, compounded disadvantage, and deepened harmful cycles. Services and systems were experienced as piecemeal and uncoordinated, with artificial thresholds that created damaging cracks, gaps, and cliff edges. The system had been designed through the lens of disconnected problems rather than the interconnected needs of people and their communities.

ORDERED that Executive:

- 1. Approve the partnership with SHiFT and the opportunity this presented to offer intensive multidisciplinary support for the most vulnerable children caught in cycles of crime and exploitation in the area.**
- 2. Authorise receipt of grant funding to the Council from SHiFT sourced from the Department for Levelling Up, Housing and Communities totalling £600,000 over three years. Funding would be received on signature of a Partnership Agreement with SHiFT, the timeline for which was March/April 2024.**
- 3. Approve match investment from the Council to enable the creation of the new SHiFT Practice totalling £556,347 over three years. This would be an approval in principle for inclusion in the 2024/25 to 2026/27 MTFP and to be funded as a transformation initiative from Flexible Use of Capital Receipts. The initiative will be included in the Flexible Use of Capital Receipts strategy which would be tabled for Council approval in February 2024.**

OPTIONS

As there were no other organisations which created partnerships with Local Authorities in the way envisaged, with grant funding available through the Department for Levelling Up, Housing and Communities no other options were put forward as part of the report.

REASONS

SHiFT was an innovative organisation, founded in 2019, with a track record for delivering exceptional outcomes that broke the destructive cycle of children caught up in, or at risk of, crime. The Department for Levelling Up, Housing and Communities supported and funded the national scale and spread of SHiFT. The Department brokered an introduction between SHiFT and Middlesbrough Council. The Department was keen for the area to receive support and funding from SHiFT to bolster efforts to improve outcomes for the area's children and young people, noting local challenges relating to Serious Youth Violence and the number and experiences of children in Local

Authority care.

SHiFT would offer 18 months of 1-1 intensive support for the 54 most vulnerable children and young people in Middlesbrough (up to the age of 25) over three years. The total cost of the partnership was £1.156m over three years. £600,000 of the sum needed would be provided by SHiFT with a match investment of £556,347 over the same period from the Council. Investment required from the Council amounted to approximately £11,000 per child for an 18-month Programme. This represented good value for money given the highly complex needs of this vulnerable group and the intensity and expertise of the work SHiFT would deliver. The current practitioners would be able to transfer the complex cases to SHiFT workers, providing them with greater capacity to work with more children and young people, and SHiFT support would be delivered at much lower cost to the Council because employment of SHiFT staff was substantially subsidised by grant funding. Further, SHiFT had an evidenced track record for delivering exceptional outcomes and in year cost savings and cost avoidance through, for example, reducing reliance on high-cost placements, avoiding children being remanded in custody, and supporting children to return to mainstream education from alternative provision. Specific targets for cost savings would be set with SHiFT and monitored on a quarterly basis through shared governance once the children for SHiFT support have been identified.

Estimated cost savings based on changes SHiFT had brought about elsewhere for each 18-month SHiFT Programme working with 27 children which were detailed in the table on page three of the report.

23/42

HOUSES IN MULTIPLE OCCUPATION ARTICLE 4 DIRECTION

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

The report sought Executive approval for the introduction of an Article 4 Direction to enable the Council to control the location and quality of new HMOs in Middlesbrough (except in the area covered by the Middlesbrough Development Corporation).

A house in multiple occupation (HMO) was defined as being a property occupied by at least three people who were not from one household (such as a family) but share facilities such as a bathroom and kitchen. Such properties were commonly known as house shares or bedsits.

The Town and Country Planning (General Permitted Development) (England) Order 2015 (the 'GPDO') makes provision for granting planning permission for certain classes of development without the requirement for a planning application to be made.

Under the GPDO, a change of use from a house (which was in planning use class C3) to a large HMO of 7 or more people (which did not fall into any of the planning use classes) required planning permission. However, change of use from a house to a small HMO of between three and six people (which was in planning use class C4), was classed a permitted development and did not require planning permission. This meant that the Council could not currently exercise any planning control over small HMOs.

Since 1 October 2018 all HMOs of five or more people had also been subject to mandatory licensing. Licenses were valid for five years and properties were subject to an inspection during this period. If the Council received complaints regarding a property this will prompt a further inspection and enforcement action may be taken.

ORDERED that Executive agree to the making of a non-immediate Article 4 Direction to remove the permitted development right to change from a C3 dwelling to a C4 HMO in Middlesbrough (except in the area covered by the Middlesbrough Development Corporation).

OPTIONS

1. **Not to introduce an Article 4 direction. This was rejected as it would have meant the Council had little control or influence on the establishment of new HMOs, and it was not considered in the best interests of ensuring the delivery of good quality affordable housing for all.**

2. **To introduce the Article 4 Direction immediately. This was rejected as it would have opened the Council up to challenge and potential compensation claims. In addition, it would not have allowed for the effective consultation and engagement on the introduction of an interim policy to guide new HMO development.**

REASONS

The introduction of an Article 4 Direction would enable the Council to control the location and quality of new HMOs. This would help deliver the Council aspiration of providing high quality, affordable housing for all.

23/43

SELECTIVE LANDLORD LICENSING: EVALUATION OF NEWPORT 1 SCHEME AND APPROVAL TO CONSULT ON THE PROPOSAL FOR DESIGNATION FOR A FURTHER FIVE YEARS.

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

The purpose of the report was to present the evaluation report for the Newport 1 Selective Landlord Licensing Scheme which came to an end on 12th June 2024. The report also sought approval to consult on the proposal for further designation of Newport 1 area as Selective Landlord licensing area and the proposed fee of £998.

Executive approval was required as the schemes were delivered via a legislative framework that required organisational approval to start formal consultation prior to implementation.

The Housing Act 2004, gave local authorities powers to introduce Selective Landlord Licensing (over a five year period) for privately rented properties in areas experiencing low housing demand and/or significant and persistent anti-social behaviour. The purpose of such a scheme was to improve standards of property management in the private rented sector, and when combined with other measures, should lead to improved physical, social and economic conditions.

ORDERED that Executive consider the Evaluation Report on the Newport 1 Selective Landlord Licensing Scheme and approve:

1. **The commencement of appropriate consultation on the proposal to the designation of the selective landlord licensing scheme in the Newport 1 for a further five years.**
2. **The consultation to include the proposed fee of £998 for a 5-year licence to cover the cost of delivering the scheme in the designated area.**
3. **The results of the consultation be presented to Executive for consideration to determine whether or not to designate the area as a selective licensing area.**

OPTIONS

Do not renew the SLL designation/new designations and carry out alternative interventions to replace of a formal scheme.

Alternatives to Selective Licensing were considered in 2014, 2019 and 2023 prior to the designation of the current Selective Licensing areas. These included voluntary registration and the use of traditional enforcement tools. These would have required significant additional investment by the Council to achieve any sustainable change across the area.

There was a need to ensure that proactive assessment of properties and an increased focus on renting and management practices was sustained. While Selective Landlord Licensing was not intended to be indefinite, a shift to an alternative non-regulatory approach or only relying on traditional reactive enforcement tools were not considered appropriate to sustain or progress the improvements achieved.

Traditional interventions did not provide the level of engagement with landlords necessary for the desired improvements. Landlord take up of previous accreditation

schemes had been very low, they tended to only engage with responsible landlords who saw a value in being part of a scheme. An example of a non-mandatory scheme is the Stockton Pluss model which was run by landlords. Stockton Council figures show that they had 80 members for this scheme with 539 properties and not all landlords who opposed their SLL scheme joined the accredited scheme.

Short term proactive enforcement projects could have an impact but were not sustainable without significant investment from existing revenue budgets or grant funding.

A pilot project undertaken in early 2023 to carry out proactive housing inspections in a selected area of Central ward found it very difficult to engage with landlords and tenants. This was detailed in the Evaluation report.

It was proposed that the recommended action was the most appropriate course to ensure a sustainable and cost-effective solution to improving management standards in the private rented sector in the designated area within Newport 1, and that a formal consultation was commenced.

REASONS

The SLL schemes in both North Ormesby and Newport 1 schemes had resulted in improvements in the living and environmental conditions for those living in those areas and contributed to reductions in antisocial behaviour. A further designation of Newport 1 Selective Landlord Licensing scheme would continue to ensure that property standards were maintained, anti-social behaviour issues related to tenants were reduced and managed and that landlords were held accountable for the costs of both licensing and the property management improvements. The existing SLL designation was self-financing and, in line with the recommended changes to the scheme, the new designation would work in the same way.

The designation would require all privately rented properties within the identified boundary, subject to statutory exemptions, to apply to be licensed for up to five years and comply with the licence conditions.

The proposed fee of £998 enabled the Council to ensure the scheme was self-financing, it was calculated on the staffing requirements for the administration and regulation of the selective landlord licensing scheme.

The current boundary for the SLL scheme was to be maintained to ensure complete coverage of the area in relation to improved housing standards, environmental conditions and reduction in crime and anti-social behaviour.

Prior to designating an area, the Council was required to undertake a minimum 10-week statutory consultation with local people, businesses, landlords and partners. Developing the designations and designation for Selective Licensing in the areas identified, enabled the Council to sustain the improvements already achieved in Newport 1 and prevent further decline in those areas.

In 2018 a Middlesbrough Council Scrutiny Panel reviewed the North Ormesby 1 scheme. The Panel were fully supportive of the scheme:

- They recognised the achievements made through SLL in the North Ormesby ward, including improving community confidence which has led to increased reporting of anti-social behaviour and crime to the SLL team.
- They were complimentary of the work achieved and applauded the Selective Licensing Team for their efforts.
- The Panel also learned that in November 2017, the team had been awarded Outstanding Contribution to Prevention at the Cleveland Community Safety Awards.

Throughout the investigation, the Panel made reference to the issues within Gresham and University wards and the increasing number of private rented housing properties. The Panel were of the opinion that the excellent work achieved since the introduction of

Selective Licensing in North Ormesby and hoped that any future schemes would mirror this model.

Consideration was being given to the next steps in terms of rolling out SLL to other areas of the town which met the criteria. A further report would be brought to Executive seeking approval for the next steps.

An internal audit was conducted during July-Sept 2023 which focused on the Selective Landlord Licensing Schemes currently operating in the areas of North Ormesby and Newport 1. The purpose of this audit was to provide assurance to management that procedures and controls within the system ensured that:

- **The scheme was well administered, and the financial model was fit for purpose.**
- **The performance of the project was monitored and the Council's objectives were met.**

Auditors concluded that:

- **The SLL Schemes were well administered, the financial model was fit for purpose, and that performance of each of the schemes was monitored to ensure that the Council's objectives were met.**
- **A sound system of governance, risk management and control existed, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.**
- **Their overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.**

The Statement of Policy and Procedure for Selective Landlord Licensing (SPPSLL) was published on the Council's website and clearly set out the requirements of the schemes, and was appropriately reviewed, updated, and approved. The aims and objectives of each of the schemes provided links to the Council's Strategic Plan and to the improvement of housing. The Selective Landlord Licensing (SLL) team worked in close partnership with other Council services and external agencies to maximise the benefits of the schemes.

23/44

MIDDLESBROUGH DEVELOPMENT COMPANY UPDATE

The Executive Member for Regeneration submitted a report for Executive approval.

The purpose of the report was to update Executive on the progress made in relation to the closure of the Middlesbrough Development Company and the revised timetable for the Members Voluntary Liquidation. The report also fulfilled the commitment to provide a quarterly report on the Company's operation, in line with the requirements of the Partly and Wholly Owned Council Companies policy and supporting minimum standards.

In September 2023 Executive were advised that the process to close the Middlesbrough Development Company was underway, and the process and timetable for this to happen were set out. The Middlesbrough Development Company Closure report set out that although all project activity had ceased, there were a number of contractual issues that would require further work, and upon completion of these a Members Voluntary Liquidation would be undertaken to close down the company. The timetable set out concluded with the company closing down by 31st December 2023.

The proposed process and timetable for the closure of the company was consistent with the actions identified against recommendations by the Council's external auditors in the Section 25 report presented to Council on 24th November 2023. A recommendation was also made that Executive would be provided with regular updates, and that any changes to the situation would be formally reported.

NOTED

OPTIONS

Other options for the final closure of the company had been examined, including the option to simply deregister the company. Although this option could be delivered more

cheaply (£15) it does not provide the appropriate assurance that all matters had been concluded satisfactorily and all risks have been managed.

REASONS

The contractual position regarding the two major developments undertaken by the company (and their inter-relationship) had necessitated a reformatting of the company board, and an extension to the timetable relating to the Members Voluntary Liquidation. The revised timetable was necessary to ensure that the risks associated with the closure of the company were minimised.

23/45

2023 RESIDENT'S SURVEY

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

The purpose of the report was to summarise the findings from the 2023 Middlesbrough Community Survey, compare it to the 2017 Survey and set out proposed actions in response.

The Council's strategies and plans were required to be evidence based, if they were to effectively address the challenges facing Middlesbrough and maximising the opportunities.

As well as using data, those strategies and plans should also be informed by, and responsive to, the views of residents if they were to be fully inclusive and fully effective. The report advised Executive of the main findings from the 2023 Middlesbrough Community Survey, so they be considered within the Council Plan and the supporting policy and strategy framework.

The LG's standard question bank was used for the survey, with 18 broad question areas that captured views on the local area (within 15-20 minutes walking distance from home), community safety, and the Council and its services.

A total of 1,200 questionnaires were completed by telephone, supported by street interviews where required, providing a demographically representative sample of Middlesbrough's population. The sample was also balanced across the town so an indication of variation in responses by area could be provided. These were set out in the report.

NOTED

23/46

COUNCIL PLAN 2024 ONWARDS

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

The report sought Executive endorsement, prior to consideration by full Council on 28 February 2024, of the Council Plan 2024-27. This was to ensure it remained current and reflective of major developments of the past year, and those anticipated in the coming three years.

The Council Plan, formerly known as the Strategic Plan, was the Council's overarching business plan for the medium-term, and was refreshed on an annual basis, setting out the priorities of the Elected Mayor of Middlesbrough, the ambitions for Middlesbrough's communities and the ways in which it sought to achieve them.

Part of the Council's Policy Framework, the Council Plan required the approval of full Council, as set out in the Constitution. The Council's Budget and Policy Framework Procedure Rules provided for the Executive to draw up firm proposals on the Strategic Plan (Change Strategy) for submission to Full Council.

Full Council approved the previous Strategic Plan 2021-2024 on 16 February 2021, which expressed the previous Mayors' priorities for the town.

Executive ENDORSED:

- 1. The proposed Council Plan 2024-27 and associated strategic aims, ambitions, and outcomes prior to full Council approval of the final Council Plan 2024-27**

and to enable development of detailed, supporting delivery plans.

2. Seeking feedback and input from partners and stakeholders to enable the further development of the Council Plan 2024-27, prior to full Council approval of the final Council Plan 2024-27 and alongside the final 2024/25 Budget and Medium-Term Financial Plan (MTFP) Update 2024/25 to 2026/27 report.

OPTIONS

It was imperative that the Council effectively articulated and communicated an overarching plan to direct activity across Directorates and services, towards the achievement of its priorities and ambitions.

The only other realistic potential decision would have been to leave the Council's strategic objectives unchanged on the assumption that they were sufficiently robust to address and achieve previously identified outcome measures. This, however, was not correct and neither would it have represented an appropriate response to the needs of the town, it would detrimentally impact local communities and the business of the Council for some years ahead.

The only other feasible decisions therefore related to the structure of the document, and its horizon (i.e., reverting to an annual plan). It was strongly in the Council's interest to plan over the medium-term, (between 3 – 5 years) in line with the indicative budgets over this period outlined by the Government. The proposed document achieved this whilst also providing an appropriate level of detail for all audiences on the Council's planned activity over this period.

REASONS

To enable the Executive to endorse, prior to consideration by full Council, the Council Plan 2024-27, ensuring that it is reflective of major developments of the past year, and those anticipated in the coming three years.

23/47

2024/25 BUDGET AND MTFP REFRESH

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

The report identified there was a legal requirement upon all members of the Council to set a balanced General Fund Budget for 2024/25 by 11 March 2024. In addition, it was a Best Value requirement to secure the financial recovery and return to financial sustainability of the Council through setting a balanced three-year MTFP over the period to 2026/27.

The report identified the Council's financial position remained critical, and it was necessary to identify, approve, and implement a range of budgetary control measures at significant scale to return to a financially sustainable position where the annual expenditure of the Council remained within its annual income over the medium term. Achieving financial sustainability was essential to enable the Council to succeed in delivering improved services and outcomes for the people of Middlesbrough in the medium to long term.

The risk of the s151 Officer being required to issue a s114 Notice, under s114(3) of the Local Government Finance Act 1988, remained were the Council be unable to set a legally balanced budget for 2024/25. The adverse consequences of issuing a section 114 notice were significant and were set out in more detail in paragraphs 4.132 to 4.135.

Middlesbrough Council continued to operate in a volatile and challenging economic and financial environment. Like many local authorities, the Council was experiencing significant financial challenges because of continuing high inflation, increasing demand, and complexity of need for services for the most vulnerable in the community, primarily adult and children's social care, home to school transport, homelessness, and waste disposal, for which it was required to meet its statutory responsibilities.

The Mayor described the Council's challenging financial position and his desire to mitigate cuts to frontline services where possible. It was clarified Executive was being asked to approve proposals for consultation, not to agree a budget as this would be approved by Council in February 2024.

It was commented officers were continuing to analyse the recent Local Government Settlement and Members stressed the need for the Council to avoid issuing a Section 114 notice.

Executive NOTED:

1. The updated General Fund Budget gap to be closed for 2024/25 of £6.279m rising to £8.180m in 2026/27 further to the Medium-Term Financial Plan (MTFP) refresh report considered by the Executive on 23 August 2023.
2. The national financial and economic context within which the Council was operating and the financial benchmarking which provided context for the range of Council services which presented some of the most significant financial pressures to be addressed in the Council's business and financial planning.
3. The updated budget assumptions set out in paragraph 4.67 of the report and the progress in developing proposals to balance the Council's General Fund Budget for 2024/25 and the updated MTFP position for the three-year period 2024/25 to 2026/27.

Executive ENDORSED the draft budget proposals including:

4. Total budget savings and income growth of £14.038m in 2024/25 rising to £21.088m in 2026/27, of which £3.949m in 2024/25 rising to £5.465m in 2026/27 were deemed to involve policy change and/or impact service delivery levels and would be subject to public consultation (detailed in Appendix 2)
5. Total budget growth of £2.219m in 2024/25 comprising:
 - Revision of 2023/24 approved savings of £1.114m in 2024/25 to reflect the Elected Mayor's priorities (detailed in Appendix 3)
 - Delayed savings of £1.105m (detailed in Appendix 4)
6. That Executive endorses the proposed total Council Tax increase of 4.99% for 2024/25 comprising:
 - 2.99% increase in general Council Tax and
 - 2% Adult Social Care Precept,

This was in line with the current maximum referendum limits announced by the Government.

7. That Executive endorses that where applicable, budget consultation would commence, on 21 December 2023 and conclude on 18 January 2024 prior to finalising the proposed budget on 14 February 2024 for consideration and approval by Council on 28 February 2024.

Executive NOTED:

8. A budget gap of £6.279m in 2024/25 rising to £8.180m in 2026/27 remained after the inclusion of all current budget proposals and the proposed council tax increase;
9. Further work was required to develop and agree final proposals to present to Council on 28 February 2024 to achieve a legally balanced budget for 2024/25 by the statutory deadline of 11 March 2024.
10. The Mayor and Executive were working with Officers and external consultants to develop a Transformation Programme that would deliver modernisation and redesign of services to operate from a significantly lower and financially sustainable cost base over the medium to long term.
11. Transformation Programme business cases must be robust, and adequately assured to enable their inclusion in the proposed 2024/25 budget that was to be considered and approved by Council on 28 February 2024.
12. The timeframe to achieve the required levels of assurance including consultation, was likely to extend beyond these applicable deadlines and would need subsequent consideration by the Executive and approval by Council during the 2024/25 financial year to revise the 2024/25 budget and MTFP.

Executive NOTED:

13. A further review of the budget and MTFP would be undertaken following consideration and analysis of the expected announcement for the Local Government Finance Settlement which was due on/around 19 December 2023.
14. If the combined effect of the Local Government Finance Settlement and any further identified and assured budget proposals were insufficient to close the remaining budget gap for 2024/25, then it would not be possible for the Council to achieve a legally balanced budget for 2024/25.
15. In these circumstances, the interim Director of Finance (s151 Officer), after appropriate consultation with the interim Chief Executive and Monitoring Officer, would be required by law to consider issuing a s114 Notice under s114 (3) of the Local Government Finance Act 1988.
16. Prior to issuing a s114 Notice the s151 Officer and Chief Executive with the support of the Mayor and Executive, would make an application to DLUHC for Exceptional Financial Support (EFS) by mid-January 2024. This was likely to be in the form of a capitalisation direction in respect of any remaining budget shortfall in 2024/25. This application would incorporate a draft plan for financial recovery over the medium term of which the developing of a Transformation Programme would be a key element.
17. If DLUHC refused the application for EFS or approved an amount less than the Council required to balance the 2024/25 budget, then it would be necessary for the s151 Officer to issue a s114 Notice under s114 (3) of the Local Government Finance Act 1988. The implications of issuing a s114 notice were set out in paragraphs 4.132 to 4.135 of the report.

Executive NOTED the updated financial position for 2023/24 at Period 7 to 31 October 2023 and the measures taken by the s151 Officer in order to mitigate the risk of a s114 Notice arising in 2023/24 as set out in paragraph 4.28 of the report.

OPTIONS

No other options were submitted as part of the report.

REASONS

The Council had a legal obligation to set a balanced budget by 11 March 2024 and a Best Value duty to demonstrate financial sustainability through a balanced Medium Term Financial Plan (MTFP). The setting of the budget was part of the budget and policy framework and therefore required Full Council approval.

The recommendations enabled the Council to progress towards meeting its statutory responsibility to set a balanced revenue budget in 2024/25 and the requirement to secure financial sustainability of the period of the MTFP.

The Council was required to take a systematic, coherent, and controlled approach to addressing its ongoing financial challenges over the medium-term, while enabling the delivery of the Mayor's vision and priorities for Middlesbrough through delivery of the wider Council Plan.

23/48

COUNCIL TAX BASE REPORT 2024-2025

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

The report was part of the process to set the council tax base for the financial year 2024/25 by the statutory deadline of 31 January 2024.

The Council has a legal obligation to calculate a council tax base each financial year. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework.

The starting point for the calculation of the 2024/25 tax base is the number of dwellings on the Valuation List, provided by the Government's Valuation Office. The figures are also adjusted for exempt dwellings and for dwellings subject to disabled reduction.

The number of chargeable dwellings in each band is further adjusted for discounts, exemptions, premiums, and council tax support.

ORDERED that Executive:

1. **Note the contents of the report.**
2. **Approve the council tax base for 2024/25 as 36,137.9.**
3. **Approve 2,386.6 and 1,412.8 as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2024/25**
4. **Following approval, agrees to notify the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils of the 2024/25 council tax base.**

OPTIONS

There were no other options put forward as part of the report as the Council had no option but to calculate a council tax base as it was a statutory requirement.

REASONS

The recommendations were supported by the following reasons: -

1. **The Local Government Finance Act 1992 required a billing authority to calculate its council tax base for each financial year.**
2. **The method of calculation was specified in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which required the calculation to be approved before 31st January in the year proceeding the relevant financial year.**

23/49

THE DISPOSAL OF LAND AT NUNTHORPE GRANGE FOR HOUSING - PART A

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

The report sought Executive approval for the disposal of Nunthorpe Grange, which was allocated in the Housing Local Plan (2014), in accordance with the Council's adopted Asset Disposal Process, and to inform Executive of the next steps to take this site to market.

The report detailed that the site was allocated in the 2014 Local Plan, and Nunthorpe Grange was circa 24.29ha of green field land and was in three separate ownerships, with Middlesbrough Council owning approximately 15.64ha and the remainder privately owned.

Appendix 1 of the report showed the site ownership which comprised:

- land coloured red owned by Middlesbrough Council which totalled 15.64ha;
- Lady Harrison's Field/The Polo Field (land coloured yellow) owned by Sir Colin Harrison & Family Trust 3.06ha; and,
- Land at Field House (coloured blue) owned by Persimmon Homes 5.59ha.

The site was located south and east of existing residential developments. To the west and south were areas of open countryside. The site was bounded by the Guisborough Road (A171) to the north, by railway lines to the east, to the south by the (A1043) and to the west by the Stokesley Road.

A Member stated Nunthorpe had seen significant development without the requisite infrastructure for such development. As such, residents were dissatisfied with the situation. The Executive Member for Regeneration thanked the Member for their comments and appreciated their resident's position. It was commented the Council's financial position meant the recommendations contained in the report were necessary.

A discussion took place regarding the exempt information contained in Part B of the report. It was clarified that part of the report contained financial information that was not disclosable to the public.

AGREED that Executive:

1. Note the information contained within Part A of the report.
2. Approve the marketing and disposal of Nunthorpe Grange housing site; and
3. Provide Delegated Authority for the Director of Regeneration and the Director of Finance, following consultation with the respective Executive Members, to approve the Public Open Space (POS) and Land Appropriation process once all the financial or exempt information contained within Part B of the report has been considered.

OPTIONS

Option 1 - Don't sell the land.

This would have resulted in significant financial implications for the Council, including no capital receipt and no Council Tax revenue. Failure to dispose of the land would be contrary to the Local Plan (2014). The overall integrity of the Local Plan depends upon the land supply identified within it being made available; the Council would have been open to significant challenge from the housebuilding industry if it were seen to constrain land supply.

Furthermore, this approach would result in significant abortive costs for the Council resulting from the due diligence work undertaken to date and the cost of legal proceedings relating to the farming tenancy.

Option 2 - Sell the land as a whole prior to de-risking the site.

Previous market and disposal advice for other sites highlighted that this approach did not demonstrate Best Value for the Council. The approach would present a vastly reduced land receipt and there would have been significant uncertainties around the timescales for delivery which could negatively impact upon Middlesbrough's housing supply and Council Tax income, especially as the land did not currently come with the benefit of an outline planning permission.

Option 3 - Sell the land without outline planning permission

It is known that developers would pay for the benefit of a de-risked site. Disposal without planning consent would prove financially and strategically detrimental to the Council and have proven risky for developers, potentially leading to fewer than normal offers and at a reduced financial rate.

Option 4 - Sell the land without undertaking further Due Diligence and Development Plan work

The Council's proven financial approach to housing site disposals was based on maximising capital receipts by 'de-risking' sites. This involved undertaking site investigation works, producing design guidance or masterplans and gaining outline planning approval to competitively market sites.

Option 5 - Enter a Joint Venture

Independent advice and professional analysis consistently drew the conclusion that the proposal to collaborate with external partners on the disposal and delivery of housing site did not present Best Value for Money for the Council.

REASONS

The development of Nunthorpe Grange would bring a surplus, vacant and underutilised Council held asset into far more beneficial use in the future – creating a new community and a high-quality place.

Nunthorpe Grange was critical to the supply of land for housing development and was, in turn, critical for supporting economic growth in the town and the delivery of Council services.

The disposal of the parcel of land was recommended in order to meet the Council's requirements to generate capital receipts and increase annually recurring revenue streams through Council Tax.

With interest in Middlesbrough's sites strong, it was timely to bring this site forward for development, to ensure that the maximum capital receipt was achieved and that the Council's Medium Term Financial Plan (MTFP) is delivered.

Middlesbrough's housing offer needs to keep pace with the demands of the market. The release and development of this site will allow that to be achieved; stemming outward migration and making Middlesbrough a desirable place to live, with a quantity of residential properties that would address the requirements of a changing, growing, and evolving population.

Furthermore, Nunthorpe Grange was allocated in the 2014 Local Plan and needed to be brought to market to avoid the Plan being compromised, and potentially challenged by developers if the Council was seen as constraining the overall land supply.

23/50 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

23/51 **EXCLUSION OF PRESS AND PUBLIC**

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

23/52 **EXEMPT - THE DISPOSAL OF LAND AT NUNTHORPE GRANGE FOR HOUSING - PART B**

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

ORDERED

That the recommendations of the report be approved.

REASONS

The decision was supported by the following reason:

For reasons outlined in the report.

23/53 **EXEMPT - CAPTAIN COOK SQUARE - BUSINESS CASE**

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

ORDERED

That the recommendations of the report be approved.

REASONS

The decision was supported by the following reason:

For reasons outlined in the report.

All other 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.

