

REGENERATION SCRUTINY PANEL

A meeting of the Regeneration Scrutiny Panel was held on Wednesday 17 January 2024.

PRESENT: Councillors I Blades (Chair), N Hussain (Vice-Chair), J Ewan, L Hurst, D Jackson, J Kabuye and I Morrish

OFFICERS: P Clarke, R Horniman, S Lightwing and P Shout

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillor S Hill

23/37 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Building Evacuation Procedure.

23/38 **DECLARATIONS OF INTEREST**

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

23/39 **MINUTES - REGENERATION SCRUTINY PANEL - 6 DECEMBER 2023**

The minutes of the Regeneration Scrutiny Panel meeting held on 6 December 2023 were submitted and approved as a correct record.

23/40 **COUNCIL BUDGET 2024/25 AND MEDIUM TERM FINANCIAL PLAN REFRESH - REGENERATION**

The Director of Regeneration was in attendance and gave a presentation which covered the following points:

- Remaining Budget Gap.
- Post Settlement Update/ Exceptional Financial Support.
- Regeneration – context.
- Questions: Regeneration – Budget savings proposals.
- Next Steps.

The budget gap was approximately £6.3 million for the current financial year, having taken into account all the savings proposals. The Local Government Finance Settlement announced in December 2023 had provided a small but insignificant improvement. A report would be submitted to Executive later this week recommending an application to the Government for Exceptional Financial Support (EFS). EFS could provide a temporary funding solution that would enable the Council to achieve financial sustainability and avoid having to issue a Section 114 Notice.

The key messages from Regeneration were:

- The majority of the service was funded through capital, external grants and commercial income – hence the low net budget. Notable exceptions included Culture (£1.1m), where the cost of running multiple venues was significant.
- The amount of external funding secured and managed through the team each year was significant, and required significant staff resources to deliver the accompanying programmes. A further £20m had been secured this year for delivery in 2024/25 and 2025/26.
- Commercial income was volatile and varied from year to year in line with market conditions, inflation and utility costs – all of which had been challenging this year. Economic shocks such as the closure of Wilkos had also impacted the current budget.
- Ticket sales at the Town Hall and Exhibition at the Dorman Museum had held up well despite competition.

- Community Learning continued to carry a £0.500m income target that was increasingly unachievable due to restrictions in contract payments from education funders. This would have to be addressed through a staffing review in 2024/25 but had a negative impact on the current year's budget position.
- The Directorate was running at a vacancy rate of around 20% as posts were held vacant to reduce the corporate overspend.

The financial context for 2023/204 was summarised as follows:

- For Period 7 (October 2023), the forecast outturn was £133.792m (before Financial Recovery Plans), an adverse variance of £7.438m (+5.9%) – a decrease of (£1.118m) from the £8.556m reported at Quarter 2.
- Financial Recovery Plans totalling £1.584m had been proposed which if assured and fully implemented would reduce the adverse variance to £5.854m.
- Regeneration, with a current net budget of £0.986m forecast outturn was £0.630m, a favourable variance of £(0.356)m. Noting budgeted gross spend was £20.156m offset by gross income £19.170m.
- The key drivers of the favourable variance was better than expected income from the Cleveland Centre and Boho buildings which was partially offset by an adverse variance from increased utility costs under Property Services.

A budget savings proposal considered to potentially affect front line service delivery levels was to concentrate the town's museum offer in the Dorman Museum (80,437 annual visitors) and withdraw from the Captain Cook Birthplace Museum (5,360 annual visitors).

This would be achieved by investing in the offer at the Dorman Museum, expanding the range of exhibitions, and improving the visitor experience. The Captain Cook Birthplace Museum would either be operated by another organisation or closed and integrated into the Dorman offer, with the building used for other purposes.

Budget Savings proposals that were considered to have minimal, or no effect on front line service delivery levels included:

- Reduce the number of staff needed to deliver regeneration activities by implementing new ways of working. This would be achieved by reducing staffing in the Regeneration Directorate by around 10 posts.
- Change the way the Middlesbrough News e-newsletter was produced and delivered. This would involve more localised updates being sent to subscribers.
- Improve the commercial potential of the Town Hall and Theatre to maximise the potential of the buildings and provide a greater range of performances. This would involve joining up management and programming arrangements and exploring partnerships with private sector promoters.
- Use grant funding to cover some of the existing economic growth activities the Council carries out. This would involve using more of the grant funding the Council receives to cover staff costs.
- Reduce the number of staff needed to deliver the Council's marketing and communication activities by implementing new ways of working. This would be achieved by utilising different ways of marketing and communicating that will ultimately require fewer staff.
- Invest in better co-ordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people. This would involve better modelling of need, flexible agreements with housing suppliers and using the Council's own properties first.

A Member asked whether the £345,000 potential savings from proposals regarding the Captain Cook Museum were on the assumption that it closed. The Director confirmed that the

savings were based on the Museum being closed and Middlesbrough Council no longer owning the building. There was approximately £162,000 in the budget for staffing and all posts were vacant, £140,000 for property and the rest was additional income targets.

It was highlighted that there was a good education programme at the Captain Cook Museum and better space for school visits than the Dorman. The Council charged for school visits and there was potential to expand that offer. However, anecdotal reports that over half a million school children visited the Museum annually were untrue.

Whilst entry to the Dorman Museum was free of charge, there was a charge for temporary exhibitions, which had proved popular with members of the public. It was the temporary exhibitions that got repeat visitors and there was potential to do something similar at the Captain Cook Museum. The Captain Cook Museum was not open throughout the year and discussions were taking place as to whether opening during Christmas school holiday period for example, would increase footfall or not. The current model was not sustainable on a cost basis but if the Museum was to remain open it could be worth exploring different opening hours.

In relation to asset disposal, it was queried whether the sale of the Tees Advanced Manufacturing Park (Tees AMP) would have an effect on future income for the Regeneration Service. It was confirmed that whilst this would be the case, that potential effect had been factored into the budget gap across the whole Council and not the service area. Through the flexible use of capital receipts, the Council was permitted to use income for revenue expenditure. Potentially, if Tees AMP was sold, the capital receipt could be used for transformation purposes.

With regard to the 20% vacant posts in Regeneration, it was clarified that those posts were not in Planning. Development Control was now fully staffed although there were still some other vacancies which were proving difficult to recruit to. Those posts were not being held vacant.

A question was asked as to whether salary budgets were realistic and whether salaries were too low. The Director commented that the area where salaries were an issue was confined to planning. There was always a risk that other authorities paid higher salaries and staff moved on.

It was noted that 20% of vacant post was a high number and a Member asked whether deleting 10 posts was a good enough saving or whether more posts should be deleted. The Director explained that, for example, Community Learning only got close to their budget target because 11 posts were vacant. Cutting those posts would not help because they were separately funded. Of the 43 vacant posts, probably less than 10 were directly revenue funded. If there was a vacancy in the Capital Projects team for example, then a project might not be delivered as quickly or only delivered in part. Projects might take longer rather than just not happening. The general assumption was that if the posts were not cut they would be filled eventually, however, there was a knock-on effect on capacity whilst they were vacant.

It was queried whether making savings in Culture could actually reduce income since events where a small amount of money was spent created an impact – an example was given of the Radio 1 Big Weekend held in Stewart's Park a few years ago. Reassurance was provided that everything that could be done to protect events had been done.

In response to a query regarding the cost of the Community Learning Service it was clarified that it was around £2.3 million. This was funded from grants from the Tees Valley Combined Authority, apprenticeships and other adult learning bodies, with £500,000 subsidy to the Council. There was no Council contribution to running costs. The Community Learning could be provided by other private providers, however if it ceased, the Council would be £500,000 worse off straight away. It was noted that, like many other Council services, Community Learning did not exist to provide an income, but to help people. The Council needed to balance income against what was provided for the public good.

Responding to a question regarding business rates, the Director explained that the owner of the property was responsible. However if the property was let, then the tenant would take responsibility. Business rates still had to be paid on empty properties but there were ways in which this could be mitigated. There was no benefit to the Council from business rates unless

the property was in its ownership.

Grant money – such as the Towns Fund – could be awarded to developers to assist with property renovations. The income stream for the Council would then be from council tax receipts. One of the requirements for this type of grant funding would be that it could not be used for student accommodation as no council tax could be collected.

In relation to The Crown building it was confirmed that it was currently owned by Middlesbrough Council and the intention was to transfer it to the Middlesbrough Development Corporation. The building had been empty for a number of years and was exempt from business rates.

AGREED as follows that the:

1. Information provided was received and noted.
2. Panel's comments on the Council Budget 2024/25 and Medium Term Financial Plan Refresh – Regeneration - would be forwarded to the Overview and Scrutiny Board.

23/41

PLANNING CAPACITY REVIEW

Designation

The Head of Planning informed the Scrutiny Panel that the Council had received a letter from the Government regarding Designation. The Government had requested confirmation that the data on their assessment was correct and the Council had two weeks to respond.

The service area had undertaken a review of the data and ascertained that it was incorrect. On major applications, the data provided by Government detailed 52% determination rate. However, on Council data, the rate was 67%, which was above the 60% requirement. The Panel had previously been made aware of the IT system introduced to the service area in October 2021 which had had to be implemented quickly and issues around lack of training and understanding had been identified. A number of applications had been miscoded on the system and some extensions of time, a key requirement, had not been actioned correctly. The errors related to four applications and the government figures covered the period October 2021 to September 2023. The Head of Planning was confident that the Council could provide sufficient evidence to confirm the 67% rate and processes and procedures would be in place to ensure that errors were not repeated. In addition, data performance would now be reported to Planning and Development Committee on a regular basis.

Planning Skills Delivery Fund

Middlesbrough's application to the Planning Skills Delivery Fund had been successful and the following amounts had been awarded:

Backlog funding:	£80K (100% of the amount applied for)
Skills funding:	£20K (25% of the amount applied for)

The proposal was to split the backlog funding and use £20K each on enforcement support, planning support, highways input and flooding input into the planning process.

The skills funding would be used to develop new Design Codes as required by the Levelling Up and Regeneration Act 2023.

The Chair asked whether the Council was minded to employ and apprentice through the Pathways to Planning Scheme. It was confirmed that the Council had already recruited a Planning Degree Apprentice and the cost of the degree being undertaken was met through the Apprenticeship Levy. Whilst the Pathways to Planning route would pay for the degree course, Middlesbrough Council would still have to pay the apprentice's salary and therefore the current arrangement was more cost effective.

AGREED that the information provided was received and noted.

23/42 **LOCAL PLAN UPDATE**

The Head of Planning provided an update on the new Local Plan. The draft Local Plan was scheduled to be considered for approval for consultation by the Executive later in the day. The consultation period would from 1 February until 15 March 2024. The draft Local Plan was the result of a comprehensive review covering housing, employment, green spaces and infrastructure and identified sites for approximately 7500 new dwellings across the town.

One of the complexities was the Middlesbrough Development Corporation (MDC) who had identified 1500 dwellings in the town centre but had not yet provided details of sites for those dwellings. The MIDC did not have plan making powers and Middlesbrough Council's Local Plan would be used to govern their decisions.

Two new large housing sites had been identified in Stainton and Thornton.

All Ward Councillors had been invited to meet with Planning Officers to discuss proposals and potential impacts and the Head of Planning encouraged Members to take up this offer. A Frequently Asked Questions (FAQs) document would also be available on the website.

It was highlighted that Teessaurus Park had been identified as a potential site for new pitches for the gypsy and traveller site and an explanation of the rationale behind this proposal was requested.

The Head of Planning explained that the Council had a statutory obligation to cater for the gypsy and traveller community. The Council had commissioned a gypsy and traveller accommodation assessment which would be published alongside the draft Local Plan consultation. The assessment identified a need for 14 additional pitches alongside the existing facility at Metz Bridge. Several other sites had been considered including sites at Canon Park, Longlands Road, and Whinney Banks. The Council had also made a call for the private sector to offer any land available. No one came forward and therefore the Council had to find a site on land it owned.

Under the proposals, the wildlife site at Teessaurus Park would be unaffected and all public rights of way would remain accessible. Some of the Dinosaur sculptures might need to be relocated either elsewhere on the site or at another location. The whole of the Park would not be redeveloped and would remain open.

AGREED that the information provided was received and noted.

23/43 **OVERVIEW AND SCRUTINY BOARD UPDATE**

The Chair provided a verbal update on matters considered at the meetings of the Overview and Scrutiny Board held on 20 December 2023 and 10 January 2024.

NOTED

23/44 **DATE AND TIME OF NEXT MEETING**

The next meeting of the Regeneration Scrutiny Panel was scheduled to take place on Wednesday 14 February 2024 at 10.00 am.

23/45 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.