

EXECUTIVE

A meeting of the Executive was held on Wednesday 26 June 2024.

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

PRESENT BY INVITATION: Councillor I Blades (Chair of Overview and Scrutiny Board)

ALSO IN ATTENDANCE: N. Corrigan (Local Democracy Reporting Service)

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

APOLOGIES FOR ABSENCE: None.

24/1 **DECLARATIONS OF INTEREST**

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

24/2 **MINUTES - EXECUTIVE - 22 MAY 2024**

The minutes of the Executive meeting held on 22 May 2024 were submitted and approved as a correct record.

24/3 **CORPORATE PERFORMANCE: QUARTER FOUR 2023/2024 - YEAR END**

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

The report advised Executive of corporate performance at the end of Quarter Four and 2023/2024 Year End, and sought approval of any changes, where those were within the authority of the Executive.

The Council's Scheme of Delegation gave Executive collective responsibility for corporate strategic performance, together with associated actions. The report provided the necessary information to enable 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 issued identified.

The report noted the Strategic Plan 2022-24 was established under the Council's previous administration with its priorities created by the then elected Mayor and which were monitored through various performance disciplines, to reflect progress and achievements.

The projected financial outturn at Quarter Four and 2023/2024, Year End was presented separately at the meeting.

As part of continuous improvement in performance and risk management, the Council's Leadership Management Team (LMT) had implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard, drawing data from a range of performance systems.

The output from these sessions was reflected through quarterly updates to the Executive and covered progress on delivering actions agreed by Executive, key Directorate performance issues and other performance-related matters.

ORDERED that Executive approve the proposed action to the finalise reporting of the Strategic Plan 2022-24 at Quarter Four and Year End 2023/24, as detailed in Appendix 2

of the report.

AGREED that Executive Note:

1. The delivery status of the Strategic Plan workplan (2022-24) at Quarter Four and 2023/24 Year End, as detailed in Appendix 1 and;
2. The Strategic Risk Register, at Appendix 3.

OPTIONS

No other options were put forward as part of the report.

REASONS

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

24/4

2023/24 REVENUE AND CAPITAL OUTTURN AND DEVELOPMENT OF MTFP

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: 6, 5 and 7.

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

The report summarised the General Fund revenue and capital outturn and reserves position for the financial year 2023/24 and highlighted the areas of particular financial challenge. The report also summarises the financial position for Dedicated Schools Grant for 2023/24 as well as the debtors position at 31 March 2024 and highlighted the work to be undertaken to increase recovery of debt owed to the Council.

The report sought approval from Executive in relation to revisions to the Capital Programme and approval of new grants into the budget framework. It also set out the further work to be undertaken to review the 2024/25 budget assumptions and development of the 2025/26 MTFP in light of the 2023/24 financial outturn.

The Council's Scheme of Delegation gave Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated actions. Standing Orders and Financial Procedures required Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Programme within approved Council resources.

The Executive Member commented that further reductions to the Council's overspend was positive and this was in part due to a robust programme of budget monitoring processes. However, there remained significant work to do, namely via Transformation projects, to ensure the Council's financial stability.

The table relating to debt collection performance had undergone minor amendments since the meeting papers had been published.

ORDERED that, in respect of the Capital Programme, Executive approve the inclusion of additional expenditure budgets to the Capital Programme for 2023/24 totalling £5.012m (summarised in Table 8) which were externally funded. These adjustments had increased the approved 2023/24 Capital Programme budget to £72.643m.

AGREED that:

In respect of the General Fund Revenue Budget, Executive:

1. Note the 2023/24 net revenue budget year-end outturn as of £129.948m against an approved budget of £126.354m, a final overspend of £3.594m (2.8%) as analysed in Table 1 in paragraph 4.12 of the report.
2. Note that an analysis of one-off vs ongoing variances, in 2023/24 had been

undertaken as set out in paragraph 4.15 and Appendix 1, and this would be used to review and assess the 2024/25 budget allocation of growth and any revisions will be reported in Quarter One 2024/25 monitoring.

3. Note that £2.399m of qualifying revenue expenditure had been funded from Flexible Use of Capital Receipts (FUOCR) in accordance with the FUOCR strategy approved by Council on 17 January 2024 (Table 9 and Appendix 5 of the report).
4. Note a bid of £0.199m had been made by the Director of Children's Services to DfE for an additional improvement grant for 2024/25. If successful, this would be incorporated into the relevant budget in order to support the funding of transformation and savings delivery for 2025/26 onwards as well as support practise improvements in progressing young people to permanence (paragraph 4.13).

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

1. Note the General Fund Balance of £10.986m and unrestricted usable earmarked reserves of £1.069m at 31 March 2024
2. Note the cumulative usable Collection Fund surplus of £8.325m at 31 March 2024 and the s151 Officer's action to apply this sum at budget setting 2024/25 in order to replenish the General Fund Balance to the recommended minimum level of £11.1m and unrestricted usable earmarked reserves at £9.280m at 1 April 2024 in accordance with Council approvals on 8 March 2024.
3. Note that the combined total of unrestricted usable reserves at 1 April 2024 stand at £20.380m (14.2% of the 2024/25 Net Revenue Budget of £143.190m) and that this level remained very low compared nationally to all unitary councils as illustrated in comparisons set out in the Reserves Policy approved by Council on 8 March 2024.

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

1. Note the total in-year deficit of £7.729m for 2023/24 mainly due to an overspend of £8.058m relating to the High Needs Block, which was an increase of £1.085m from the total £6.644m deficit reported at Quarter Three. The increase was mainly due to higher demand for specialist provision as inclusion of pupils within mainstream settings had remained a challenge.
2. Note that a range of management actions were being taken to address the increase in expenditure alongside the DfE Delivering Better Value (DBV) programme (paragraph 4.27 of the report) which aimed to support the financial recovery of the DSG position. This included service plans on reviewing exceptional support funding, increasing pupil exclusion recharges and recoupment of assessment places as part of reducing this over-spending in 2024/25 onwards.
3. Note the total cumulative deficit of £14.293m at 31 March 2024, including £15.079m relating to the High Needs Block.
4. Note that under current government regulations implementing a 'statutory override' in place to the end of 2025/26, this deficit could not be funded from the General Fund, and the Council was required to deliver a recovery plan to the Department for Education (DfE).
5. Note that this position presented a potential significant risk in medium to long-term relating to the Council's financial sustainability if no government solution was reached before the statutory override was removed and this was a national issue that required resolution.

In respect of the Capital Programme, Executive:

Note the 2023/24 Capital Programme final outturn of £47.714m, which was a favourable variance of £24.929m (34%) from the revised £72.643m budget for 2023/24 comprising:

- An underspend on projects of £2.218m
- Slippage on projects of £22.711m into 2024/25.

In respect of the level of Collection Fund and General Fund Debtors at 31 March 2024, Executive Noted the following:

- Council Tax £36.773m

- **Business Rates £8.391m**
- **Sundry Debt £15.516m**
- **Housing Benefit Overpayments £6.741m**

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

- 1. Note the approach to strengthening financial discipline during 2024/25 as set out in paragraphs 4.61 to 4.68 of the report.**
- 2. Note the actions being taken to improve budget management and forecasting in preparation for the development of the 2025/26 MTFP.**
- 3. Note the critical role that the development of a further pipeline of transformation projects and initiatives would have in relation to achieving financial recovery and rebuilding the Council's financial resilience.**

OPTIONS

No other options were considered as part of the report.

REASONS

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.

24/5

AUTO-ENROLMENT OF FREE SCHOOL MEALS AND MAXIMISING PUPIL PREMIUM FUNDING ACROSS MIDDLESBROUGH

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

The report sought approval for the Council to undertake the Free School Meal and Pupil Premium Optimisation pilot. The pilot was time sensitive with an enrolment completion date of September 2024 in readiness for the October 2024 census which was the deadline for pupil premium data to drive school funding.

The Council needed to engage with Middlesbrough schools to seek approval to progress with the auto-enrolment of Free School Meals and Pupil Premium optimisation pilot.

The purpose of the pilot was to ensure that schools were receiving the maximum benefit of Pupil Premium funding to address the attainment gap as well as contribute towards the Council's plan to reduce poverty and create a healthy place by enabling children who are entitled to free school meals to access them.

Nationally 1 in 10 children were not receiving the Free School Meals to which they were entitled. The Child Poverty Action Group in 2021 in the North East of England estimated a regional Free School Meals under-registration rate of 11%. Schools were also not receiving Pupil Premium funding and other associated funding dependent on Free School Meal registration.

The scheme would ensure that all eligible households received Free School Meals and that schools were maximising the Pupil Premium. There were several reasons, including burdensome and complex administration, language or low levels of literacy and a feeling of stigma or embarrassment from families that prevented some households from claiming Free School Meals.

The scheme also contributed towards reducing poverty, as children would have access to a Free School Meal, which could be funded by the parent (a saving to the household of c£400.00 per child per year).

Access to a healthy meal for every eligible child would contribute towards the Council's Plan 2024-2027, creating a healthy place, helping our residents to live longer, healthier lives. It would ensure that the most vulnerable children and families in poverty had access to Free School Meals and would ensure children were receiving a healthy balanced diet and would contribute to wider health priorities such as reducing childhood obesity. In addition, this process would have the potential to support closing the attainment gap through the allocation

of Pupil Premium funding to schools.

The Mayor commented that this was an exciting initiative and related the benefits of the scheme to his personal experiences. Similar schemes had seen success in Sheffield. It was clarified that in Middlesbrough 1 in 6 eligible families were not claiming free school meals.

A discussion took place that expressed the benefits the scheme would bring to residents and how it would have knock-on benefits to other initiatives.

ORDERED that Executive approve progression of a pilot initiative with schools, between officers across Revenues and Benefits Service and Public Health, to support the implementation of auto-enrolment of Free School Meals, with the aim of increasing the number of children registered for Free School Meals and Pupil Premium, subject to the agreement of Middlesbrough schools.

OPTIONS

Do nothing: To continue with the current application process whereby the responsibility rests with households to apply for Free School Meals, whilst this was still the route, the approach by the Council would ensure applications were maximised as is the Pupil Premium.

Delay the auto-enrolment until the 2025 Census. The current timescales were very tight by delaying this launch would allow for more robust plans to be put in place. Although any delay would impact on the transitional protection as described in the report with the schools potentially missing out on financial support.

REASONS

The initiative took a proactive approach to ensure that all children who were eligible for Free School Meals were identified and enrolled for Free School Meals.

To ensure that the Schools received transitional protection for income related Free School Meal, those eligible needed to be identified and captured on the October 2024 Census. All activities relating to this initiative needed to be completed by the end of September 2024.

Some children would automatically receive Free School Meals due to the Universal Infant Free School Meals, if they were in Reception, Year 1, and Year 2, although the school may have missed out on Pupil Premium.

Any successful claims would mean the Schools would see an increase in Free School Meal take up and an increase in the level of Pupil Premium income that they generate from participation in the pilot.

A small sample size of 60 Middlesbrough households were assessed utilising existing data sets held by the Council, which determined that a potential of 11 households with children, who would be eligible for Free School Meals. Based on this figure, if those children were primary aged children, this would result in an additional £16,280.00 of Pupil Premium funding coming into schools in Middlesbrough (if secondary pupils, this would equate to £11,550.00).

Under the Ever 6 Scheme (source: Department for Education) if a household was entitled to Free School Meals the current scheme meant that the school will benefit from Pupil Premium for a period of time irrespective of any subsequent changes to the household income.

The policy was a key decision that impacted on two or more wards and would involve engagement with all Middlesbrough schools.

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

The report provided important information regarding the regulation and management of the Council's borrowing, investments, and cash-flow for the 2023/24 financial year.

It was a requirement of the Council's reporting procedures under the CIPFA Treasury Management Code of Practice, and by regulations issued under the Local Government Act 2003, to produce an annual review that covered the treasury activity and compared the performance against the original strategy set by the Council. The report should be read in conjunction with the Council's revenue and capital outturn report for 2023/24, both of which had a significant impact on treasury arrangements.

The report also provides the Prudential Indicators results for 2023/24 in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Capital Finance, which is best practice in terms of governance in this area.

The Executive Member commented that Middlesbrough was not an outlier in terms of borrowing, but increased levels of borrowing increased affordability.

AGREED that Executive:

1. **Note the Prudential Indicators for 2023/24 as the Council's year-end position in relation to capital finance activities and overall indebtedness as detailed in Tables 1- 5 of the report).**
2. **Note the performance of the treasury management function against the Council's approved strategy for the last financial year as detailed in Paragraphs 4.32 – 4.37 of the report.**

OPTIONS

No other options were put forward as part of the report.

REASONS

The recommendations contained in the report would fulfil the following for the local authority:

- **Compliance with the CIPFA Prudential Code for Capital Finance for local authorities.**
- **Compliance with the CIPFA Treasury Management Code for local authorities.**
- **Compliance with the Local Government Act 2003 Section 1 in relation to borrowing.**

24/7

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.