

EXECUTIVE

Date: Wednesday 4th September, 2024
Time: 12.30 pm
Venue: Mandela Room

AGENDA

1. Welcome and Fire Evacuation

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

3. Declarations of Interest

4. Minutes - Executive - 24 July 2024 3 - 10

THE MAYOR AND EXECUTIVE MEMBER FOR ADULT SOCIAL CARE AND PUBLIC HEALTH

5. Corporate Performance: Quarter One 2024/2025 11 - 56

6. Review of Licensing fees for Houses in Multiple Occupation 57 - 68

EXECUTIVE MEMBER FOR ENVIRONMENT

7. Integrated Transport Strategy 69 - 104

EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE

8. Revenue and Capital Budget - Forecast Outturn position at Quarter One 2024/25 105 - 174

9. Initial MTFP 2025/26 175 - 202

10. Vulnerability Policy 203 - 220

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

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 27 August 2024

MEMBERSHIP

Mayor C Cooke (Chair) Councillors 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 Scott Bonner / Chris Lunn, 01642 729708 / 01642 729742,
scott_bonner@middlesbrough.gov.uk / chris_lunn@middlesbrough.gov.uk**

EXECUTIVE

A meeting of the Executive was held on Wednesday 24 July 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, Councillor D Branson and Mr. M Edgell

ALSO IN ATTENDANCE: Councillors B Hubbard, D Jackson, I Morrish, J Platt, S Platt and M Saunders

OFFICERS: S Bonner, R Brown, C Cunningham, A. Glover, C Heaphy, J Hedgley, R Horniman, A Johnstone, D Middleton and E Scollay

APOLOGIES FOR ABSENCE: None.

24/8 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Mayor outlined the Fire Evacuation Procedure.

24/9 **DECLARATIONS OF INTEREST**

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

24/10 **MINUTES - EXECUTIVE - 26 JUNE 2024**

The minutes of the Executive meeting held on 26 June 2024 were submitted and approved as a correct record.

24/11 **SOUTH TEES CLEAN AIR STRATEGY**

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

The purpose of the report was to seek Executive approval of the South Tees Clean Air Strategy.

The Mayor presented the report advising Executive that exposure to air pollution could affect everyone's health. When people inhaled air pollutants, those pollutants could enter bloodstreams and contribute to coughing or cause eye irritation. They could also cause, or worsen, many breathing and lung diseases, leading to hospitalisations, cancer, or even premature death. The effects of air pollution could be severe in people that already had underlying medical conditions. It was important that air quality was monitored in our area to ensure that pollutant levels were not exceeding levels that could cause illness to our residents.

In Middlesbrough there were two air quality monitoring sites located at Breckon Hill Primary School and MacMillan College. Each site monitored air quality using real time monitoring equipment. The pollutants measured were particulate matter (PM10 and PM 2.5), nitrogen dioxides, sulphur dioxides and ozone. There were also 24 tubes located across Middlesbrough which monitored nitrogen dioxide. These tubes were changed monthly and gave an annual average result for the area. This provided an indication of nitrogen dioxide levels across the whole of the town. All the pollutants measured in Middlesbrough had the ability to impact on the health of its communities and therefore air quality monitoring was vital to ensure that Middlesbrough did not reach levels of air quality that could cause ill effects.

The South Tees Clean Air Strategy demonstrated that air quality across Middlesbrough was good and met the UK legal standards. The graphs in Appendix two of the report showed the

air quality levels for PM10 and nitrogen dioxide and how they had compared with both the national and the WHO standards over the period 2011-2022. Although air quality levels met the UK legal standards, these could change and become more stringent in the future. The World Health Organisation had their own air quality guidelines (AQG) as a global target for national, regional and city governments to work towards improving air pollution. Most local authorities within England and Wales did not meet these AQG guidelines. However, they set an aspirational target, a reminder that there was still room for improvement that should be worked towards. Therefore, through the Clean Air Strategy Middlesbrough aimed to improve its air quality in the South Tees beyond UK legal standards, to protect the health of our residents and to make our air as clean as it can be.

The Mayor commented that air quality in the town would continue to be monitored and was heading in the right direction. It was clarified that the monitoring sites in Middlesbrough were monitored monthly as standard but could be more often if required.

Members queried if the Clean Air Strategy accounted for future housing developments and the loss of trees as these contributed to air pollution.

While other sectors, such as industry and agriculture, contributed more to air pollution than house building, relevant checks would be undertaken for housing development sites.

A Member of the public commented that Middlesbrough had a high volume of traffic for its size which could be exacerbated with additional house building.

ORDERED that Executive approves the South Tees Clean Air Strategy.

OPTIONS

The UK Government, as part of the publication of the Environment Act 2021 announced that it would be mandatory for all Local Authorities who had not been required to have an Air Quality Management Area (AQMA) in place, to develop an Air Quality Strategy by 2023. As Middlesbrough had not had to declare an AQMA due to the national air quality objectives not being breached it was required to develop an Air Quality Strategy. On this basis, there was no alternative to this proposal.

REASONS

The Clean Air Strategy set the policy and process for improving the air quality standards across the South Tees, to improve the physical environment, improve the health of our populations and tackle health inequalities. It was a statutory requirement for Middlesbrough to have a Clean Air Strategy in place.

24/12

THIRD PROGRESS REPORT OF THE MIDDLESBROUGH INDEPENDENT IMPROVEMENT ADVISORY BOARD

The Mayor and Executive Member for Adult Social Care submitted a report for Executive consideration. The purpose of the report was to present the third progress report of the Middlesbrough Independent Improvement Advisory Board, which set out the background to its appointment, a summary of activity to date, an overview of progress to date and views on the approach to transition towards business-as-usual, whilst demonstrating good corporate governance.

In September 2023, the Council appointed a discretionary Independent Improvement Advisory Board the Membership for which was detailed in the report.

The Board's role was to provide oversight, support and challenge to the Council's improvement and transformation journey, with particular focus on ensuring compliance with the Council's Best Value Duty under the Local Government Act 1999, notably:

- Cultural and governance issues, including those identified through previous Chartered Institute of Public Finance and Accountancy (CIPFA) any future, external auditor reports.
- Financial sustainability, including a balanced medium-term financial strategy aligned to the Council Plan.

The Board recognised the significant amount of activity the Council had undertaken around governance, culture and financial management since it last reported to Members in its Council report in March 2024. The Board's latest report set out its views in detail as Appendix 1 of the report presented to Executive. In summary the Board felt there has been a significant improvement in fostering more positive relationships, behaviours, and organisational culture in the last 12 months as well as greater visibility of leadership and improved relationships both internally and externally.

The Board was also assessing the Council's response to the financial challenges it had faced. Both the Board and the Council's Leadership Team and Executive recognise the scale of this challenge. The Board's report contained key messages around this including the Council's significant efforts in reducing its overspend pressures within the 2023/24 budget and the securing of the Exceptional Financial Support which provided time for the Council to develop its transformation programme.

The Regional Lead for the Local Government Association address Executive and stated that while good progress had been made, there remained work to do, especially around the Council's financial position.

The Mayor thanked the Board for their efforts and commented the improvement process had been challenging and invited questions from Members. When asked about examples of best practice the Council had undertaken it was commented that examples included cross party working and the development of the Councillor Gateway. Members queried what timescales were envisaged for the improvement journey, but it was clarified this was difficult to specify. A query was raised about improved cross party working and the composition of the Executive. It was clarified that where Councils had a controlling group, as was the case with Middlesbrough, it was normal for the Executive to be comprised of one political group.

NOTED

OPTIONS

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

REASONS

The Council needed to continue responding effectively and at pace, to ensure effective delivery of the planned improvements as set out in both the Corporate Governance Improvement Plan and the Section 24 report, in order to address the concerns articulated regarding culture, governance and financial challenges.

The progress report of the Middlesbrough Independent Improvement Advisory Board provided an independent view of progress made to date, on the understanding that the expertise and advice provided would assist the Council in its improvement journey.

24/13

SOUTH TEES YOUTH JUSTICE PLAN 2024-2025

The Deputy Mayor and Executive Member for Education and Culture submitted a report for Executive's consideration.

The report was for Executive's attention and noting and would seek approval of Full Council in accordance with Regulation 4 of the 'Local Authorities (Functions and Responsibilities) (England) Regulations 2000'.

The Youth Justice Board (YJB) had issued a framework which Youth Justice Services must use when designing their plans which was detailed in the YJB document, "Youth Justice Plans: guidance for youth justice services." This would assist the YJB to gather the information and data contained within the plan to support their oversight of services, offering more consistency of structure and content. This document allowed for the Youth Justice Service to present the plan covering all key areas of the work of the service, affording the Youth Justice Service the opportunity to highlight achievements over the past year, challenges faced by the service in the delivery of services and to offer the scope for new priorities for the coming year.

Youth Justice Services Management Boards should govern and own the process of producing the local youth justice plan; it was their opportunity to collectively shape the direction of the delivery of youth justice so that it best met the needs of the locality, children, families, victims and communities. Opportunities for wider participation, significantly where children and their families can themselves shape and influence the delivery of your service, are also strongly encouraged. South Tees Youth Justice Service Management Board had overseen the production of this plan and approved its content. The plan would be governed by the South Tees Youth Justice Service Management Board which met on a quarterly basis. The South Tees Youth Justice Board Regional Advisor was a member of the South Tees Youth Justice Service Management Board and therefore had oversight of the progress against priority areas.

NOTED

OPTIONS

Do nothing. The Youth Justice Plan was a legally required strategic document as set down by Section 40 the Crime and Disorder Act 1998 and by National Standards for Youth Justice. Not having a plan would result in the Youth Justice Board withholding all of the grant and therefore this was not a viable option.

Service priorities for 2024/25 were carefully considered by key stakeholders, staff and partners and had been included in the current document. There were no other priorities put forward for consideration. The council could be assured that progress against priorities are monitored by the STYJS Management Board on a quarterly basis as is progress of the delivery plan.

REASONS

In preparing this Youth Justice Plan a comprehensive consultation process was entered into and this included consultation with staff, partners, and young people. The purpose of the consultation was to share the plans and service priorities, as proposed by the South Tees Youth Justice Service management team and to secure the views of staff and partners on these proposals. This consultation ensured that all key stakeholders had a voice in the plan, and the actions detailed in this plan are owned by all.

The Youth Justice Board required approval of the document as part of the grant terms and conditions. Failure to approve this plan would result in the council not fulfilling its statutory obligations and the service not receiving funds from the YJB to provide a statutory service.

24/14

COMMUNITY SAFETY PARTNERSHIP PLAN

The Executive Member for Community Safety submitted a report for Executive's consideration. The report summarised the Community Safety Plan for Middlesbrough 2024-26.

The Crime and Disorder Act 1998 placed statutory obligations on Local Authorities and the Police to work together with Health Authorities and other relevant agencies to prevent crime and disorder.

Section 97 of the Police Reform Act 2002 amended the above Act and included the Fire Service and Clinical Commissioning Groups (now Integrated Care Board) as responsible authorities. Further reforms now included Probation Services as a responsible authority as well as the Environment Agency and Registered Social Landlords as 'participatory bodies' within a Community Safety Partnership.

This legislation required the Partnership to produce a three-year plan detailing how it intended to tackle crime and disorder. This allowed for the development of strategies to tackle short, medium and long-term priorities.

Middlesbrough's latest Community Safety Plan would run until the end of March 2026.

Earlier this year the Community Safety Partnership held a series of multi-agency meetings and identified several overarching priorities which were detailed in the report.

ORDERED That:

- 1. Executive approve the proposed priorities and contents of the Community Safety Plan 2024-2026.**
- 2. An update on the Neighbourhood Safety Fund be provided to Executive.**

OPTIONS

As the plan was a statutory requirement no other alternatives were proposed as part of the report.

REASONS

It was a statutory requirement for the Local Authority's Community Safety Partnership to develop and produce a Community Safety Plan under the Crime and Disorder Act 1998.

The key objectives set out in the plan were based upon assessment of crime and disorder issues across the town and reflect the views of the community and the Council's partners.

24/15

CIPFA REVIEW OF COUNCIL'S FINANCIAL MANAGEMENT ARRANGEMENTS

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

The purpose of the report was for Executive to consider the independent assessment and recommendations of the Council's financial management arrangements undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Executive was advised that strong financial management was essential to the organisation's ability to deliver Best Value. It ensured that public money was used well and provided leaders and managers with the information that they need to make robust, evidence-based decisions, manage performance and resources effectively, whilst delivering the organisations objectives.

The Council remained subject to a Best Value Notice issued by the Secretary of State for Local Government that commenced in January 2023 in relation to its inability to secure best value in its operations and decision making. The Notice was extended for 6 months in January 2024 and was due to be reviewed by MHCLG following a review of the Council's progress in July 2024 which would report to the Secretary of State subsequently.

The possible outcomes of the Best Value review ranged from allowing the Council to exit formal Government intervention, through to an escalation of intervention measures if it is considered that insufficient progress in delivering the required improvement has been made. MHCLG officials have confirmed that they will consider the CIPFA FM report as evidence to inform their Best Value assessment of the Council's progress in relation to delivering its financial recovery and achieving financial sustainability.

The Council was also subject to a further independent review by Grant Thornton LLP (GT) who had recently been commissioned by MHCLG to assess the Council's financial position and arrangements for recovery as part of their due diligence in progressing the Council's application for Exceptional Financial Support (EFS) in 2024/25. The review commenced on 2 July for a period of approximately eight weeks and would make recommendations for improvement and report back to the Secretary of State to enable a firm decision on EFS to be made and published in due course.

The Executive Member highlighted that Middlesbrough's current rating of two out of a possible five stars was deemed reasonable. It was also commented that the improvement journey would be challenging.

NOTED

1. Findings and recommendations of the CIPFA Financial Management report
2. Intention to develop an action plan in response to the CIPFA recommendations.

OPTIONS

Executive could reject the findings and recommendations of the CIPFA FM review. This, however, would be counterproductive to the achievement of the Council's financial recovery and would likely to be assessed unfavourably by MHCLG and the External Auditor.

REASONS

To enable the Council to secure effective management of its finances in accordance with recognised professional standards of good practice.

24/16

FINAL REPORT OF THE REGENERATION SCRUTINY PANEL - PLANNING CAPACITY

The former Regeneration Scrutiny Panel had undertaken a review entitled Planning Capacity. A copy of the full report was attached. The Scrutiny Panel had made nine recommendations upon which a response was sought from the relevant service area.

The Executive Member for Regeneration and the Director for Regeneration submitted a service response to the recommendations of the Scrutiny Panel. A copy of the action plan was appended to the report.

The Chair of the Overview and Scrutiny Board introduced the report and advised the review had been undertaken by the previous Regeneration Scrutiny Panel, whose remit now came with in the Place Scrutiny Panel.

The Chair of the Place Scrutiny Panel presented the Scrutiny report.

The Executive Member for Regeneration provided a response to the Scrutiny report and presented the Service Response.

ORDERED That:

1. **The content of the Regeneration Scrutiny Panel's final report on Planning capacity (Appendix one) be noted; and**
2. **The action plan (Appendix two), developed in response to the Scrutiny Panel's recommendations, be approved.**

REASON

It was a requirement that Executive formally considered the scrutiny panel's report and confirmed the service area's response to the accompanying plan.

24/17

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

None.

24/18

EXCLUSION OF PRESS AND PUBLIC

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: 12, 13,14 and 11.

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.

24/19 **THE DISPOSAL OF LAND AT HEMLINGTON GRANGE WEST - APPENDIX 3**

The Executive Member for Regeneration submitted and presented Appendix three of the report listed at agenda item 11 for Executive's consideration.

AGREED That the information in the Appendix be noted.

REASONS

For Executive to have considered all relevant information in relation to the decision sought in the report listed at agenda item 11.

24/20 **THE DISPOSAL OF LAND AT HEMLINGTON GRANGE WEST**

At this point in the meeting the Press and Public were invited to rejoin the meeting.

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

The report sought approval for the disposal of Hemlington Grange West, which was allocated in the Housing Local Plan (2014) and Draft Housing Local Plan (2024), in accordance with the Council's Asset Disposal Process, and to inform Executive of the next steps to take the site to market.

Hemlington Grange West was a Council owned site of circa 20.05 acres (8.11 ha) and was currently identified in the Housing Local Plan (2014) as part of the Hemlington Grange mixed use allocation. A site plan was attached as Appendix one of the report.

The site was originally envisaged as being a potential location for business use, but the outcome of an Employment Land Review had been determined that there was no demand in this location.

The site had subsequently been allocated in the Draft Local Plan 2024 for the development of approximately 170 dwellings and an appropriately scaled Local Centre.

The site would provide a mix of dwelling types and sizes, including bungalows, that complemented and enhanced the choice and quality of housing in the local area.

Vehicular access for the site would be taken from Hemlington Grange Way, whilst incorporating access to the adjacent Holme Farm allocation for vehicles, pedestrians, and cyclists. Footpaths would also be provided to link into the wider network.

Hemlington Grange West had been formally established as a Level one project, identifying the strategic importance to the Council. The Council's Programme and Project Management Framework (PPMF), underpins the achievement of its strategic objectives.

Demand for new homes continued to strengthen and the town required a significant supply of new housing developments over the next decade to allow the town to keep pace with local demand and national demographic trends. Middlesbrough's Draft Local Plan, which had been informed by a Local Housing Needs Assessment (LHNA), identified a requirement for the delivery of 400 net additional dwellings per annum between 2022 and 2041.

The Executive Member for Finance and Governance expressed concern regarding the proposed local centre as the Member for an adjoining ward.

The Mayor proposed an amendment to the report to reflect that Executive had considered all relevant information in reaching its decision.

ORDERED That Executive:

1. **Approve the de-risking, marketing and disposal of the Hemlington Grange West housing site;**
2. **Provides 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.**

3. Confirms it considered all the relevant information in reaching its decision.

OPTIONS

Don't sell the land

This would have resulted in an inability to realise a planned capital receipt and in ability to grow the council tax income base. Failure to dispose of the land would be contrary to the current and draft Local Plans.

Sell the land prior to de-risking the site.

Previous market and disposal advice for other sites indicated this approach did not demonstrate Best Value for the Council. The approach would realise a reduced capital receipt and there would have been significant uncertainties around the timescales for delivery as the land did not have an outline planning approval.

Sell the land without outline planning permission.

It is known that developers will pay for the benefit of a de-risked site. Disposal without outline planning consent would increase the risk for developers, potentially leading to fewer than normal offers and at a reduced financial return.

Sell the land without undertaking Due Diligence or adopting Design Guidance.

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 and gaining outline planning approval to competitively market sites.

Enter a Joint Venture

As the Council was the sole owner of the site and had the capital budget to fund the due diligence and outline planning application, professional analysis concluded that collaboration with external partners on the disposal did not represent Best Value.

REASONS

The development of Hemlington Grange West 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.

With interest in Middlesbrough's housing sites continuing to be strong, the disposal of the subject land was recommended in order to meet the Council's requirements to generate capital receipts and increase annually recurring streams from Council Tax.

Middlesbrough's housing offer needed to keep pace with the demands of the market. The release and development of this site would 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.

MIDDLESBROUGH COUNCIL	
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Report of:	Chief Executive
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Relevant Executive Member:	The Mayor and Executive Member for Adult Social Care and Public Health
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Submitted to:	Executive
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Date:	4 September 2024
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Title:	Corporate Performance: Quarter One 2024/2025
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Report for:	Decision
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Status:	Public
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Council Plan priority:	All
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Key decision:	No
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Why:	Decision does not reach the threshold to be a key decision
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Subject to call in:	No
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Why:	Not urgent
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Proposed decision(s)	
<p>That at Quarter One of 2024-27, the Executive:</p> <ul style="list-style-type: none"> • notes the progress and position of the corporate performance disciplines, including the Transformation Portfolio • approves the proposed changes to the Executive actions, detailed at Appendix 1 • notes delivery status of the Council Plan 2024-27 supporting workplan at Quarter One, detailed at Appendix 2 • approves the proposed changes to the Council Plan workplan actions, detailed at Appendix 3 • notes the Strategic Risk Register, at Appendix 4 	

Executive summary

This report advises the Executive of progress against corporate performance at Quarter One 2024-27, providing the necessary information to enable the Executive to discharge its performance management responsibilities against the following performance disciplines

- Actions pertaining to decisions approved via Executive reports;
- Delivery of the Council Plan 2024-27 and associated outcome measures;
- Strategic Risk Register performance;
- Programme and Project management performance;
- Transformation progress and performance; and
- Other matters of compliance.

Where appropriate, this report seeks approval of any changes or amendments, where these lie within the authority of the Executive.

Purpose

1. This report advises the Executive of corporate performance at the end of Quarter One 2024/2025, and where appropriate seeks approval of any changes, where these lie within the authority of the Executive.

Recommendations

2. That the Executive:
 - notes the progress and position of the corporate performance disciplines, including the Transformation Portfolio
 - approves the proposed changes to the Executive actions, detailed at Appendix 1
 - notes delivery status of the Council Plan 2024-27 supporting workplan at Quarter One, detailed at Appendix 2
 - approves the proposed changes to the Council Plan workplan actions, detailed at Appendix 3
 - notes the Strategic Risk Register, at Appendix 4

Rationale for the recommended decision(s)

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

Background and relevant information

4. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance, together with associated action.
5. This report provides the necessary information to enable the Executive to discharge its performance management responsibilities, setting out progress against priority performance disciplines and other key associated items, together with actions to be taken to address any issued identified.
6. The projected financial outturn at Quarter One and 2024/2025, is presented separately to this meeting of the Executive, and so not repeated here.

7. 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 feeder systems.
8. The output from these sessions is reflected through quarterly updates to the Executive and covering in addition, progress in delivering actions agreed by the Executive, key Directorate performance issues and other performance-related matters.

Overall progress at Quarter One 2024/25

9. The Council's performance overall at the end of Quarter One 2024/25 saw ith progress towards expected performance standards, as set out in the Council's risk appetite, achieved in three of the five corporate performance disciplines.

Performance discipline	Q1 2024/25	Expected standard	Standard achieved	Trend
Executive actions	68% (30/44)	90%	No	n/a
Council Plan outcomes	13% (5/39)	90%	No	n/a
Council Plan workplan	98% (55/56)	90%	Yes	n/a
Strategic Risk Register	94%	90%	Yes	n/a
Programme and Project Management	100% (18/18)	90%	Yes	n/a

10. It should be noted that performance against Council Plan outcomes for Quarter One 2024/25 is measured by tracking progress against baseline key performance indicators, as outlined in the Council Plan 2024-27 and its associated workplan. It is expected that over time, 90% of the outcome measures will be achieved.

Progress in delivering Executive actions

11. Actions agreed by the Executive to deliver approved decisions are tracked by LMT, each month. If following Executive approval, any action is found to be no longer feasible, appropriate, or cannot be delivered within the approved timescales, this report will be used to advise the Executive as such, and to seek approval of alternative actions or amended timescales.
12. At Quarter One 2024/25, 30 of 44 live actions (68%) were reported as on target to be delivered by the agreed timescales; a significant improvement from the 48% reported at Quarter Four 2023/24 Year End, though continuing to remain below the 90% expected standard of achievement of actions, with reasons detailed below:
 - 11 (25%) actions were delayed due to external factors beyond Middlesbrough Council control
 - 3 (7%) actions were delayed due to internal capacity to complete within approved timescales
13. There are seven proposed amendments to Executive actions presented for approval at Quarter One as detailed in Appendix One. It is assumed that the remainder of Executive actions will be achieved within originally approved timescales and a further update on progress against plans, will be provided at Quarter Two 2024/25.

Progress in delivering the Council Plan 2024-25

14. The Council Plan, formerly known as the Strategic Plan, is the Council's overarching business plan for the medium-term, can be refreshed on an annual basis, and sets out the priorities of the Elected Mayor of Middlesbrough and the ambitions for our communities and the ways in which we seek to achieve them.
15. The Leadership Team worked collaboratively with the Mayor and the Executive to develop and shape the Mayor's priorities for the town, to inform the Council Plan 2024-27.
16. The Council Plan articulates the 4 priorities of the Mayor and outlines the approach that will be taken to addressing those priorities:

Mayor's Priority	Description
A successful and ambitious town	Maximising economic growth, employment, and prosperity, in an inclusive and environmentally sustainable way.
A healthy place	Helping our residents to live longer and healthier lives, improving life chances and opportunities to thrive.
Safe and resilient communities	Creating a safer environment, where residents can live more independent lives.
Delivering best value	Changing how we operate, to deliver the best outcomes for residents and businesses.

17. Supporting initiatives and workplans to support delivery of the Council Plan 2024-27 ambitions and measures of success and the proposed performance and governance arrangements were approved at a meeting of the Executive on 10 April 2024, to demonstrate a robust approach to the delivery of key priority activities across Council services.

Council Plan 2024-27: outcomes

18. Progress of delivery of the Council Plan 2024-27, is monitored via detailed milestone plans which support each initiative under the four priorities and will include the success measures determining the impact upon:
 - the types of businesses being established in Middlesbrough, to ensure that we attract those which will give residents access to well-paid and rewarding careers,
 - healthy life expectancy of residents of Middlesbrough, who currently experience ill-health much earlier than wealthy areas across the UK,
 - community safety, as part of our plans to reduce crime and make residents and communities feel safer
 - progress against the Council's governance improvement journey, to provide assurance to members of the public and our partners, that the services we are providing are value for money
19. Performance management and monitoring of the Council Plan adheres to the corporate programme and project management framework where applicable and is reported to all senior managers and Members as part of this quarterly corporate performance results report, presented to Executive for noting and decision, where applicable.

20. Performance overall against the Council Plan 2024-27 outcome measures at Quarter One 2024/25, is reported as 5 of 39 (13%) improving or static, against the 90% performance standard. The starting position for reporting outcome measures will always be 0%, with the expectation that over time and the duration of the Council Plan, 90% of the outcome measures will be achieved, as these are outcome measures predicted over the period of the Council Plan, 2024-27.

Outcome Status	Q1 2024/25	Previous reported position	Expected standard	Standard achieved	Trend
Number (%age) GREEN	4 / 39 (10%)	n/a	90%	No	n/a
Number (%age) AMBER	1 / 39 (3%)	n/a	n/a	n/a	n/a
Number (%age) RED	34 / 39 (87%)	n/a	n/a	n/a	n/a

21. In the meantime, and to be able to demonstrate more tangible progress to the Executive, a commitment has been made to develop a set of proxy measures, which will be presented and included in the Q2 2024/25 corporate performance report.

Council Plan 2024-27: workplan

22. At Quarter One 2024/25, performance against the Council Plan workplan is above the corporate standard of 90%, with 98% of all initiatives on target to be achieved in full within approved timescales.

Status	Q1 2023/24 position	Expected standard	Standard achieved	Trend
COMPLETED	2% (1 / 56)	90%	No	N/A
GREEN	96% (55 / 56)			
AMBER	0% (0 / 56)	N/A	N/A	N/A
RED	2% (0 / 56)	N/A	N/A	N/A

23. One Council Plan initiative is reporting as off-track, regarding the refresh of the Information Strategy which has linked dependencies with the development of the organisational Target Operating Model (TOM). Further detail is provided at Appendix 2 and 3.

Strategic Risk Register (SRR)

24. The Strategic Risk Register (SRR) sets out the key risks, which if they occurred, could stop the Council achieving its objectives, as set out in the Council Plan.

25. The Register also sets out control measures in place to reduce the impact and / or likelihood of a risk occurring, as well as further planned actions to manage the risk. Risks in the SRR are identified and managed by the Council's Leadership Management Team in line with the Risk and Opportunity Management Policy, agreed by Executive in 2023. Progress in managing these risks is reported to the Leadership Management Team on a monthly basis, with a full review of the SRR conducted on a quarterly basis. It is the role of the Executive to ensure that this occurs.

26. The more volatile the risk, the more closely it must be monitored and managed. Managers are responsible for identifying and recording the countermeasures / actions required to address risks and opportunities and maintaining those details within the Council's risk management solution. Countermeasures to risk will include actions to terminate, transfer, treat or tolerate the risk. Actions in relation to opportunity will include exploitation (fully or partially) or avoidance.

27. The Strategic Risk Register contained 14 risks at Quarter One 2024/25, following review of the SRR against the Council Plan's objectives, which is an increase of two additional risks, as set out below:

- **SR-13, Failure to deliver transformation successfully:** If the Council fails to transform its service delivery model to a model that can deliver outcomes for residents at a reduced cost base, then the Council's financial position will become untenable and may result in the issuing of a S114 notice.
- **SR-14, Failure to ensure effective governance of the Middlesbrough Development Corporation:** If the Middlesbrough Development Corporation fails to reflect the relevant findings from the review of [Tees Valley governance](#) in its structures (where relevant), then there is a risk that it could fail to ensure value for money or good governance in its decision making, which will have an adverse impact on the economic vitality of the Town Centre.

28. In addition, there were some changes to existing risks, summarised below:

Risk	New actions added to manage the risk	Justification
SR-01, Failure to Maintain a balanced budget and MTFP.	SR-01c, Failure of the Recover, Reset, Deliver Transformation Portfolio.	To ensure that the Council delivers on the approved savings of £13.910m in 2024/4 and raising to £21.028m in 2026/7.
	SR-01d, Failure of the Recover, Reset, Deliver Transformation Portfolio to identify further savings.	To identify further savings of at least £7.474m in 2025/26 raising to 7.965m in 2025/27.
SR-07, Unable to recruit and retain key staff	SR-07e, Recruitment of Chief Executive and S151 Officer.	To determine the plan to recruit to CEX and S151 officer posts by March 2025 to ensure stability for the local authority.
	SR-07f, Track delivery of first quarterly report to LMT on delivery against improvement plan.	To ensure that the local authority are doing as requested by the improvement board.

29. Risks within the SRR are scored three times, using the following table: the first score assesses the likelihood and impact of the risk occurring without any control measures in place; the second assesses the impact of the control measures currently in place; and the third sets a target for the management of the risk.

Likelihood (Probability)	Almost Certain >80%	5	Low (5)	Medium (10)	High (15)	High (25)	High (35)
	Likely 51% - 80%	4	Low (4)	Medium (8)	High (12)	High (20)	High (28)
	Possible 21% - 50%	3	Low (3)	Medium (6)	Medium (9)	High (15)	High (21)
	Unlikely 6- 20%	2	Low (2)	Low (4)	Medium (6)	Medium (10)	High (14)
	Rare <6%	1	Low (1)	Low (2)	Low (3)	Low (5)	Medium (7)
			1	2	3	5	7
			Insignificant	Minor	Moderate	Major	Extreme
			Impact				

Progress in delivering Programmes and Projects

30. The Council maintains a portfolio of programmes and projects in support of achievement of the Council's strategic priorities. At Quarter One 2024/25, 100% (21 of 21) of the programmes / projects within the portfolio, remained on-track to deliver against project time, cost, scope and benefits, remaining above the expected combined standard of 90%.

Status	Q1 2024/25 position	Expected standard	Standard achieved	Trend
GREEN	100% (21 / 21)	90%	Yes	↑
AMBER	0% (0 / 21)			
RED	0% (0 / 21)	N/A	N/A	↑

Transformation progress and performance

31. The Council has established Transformation Programme; *Recover, Reset, Deliver*, which is designed to align with the vision and ambitions of the Council Plan, and aims to deliver tangible outcomes that benefit the people of Middlesbrough whilst delivering value for money and a financially sustainable organisation.

32. The 'Approach to Transformation of Middlesbrough Council' report to full Council on 27 March 2024 outlined the contents of the Transformation Portfolio, which is structured around six themed programmes. These programmes encompass a range of activities, key business changes, and complex projects aimed at addressing the emerging challenges and opportunities.
33. The scope of the Transformation Programme and its associated investment provides assurance on and aims to secure the delivery of all the savings of £21.028m approved by Council at its budget meeting on 8 March 2024. Investment in the resource required to physically deliver, such as programme management, finance expertise and subject matter experts, will support the Council in delivering all approved savings.
34. To ensure the success of the now established governance framework and board structure, key roles and responsibilities have designated at each layer, with the Executive being the ultimate accountable body for successful delivery of the transformation portfolio, in its entirety.
35. This Executive-approved governance structure ensures that projects and programmes are scrutinised in a uniform way, with exceptions escalated to senior responsible officers to ensure action is taken to bring the portfolio, programmes and projects back on-track, where required and / or necessary.
36. At Quarter One 2024/25, the position of savings within the transformation portfolio were reported to the Leadership Team and through the Transformation Portfolio governance and performance management reporting cycle arrangements, and split by RAG rating, as follows:

Adults	Children's	Property	Customer	Place-based Services	Target Operating Model and Core Services
Improved efficiency of current systems and transformation of delivery model through enhanced early intervention, use of digital technologies, increased reablement and review of accommodation offer.	Improved efficiency of current systems, transformation of delivery model through enhanced early help and prevention, development of new models of placement provision and increased in-house fostering capacity.	A review of Council's asset holdings to identify short-term opportunities to maximise generation of revenue and capital receipts to support organisational transformation.	Transformation of the organisation's approach to engaging with our customers and implementation of a customer-centric end-to-end journey, enabled through a behavioural change.	A review of service accessibility to allow more focused delivery and better meet the needs of residents, alongside transformation of the Council's approach to community engagement with the public.	Design and implementation of a Target Operation Model, alongside a review of the management structure to ensure stability and delivery of core enabling service-related savings.
Programme Sponsor: Director of Adult Social Care and Health Integration	Programme Sponsor: Director of Children's Services	Programme Sponsor: Director of Regeneration and Culture	Programme Sponsor: Director Finance (S151 Officer)	Programme Sponsor: Director of Environment and Communities	Programme Sponsor: Director of Legal and Governance

RAG	Savings	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Total (%)
Approved Budget		(15.302)	(5.151)	(1.967)	(22.420)	-
Blue	Benefits and / or saving(s) realised, with evidence provided.	(0.257)	0.000	0.000	(0.257)	1%
Green	Benefits and / or saving delivery on-track, with assured plans in place.	(10.251)	(2.965)	(0.160)	(13.376)	60%
Amber	Medium-risk to benefits and / or saving(s) delivery. Mitigation in-play, or in development.	(3.460)	(1.391)	(1.057)	(5.908)	26%
Red	High-risk to benefits and / or saving(s) delivery. Limited scope for mitigation.	(1.334)	(0.795)	(0.750)	(2.879)	13%
Purple	Benefits and / or saving(s) are undeliverable. Alternative plan / saving required, for Exec approval.	0.000	0.000	0.000	0.000	0%
Total Savings		(15.302)	(5.151)	(1.967)	(22.420)	100%

37. Alternatively, they can be presented via Thematic Programme for Quarter One, 2024-27:

Directorate	Benefits and / or saving(s) realised, with evidence provided.		Benefits and / or saving delivery on-track, with assured plans in place.		Medium-risk to benefits and / or saving(s) delivery. Mitigation in-play, or in development.		High-risk to benefits and / or saving(s) delivery. Limited scope for mitigation.		Benefits / saving(s) undeliverable. Alternative required for Exec approval.		Total No. Of Projects 2024/25	
	Blue	Green	Amber	Red	Purple	TOTAL (No.)	TOTAL (%)					
Adults	2	13%	12	75%	1	6%	1	6%	0	0%	16	22%
Children's	0	0%	8	53%	6	40%	1	7%	0	0%	15	21%
Property	0	0%	1	50%	1	50%	0	0%	0	0%	2	3%
Customer	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Place Based Services	1	5%	15	75%	3	15%	1	5%	0	0%	20	27%
Target Operating Model	0	0%	16	80%	0	0%	4	20%	0	0%	20	27%
TOTAL	3	4%	52	71%	11	15%	7	10%	0	0%	73	100%

38. Delegated decision-making powers relating to any required approvals for proposed changes to time, scope, cost and benefit of individual projects programmes, enabling them to be brought back within agreed tolerances are as set out in the Programme and Project Management Framework (PPMF). This is with the exception where such changes are a key or urgent decisions and would require Executive approval through an additional report.

39. During Quarter One 2024/25 a number of project gateways were approved. Gateway approvals are required project lifecycle stages, which ensure appropriate and robust assurance and challenge has been applied to the scoping, planning and development of the necessary project documentation and delivery plans, which are then monitored through the transformation governance arrangements. The gateway approvals for Quarter One 2024/27 are summarised below:

Thematic Programme	Project	Gateway approval type
Adult Social Care	ASC02: Temporary Accommodation and Support Review Business Case	Business Case
Adult Social Care	ASC09: Review of Supported Living Schemes	Business Case
Adult Social Care	ASC11: Levick Court	Business Case (Part I)
Adult Social Care	ASC13: Review of Direct Payments	Business Case
Adult Social Care	ASC12: Transformation of ASC	Programme Definition Document
Adult Social Care	ASC12: Assistive Technology and Digital Solutions	Proof of concept
Adult Social Care	ASC12: Transforming Practice and Decision Making	Project Brief and Business Case
Children's Services	CC03: Internal Residential	Business Case
Children's Services	CC01: Establishment Review	Business Case
Property	n/a	Programme Definition Document
Place-Based Services	ECS03: Junk Job collection will be chargeable	Change control
Place-Based Services	ECS01: Fortnightly Residual Waste Collection	Change control

Progress in other corporate performance matters

40. In addition to the above performance and risk issues, the Leadership and Management Team review 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	Q1 2024/25 position	Expected standard	Standard achieved	Trend
P 1 / 2 audit actions in time	73% *	90%	No	↓
FOI / EIR responded to <20 days	58%	90%	No	↓
% live SARs open and in time	63%	90%	No	↓
Information security incidents	26	N/A	N/A	↓
Incidents reported to the ICO	0	N/A	N/A	↔
% complaints closed in time	87%	90%	No	↑

* Pre2024/25 as there are no actions yet for 2024/25

41. At the end of Quarter One 2024/25, the key points of note in matters of compliance, are:

- No new Priority 1 or 2 audit actions were identified during the Quarter. Of those older actions, 73% were closed in time.

- A further dip in Freedom of Information Requests (FOIs) and Environment Information Requests (EIRs) responded to within statutory timescales was recorded as a result of reduced capacity within the team and supporting Members Enquiries. Action will be taken and reported in Quarter Two, to address this.
- Compliance with the legal timescales in relation to Subject Access Requests (SARs) relates to a very small number of SARs and is as a result of an increase in volume as well as a small number of complex SARs. The number overdue was three.

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

42. Not applicable.

Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

43. There are no direct financial implications rising from the recommendations set out in this report.

Legal

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

Risk

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

Human Rights, Public Sector Equality Duty and Community Cohesion

46. 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.

Climate Change / Environmental

47. Not applicable.

Children and Young People Cared for by the Authority and Care Leavers

48. Not applicable.

Data Protection / GDPR

49. Not Applicable.

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

Action	Responsible Officer	Deadline
Performance management feeder systems to be updated according to approval from Executive.	J Chapman	30/09/24

Appendices

1	Executive Actions: proposed amendments at Quarter One 2024/25
2	Council Plan Workplan: progress at Quarter One 2024/25
3	Council Plan Workplan: proposed amendments at Quarter One 2024/25
4	Strategic Risk Register

Background papers

Body	Report title	Date
Council	Strategic Plan 2021-24	24/02/21
Council	Approach to Transformation of Middlesbrough Council	27/03/24
Council	Transformation of Middlesbrough Council	24/04/24

Contact: Gemma Cooper, Head of Strategy, Business and Customer
Email: gemma_cooper@middlesbrough.gov.uk

Appendix 1: Executive Actions: proposed amendments at Quarter One 2024/25

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
19/07/2023	Breast Feeding Boroughs Declaration	Implementation of the Breast-Feeding Boroughs Declaration by Infant Feeding Steering group over next 12mths, leading to a full Breast-Feeding Boroughs status by April 2024.	PH	30/04/2024	31/03/2025
19/07/2023	Breast Feeding Boroughs Declaration	Executive agrees for South Tees to be Breast Feeding Borough status.	PH	30/04/2024	31/03/2025
13/03/2024	Dental Health and the impact of COVID-19	Update to be submitted to Health Scrutiny Panel in 6mths, in respect of Northeast and North Cumbria.	PH	29/02/2024	30/06/2024
20/12/2023	Middlesbrough Development Company Update	Deliver the remaining actions in the Action Plan set out in the body of the report	REG	31/03/2024	30/09/2024
20/12/2023	Middlesbrough Development Company Update	Deliver the remaining actions in the Action Plan set out in Appendix 1.	REG	31/03/2024	30/09/2024
31/05/2024	The Disposal of Land at Nunthorpe Grange for Housing, Part A	Market Site	REG	31/05/2024	30/09/2024
31/05/2024	The Disposal of Land at Nunthorpe Grange for Housing, Part A	Site Investigation Work	REG	31/05/2024	30/09/2024

Appendix 2: Council Plan workplan; progress at Quarter One 2024/25

We will attract and grow businesses to increase employment opportunities	Q1 2024/25 position
Implementation of an Economic Growth Strategy and Masterplan for the town, articulating both the aspirations of the Council and key partners and the key future investment priorities.	G
Expand the towns cultural offer through creation of a Cultural Masterplan, alongside exploration of external investment to ensure long term sustainability.	G
Increase the local economic impact of new job creation in key sectors.	G
Improve the range of health and employment related services offered to the public through successful delivery of the Levelling Up Partnership funds.	G

We will improve attainment in education and skills	Q1 2024/25 position
Transform Middlesbrough's approach to delivery of learning through implementation of the Council's Education and Skills Strategy.	G
Improve outcomes through delivery of the Priority Education Area action plan at key stages 1, 2 and 4.	G
Increase parental understanding of the importance of literacy for under 5's through a programme of learning	G
Improve life chances by increasing children's and young people's access to high quality education through delivery of the Learning and Education Strategy.	G
Develop and deliver a programme of qualifications and learning to support people into / back into employment through Middlesbrough Community Learning.	G

We will ensure housing provision meets local demands	Q1 2024/25 position
Develop and progress a new Local Plan for Middlesbrough which balances growth aspirations with the longer-term needs of the Middlesbrough community.	G
Continue to grow housing sites and opportunities in Middlesbrough, to enable the development of 450 units of new housing per year.	G
Establish a strategic leadership role for the provision of housing to ensure that the provision aligns with needs.	G
Increase pathways offer for homeless households that embody choice; safety and dignity and provide routes into sustainable, long-term accommodation.	G

We will improve life chances of our residents by responding to health inequalities	Q1 2024/25 position
Boost recruitment and retention of practitioners through delivery of the childcare expansion in Early Years	G
Roll-out the extended childcare entitlement to increased number of children from 9months+, who have access to Early Years provision	G
Increase outcomes for under 5's through successful delivery of the Best Start Pathway.	G
Develop research architecture and attract funding, to support development of our local understanding of key issues affecting health inequalities.	G

Reduce health inequalities caused by excess weight, through implementation of the core Healthy Weight Declaration commitments.	G
Improve wellbeing in Middlesbrough through embedding a 'health in all' policies approach in all planning and transport decision-making.	G
Improve health literacy through delivery of a Healthy Start pilot model for prevention of ill-health in schools.	G
Reduce inequalities through improvements to cancer screening programmes uptake	G
Improve prevention services delivered in primary and secondary care to increase uptake	G

We will protect and improve our environment	Q1 2024/25 position
Increase the levels of recycling in Middlesbrough from 30% to 38%.	G
Protect and improve our parks and open spaces through retention of Green Flag Status	G
Improve environmental standards of the town, through increased levels of environmental enforcement.	G

We will promote inclusivity for all	Q1 2024/25 position
Strengthen our approach to supporting dementia friendly communities programme through increasing voluntary and community sector capacity	G
Prevent and / or delay the need for formal service provision through improved access to reliable and timely advice and information, to support independent and healthy living	C
Develop and implement a pilot approach to housing and support, for inclusion health groups ensure this is reflected in the Supported Housing Strategy	C

We will reduce poverty	Q1 2024/25 position
Relaunch Welfare Strategy to support Middlesbrough's vulnerable residents who need financial assistance, advice and support	G

We will provide support for adults to be independent for longer	Q1 2024/25 position
Increase the effectiveness of prevention through the development of more signposting and a consistent strengths-based approach to the promotion of independence at the "front door" of Adult Social Care	G
Increase the amount of reablement provided to reduce the need for on-going care	G
Develop an enhanced range of accommodation and support options for adults with a learning disability to promote independence and reduce the reliance on residential care provision	G
Reduce the need for on-going care through the expanded use of the Connect Service, assistive technology and digital solutions	G
Re-locate and expand our specialist autism Day Care service	G
Develop a Community Capacity Building Strategy with focus on social capital and community wealth building	G

We will Improve transport and digital connectivity	Q1 2024/25 position
Implementation of a transformed customer model to achieve improved customer access, outcomes and savings	G
Improve public highways and infrastructure to support connectivity across Middlesbrough and the Tees Valley	G

We will promote new ideas and community initiatives	Q1 2024/25 position
Introduce a neighbourhood working model to ensure Council services are more closely aligned to community needs	G

We will reduce crime and antisocial behaviour	Q1 2024/25 position
Reduce Crime and Anti-Social behaviours across Middlesbrough through the continued working with the Community Safety Partnership	G
Improve the safety and health of the public and the environments in which they live and work through review of public protection policies and interventions	G
Implement a multidisciplinary approach (SHIFT) to increase prevention opportunities through early intervention	G
Work with partners to ensure safe and effective systems and processes are in place for the protection of victims of domestic abuse and their children	G
Revise and implement an Empty Homes strategy to support the Councils wider approach to tackling crime and ASB	G

We will ensure robust and effective corporate governance	Q1 2024/25 position
Implement and embed a Member Development Strategy and Programme to extend learning and development opportunities	G
Develop and implement approach to achieve organisational change through implementation of transformation portfolio of programme and projects and associated governance structure	C
Refresh the Information Strategy to ensure legal compliance in regard to information governance	A

We will set a balanced revenue budget and Medium-Term Financial Plan to restore financial resilience and sustainability	Q1 2024/25 position
Increase internal residential capacity through the purchase of suitable properties	G
Improve recruitment and retention of social worker related posts through more targeted and effective marketing	G
Maximise grant opportunities to support service delivery	G
Implementation of a People Strategy to underpin the Council's cultural transformation ambitions and financial stability	G

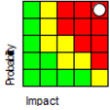
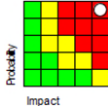
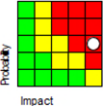
Increase sales and maximise rental income of the Council's asset portfolio to ensure financial sustainability and promote economic growth	G
Remodel the Council's Planning Service to reflect increasing demand and complexity, address recruitment and retention difficulties, and deliver improved customer service	G
Complete new delivery model for Procurement and Contract Management across Council services	G
Increase level of grant income to support development of new service delivery initiatives	G
Retender pensions administration service, to ensure value for money for fund and scheme members	G
Implementation and review effectiveness of demand and cost modelling forecast, for high-spend areas to feed in to MTFP assumptions	G
Review of Children's and Young People placements, including processes and procedures to ensure robust decision-making and allocation	G
Increase internal residential capacity through the purchase of suitable properties	G

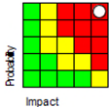
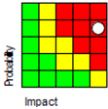
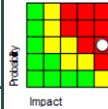
Key:	
C	Complete
G	On-track
A	Some slippage
R	High risk of deliverability
U	Undeliverable

Appendix 3: Council Plan Workplan; proposed amendments at Quarter One 2024/25

Initiative	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Due Date
LGS-03: Refresh the Information Strategy to ensure legal compliance in regard to information governance.	LGS	30/06/2024	(R): delay due to dependency on the development of organisation Target Operating Model (TOM) (I): None	30/09/2024

Appendix 4: Strategic Risk register at the end of Quarter One 2024/25

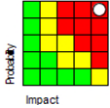

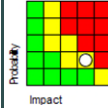
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score		
SR-01	Failure to Maintain a balanced budget and MTFP	Director of Finance		<ul style="list-style-type: none"> • Responsibility and Accountability for Financial Management reinforced by Accountability Agreements for all Directors • Monthly budget monitoring, forecasting, and tracking of savings delivery by Directors with accountability to the Interim CEO through LMT and development and delivery of financial recovery plans to control within approved budget • Monthly budget challenge sessions chaired by Director of Finance for all Directorates to enable development of insight, understanding and wider collaboration of colleagues in order to address significant financial risks. • Timely briefing of Mayor and Executive Members on significant financial challenges with agreement for action. • Quarterly budget challenge sessions chaired by the Executive Member for Finance & Governance to engage Executive Members. • Monthly monitoring of income budgets, council tax and business 		35	Development of balanced 2024/25 Budget and MTFP to 2026/27		21
							Refresh of the 2025-26 MTFP process		
							Failure of the Recover, Reset, Deliver Transformation Portfolio		
							Failure of the Recover, Reset, Deliver Transformation Portfolio to identify further savings		
							Monthly budget monitoring to be put in place		
Monthly budget monitoring to be put in place									

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<p>rates collection rates and debt levels.</p> <ul style="list-style-type: none"> • Update MTFP ahead of Council Planning and budget setting process for 2024/25. • Implementation of budget management Power BI dashboard over Business World financial management system in order to improve accessibility of financial information for Directors, Heads of Service and Budget Manager. • Implementation and expansion of purchase to pay compliance dashboards for use by Directors, Heads of Service and Budget Managers to drive increase in compliant procurement in relation to retrospective ordering, on vs off contract spend and use of purchase cards 			
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-02	Volatility in the demand, complexity and cost of children's social care.	Director of Children's Services		<p>Children's input</p> <ul style="list-style-type: none"> • Weekly activity data through Chat reports/ data 	 <p>28</p>	<p>Weekly placements panel to be put place for high cost placements</p> <hr/> <p>Review Placements Manager post</p>	 <p>21</p>


Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<ul style="list-style-type: none"> Moving to monthly financial monitoring Development of demand model 		Monthly budget monitoring to be put in place	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-03	Volatility in the demand and cost of adult's social care	Director of Adult Social Care and Health Integration		Local Government settlement Budget Management process Contract management processes Savings programme in place Demand model in place Monthly demand reported to DMT - activity not just finance		Monthly budget monitoring to be put in place Develop a demand model, that monitors performance across activity demand and unit costing, to understand 'current state'. Develop a forecast model, that uses the 'current state' model, to predict activity demand and financials across Adults Social Care in the next 1/2/5 years.	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-04	Unlawful decision by the Council	Ann-Marie Johnstone		Council constitution and supporting policy framework Corporate policies and procedures		Refresh the committee report format Review the report development process	

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<p>Compliance checks across key areas including HSE, Risk etc, covering the corporate governance framework</p> <p>Standard report formats</p> <p>Statutory officer posts to oversee governance</p> <p>Annual Governance Statement assessment process</p> <p>Internal and external audit processes</p> <p>Refreshed whistleblowing policy</p> <p>Legal and finance report clearance process</p>		<p>Complete delivery of the Corporate Governance Improvement Plan</p> <p>Complete delivery of the Section 24 Action plan</p> <p>Progress report on improvement against the Best Value Notice by the independent Board considered by Council</p> <p>Progress report on improvement against BV notice considered by Executive</p>	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-05	Serious accident or death occurred as a result of failure to comply with Health and safety legislation and regulations	Ann-Marie Johnstone		<p>Comprehensive suite of Health and Safety policies and procedures.</p> <p>Mandatory and complimentary Health and safety training for all Council staff.</p> <p>Dedicated HSE Advisor team</p> <p>Incident investigation system (My Compliance) to learn from incidents.</p>	<p style="text-align: center;">15</p>	<p>Fire Safety Management Policy Statement</p> <p>CEO to produce H&S Statement of Intent for the Council.</p> <p>Risk from reinforced autoclaved aerated concrete (RAAC) collapsing in maintained schools or other Council assets</p>	<p style="text-align: center;">10</p>

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				HSE intranet page with important HSE information Audit schedule HSE steering group Fire Management System implemented across Council premises.		Implementation of service area audits by the health and safety unit to give further assurance of sound HSMS within directorates.	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-06	Understand and implement the requirements of the social care reform	Director of Adult Social Care and Health Integration		<ul style="list-style-type: none"> Project in place with two dedicated staff Governance documentation in place etc 	 10		 10
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-07	Unable to recruit and retain key staff	Nicola Finnegan		<p>Benchmarking salaries against other local authorities and similar roles in other disciplines to remain competitive.</p> <p>Work/life balance system such as agile working, 9 day fortnight, collaboration areas etc..</p> <p>Advertising roles on multiple platforms such as LinkedIn and</p>	 9	<p>Benchmark grades and salaries against NE local authorities</p> <p>Review recruitment process</p> <p>Create new people and cultural transformation strategy</p>	 3

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				other social networking sites with the aim of reaching target audience.		review the people strategy after the first year of implementation	
						Recruitment of Chief Executive and S151 Officer	
						Track delivery of first quarterly report to LMT on delivery against improvement plan	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-08	Fail to ensure a sound approach to cyber security	Gemma Cooper		<ul style="list-style-type: none"> * Annual ICT healthchecks (Internal and external penetration testing). * Compliance with PSN and PCI standards. * Internal scanning as new systems go live. * Robust defence systems including firewalls, content filtering and endpoint protection. * Robust 60 day patching and maintenance cycle. * Test complete and continue to test. * Healthcheck recommendations reviewed and implemented. 	 14	<ul style="list-style-type: none"> Review Cyber Security Training Strategy Benchmark against Cyber Assessment Framework Complete LGA Test and Exercise 	 10

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<ul style="list-style-type: none"> * Membership of North East WARP and CiSP. * Use of Protective DNS. * Robust backup regime, including off-line tape backups to ensure recovery. 			
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-09	Corporate Governance arrangement not fit for purpose	Ann-Marie Johnstone		<p>External reports commissioned on Corporate governance and findings reflected within a Corporate Governance Improvement Plan</p> <p>Improvement Board in place</p> <p>Detailed improvement plan in place that has delivered a range of changes to corporate governance processes</p> <p>Annual Governance Statement process and supporting action plan. Draft AGSs in place for both 2021/22 and 2022/23</p> <p>Regular reports to Audit Committee on aspects of corporate governance to provide assurance</p>	 28	<p>Complete delivery of the Section 24 Action plan</p> <p>Refreshed approach to corporate governance agreed by council</p> <p>Corporate peer review held to assess process</p> <p>Develop the detailed delivery plan</p> <p>Progress report from MIIAB to Council by end March 2024</p> <p>Progress report from MIIAB to Executive by end July 2024</p>	 9
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score	
SR-10	Negative Impact of Mayoral Development Corporation			Council representation on the board of the MDC		Heads of Terms agreed on individual asset transfers		
				Pushing for no detriment clauses in the MDC constitution		15		Delivery of planning functions until robust alternative is in place
				Engagement with TVCA on the development of future MDC projects				Agree robust business rates protocols
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score	
SR-11	Failed Partnerships			Partnership governance register in place.		Refresh of the Partnership Governance register		
				Partnership governance annual assurance report and supporting register in place to assess the health of key partnerships.		21		Community Cohesion
				<p>Children's Controls</p> <p>All partnerships contain TOR - Partners contribute.</p> <p>External scrutiny of partnerships.</p> <p>New Mayor to chair Corporate Parenting Board.</p> <p>Formal reporting process in place - record of discussion and decision making.</p> <p>Adults Controls</p>				

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				Victim support for those within ASC who require it. Additional resources as required,			
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-12	Fail to deliver quality practice within children's safeguarding services			<p>Delivered Children's services improvement plan</p> <p>Improvement board in place</p> <p>External oversight of progress from DFE</p> <p>Monthly performance monitoring reports</p>		Implementation of post ILACs improvement plan	
						Creation and recruitment to the head of Quality Principal Social Work Learning and Review	
						Review progress in delivery of the ILACS improvement plan to assess progress and impact of actions	
						Complete delivery of the ILACs improvement	
28	10						
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-13	Failure to deliver transformation successfully	Director of Legal and Governance		<ul style="list-style-type: none"> - PPMF in place - Transformation governance arrangements and reporting cycle agreed 		Failure of the Recover, Reset, Deliver Transformation Portfolio	
						Failure of the Recover, Reset, Deliver Transformation	
					10		5

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				- Funding of £4.827m agreed by Council to fund transformation work		Portfolio to identify further savings	
						Agree the content and approach of the transformation portfolio	
						First cycle of Transformation governance arrangements scheduled	
						Develop specification for transformation resourcing	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-14	Failure to ensure effective governance of the Middlesbrough Development Corporation	Paul Clarke		<ul style="list-style-type: none"> - Teesworks report and commitment from TVCA to reflect findings in the governance arrangements of the MDC - Council representatives on the MDC Board 	 10	Refresh the Local Plan	 10

Appendix 1: Executive Actions: proposed amendments at Quarter One 2024/25

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
19/07/2023	Breast Feeding Boroughs Declaration	Implementation of the Breast-Feeding Boroughs Declaration by Infant Feeding Steering group over next 12mths, leading to a full Breast-Feeding Boroughs status by April 2024.	PH	30/04/2024	31/03/2025
19/07/2023	Breast Feeding Boroughs Declaration	Executive agrees for South Tees to be Breast Feeding Borough status.	PH	30/04/2024	31/03/2025
13/03/2024	Dental Health and the impact of COVID-19	Update to be submitted to Health Scrutiny Panel in 6mths, in respect of Northeast and North Cumbria.	PH	29/02/2024	30/06/2024
20/12/2023	Middlesbrough Development Company Update	Deliver the remaining actions in the Action Plan set out in the body of the report	REG	31/03/2024	30/09/2024
20/12/2023	Middlesbrough Development Company Update	Deliver the remaining actions in the Action Plan set out in Appendix 1.	REG	31/03/2024	30/09/2024
31/05/2024	The Disposal of Land at Nunthorpe Grange for Housing, Part A	Market Site	REG	31/05/2024	30/09/2024
31/05/2024	The Disposal of Land at Nunthorpe Grange for Housing, Part A	Site Investigation Work	REG	31/05/2024	30/09/2024

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Appendix 2: Council Plan workplan; progress at Quarter One 2024/25

We will attract and grow businesses to increase employment opportunities	Q1 2024/25 position
Implementation of an Economic Growth Strategy and Masterplan for the town, articulating both the aspirations of the Council and key partners and the key future investment priorities.	G
Expand the towns cultural offer through creation of a Cultural Masterplan, alongside exploration of external investment to ensure long term sustainability.	G
Increase the local economic impact of new job creation in key sectors.	G
Improve the range of health and employment related services offered to the public through successful delivery of the Levelling Up Partnership funds.	G

We will improve attainment in education and skills	Q1 2024/25 position
Transform Middlesbrough's approach to delivery of learning through implementation of the Council's Education and Skills Strategy.	G
Improve outcomes through delivery of the Priority Education Area action plan at key stages 1, 2 and 4.	G
Increase parental understanding of the importance of literacy for under 5's through a programme of learning	G
Improve life chances by increasing children's and young people's access to high quality education through delivery of the Learning and Education Strategy.	G
Develop and deliver a programme of qualifications and learning to support people into / back into employment through Middlesbrough Community Learning.	G

We will ensure housing provision meets local demands	Q1 2024/25 position
Develop and progress a new Local Plan for Middlesbrough which balances growth aspirations with the longer-term needs of the Middlesbrough community.	G
Continue to grow housing sites and opportunities in Middlesbrough, to enable the development of 450 units of new housing per year.	G
Establish a strategic leadership role for the provision of housing to ensure that the provision aligns with needs.	G
Increase pathways offer for homeless households that embody choice; safety and dignity and provide routes into sustainable, long-term accommodation.	G

We will improve life chances of our residents by responding to health inequalities	Q1 2024/25 position
Boost recruitment and retention of practitioners through delivery of the childcare expansion in Early Years	G
Roll-out the extended childcare entitlement to increased number of children from 9months+, who have access to Early Years provision	G
Increase outcomes for under 5's through successful delivery of the Best Start Pathway.	G
Develop research architecture and attract funding, to support development of our local understanding of key issues affecting health inequalities.	G

Reduce health inequalities caused by excess weight, through implementation of the core Healthy Weight Declaration commitments.	G
Improve wellbeing in Middlesbrough through embedding a 'health in all' policies approach in all planning and transport decision-making.	G
Improve health literacy through delivery of a Healthy Start pilot model for prevention of ill-health in schools.	G
Reduce inequalities through improvements to cancer screening programmes uptake	G
Improve prevention services delivered in primary and secondary care to increase uptake	G

We will protect and improve our environment	Q1 2024/25 position
Increase the levels of recycling in Middlesbrough from 30% to 38%.	G
Protect and improve our parks and open spaces through retention of Green Flag Status	G
Improve environmental standards of the town, through increased levels of environmental enforcement.	G

We will promote inclusivity for all	Q1 2024/25 position
Strengthen our approach to supporting dementia friendly communities programme through increasing voluntary and community sector capacity	G
Prevent and / or delay the need for formal service provision through improved access to reliable and timely advice and information, to support independent and healthy living	C
Develop and implement a pilot approach to housing and support, for inclusion health groups ensure this is reflected in the Supported Housing Strategy	C

We will reduce poverty	Q1 2024/25 position
Relaunch Welfare Strategy to support Middlesbrough's vulnerable residents who need financial assistance, advice and support	G

We will provide support for adults to be independent for longer	Q1 2024/25 position
Increase the effectiveness of prevention through the development of more signposting and a consistent strengths-based approach to the promotion of independence at the "front door" of Adult Social Care	G
Increase the amount of reablement provided to reduce the need for on-going care	G
Develop an enhanced range of accommodation and support options for adults with a learning disability to promote independence and reduce the reliance on residential care provision	G
Reduce the need for on-going care through the expanded use of the Connect Service, assistive technology and digital solutions	G
Re-locate and expand our specialist autism Day Care service	G
Develop a Community Capacity Building Strategy with focus on social capital and community wealth building	G

We will Improve transport and digital connectivity	Q1 2024/25 position
Implementation of a transformed customer model to achieve improved customer access, outcomes and savings	G
Improve public highways and infrastructure to support connectivity across Middlesbrough and the Tees Valley	G

We will promote new ideas and community initiatives	Q1 2024/25 position
Introduce a neighbourhood working model to ensure Council services are more closely aligned to community needs	G

We will reduce crime and antisocial behaviour	Q1 2024/25 position
Reduce Crime and Anti-Social behaviours across Middlesbrough through the continued working with the Community Safety Partnership	G
Improve the safety and health of the public and the environments in which they live and work through review of public protection policies and interventions	G
Implement a multidisciplinary approach (SHIFT) to increase prevention opportunities through early intervention	G
Work with partners to ensure safe and effective systems and processes are in place for the protection of victims of domestic abuse and their children	G
Revise and implement an Empty Homes strategy to support the Councils wider approach to tackling crime and ASB	G

We will ensure robust and effective corporate governance	Q1 2024/25 position
Implement and embed a Member Development Strategy and Programme to extend learning and development opportunities	G
Develop and implement approach to achieve organisational change through implementation of transformation portfolio of programme and projects and associated governance structure	C
Refresh the Information Strategy to ensure legal compliance in regard to information governance	A

We will set a balanced revenue budget and Medium-Term Financial Plan to restore financial resilience and sustainability	Q1 2024/25 position
Increase internal residential capacity through the purchase of suitable properties	G
Improve recruitment and retention of social worker related posts through more targeted and effective marketing	G
Maximise grant opportunities to support service delivery	G
Implementation of a People Strategy to underpin the Council's cultural transformation ambitions and financial stability	G

Increase sales and maximise rental income of the Council's asset portfolio to ensure financial sustainability and promote economic growth	G
Remodel the Council's Planning Service to reflect increasing demand and complexity, address recruitment and retention difficulties, and deliver improved customer service	G
Complete new delivery model for Procurement and Contract Management across Council services	G
Increase level of grant income to support development of new service delivery initiatives	G
Retender pensions administration service, to ensure value for money for fund and scheme members	G
Implementation and review effectiveness of demand and cost modelling forecast, for high-spend areas to feed in to MTFP assumptions	G
Review of Children's and Young People placements, including processes and procedures to ensure robust decision-making and allocation	G
Increase internal residential capacity through the purchase of suitable properties	G

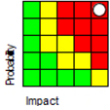
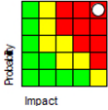
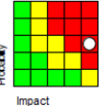
Key:	
C	Complete
G	On-track
A	Some slippage
R	High risk of deliverability
U	Undeliverable

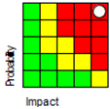
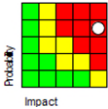
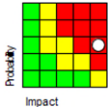
Appendix 3: Council Plan Workplan; proposed amendments at Quarter One 2024/25

Initiative	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Due Date
LGS-03: Refresh the Information Strategy to ensure legal compliance in regard to information governance.	LGS	30/06/2024	(R): delay due to dependency on the development of organisation Target Operating Model (TOM) (I): None	30/09/2024

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Appendix 4: Strategic Risk register at the end of Quarter One 2024/25

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score		
SR-01	Failure to Maintain a balanced budget and MTFP	Director of Finance		<ul style="list-style-type: none"> • Responsibility and Accountability for Financial Management reinforced by Accountability Agreements for all Directors • Monthly budget monitoring, forecasting, and tracking of savings delivery by Directors with accountability to the Interim CEO through LMT and development and delivery of financial recovery plans to control within approved budget • Monthly budget challenge sessions chaired by Director of Finance for all Directorates to enable development of insight, understanding and wider collaboration of colleagues in order to address significant financial risks. • Timely briefing of Mayor and Executive Members on significant financial challenges with agreement for action. • Quarterly budget challenge sessions chaired by the Executive Member for Finance & Governance to engage Executive Members. • Monthly monitoring of income budgets, council tax and business 		35	Development of balanced 2024/25 Budget and MTFP to 2026/27		21
							Refresh of the 2025-26 MTFP process		
							Failure of the Recover, Reset, Deliver Transformation Portfolio		
							Failure of the Recover, Reset, Deliver Transformation Portfolio to identify further savings		
							Monthly budget monitoring to be put in place		
Monthly budget monitoring to be put in place									

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<p>rates collection rates and debt levels.</p> <ul style="list-style-type: none"> • Update MTFP ahead of Council Planning and budget setting process for 2024/25. • Implementation of budget management Power BI dashboard over Business World financial management system in order to improve accessibility of financial information for Directors, Heads of Service and Budget Manager. • Implementation and expansion of purchase to pay compliance dashboards for use by Directors, Heads of Service and Budget Managers to drive increase in compliant procurement in relation to retrospective ordering, on vs off contract spend and use of purchase cards 			
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-02	Volatility in the demand, complexity and cost of children's social care.	Director of Children's Services		<p>Children's input</p> <ul style="list-style-type: none"> • Weekly activity data through Chat reports/ data 	 <p>28</p>	<p>Weekly placements panel to be put place for high cost placements</p> <hr/> <p>Review Placements Manager post</p>	 <p>21</p>

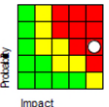
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<ul style="list-style-type: none"> Moving to monthly financial monitoring Development of demand model 		Monthly budget monitoring to be put in place	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-03	Volatility in the demand and cost of adult's social care	Director of Adult Social Care and Health Integration		Local Government settlement Budget Management process Contract management processes Savings programme in place Demand model in place Monthly demand reported to DMT - activity not just finance		Monthly budget monitoring to be put in place Develop a demand model, that monitors performance across activity demand and unit costing, to understand 'current state'. Develop a forecast model, that uses the 'current state' model, to predict activity demand and financials across Adults Social Care in the next 1/2/5 years.	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-04	Unlawful decision by the Council	Ann-Marie Johnstone		Council constitution and supporting policy framework Corporate policies and procedures		Refresh the committee report format Review the report development process	

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				<p>Compliance checks across key areas including HSE, Risk etc, covering the corporate governance framework</p> <p>Standard report formats</p> <p>Statutory officer posts to oversee governance</p> <p>Annual Governance Statement assessment process</p> <p>Internal and external audit processes</p> <p>Refreshed whistleblowing policy</p> <p>Legal and finance report clearance process</p>		<p>Complete delivery of the Corporate Governance Improvement Plan</p> <p>Complete delivery of the Section 24 Action plan</p> <p>Progress report on improvement against the Best Value Notice by the independent Board considered by Council</p> <p>Progress report on improvement against BV notice considered by Executive</p>	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-05	Serious accident or death occurred as a result of failure to comply with Health and safety legislation and regulations	Ann-Marie Johnstone		<p>Comprehensive suite of Health and Safety policies and procedures.</p> <p>Mandatory and complimentary Health and safety training for all Council staff.</p> <p>Dedicated HSE Advisor team</p> <p>Incident investigation system (My Compliance) to learn from incidents.</p>	 15	<p>Fire Safety Management Policy Statement</p> <p>CEO to produce H&S Statement of Intent for the Council.</p> <p>Risk from reinforced autoclaved aerated concrete (RAAC) collapsing in maintained schools or other Council assets</p>	 10

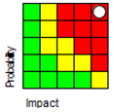
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				HSE intranet page with important HSE information Audit schedule HSE steering group Fire Management System implemented across Council premises.		Implementation of service area audits by the health and safety unit to give further assurance of sound HSMS within directorates.	
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-06	Understand and implement the requirements of the social care reform	Director of Adult Social Care and Health Integration		<ul style="list-style-type: none"> Project in place with two dedicated staff Governance documentation in place etc 	 10		 10
Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-07	Unable to recruit and retain key staff	Nicola Finnegan		Benchmarking salaries against other local authorities and similar roles in other disciplines to remain competitive.	 9	Benchmark grades and salaries against NE local authorities	 3
				Work/life balance system such as agile working, 9 day fortnight, collaboration areas etc..		Review recruitment process	
				Advertising roles on multiple platforms such as LinkedIn and		Create new people and cultural transformation strategy	

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				other social networking sites with the aim of reaching target audience.		review the people strategy after the first year of implementation	
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Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score		
SR-10	Negative Impact of Mayoral Development Corporation			Council representation on the board of the MDC		15	Heads of Terms agreed on individual asset transfers		3
				Pushing for no detriment clauses in the MDC constitution		Delivery of planning functions until robust alternative is in place			
				Engagement with TVCA on the development of future MDC projects		Agree robust business rates protocols			
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				Partnership governance annual assurance report and supporting register in place to assess the health of key partnerships.			Community Cohesion		
				<p>Children's Controls</p> <p>All partnerships contain TOR - Partners contribute.</p> <p>External scrutiny of partnerships.</p> <p>New Mayor to chair Corporate Parenting Board.</p> <p>Formal reporting process in place - record of discussion and decision making.</p> <p>Adults Controls</p>					

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						Creation and recruitment to the head of Quality Principal Social Work Learning and Review	
						Review progress in delivery of the ILACS improvement plan to assess progress and impact of actions	
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Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
SR-13	Failure to deliver transformation successfully	Director of Legal and Governance		<ul style="list-style-type: none"> - PPMF in place - Transformation governance arrangements and reporting cycle agreed 	10	Failure of the Recover, Reset, Deliver Transformation Portfolio	5
						Failure of the Recover, Reset, Deliver Transformation	

Code	Title	Managed By	Original Risk Score	Internal Controls Implemented	Current Risk Score	Title	Target Risk Score
				- Funding of £4.827m agreed by Council to fund transformation work		Portfolio to identify further savings	
						Agree the content and approach of the transformation portfolio	
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MIDDLESBROUGH COUNCIL	
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Report of:	Director for Environment and Community Services
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Relevant Executive Member:	The Mayor and Executive Member for Adult Social Care and Public Health
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Submitted to:	Executive
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Date:	4 September 2024
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Title:	Mandatory licensing of Houses in Multiple Occupation (HMO): Review of the licensing fees.
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Report for:	Decision
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Status:	Public
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Strategic priority:	Physical environment
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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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Subject to call in?:	Yes
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Why:	Non-urgent
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Proposed decision(s)	
	That Executive approves the review of the HMOs licensing process and the new fee structure

Executive summary	
	<p>This report sets out the Council’s role in the mandatory licensing of Houses in Multiple Occupation (HMOs) and the fees charged to administer the scheme. A licensable HMO is a property that is occupied by five or more persons who do not form a single household and who share one or more basic amenities such as a toilet, bathroom or kitchen. Small HMOs are properties occupied by less than five persons who share</p>

common facilities but such properties do not require a mandatory licence and are therefore not subject to the content of this report.

The licensing functions and the fee structure have not been reviewed since 2010. This report sets out the proposed changes to the delivery of the licensing functions and the new fee structure to meet the costs of delivering this statutory function. The implications of the recommendation(s) have been considered by the appropriate officers of the Council and are set out in the main body of the report.

1. Purpose

1.1 To seek Executive approval for the Houses in Multiple Occupation fee structure and reviewed licensing process.

2. Recommendations

2.1 That the Executive Member for Environment approves the fee structure set out in paragraph 4.10 and Appendix 1, and the review of the HMO licensing process.

3. Rationale for the recommended decision(s)

3.1 The current fee and fee structure for HMO licensing in Middlesbrough comprises of a single payment and, subject to any annual council-wide inflationary increase, the fee has not been reviewed for approximately 12 years. Fees and charges should be reviewed periodically and adjusted to reflect changes in operating costs. The Housing Act 2004 (section 63) enables Local Authorities to require the payment of a fee to accompany the application for a licence. Fees charged are to cover all costs incurred in the carrying out the licensing function under the Act. The licensing scheme should operate on a full- cost recovery basis with all the costs borne by the licence-holders and no burden placed on the public purse. A review was required to ensure that the staffing resource was adequate for the delivery of the licensing functions and ensure the operating costs of scheme are being met by the income from the licence fee. The following changes in the licensing process have been identified which impact on the required staffing resource:

- I. A need for interim additional housing inspections during the five-year licence period to ensure the properties are being well maintained and managed.
- II. The additional work required to ensure that gas safety certificates and electrical safety reports are submitted by property owners to the Council annually or when requested.
- III. The time taken for the administration of licensing larger HMOs. Historically, larger HMOs have benefitted from comparatively low licence fees, the inspection of larger HMOs takes considerably more time than smaller properties.
- IV. Management and enforcement costs.

3.2 In relation to the charging structure, the current licence fees are charged as a single payment. In accordance with court judgements, licence fees must be charged in two-parts. A Part 1 payment covers the costs of processing and administering the licence

application and the Part 2 payment covers the costs of the ongoing administration, management, investigation of unlicensed properties, compliance checks with licence conditions, officer training and development, enforcement of the licensing scheme and associated overhead costs. The Part 1 application fee is non-refundable should the application be unsuccessful. The income from each HMO licence issued is spread over the five-year duration of the licence.

3.3 This subject has not been examined by scrutiny.

4. Background and relevant information

4.1 Since 2006, Middlesbrough Council has delivered a statutory (mandatory) licensing scheme for HMOs occupied by five or more unrelated people who share amenities such as a bathroom, kitchen or living space. This is a duty under Part 2 of the Housing Act 2004. Owners of HMOs are required to submit a licence application and pay a fee. Environmental Health Officers then carry out an inspection of the property to check conditions meet safety standards and good management arrangements are in place. Once granted a licence is usually issued for a five-year period. Currently, HMOs are only re-inspected during the five-year period if complaints are made by tenants or others regarding standards or management issues and regulatory action may be necessary. On an annual basis gas safety and electrical safety certificates are required to be submitted to the local authority by the property owners.

4.2 HMOs provide more affordable single or double person accommodation and, due to Middlesbrough's demographic, there is a considerable demand for this type of accommodation, particularly from the most vulnerable tenants. HMO accommodation is often used for emergency accommodation for the homeless. The number of HMOs has increased in recent years, providing more accommodation for a growing student market as well as meeting the need for low-cost single-person accommodation.

4.3 There are currently around 1730 people living in around 245 licensed HMOs in Middlesbrough, the majority of these offer a compliant standard of accommodation. There are HMO properties that operate illegally without a licence. These only become known to officers when tenants make complaints or intelligence is shared between regulatory bodies, including review of Council tax records and information sharing with other agencies, such as the Fire Brigade. It is difficult to quantify the extent of unlicensed HMOs.

4.4 Local Authorities set their own fees to recover the costs of administrating and enforcing mandatory HMO licensing. The current fee structure (2024/2025) is £755.42 for HMOs with 5 bedrooms plus a further £24.98 for each additional bedroom. This fee is for a five year licence.

4.5 The percentage breakdown of HMO properties currently licensed by size (number of bedrooms) is:

Number of bedrooms	% of HMO properties
5 bedrooms	45%
6 – 9 bedrooms	43%
10 - 44 bedrooms	12%

4.6 The number of HMOs that require licensing varies from year to year. Based on current figures the number of licences and income (at current fee rates per para 4.4) is shown below:

Year	No of licences	Income (£)
23/24	71	54,334
24/25	83	63,000
25/26	40	31,253
26/27	28	21,846
27/28	14	10,445

4.7 As licences are issued for a 5-year period, the current average income per year, based on 2023/2024 fees is £36,175 which equates to a 0.6 full-time-equivalent Environmental Health Officer. A review of the work involved in the HMO licensing function has been undertaken and this has indicated that a 1.0fte Environmental Health Officer staffing resource is required annually to carry out this function.

4.8 The Public Protection Service delivers the HMO licensing function using more than one officer, with the collective resource equating to a 1fte Environmental Health Officer. This ensures continuity and resilience in delivering this function. The income from the proposed licensing fees, subject to annual staffing uplift (%), will cover the costs incurred by the Council in delivering this function. Should the Council see an increase in the number of licensable HMOs, identified through pro-active investigation or an increase in the prevalence of large HMOs in the local housing market, any additional income will be reinvested into the delivery of the Council's duty under Part 2 of the Housing Act 2004. Income and fees will also be reviewed annually to ensure they are set at the correct level.

4.9 In calculating the resource required an estimation of the potential number of HMOs over the next 5 years is required. There are several market factors which may impact on the overall number of HMOs that come within the scope of mandatory licensing:

- the cost of mortgages affecting the affordability and availability of financing for HMO purposes;
- the increasing availability of purpose-built student accommodation in and around Middlesbrough, which may draw away some demand for more traditional terraced HMO properties in popular student areas in the town centre;
- low demand for housing; and
- an overall increase in the private rental sector.

4.10 Consideration has also been given to the proposed change to Middlesbrough's local planning policy in relation to HMOs. It is proposed that any change of use of a dwelling house to a house in multiple occupation will require approval through the planning process. The consultation on this policy change will take around 2 years and may impact on the number of HMOs in Middlesbrough.

4.11 For the purposes of this exercise it is estimated that the number of licensed HMOs in Middlesbrough will remain between 230 and 260 over the next five years. **Appendix 1** gives details of the proposed new fee structure and the income. The fees are for a 5-year licence (set for 2024-25 rates), these will be uplifted annually to cover the cost of the annual pay uplift.

4.12 In terms of resources, using the estimated profile of 245 HMOs, ranging from 5 bedrooms to 44 bedrooms, the total expected income over a five-year period amounts to £283,500. Whilst the number of licences varies annually, the average annual income over a five-year period will fund a 1.0 FTE (Environmental Health Officer (EHO)) post, at a total cost of £56,700 per annum (salary and costs).

5. Other potential alternative(s) and why these have not been recommended

5.1 The implementation of a new fee and fee structure will enable the Council to deliver its regulatory requirements and deliver a neutral budget cost-effective licensing scheme. It will also help to deliver the Council's aspiration of providing high quality, affordable housing for all.

5.2 The option to 'Do Nothing': This would result in the Council continuing to charge the current fees and applying a single fee scheme which would be contrary to recent legal determination. The HMO licensing scheme would have to operate within the current income received from application fees, with the current staffing resource which will restrict the delivery of the statutory function. In order to ensure that the licensing function is adequately administered it is likely that public funds would be required. There may also be legal challenge of the current one payment fee structure. The Council may be subject to appeals and associated costs.

6. Impact(s) of the recommended decision(s)

6.1 Financial:

Under Part 2 of the Housing Act 2004 when fixing the fees the Council may take into account all costs incurred by the authority in carrying out all their functions in relation to the administration and regulation of the licensing functions. The income from licence fees should therefore cover the costs incurred by the Council in delivering the HMO licensing function, including staff costs, training, admin, overheads, and management fee. This should be done on a cost neutral basis. The income from each HMO licence issued is spread over the five-year duration of the licence. Should the Council see an increase in the number of licensable HMOs, identified through pro-active investigation or an increase in the prevalence of large HMOs in the local housing market, any additional income will be reinvested into the delivery of the Council's duty under Part 2 of the Housing Act 2004. Any deficit will need to be recovered by an increase in future fees to be charged. The income and fees are reviewed annually to ensure they are set at the correct level.

Based on current projections, the number of properties requiring a HMO licence is 245 generating total income of £283,500 in a five year period (average £56,700 pa). The license fees will be reviewed annually in line with inflation. The costs associated with the HMO Licensing process are estimated to be £56,700 p.a. Full details are shown in Appendix 1.

The proposed fees will result in a fair, proportionate and cost neutral model for the delivery of the HMO licensing function, as required under Part 2 of the Housing Act 2004. Overall, this will ensure that there is an adequate staffing resource to administer and regulate the HMO licensing process, to ensure that properties are maintained to acceptable legal standards and that their occupants are protected. The two-part payment process will be compliant with case law.

6.2 Legal:

Part 2 of the Housing Act 2004 provides the legislation for the mandatory licensing of HMOs by the local housing authority. Each application for a licence must be made in accordance with the local authority's requirements and accompanied by a fee fixed by the authority. When fixing their fees the local authority may take into account all costs incurred by the authority in carrying out all their functions in relation to the administration and regulation of the licensing functions

Case law has found that the fee for a HMO licence must be levied in two, separate parts. Part 1 being a fee levied at the point of application, to cover the costs of the scheme's 'authorisation procedures and formalities', i.e. the costs of processing the

application; and Part 2 being, if the application is successful, a further fee to cover the costs of running and enforcing the scheme.

6.3 Risk:

The HMO licensing process operates on the fee income which should be sufficient to cover its administrative, management and enforcement costs. The level of fee should be set at a level to ensure that the costs of the staffing resource required to deliver the licensing scheme are met. If there is inadequate staffing resource in place this will result in a failure to effectively deliver the mandatory licensing scheme. This may put the tenants at greater risk from poor housing and management standards.

If the new two part fee structure is not approved the Council may be subject to appeals and judicial reviews regarding the demands for payment under Part 2 of the Housing Act 2004.

6.4 Human Rights, Public Sector Equality Duty and Community Cohesion:

There will be no negative, differential impact on diverse groups and communities associated with this report. Licensing of HMOs provides significant benefits, particularly to vulnerable groups by improving living standards, which in turn provides for better health, safety and wellbeing and financial management.

6.5 Climate Change / Environmental

There will be no Climate change or Environmental Impact

6.6 Children and Young People Cared for by the Authority and Care Leavers

There will be no impact of children or young people cared for by the Authority and Care Leavers

6.7 Data Protection

There will be no Data Protection impact arising from a change to the HMO licensing process or fees structure.

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

Action	Responsible Officer	Deadline
Implement the new licensing process and fees structure	Judith Hedgley / Wayne Flowers	New licensing process and fees structure to be implemented within 1 month of the Executive decision.

Appendices

1	Projected HMO Licence fee income and cost of service
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Background papers

Body	Report title	Date
Department for Levelling Up, Housing and Communities	Houses in multiple occupation and residential property licensing reform: guidance for local housing authorities - GOV.UK (www.gov.uk)	June 2023

Contact:

Judith Hedgley Head of Public Protection.
 Email: Judith_hedgley@middlesbrough.gov.uk

Wayne Flowers, Public Protection Manager
 Email: wayne_flowers@middlesbrough.gov.uk

Appendix 1 Projected HMO license fee income and costs over 5 year period

Number of bedrooms	Current Fee (Based on £755.42 for a 5 bedroom property plus £24.98 for each additional bedroom)	Total 5 year income at current fees (£)	Part 1 : Application processing (£)	Part 2 : Management and Enforcement (£)	Total proposed fee (part 1 and part 2) * (£)	Number of HMO licenses in each category (estimated)	Total 5 year income at proposed fees (£)
5-10	10 bedrooms £880.32	198,100	672.78	448.52	1,121.30	225	252,300
11-20	20 bedrooms £1,130.12	15,800	849.77	566.51	1,416.28	14	19,800
21-30	30 bedrooms £1,379.92	2,800	1026.75	684.50	1,711.25	2	3,400
31+	31 bedrooms £1,404.90 plus £23.89 for each add'l bedroom	5,600	1203.73	802.49	2,006.22	4	8,000
Total 5 year income		222,300					283,500
Projected income p.a.		44,500					56,700
Estimated cost p.a.		56,700					56,700
(Surplus) / Deficit p.a.		12,200					0
* Proposed fee is at 24/25 rates - this will be uplifted each year in line with salary uplift %							

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Appendix 1 Projected HMO license fee income and costs over 5 year period

Number of bedrooms	Current Fee (Based on £755.42 for a 5 bedroom property plus £24.98 for each additional bedroom)	Total 5 year income at current fees (£)	Part 1 : Application processing (£)	Part 2 : Management and Enforcement (£)	Total proposed fee (part 1 and part 2) * (£)	Number of HMO licenses in each category (estimated)	Total 5 year income at proposed fees (£)
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21-30	30 bedrooms £1,379.92	2,800	1026.75	684.50	1,711.25	2	3,400
31+	31 bedrooms £1,404.90 plus £23.89 for each add'l bedroom	5,600	1203.73	802.49	2,006.22	4	8,000
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Projected income p.a.		44,500					56,700
Estimated cost p.a.		56,700					56,700
(Surplus) / Deficit p.a.		12,200					0
* Proposed fee is at 24/25 rates - this will be uplifted each year in line with salary uplift %							

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MIDDLESBROUGH COUNCIL

Report of:	Director for Environment and Community Services
Relevant Executive Member:	Executive Member for Environment
Submitted to:	Executive
Date:	4 September 2024
Title:	Integrated Transport Strategy update
Report for:	Decision
Status:	Public
Council Plan priority:	A successful and ambitious town
Key decision:	No
Why:	Not applicable
Subject to call in?:	Yes
Why:	Non-Urgent

Proposed decision(s)

That the Executive approves the updated *Integrated Transport Strategy (ITS)* to support the wider economic growth of Middlesbrough, and the pursuit of external funding to enable delivery.

Executive summary

The Council adopted the Integrated Transport Strategy (ITS) on 12th December 2018 as part of the Strategic Transport Strategy Executive Report

[https://moderngov.middlesbrough.gov.uk/Data/Executive/201812181300/Agenda/\\$att1015374.doc.pdf](https://moderngov.middlesbrough.gov.uk/Data/Executive/201812181300/Agenda/$att1015374.doc.pdf) and approval report can be found here

<https://moderngov.middlesbrough.gov.uk/Data/Executive/201901221300/Agenda/att1015537.pdf>

Since this time, several national policies and technical guidance from Central Government have been formulated and amended, and the Council has undertaken refreshed traffic modelling works. This has been incorporated into the updated ITS document as a refresh to ensure it is relevant. It is recommended that the Council approves the updated strategy document to ensure that the Council can deliver its objectives in a prudent manner; as set out within the strategy.

1. Purpose

- 1.1 The purpose of this report is to re-refresh the Integrated Transport Strategy; aligned with updated policy and government strategy.
- 1.2 The approval will support the wider economic growth of Middlesbrough and the pursuit of external funding to enable delivery.

2. Recommendations

2.1 That the Executive

- Approves the updated Integrated Transport Strategy

3. Rationale for the recommended decision(s)

- 3.1 The approval will reference changes to Government policy and strategy since the formation of the approved strategy in 2018; allowing the Council to deliver and develop infrastructure that better meets the need of Middlesbrough.
- 3.2 This will support the wider economic growth of Middlesbrough, and the pursuit of external funding to enable delivery.

4. Background and relevant information

- 4.1 The following documents have been used to inform the updated version of the Integrated Transport Strategy
 - [Active Travel England - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
 - [Cycle infrastructure design \(LTN 1/20\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
 - teesvalley-ca.gov.uk/business/wp-content/uploads/sites/3/2023/03/BSIP-Brochure-Dec-22-5.pdf
 - [UK electric vehicle infrastructure strategy - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

5. Other potential alternative(s) and why these have not been recommended.

- 5.1 Do nothing. If the Council does not approve and endorse the updated ITS, this would result in a significant challenge to delivering future sustainable transport programmes across Middlesbrough, due to an approved strategy not being in place.
- 5.2 Not having an approved strategy in place, could indicate that the Council has not considered mitigation measures to support new transport and housing schemes across the town. This will result in a disjointed approach between local, regional and national approaches to facilitate economic growth; presenting a weaker methodology for seeking funding from future external funding sources.

6. Impact(s) of the recommended decision(s)

6.1 The impact of the decision ensures that the Council is co-ordinated in its approach to promoting sustainable transport initiatives at every stage in the planning, implementation and maintenance of its local highway network. This will result in providing mitigation measures that simultaneously align with both internal and external strategies and policy frameworks. This will further strengthen the Councils position toward succeeding in its ambitious growth plans, while simultaneously delivering a fit for purpose and resilient transport network.

7. Financial (including procurement and Social Value)

7.1 The strategy will not result in additional demand on the Council's revenue or capital budgets. Currently, £1.657m Highways Incentive capital grant from the Department of Transport has been identified as available resource to fund these schemes in 2024/2025 and £1,065m annually to fund these schemes in future. This is built into the current Capital Programme.

7.2 By endorsing this strategy, this will strengthen the possibility of attracting any additional funding as it demonstrates the Councils commitment, and forward planning to delivering specific initiatives.

8. Legal

8.1 There are no legal implications for the Council associated with the report's recommendations, as the approval and endorsement highlight the methods and schemes to be adopted. Each individual scheme will be impact assessed accordingly prior to commencing.

9. Risk

9.1 In relation to the Strategic Risk Register, the relevant risks are outlined below.

- a. O1-005 - If poor economic growth occurs, then this will reduce public and private sector investment in the town, including town centre retail, housing development and business.
- b. O8-008 - If effective partnership working is not achieved, then this will reduce the Council's ability to deliver strategic priorities and key services, resulting in reduced outcomes for local communities.

9.2 These risks are all mitigated to an extent by the proposed approach.

10. Human Rights, Public Sector Equality Duty and Community Cohesion

10.1 There are no implications on Human Rights, equality, and community cohesion because of approving this document. All policies are based upon improving the highway network for all residents and highway users based on increasing accessibility to services.

11. Climate Change / Environmental

11.1 Approving this document will assist Climate Change and Environment as the strategy is to support Sustainable Transport, which reduces emissions associated with different forms of vehicular transport.

12. Children and Young People Cared for by the Authority and Care Leavers

12.1 The approval of this document will support young people cared for by the authority and care leavers as it will improve accessibility to modes of transport that do not require the use of a private vehicle. This will ensure that social mobility is promoted, which is more prevalent for users that have less disposable income.

13. Data Protection

13.1 No data will be required to be collected as part of approval of this document. Any subsequent projects that are delivered as part of this strategy document will be subject to data protection requirements as required.

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

Action	Responsible Officer	Deadline
Continue to work with TVCA and external partners to implement mode specific projects	Chris Orr	Ongoing

Appendices

1	Middlesbrough Integrated Transport Strategy 2024 - 2038
2	
3	

Background papers

Body	Report title	Date
n/a		

Contact: Chris Orr

Email: chris_orr@middlesbrough.gov.uk

MIDDLESBROUGH INTEGRATED TRANSPORT STRATEGY 2024-2038



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INTRODUCTION

Middlesbrough is the city centre at the heart of the Tees Valley. In line with all city centres, Middlesbrough requires a well-planned, efficient, attractive fully integrated transport network which complements the City's physical, social, economic growth and status.

To enable the continued growth and status, the implementation of a long-term, forward thinking and sustainable city scale transport network for all highway users is necessary; demonstrating that Middlesbrough is a place that is open and connected for business.

The Integrated Transport Strategy will deliver a fully integrated transport network which not only provides ease of access within the authority boundary, but also provides a gateway to the rest of the Tees Valley; bringing centres closer together.

An efficient and capable transport network is an integral part of the 'package' that attracts prospective investors, allowing them to develop their businesses in cluster areas, appropriate to both their business and customer needs.

The strategy seeks to avoid the consideration of individual forms of travel, but rather identify how different modes of travel can be integrated together to provide a seamless transport network, which will facilitate economic growth. The structure of the strategy sets out high-level initiatives for each mode of travel, which can be individually delivered; however, it provides common threads that when considered together overlap to enable those using the network to switch travel mode easily.

With this strategy, the council continues making a clear statement that it will seek to actively manage the available network more effectively, which will include measures to achieve modal shift. Reducing dependence on the private car will reduce congestion, improve air quality and assist with both social and economic regeneration. It is acknowledged that vehicular traffic plays a role in a strong economy. However, without a strategic vision, congestion can lead to constraining the growth of the local economy.

An integrated transport network, which promotes and incentivises sustainable travel will reduce dependence on the private car, which releases capacity on the road network without the reliance on expensive highway improvement schemes. The released capacity enables further development and growth to occur.



The Integrated Transport Strategy seeks to balance the competing demands placed upon the transport network and maximise use of the finite resource, while providing the necessary infrastructure to enable all transport users to make informed decisions, which can respond to their changes as they see fit.

The council has a Strategic Aimsun Transport Model, covering the whole of the Middlesbrough administrative area. This evidence-based model, built in accordance with national guidance operates at a macro level, supported by several sub-networks operating at a micro level.

There is finite capacity on the network, along with limited land use for the creation of new roads, which is also neither financially nor environmentally sustainable. This is national challenge, with the Department for Transport are embracing and championing new ways to approach demand management on the highway network. As a result, the council is unable to use the traditional 'Predict and Provide' approach to network management and as such, must change to a more 'Vision and Validate' approach.

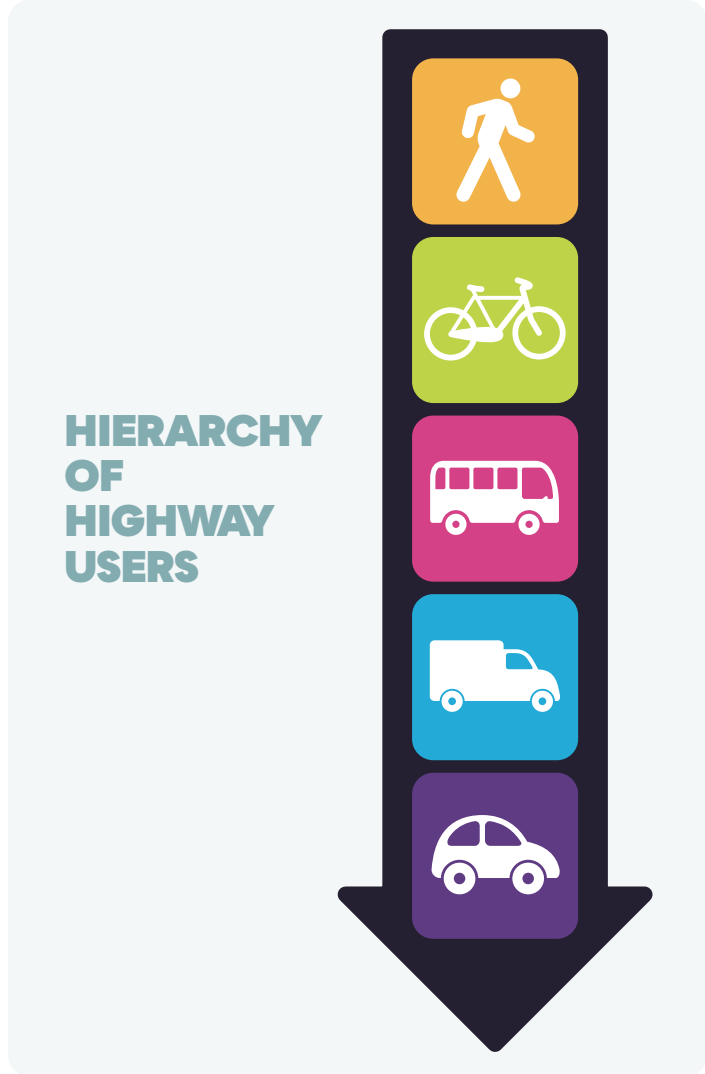
The model is the base level for assessing the operation of the network by all modes and will be used as an evidence base for strategies, interventions and development proposals.



In order to promote and assist informed travel choices, the Council has a hierarchy of highway users, which will be at the heart of everything it does as a Highway Authority.

The hierarchy will be supplemented and supported by a high-level strategic plan which identifies the network of existing and proposed strategic networks for non-car accessibility (walking/cycling/public transport).

The plan will identify opportunities and overlaps between different non-car modes to ensure seamless accessibility. Walking and cycling routes will connect to public transport Infrastructure at key points, which will be identified by higher quality facilities such as bus 'Super Stops'.



OVER THE LIFE OF THIS STRATEGY, WE WILL SEEK TO ACHIEVE MODE SHIFT TO ACHIEVE;



1. WALKING & WHEELING

BACKGROUND

Active Travel England

Active Travel England (ATE) is an executive agency sponsored by the Department for Transport. It is responsible for making walking, wheeling and cycling the preferred choice for everyone to get around. It's objective is for 50% of trips in England's towns and cities to be walked, wheeled or cycled by 2030.

By making everyday journeys simple, easy and fun, Active Travel England is working to give people the choice to leave their car at home. They are now a statutory consultee for all local authorities, with highway schemes now requiring to be designed in accordance with their guidance. Failure to adhere to this, will impact upon future national funding from Government.

ATE aims to do this by working alongside councils to:

- Give people an alternative to driving by delivering new, protected routes and junctions, and quieter roads and neighbourhoods
- Put active travel at the heart of towns and cities, including ensuring that £3.2 billion of Government investment on active travel delivers to new high national standards
- Embed active travel into 1,000 major new developments, reducing local congestion
- Provide the tools to deliver ambitious active travel programmes, including training local officers and councillors in active travel delivery best practice
- Make it safer, including developing new solutions and guidance on safe infrastructure design based on solid insight and evidence to reduce the risk of near-misses and collisions

They will also:

- Provide funding for every school that would like Bikeability training for children
- Give one million people who wouldn't think cycling is for them an opportunity to try it

With the creation of ATE, the council will continue to provide a high quality, accessible and connected walking and cycling network. It is critical in providing a viable alternative to private car travel. Active travel has the potential to alleviate a number of key transport, social and public / environmental health issues. It is relatively low cost, emission free and alleviates congestion and keeps users fit and healthy, by providing the opportunity and choice to travel differently.



LTN 1/20 principles

The statutory Cycling and Walking Investment Strategy (CWIS) sets a clear ambition to make cycling and walking the natural choices for short journeys or as part of a longer journey with supporting objectives to increase cycling and walking levels. This guidance supports the delivery of high-quality cycle infrastructure to deliver this ambition and objective; and reflects current good practice, standards and legal requirements.

Inclusive cycling is the underlying theme so that people of all ages and abilities are considered. Much has changed in the world of cycle infrastructure since LTN 2/08 was published over a decade ago and this guidance has been developed in partnership with a range of stakeholders and experts to ensure it reflects the latest developments in cycle infrastructure design, including proven design elements pioneered in London under Transport for London and in Wales under the Welsh Government.

The council is responsible for setting design standards for its roads. This national guidance provides a recommended basis for those standards based on five overarching design principles and 22 summary principles. There will be an expectation that the council demonstrates that it has given due consideration to this guidance when designing new cycling schemes and, in particular, when applying for Government funding that includes cycle infrastructure.

The guidance contains tools which give local authorities flexibility on infrastructure design and sets a measurable quality threshold to achieve when designing cycling schemes. This is an integral element of working with ATE on schemes moving forward.

Town centre access

The council aims to increase multi-modal transport access by the introduction of bus ‘Super Stops’ at key locations in and around the town centre. The stops will incorporate CCTV monitored, secure covered cycle parking to allow convenient and safe access to services.

In addition to this, the council will also provide support to cyclists visiting the town centre via a secure cycle parking hub, the location of which is linked closely to walking and cycling corridors, and Super Stops sites; incentivising the multi-modal transport experience that all towns and cities are aspiring to provide. The hub will provide travel information to visitors along with secure cycle parking and maintenance advice/assistance.

The Council will continue to implement cycling schemes across the town and plans to enhance this are being developed in order to extend and/or create new routes; thus creating continuous, safe cycle infrastructure that facilitates access to all key areas of the town.

Micro mobility

The role of micro mobility has proven valuable in cities across the world in providing better interconnectivity and an agile and accessible mode of transport. The council will work with Tees Valley Combined Authority to investigate the opportunities for incorporating micro-mobility in to the borough. This will include e-scooters, e-bikes and other modes on a public share basis.



Network accessibility

The provision of a high quality, accessible and connected walking and cycling network is critical in providing a viable alternative to private car travel. Active travel has the potential to alleviate a number of key transport, social and public / environmental health issues. It is relatively low cost, emission free and alleviates congestion and keeps users fit and healthy.



66% of journeys made in the UK are under 5 miles, with 20% under 1 mile. The majority of these trips could easily be transferred to active travel; helping to release the many associated benefits.

The topography and compact nature of Middlesbrough means that large parts of the city are within these recognised walking distances.



DISTANCE	% OF JOURNEYS IN UK	MODE (WALK & CYCLE)	MODE (OTHER)	TIME TAKEN TO WALK / CYCLE
>5 miles	66	23	67	96 / 25 minutes
>2 miles	38	55	45	38 / 10 minutes
>1 mile	20	77	33	19 / 5 minutes

WHAT WE WANT TO ACHIEVE

Increase

- Active travel increase by 2% per year
- Network reach and connectivity
- Perceptions and acceptance of active travel
- Facilities at end/transport hub destinations

Ease of access

- Improve navigation of the network into our new, key development sites such as housing, employment and leisure developments
- Improve cross-boundary travel in and around the Tees Valley

Integration

- Active travel to become the norm
- Improved access to public transport stations
- Improved facilities at public transport interchanges

Promotion, education & training

The council will continue to support key stakeholders including developers, schools, community groups and major employers to remove the perceived barriers of accessing walking and cycling as a means of travel. This will include, but not be exclusive to:

- Road safety training
- Publicity campaigns
- Personal one to one travel planning and support with modal shift assistance
- 'Live' Travel Planning for businesses and developments using Modeshift Stars to allow on-line reviewing and support





Will connect employment/leisure/health and residential destinations across the Tees Valley

- A series of Walking and Cycling Super Routes will be provided on strategic North/South and East/West routes, connecting homes with retail, education, employment and leisure activity
- The Super Routes will act as the main arteries running through Middlesbrough connecting into adjacent routes leading to the wider Tees Valley
- Super Routes will be wide, traffic free, well maintained, lit and CCTV covered routes that are easily navigated



Which will encourage stages of longer journeys to be undertaken sustainably

- Prominent public transport hubs at key destinations such as Rail Station, Middlehaven, district centres and James Cook University Hospital will incorporate walking and cycling features including:
 - Safe and secure (lighting/CCTV)
 - Attractive (seating, ticket machines incorporating e-ticketing, and real time bus information)
 - Covered and secure cycle storage



Which will improve the reach of the network to more people

- All residents will be within 400m access of high quality strategic walking and cycling routes
- New developments will enhance and extend the accessibility to, and quality of, a safe pedestrian and cycle network (including Public Rights of Way) to enable high quality walking and cycling routes to quickly connect to the Super Highway network
- Schemes will provide permeability through them and will seek, where possible, to reallocate road space to provide traffic free, or reduced traffic routes which give priority to pedestrians and cyclists
- A consistent design language will be used in terms of surfacing, signing and crossing points to provide a simple legible network



Which will promote use and increase participant numbers

- High quality cycle parking will be provided within development proposals together with public cycle parking facilities serving destinations
- Pedestrian and cycle access will be the priority in scheme design providing easy high quality access
- Through the planning process initiatives will be secured such as the provision of free cycles/cycle equipment



Which will make walking and cycling the normal choice

- Supporting key stakeholders including developers, schools, community groups and major employers to remove the perceived barriers of accessing walking and cycling as a means of travel, including:
 - Road safety training
 - Publicity campaigns
 - Travel plans / personal travel planning to support people with their travel choices

2. PUBLIC TRANSPORT

The provision of a high quality, reliable bus network is critical in providing a viable alternative to private car travel. Buses provide a valuable services in linking communities to employment, education, leisure, retail and health services across towns and cities.

Public transport represents an efficient means of moving the populous around the Tees Valley when considering the road use of the vehicle and is important across all areas of the town, but in addition the council will focus on 2 key areas for further development.



Town centre

The council will:

- Simplify and prioritise the infrastructure and routing of buses around the town centre, including vehicular restrictions and prioritisation
- Rationalise and condense the number of bus stops in the area, creating better facilities (Super Stops)
- Re-allocation of road space to ensure more equitable use of the available highway envelope
- Facilitate the expansion of existing routes or creation of new routes into adjacent areas such as Middlehaven and Riverside Park Road

South Middlesbrough

Provision of a South Middlesbrough mini bus hub will:

- Consolidate the existing bus provision at a key trip generator/destination in the area
- Recognise the status as a District Centre of the Parkway Centre and adjacent facilities, by providing a supporting bus hub at the Parkway Centre
- Enhance the facilities for bus passengers via a 'Super Stop' style provision
- Enable a number of frequent public transport services to travel along core routes between the North and South of Middlesbrough, while providing wider connections into the adjacent Local Authority areas
- Create multi-modal interconnectivity to enhance longer distance journeys to be made in a sustainable manner

Supported services

Where possible, the council will continue to work with bus operators and TVCA to identify funding to further enhance the bus services available across the town, geographically and spatially. Examples are;

- Bus service commissioned to serve Riverside Park and Middlehaven
- Increased off-peak services to make bus travel more accessible



Infrastructure

- Working with partners, delivery of infrastructure improvements to enhance the reliability and journey times on bus routes
- Bus gate/modal filters
- Bus lanes
- Technology implementation

WHAT WE WANT TO ACHIEVE

Increase

- Bus patronage by 2% per year
- Service reliability
- Service frequency
- Resilience of bus network - ability to maintain reliable bus services in case of network issues (accidents/roadworks/unplanned closures and emergencies)

Ease of access

- Integrated network of bus services
- Ability to serve multiple destinations from multiple destinations
- Improve cross-authority boundary travel in and around the Tees Valley

Integration

- Public transport should facilitate seamless multi-modal travel. The use of buses will not, in all cases, form the door to door service between origin and destination. The location, design and access to reliable and frequent bus services should enable passengers to switch easily between different modes of travel



ACCESS

Will connect employment/leisure/health and residential destinations across the Tees Valley, supported by incentivisation

- All residents will be within 800m (10 minute walk) of a minimum of 30 minute frequency public transport services
- New developments will provide bus accessibility through them and the provision of bus stops / Super Stops where appropriate



INCENTIVISE

Which will promote use and increase passenger numbers, enhancing bus waiting facilities

- Provision of bus passes and other incentives on new developments to first occupiers
- Travel plans/personal travel planning to support people with their travel choices
- Working with public transport operators to deliver; smart ticketing, discounted travel, cross authority boundary travel, branding of key routes, the reduction in age of fleet and services which operate earlier in the day to longer in the evening and on weekends and Bank Holidays



ENHANCED BUS INTERCHANGE

Which will act as a high quality public transport interchange in the heart of the city centre, further supported by super stops

- Middlesbrough benefits from a bus interchange in the heart of its urban centre. This facility, working with the rail station provides a key transport hub for different modes of travel and enables local (Tees Valley) bus services to connect with national and leisure/holiday bus services



SUPER STOPS

Which will act as supporting hubs located on strongly defined core routes

- Prominent hubs for passengers at key destinations such as Rail Station, Middlehaven, district centres and James Cook University Hospital
- High quality facilities within public realm
- Safe and secure (lighting/CCTV)
- Attractive (seating, ticket machines incorporating e-ticketing, and real time bus information)
- Integrate with other forms of sustainable travel to create sustainable travel hubs (covered and secure cycle storage)



Which will be enhanced and protected by bus priority measures

CORE ROUTES

- Defined strategic corridors on north/south, east/west axis and new orbital route(s)
- Connect into adjacent authority areas to enable accessibility across the whole Tees Valley
- Core routes will consist of;
 - Primary corridors which serve multiple bus services resulting in a frequency of bus services of 15 minute or better. More localised services will then distribute onto:
 - Secondary corridors delivering a 30 minute minimum frequency service(s)



Which will insulate and prioritise sustainable transport

BUS PRIORITY

- Technology
- Direct communication between the authorities Traffic Control Centre and traffic signals supported by CCTV will enable direct interventions (such as altering signal timings) to be quickly made remotely, ensuring that public transport is protected from incidents and delay on the network and that the network is managed effectively
- Infrastructure
- Bus lanes and access restrictions will be supported by Traffic Regulation Orders and CCTV to insulate public transport and give it priority to ensure service reliability and frequency

3. MOBILITY CORRIDORS

Mobility Corridors are strategic routes which must balance competing demands. To this end the authority will design infrastructure as an equitable package of works which cater for all highway users whilst maintaining strategic objectives and the hierarchy of highway users.



WHAT WE WANT TO ACHIEVE

Increase

- Increase network accessibility
- Increase network efficiency
- Increased social mobility
- Improved road safety

Ease of access

- Journeys can easily be made on the same corridor by multi-modes
- Journeys are equally as direct
- Journeys are easy to navigate

Integration

- All modes of travel catered for within the limited available highway envelope
- Multi-modal journey accessibility

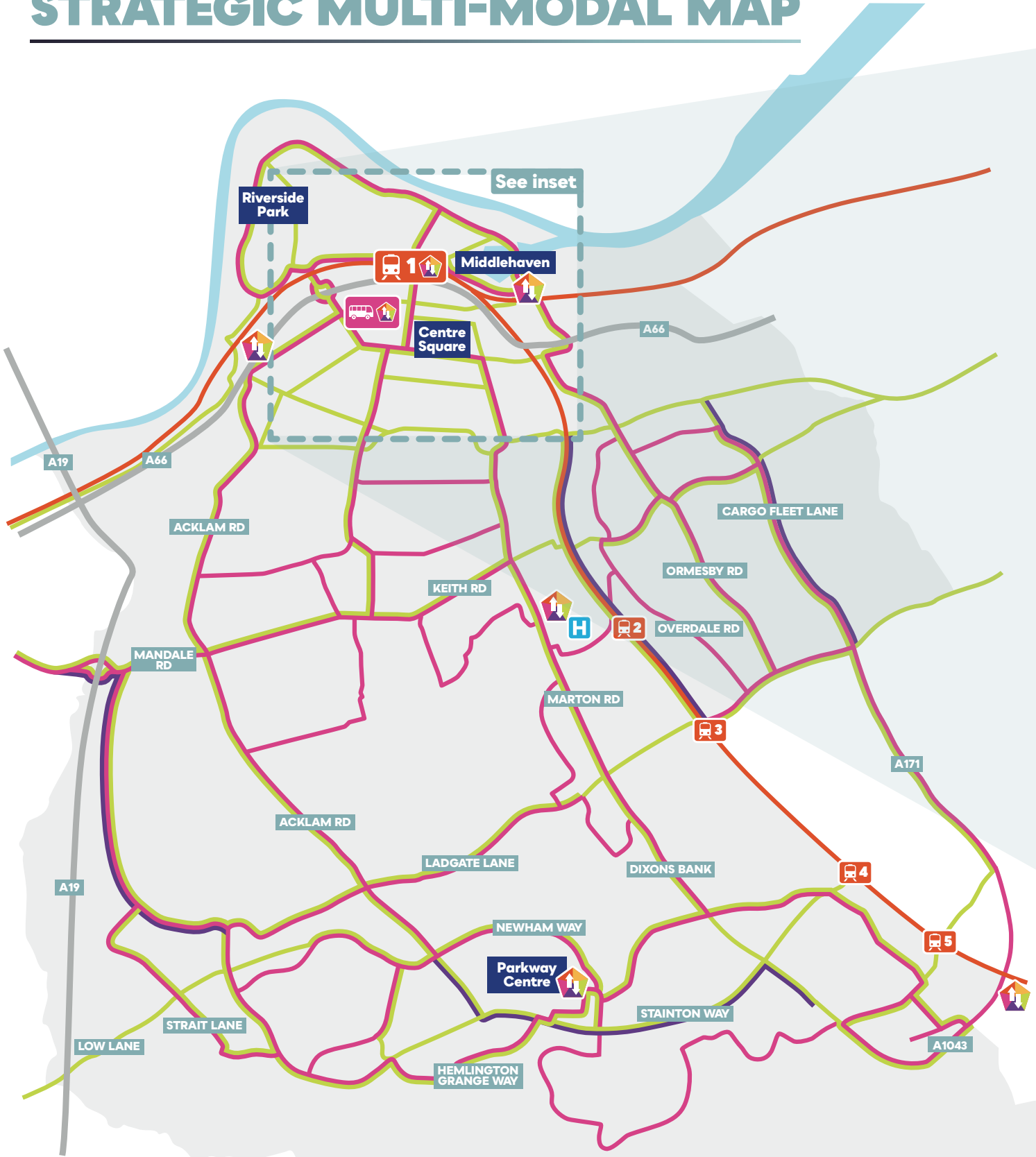
HOW WILL THIS BE ACHIEVED?

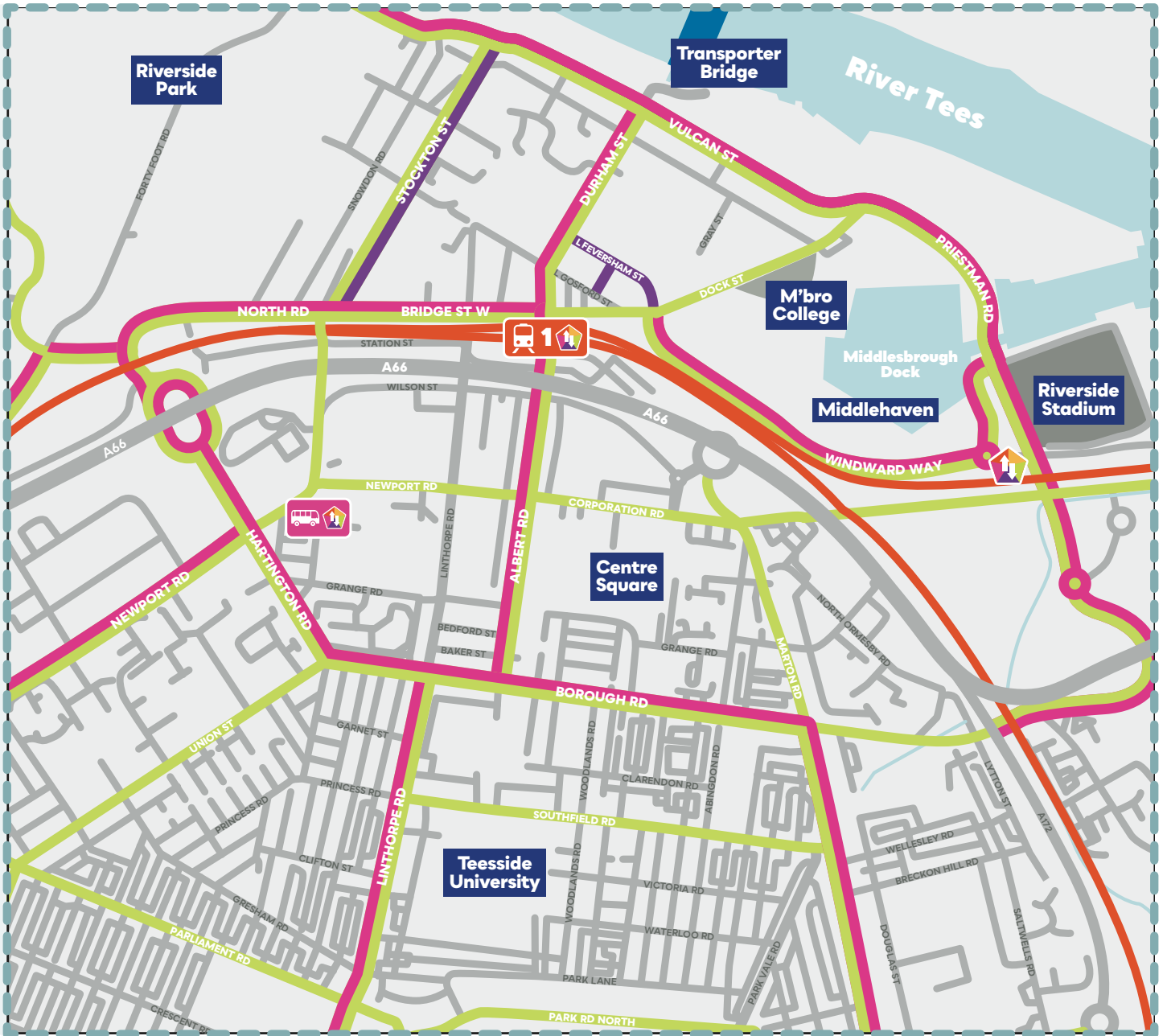
Using a transport corridor approach, demand is balanced to ensure that the most vulnerable road users receive an equitable share of the transport corridor. This will be achieved through:

- Re-allocation of road space - ensuring that the available space is more efficiently used
- Prioritisation of junctions for active and public transport modes - creating an incentive to those travelling in a sustainable manner in terms of journey time and road safety
- Reduction in posted speed limit (where appropriate) - ensuring the safety of all road users
- Modal filters allowing only pedestrian/cycle/bus access - improving journey time reliability, accessibility and safety
- Sign posting and way finding to ease navigation



STRATEGIC MULTI-MODAL MAP





Key

Highway Capacity Improvements	Middlesbrough Bus Station
Rail	Middlesbrough Rail Station
Super Core & Core Public Transport Corridors	James Cook Rail Station
Strategic Walking & Cycling Corridors	Marton Rail Station
James Cook University Hospital	Gypsy Lane Rail Station
Multi-modal Interchange	Nunthorpe Rail Station



4. RAIL

BACKGROUND

Middlesbrough Station is the second busiest station in the Tees Valley, with upwards of 1.3m passengers per year and growing. Nationally, rail travel is seeing unprecedented growth and is now seen as a viable alternative to the private car for both commuting and leisure activities.

In the 2015 rail franchise announcements, Middlesbrough was awarded a direct London service which will see seven trains per day open up the area to connections to the capital in under three hours; resulting in access to multiple national markets to enable further inward investment and commuting opportunities for businesses and residents of the Tees Valley.

Coupled with the London service, the two current franchise operators are planning increases for additional, improved local and regional services to Manchester Airport, York, Newcastle and Saltburn. This is vital to support the continued economic growth of Middlesbrough and wider Tees Valley region.

The station and surrounding area has recently benefited from over £40m of investment from a variety sources such as Department for Transport, TVCA, Network Rail, train operating companies, the council and heritage organisations. This has seen a platform extension, redevelopment of the former undercroft area and a significant upgrade to the adjacent public realm; showcasing the station as a gateway to Middlesbrough and further demonstrating the commitment to rail travel by all stakeholders.



WHAT WE WANT TO ACHIEVE

As a key interchange in the Tees Valley and wider northern network, the station needs additional services which will deliver greater frequency, higher quality rolling stock and an overall improved customer experience for rail passengers and station users alike; which can expect to see annual patronage growth of 2%.

The station is a Grade II listed building, but that doesn't mean that it should not benefit modern day access requirements for a changing city centre and needs of station users. Connectivity is vital for ease of use, along with wayfinding in and around the adjacent area. The station will also be a catalyst for additional, Grade A commercial developments to support digital and knowledge intensive business growth; as well as housing sites to the north of the station. Improved integration with other modes of transport is of paramount importance as the transport gateway and onward journeys via alternative modes of travel.

HOW WE WILL ACHIEVE IT

A station masterplan was commissioned in 2017 to identify strategic improvements to the station; in the shape of building improvements, improved capacity and connectivity for a City Centre rail station, for the next 30 to 40 years. As a result, a detailed and cohesive vision was produced and released to take forward. The masterplan used the recent franchise commitments, such as;

- **Direct services to London (up to seven per day)**
- **Direct services between Middlesbrough and York, Leeds, Manchester and Manchester Airport from the start to the end of the day, seven days a week**
- **'Northern Connect' express services to Newcastle introduced**
- **Investment in state of the art intercity TransPennine Express trains operating between Middlesbrough and Manchester Airport**
- **Full on board service provided on new trains, including fast free wifi and catering provision**
- **Proposals for services to be extended to include Redcar and Saltburn**

These will continue to be used as the foundation to build upon for future stages of redevelopment. New franchises, such as the direct London service bring opportunities to further develop and increase rail travel options in and around Middlesbrough, along with improved regional and national connections.

Building enhancements

The building asset is at the heart of the historic quarter and has been identified as one of the gateways to the city, in addition to a transport interchange. As a result, the station will see significant redevelopment of the Grade II listed building.

The aforementioned enhancements have created an improved gateway to the retail and civic areas of the adjacent area. The booking hall has seen customer improvements, as well development of additional commercial units within the undercroft of the station; further opening up pedestrian footfall and physical interaction of the station at street level within the historic quarter.

Capacity improvements

As rail travel continues to grow, more services are required to support the changing travel patterns of both visitors and commuters to Middlesbrough, the Tees Valley and beyond.

The masterplan identified that to facilitate and support continued growth that additional services will be required and the station should reflect travel patterns of the future, not just the present.

As a result, all stakeholders continue to actively work towards delivering additional capacity improvements; ensuring more services will be able to access the station on a daily basis.

Connectivity improvements

The station will also see connectivity improvements to and from the centre in the form of extensive redevelopment to complement the work to the southern entrance; further integrating and improving access to the building from surrounding streets. This includes improved way-finding, street lighting and pedestrian access to car parks for station users and visitors to the area.

The station has already seen a significant investment from the current station franchise owner in the form secure cycle parking, to support the demand for multi-modal journeys involving rail and other modes of sustainable transport.

It is important to further establish links with the bus network and new developments north of the station such as Middlesbrough College, the Digital City and the wider Mayoral Development Corporation area via bus 'Super Stops'; ensuring that sustainable travel is equally accessible for 'door to door' journeys in and out of the city.



Will act as the central transport hub to provide direct access to the wider Tees Valley transport network

- Middlesbrough Station will provide the main transport hub linking all modes of travel to both national and local services
- Middlesbrough Council will continue to actively work with key stakeholders to increase the number and frequency of rail services calling at the station to provide better connectivity to the Tees Valley and beyond
- The redevelopment work will ensure that both the northern and southern entrances to the station are given prominent treatment to avoid a “back of station” being created
- High quality areas of public space will be provided within the station to enable the movement of pedestrians between the two entrances thus also creating and enhancing linkages with Middlehaven and regeneration to the north



Which will promote use and increase passenger numbers, enhancing the station

- High quality areas of public realm around the station will be created with commercial activity to animate the streetscene
- Creation of space where people want to spend time, which puts public transport at the heart of the city
- Improved accessibility to the interchange



Which will act as a local high quality public transport interchanges supporting the main city centre hub

- Multiple frequent bus services will serve local rail stations at Marton, James Cook University Hospital Gypsy Lane, South Bank and Nunthorpe to enable rail to be a viable mode of travel to destinations not served by stations
- High quality pedestrian and cycle routes will connect local rail halts to the strategic network
- Station facilities will be upgraded to include covered and secure long stay cycle parking, CCTV and lighting to create welcoming safe environments



PARK & RAIL

Which will act as supporting hubs located on strongly defined core routes

- A new Park & Rail station is in its feasibility stage, that aims to provide to the south of the Nunthorpe bypass
- The Council will actively work with key stakeholders and neighbouring authorities to deliver this infrastructure
- The new facility will provide a southern transport hub, served by public transport and high quality pedestrian and cycle facilities to reduce car borne traffic into Middlesbrough
- The provision of car parks to serve station facilities will be investigated in order to intercept vehicular trips and reduce traffic travelling into the city centre



PROTECTING INFRASTRUCTURE

Which reduce the risk of delays to services

- The adjacent highway network will be audited and designed to minimise the risk of trespass onto the rail network
- Where bridges and other structures interact with the rail network measures will be introduced to minimise the risk of vehicle strikes with the associated delay/impact this creates to rail services

5. NETWORK CAPACITY & AIR QUALITY

BACKGROUND

Middlesbrough is a major economic and commercial centre. On a typical weekday, nearly half of the journeys to employment sites in Middlesbrough are made by residents of areas outside the borough. Currently, 77% of these journeys are made by car (62% in single occupancy vehicles), providing considerable challenges for the local road network.

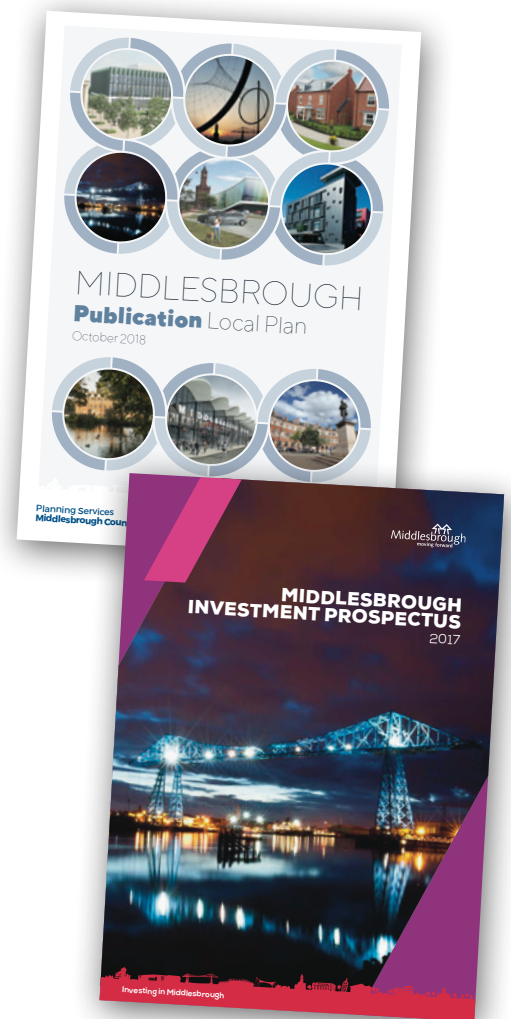
Because of its central location, Middlesbrough is well connected, sitting at the crossroads of the A19 and the A66, serving the whole of the Tees Valley and connecting it with the rest of the UK. As a result, traffic movements across Middlesbrough are steadily increasing as new commercial and residential developments come onstream.

Actual and planned employment growth is contributing to an increase in traffic on the radial routes serving the city centre. Additional traffic generated by major new developments outside the borough boundary, in particular the current employment activity generated from Teesport, coupled with the predicted 20,000 jobs envisaged by the South Tees Development Corporation, will further weaken the resilience of the network and its ability to support future economic growth.

Middlesbrough's Adopted Housing Local Plan, details the sites allocated for residential development across the borough. The delivery of new housing is crucial to the achievement of the council's ambitious plans to transform the local economy, as set out in the Middlesbrough Investment Prospectus published in 2017.

Many of the allocated housing sites are located in the south of the borough. The authority has actively worked with key stakeholders to identify a targeted package of highway improvement works.

This targeted programme of works are identified within the South Middlesbrough Highway Improvement Programme which will enable, development to proceed whilst managing the potential impact on the strategic and local highway networks.



WHAT WE WANT TO ACHIEVE

An efficient, environmentally friendly and safe highway network is crucial to the delivery of the Middlesbrough Investment Prospectus and to the future prosperity of the city. For this reason, improvements to both the strategic and the local road network are necessary to ensure that they remain fit for purpose well into the 21st century.

The key requirements are:

Improved traffic flow

Tackling congestion by increasing the capacity of the network and reducing journey times, in line with the council's statutory duty to secure the expeditious movement of traffic.

Improved network reliability

Increasing the resilience of the network and minimising the day-to-day variation in journey times.

Improved local air quality

Aligning with the National Clean Air Strategy to reduce the impact of transport-related emissions on environmental and public health.

Improved road safety

Reducing both the number and the severity of casualties on the borough's highway network, in line with the council's statutory duty to secure the safe movement of traffic and pedestrians.





DEMAND MANAGEMENT

Will support people to make informed decisions on how and when they travel reducing the demand on the road network

- Providing high quality and viable sustainable travel options will encourage and promote mode shift which will reduce the demand on the road network
- The use of technology such as Urban Traffic Management Control (UTMC), CCTV, Variable Message Signs (VMS) and other messaging systems including social media to keep the travelling public informed
- Schemes will seek to rationalise junctions and crossing facilities to smooth traffic flow and reduce unnecessary impediments



ECONOMIC GROWTH

Which together will reduce the demand on the network enabling freight and a prosperous economy

- Reducing congestion and freeing up road space will enable further development to occur



TARGETED INTERVENTIONS

Which will provide benefits to all road users whilst also enabling traffic to flow more freely along key arterial routes

- Stainton Way Westward Extension (SWWE) linking the B1380 and A1130 through the Stainsby development together with associated improvements at the Mandale Interchange
- Stainton Way widening and improvements
- Cargo Fleet Lane localised capacity improvement and bus priority works



FORWARD THINKING

Investing in technology to future-proof the network

- Advances in technology mean that reinvesting in current vehicle based infrastructure is a short term solution
- Electric vehicle charging points and investment in alternate fuel source technology
- Preparing the network for autonomous vehicles and other technologies

6. PRIVATE VEHICLES & PARKING

BACKGROUND

The vast majority of households in Middlesbrough (62.4%) own at least one private vehicle, and the current dominant mode of transport is by private car.

Although the council is aiming to reduce this reliance on private cars to ensure that the network operates at maximum efficiency, it will not ignore the importance of this mode of travel; particularly for those with mobility issues that cannot access alternate modes of travel. As a result, the council will work to deliver the following:



Car parking will be provided to facilitate access, but will be located so as to not be the only solution.

- Car parking strategies will be developed to provide facilities at key destinations
- Car parks will be easy to access and will provide high quality linkages to other sustainable transport modes as part of the door to door journey
- Rationalisation of car parking will be undertaken to enable efficient use of land and allow land to be unlocked or used more effectively for development and regeneration
- Disabled spaces will be incorporated in line with national guidance and policy

Car ownership; which will improve access to jobs and services.

- Provision of car club/car share facilities will reduce the need for car ownership/multiple car ownership thus providing a balance between car access and reducing demand on road space
- Residents will have easy access to a vehicle when they need one without the associated ownership and running costs
- Car club vehicles will be provided at key destinations and intergrate with Sustainable Travel Hubs such as the rail station, Riverside Park, Middlehaven and James Cook University Hospital
- We will work with other Tees Valley Authorities to provide a wider integrated facility
- Car club vehicles will be electric to assist with improvements to air quality

Provision of electric vehicle charging points - on-street and off.

- Adopt a policy and strategy for the provision of electric vehicle charging points
- Seek funding to deliver infrastructure in areas of demand

Seek to use parking provision as a demand management tool to assist with mode shift, drive footfall in the town centre and local centres/district centres.

- Assess parking charge rates and policy
- Rationalise and maximise use of the existing facilities
- Improve accessibility on routes connecting existing facilities with trip generators to alleviate actual and perceived issues

Ensure that new developments are not designed around the car and promote high quality development supporting wider council objectives.

- Ensuring alternate mode infrastructure is connected to the surrounding network
- Securing bus route diversions to serve developments (where possible)
- Implement travel plans at new developments that reach a threshold of 300 residential units, or 50 full time employee equivalents

Address parking around schools to minimise reliance on the private car and create safe environments for parents and children.

- Programme of road safety education targeted at schools and service users
- Programme of child training for pedestrian and cycling skills
- Enforcement of parking restrictions



7. TRAVEL PLANNING & ROAD SAFETY



BACKGROUND

The reduction of private vehicle use on our network is essential to alleviate congestion, reduce accidents and improve air quality in the town. The introduction of Travel Plans to businesses, developments and individuals provides support towards modal shift and discovers alternatives transport solutions away from the private car.

WHAT WE WANT TO ACHIEVE

Reduce

- Single private car use on our network
- Congestion
- Accidents
- CO₂ levels

Increase

- Alternative modes of transport
- Car sharing/multiple occupancy
- Access to multi modal transport options
- Improved air quality

HOW WE WILL ACHIEVE IT

- The use technologies such as RedOptima to identify risk and pre-emptively identify interventions to avoid future accidents
- The introduction of Modeshift Stars as a single, consistent approach to assist development of Travel Plans and build up a linked network of resources
- Reduce dependence on the private car and promote active travel/alternative modes of transport
- The Introduction of Mobility Corridors which cater for all highway users whilst maintaining strategic objectives and the hierarchy of Highway Users
- Engagement with existing schools, employers and residents to support mode shift and Travel Planning. Use of the planning process to secure Travel Plans from new developments
- Future Road Safety initiatives linked to Travel Planning to make active travel safe, viable and desirable

MIDDLESBROUGH INTEGRATED TRANSPORT STRATEGY 2024-2038



MIDDLESBROUGH COUNCIL	
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Report of:	Director of Finance (s151 Officer)
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Relevant Executive Member:	Executive Member for Finance and Governance
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Submitted to:	Executive
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Date:	4 September 2024
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Title:	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter One 2024/25
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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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Subject to call in :	Yes
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Why:	
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Proposed decision(s)
<p>That the Executive notes the Council’s forecast year-end financial outturn as at Quarter One 2024/25 and measures being taken to control expenditure within approved budgets.</p> <p>That the Executive approves budget virements within the revenue budget (Appendix 3), and revisions to the capital programme in relation to activity in Quarter One (Appendix 9 and paragraph 4.37).</p>

Executive summary

This report advises the Executive of the Council's forecast year-end financial outturn as at Quarter One 2024/25, and seeks approval of budget virements within the revenue budget and revisions to the capital programme in relation to activity in Quarter One.

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

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

The main highlights of the report are :

- the forecast 2024/25 revenue outturn as at Quarter One is a year-end overspend of £3.742m (2.6%), and there is a need to take management action in consultation with Executive Members to control expenditure within the approved budget of £143.190m
- Financial Recovery Plan savings of £1.877m have currently been identified which if fully assured and delivered could potentially reduce the forecast year-end overspend to £1.865m
- the forecast outturn of £3.742m at Quarter One currently includes £2.498m of net savings where there is a high risk that they will not be deliverable in 2024/25. If these remain unachievable at year end the £3.5m Exceptional Financial Support (EFS) agreed in-principle for this would need to be utilised, and as this is borrowing there would be costs of borrowing associated with this which are factored into the MTFP.
- the remaining element of the forecast overspend not linked to savings delivery (£1.244m) would need to be funded from reserves .
- Based upon the Quarter One forecast, this would mean that the General Fund Balance would be £11.100m whilst the balance on usable unrestricted reserves would reduce to £6.570m at 31 March 2025. This would be lower than that recommended by the Director of Finance in the Reserves Policy approved by Council on 8 March 2024.
- the 2024/25 Capital Programme forecast year-end outturn of £99.698m at Quarter One, which is a reduction of £6.490m from the revised £106.188m budget for 2024/25 and work is taking place to establish improved programme management and control arrangements to achieve more effective management and forecasting of the capital programme going forward.

1. Purpose

- 1.1 This report is to discharge the responsibilities of the Executive to manage and control the revenue budget, capital programme and overall reserves position of the Council.

2. Recommendations

2.1 The Executive is requested to:

- **Approve** the proposed revenue budget virements over £250,000 as detailed in paragraph 4.13 and Appendix 3.
- **Approve** the inclusion of additional expenditure budgets to the Capital Programme totalling £8.973m for 2024/25 which are externally funded (detailed in Appendix 9). Subject to approval this will increase the approved 2024/25 Capital Programme budget to £106.188m.
- **Approve** proposed virements over £250,000 between schemes in the 2024/25 Capital Programme approved by Council in March 2024 which are funded from within existing Council resources (detailed in Appendix 9 and paragraph 4.37).
- Note the forecast 2024/25 revenue outturn as at Quarter One of £146.932m against an approved budget of £143.190m, a forecast year-end overspend of £3.742m (2.6%) summarised below as follows and detailed in Table 1:

	£m
Adult Social Care – unachieved savings	0.817
Adult Social Care – other - mainly by maximising a one-off grant	(0.387)
Children’s Social Care – increased numbers and complexity of external residential placements	2.424
Children’s Social Care –unachieved savings	1.330
Other variances (ECS, Education & Partnerships, Regeneration, Legal and Governance, Finance, and Central)	(0.442)
Total	3.742

- Note the progress on savings delivery set out in Tables 2 and 3 and Appendix 4.
- Note that the Council is dependent upon Exceptional Financial Support (EFS) in 2024/25 approved in principle by the Ministry of Housing, Communities & Local Government (MHCLG) of up to £13.4m of one-off borrowing, the costs which are factored into the MTFP. Of this sum £4.7m has been utilised to achieve a balanced budget in 2024/25. (paragraph 4.5)
- Note that it is essential that all available measures are taken by management to control revenue expenditure within the approved budget, given that the Quarter One forecast overspend, if realised will require further £2.498m of EFS borrowing to fund slippage in savings delivery and £1.244m call upon revenue reserves. Both EFS and reserves can only be used once, and the financial pressure will remain in 2025/26 to be addressed.

- Note that based upon the Quarter One forecast outturn, the forecast revenue balances at 31 March 2025 would be lower than recommended in the approved Reserves Policy at £17.670m:
 - General Fund Reserve of £11.1m (minimum recommended)
 - Council's unrestricted usable earmarked reserves of £6.570m
- Note the 2024/25 Capital Programme forecast year end outturn of £99.698m at Quarter One, which is a reduction of £6.490m (6.1%) from the revised £106.188m budget for 2024/25 comprising:
 - An underspend on projects of £3.223m
 - Slippage on projects of £3.267m into 2025/26 and 2026/27
- Note that a full review and reprofiling of the Capital Programme will be undertaken during Quarter Two including the establishment of a Capital Programme Board to provide improved management of the Council's Capital Programme and its financing.
- Note the Treasury Management forecast outturn position with respect to the Council's prudential indicators as set out in paragraphs 4.46 to 4.54.
- Note the current forecast deficit of £5.501m for 2024/25 relating to the High Needs Block with the Dedicated Schools Grant which increases the forecast cumulative deficit to £19.794m at 31 March 2025. Note the recovery actions and risks to the Council's financial resilience set out in paragraph 4.30 to 4.33 and Appendix 8.
- Note the level of Collection Fund and General Fund Debtors at 30 June 2024 as follows (paragraph 4.57 to 4.59):
 - Council Tax £35.790m
 - Business Rates £6.731m
 - Sundry Debt £11.565m
 - Housing Benefit Overpayments £6.427m

3. Rational for the recommended decision (s)

- 3.1 To enable the effective management of finances, in line with the Council's Local Code of Corporate Governance, the Scheme of Delegation and the Council's financial regulations.

4. Background and relevant information

- 4.1 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.
- 4.2 This report enables the Executive to discharge its financial management responsibilities by setting out the:

- General Fund Revenue Budget forecast outturn at Quarter One;
- Statement of the Council's projected reserves and provisions at Quarter One
- Capital Programme forecast outturn at Quarter One;
- statement of the Council's borrowing and prudential indicators;
- statement to monitor the level of debt owed to and to be recovered by the Council;
- actions that the Council has taken and plans to take in order address the issues identified.

4.3 Financial Procedure Rule 1.37 requires the Executive's approval of the proposed revenue budget virements as set out in Appendix 3.

Revenue Budget

4.4 Section 25 of the Local Government Act 2003 requires the Chief Finance officer to report on the robustness of the budget estimates and the adequacy of the financial reserves to Council in agreeing its annual budget and precept for the forthcoming financial year. The Chief Finance Officer is as defined in S151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.

4.5 The Director of Finance (S151 Officer) presented her Section 25 Report to the Executive as part of the 2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report to Executive on 28 February 2024 which was then approved by Council on 8 March 2024. The report set out the basis upon which the revenue budget was considered to be robust and the basis upon which reserves were considered adequate, being dependent upon the approval of Exceptional Financial Support (EFS) by the Ministry of Housing, Communities and Local Government (MHCLG) (formerly DLUHC) as summarised below:

Exceptional Financial Support 2024/25

Directorate	2024/25 £m
Required to balance 2024/25 budget	4.700
Contingency for non-delivery of budgeted 2024/25 savings risk	3.500
Contingency for capital receipts delivery risk	4.600
General contingency	0.600
TOTAL	13.400

4.6 The Council's financial position remains critical and its ability to control expenditure within the approved 2024/25 budget whilst developing further savings and income generating opportunities through the Recover, Reset, Deliver Transformation Portfolio in order to balance the MTFP will be crucial to stabilising the Council's financial position and rebuilding its financial resilience. This requires the delivery of all approved £13.9m of 2024/25 savings plans in full.

4.7 The Council has achieved significant improvement in its financial position from that which existed at the start of the 2023/24 financial year. However, it continues to spend above its available income sources as reflected by the forecast year end overspend of £3.742m for 2024/25, after using £4.7m of EFS to balance the budget. The further challenges of delivering a balanced budget in 2025/26 to 2028/29 are set out in the Medium-Term Financial Plan (MTFP) report elsewhere on this Executive agenda with a projected budget gap currently of £7.864m in 2025/26 rising to £8.749m in 2028/29.

Both reports should be read together to fully understand the context within which the Council is operating and the challenges it faces.

- 4.8 The 2024/25 forecast year end outturn at 30 June 2024 (Quarter One) is an overspend of £3.742m (2.6%) against the approved budget of £143.190m and is summarised by Directorate in Table 1. A summary of the key issues and variances is included in Appendix 1a with details of Directorate variances in Appendix 1b. Table 1 includes any potential non-delivery of required budget savings as detailed in paragraphs 4.16 to 4.21 and Appendix 4.

Table 1 - Summary of Revenue Budget Forecast Outturn 2024/25 at Quarter One

All Directorates	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance (If Financial Recovery Plan Assured)	MEMO FORECAST VARIANCE SPLIT	
							Savings Delivery Variance	Other variances
							£m	£m
				Adv/(Fav)	Adv/(Fav)	Adv/(Fav)	Adv/(Fav)	
Adult Social Care	52.075	52.075	52.505	0.430	(0.650)	(0.220)	0.817	(0.387)
Public Health	0.006	0.006	0.006	0.000	0.000	0.000	0.000	0.000
Children's Care	54.038	54.038	57.792	3.754	(0.877)	2.877	1.330	2.424
Education & Partnerships	7.992	7.992	7.260	(0.732)	0.000	(0.732)	0.000	(0.732)
Regeneration	2.023	2.023	1.742	(0.281)	(0.350)	(0.631)	0.080	(0.361)
Environment & Communities	20.176	20.176	20.259	0.083	0.000	0.083	(0.319)	0.402
Legal & Governance	10.387	10.387	10.631	0.244	0.000	0.244	0.148	0.096
Finance	3.121	3.121	3.121	0.000	0.000	0.000	0.198	(0.198)
Chief Executive	0.242	0.242	0.242	0.000	0.000	0.000	0.000	0.000
Total Directorates	150.060	150.060	153.558	3.498	(1.877)	1.621	2.254	1.244
Central Budgets	(6.870)	(6.870)	(6.626)	0.244	0.000	0.244	0.244	0.000
Total Budget	143.190	143.190	146.932	3.742	(1.877)	1.865	2.498	1.244

NOTE – Environment & Communities includes an overachievement of £0.444m against the savings for the implementation of Green Waste charging. This reduces the savings delivery variance from £2.942m to £2.498m.

- 4.9 The forecast overspend of £3.742m comprises potential overspends due to delayed or undeliverable savings of £2.498m and other variances of £1.244m. Further analysis of progress on savings delivery that is being managed through the Transformation Portfolio is set out at Tables 2 and 3 and Appendix 4.
- 4.10 Directorates have identified £1.877m of Financial Recovery Plans (see Appendix 2). These will require further Director and Finance assurance to confirm deliverability together with the identification of further mitigations to deliver the financial outturn within the approved budget by the year end. Subject to satisfactory assurance the recovery plans will be factored into the year-end forecast.
- 4.11 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 to protect critically low reserves and provide an opportunity to start to rebuild them over the period of the MTFP as set out in the approved Reserves Policy.

- 4.12 £20.764m of budgetary growth was provided in setting the 2024/25 budget to Directorates presenting forecast demand pressures primarily in Adults, Children's Integrated Transport Unit, and Waste Disposal. Upon reviewing the 2023/24 financial outturn and performance in Quarter One, the requirement for this growth has been reviewed.
- 4.13 The Director of Finance proposes that where it is determined that the allocated growth is not required in full (and underspending within Directorates is arising directly from a surplus of budgetary growth provided) that the surplus budget is transferred (vired) from Directorates in 2024/25 to be held centrally. The Director of Finance will then assess how this budgetary provision can be applied to best effect in order to offset the financial pressures arising elsewhere in the Council to meet forecast pressures. The review will be undertaken quarterly throughout the year as refinements to demand and cost modelling are progressed. The budget adjustments proposed in Quarter One are summarised below and are set out in more detail in Appendices 1a and 1b and include the following:
- Concessionary Fares £0.414m
 - Waste Disposal £0.673m
 - Integrated Transport Unit £0.732m

The above will be actioned for 2024/25 only with any ongoing adjustments being included in the 2025/26 MTFP report to this Executive.

- 4.14 Financial Procedure Rule 1.37 requires the Executive's approval of the proposed revenue budget virements set out in Appendix 3. The above adjustments are included as virements, and the current Directorate budgets will be revised in the Quarter Two monitoring report subject to approval of the recommendations in this report.
- 4.15 As part of the approved 2024/25 budget a budget of £1.550m was provided to cover the effects of contractual inflation on a number of services. A review of the requirements against this budget is currently being undertaken and technical adjustments will be made and reported in the Quarter Two report. Contractual inflation will only be provided where there is a contractual commitment for inflation and will not be provided for general inflation relating to supplies and services.

Budget savings delivery

- 4.16 The approved revenue budget includes savings totalling £15.302m in 2024/25, a further £5.151m in 2025/26 and a further £1.967m in 2026/27 arising from the 2023/24 and 2024/25 approved budgets. The savings tracker included in Table 2 summarises performance in 2024/25 and the impact upon delivery for 2024/25, categorising the current expected achievability of the savings. Table 3 shows performance for each Directorate against the 2024/25 approved savings. Savings delivery plans are monitored via the Thematic and Corporate Transformation Boards.
- 4.17 The forecast year-end overspend shown in Table 1 includes £2.942m (19%) of savings for 2024/25 categorised as "Red" within the savings tracker. There are currently no savings categorised as "Purple" within the savings tracker which have

been deemed unachievable and require alternative savings. Those categorised as “Amber” £1.749m (11%) are not factored into the forecast overspend. They have mitigation in play, or in development and are being monitored through the Programme Management Office to get delivery back on track (“Green”).

- 4.18 Those categorised as “Green” £9.466m (62%) and considered to be on track are being further tested and challenged to gain further assurance. £1.145m (8%) have been delivered and classed as ‘Blue’. There is also an over achievement of £0.444m from the implementation of charging for Green Waste Collection. Currently whilst this is shown in Table 1 above the savings tracker in Tables 2 and 3 do not account for overachievement of savings as they are focused on highlighting non-delivery of savings. This will be addressed at Quarter Two, so both the financial and savings tracker are aligned.
- 4.19 If the £2.942m of savings rated “Red”, where there is currently a high risk that they will not be deliverable in 2024/25, remain unachievable up to £3.5m EFS agreed in-principle for this would need to be utilised in order to contain expenditure within the approved budget and protect critically low revenue reserves. There is a long-term cost of borrowing associated with use of EFS which is factored into the MTFP.
- 4.20 Directors are required to develop mitigation plans for those savings which are categorised as “Red” where there is significant risk to delivery, and “Amber” where there is medium risk to delivery. Also, there is a need to ensure full achievement of savings categorised as “Green”.

Table 2 – Savings Programme Assurance Summary

RAG	Savings	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Total (%)
	Approved Budget	(15.302)	(5.151)	(1.967)	(22.420)	
Blue	Benefits and / or saving(s) realised, with evidence provided.	(1.145)	0.000	0.000	(1.145)	5%
Green	Benefits and / or saving delivery on-track, with assured plans in place.	(9.466)	(3.165)	(0.260)	(12.891)	58%
Amber	Medium-risk to benefits and / or saving(s) delivery. Mitigation in-play, or in development.	(1.749)	(0.971)	(0.757)	(3.477)	16%
Red	High-risk to benefits and / or saving(s) delivery. Limited scope for mitigation.	(2.942)	(1.015)	(0.950)	(4.907)	22%
Purple	Benefits and / or saving(s) are undeliverable. Alternative plan / saving required, for Executive approval.	0.000	0.000	0.000	0.000	0%
	Total Savings	(15.302)	(5.151)	(1.967)	(22.420)	100%

Table 3 – Savings Programme Assurance for 2024/25 by Directorate

		Benefits and / or saving(s) realised, with evidence provided.	Benefits and / or saving delivery on-track, with assured plans in place.	Medium-risk to benefits and / or saving(s) delivery. Mitigation in-play, or in development.	High-risk to benefits and / or saving(s) delivery. Limited scope for mitigation.	Benefits and / or saving(s) are undeliverable. Alternative plan / saving required, for Executive approval.	
Directorate	Approved Budget	Blue	Green	Amber	Red	Purple	24/25 (£m)
Adult Social Care and Health Integration	(5.757)	(0.902)	(3.047)	(0.991)	(0.817)	0.000	(5.757)
Children's Care	(5.080)	0.000	(3.220)	(0.530)	(1.330)	0.000	(5.080)
Education and Partnerships	(0.285)	0.000	(0.153)	(0.132)	0.000	0.000	(0.285)
Environment and Community Services	(1.522)	(0.105)	(1.196)	(0.096)	(0.125)	0.000	(1.522)
Regeneration	(0.607)	0.000	(0.527)	0.000	(0.080)	0.000	(0.607)
Finance	(1.379)	(0.138)	(1.043)	0.000	(0.198)	0.000	(1.379)
Legal and Governance	(0.672)	0.000	(0.280)	0.000	(0.392)	0.000	(0.672)
TOTAL (£m)	(15.302)	(1.145)	(9.466)	(1.749)	(2.942)	0.000	(15.302)
Overall Percentages		7%	62%	11%	19%	0%	

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

Budgetary Control Measures required in 2024/25

4.22 Further measures are required during 2024/25 and over the medium term to strengthen the grip upon the management of the Council’s financial recovery which include in summary but are not restricted to:

- Modernising and transforming service delivery through the Recover, Reset, Deliver Transformation Portfolio, to deliver improved service outcomes from a financially sustainable cost base.
- Delivering all approved savings included within the Transformation Portfolio
- Develop a pipeline of new transformation projects that deliver savings to meet the forecast budget gap over the period of the MTFP
- Exercising more robust budgetary control underpinned by standard budget management procedures and consistent system driven reporting
- Directors and their management teams becoming more engaged in the operational management of their budgets
- Directors continuing to exercise stringent financial control of budgets and restraint on non-essential spending during 2024/25 together with full delivery of approved savings.

Further detail on measures to be adopted is set out in Appendix 5

Quarter One Budget challenge agreed actions

4.23 During Budget Challenge Sessions held at Quarter One it was agreed that a number of fundamental service reviews be required in order to develop plans to address forecast financial pressures and control expenditure within the approved budget.

- Children's Social Care (see para 4.24)
- Adult's Social Care – Develop and assure financial recovery plan
- Crematorium - Reduced income due to falling demand for service, to consider options for reducing operational costs to align to reduced activity and to assess the business case for replacement cremators which are approaching the end of their useful life.
- Waste Services - zero based budget to be prepared reflecting the change in service operations following implementation of fortnightly collection
- Fleet Services - review of strategic options for sustainable service delivery arising from operation due to recruitment and retention issues and other financial pressures.
- Integrated Transport Unit / Special Educational Needs & Disabilities (SEND) transport – baseline budget and development of MTFP forecast to assess demand and unit cost modelled using Special Educational Needs (SEN) data

4.24 As a result of Children's Budget Challenge meetings it was noted that whilst care placement panels were resulting in children being stepped down from external residential care into more appropriate and lower cost placements, additional measures in social care practice are required to manage and reduce the demand into external residential by using more appropriate categories of care wherever possible. As increased demand is flowing into this category of care. Whilst step down measures to date have helped to avoid further overspending, the planned savings delivery is at risk due to more children being placed in external residential care. A number of measures were agreed to help improve the financial position within Childrens Care as follows and the financial effects of these and the financial recovery plan will be included in future quarterly budget monitoring reports when financially assured :

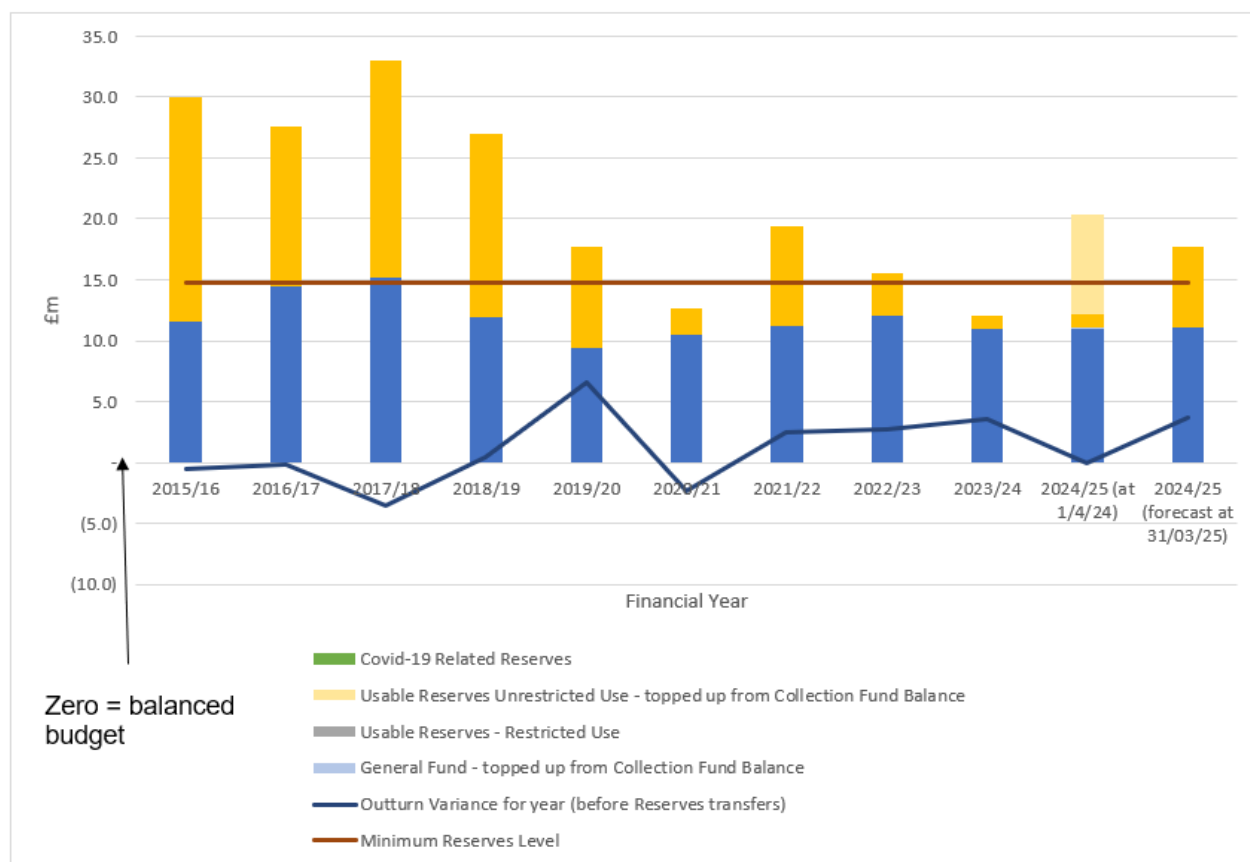
- Further permanent recruitment of staff to replace agency staff by using specialist recruiting agencies
- Review of plans for internal residential provision
- Research into why Middlesbrough is in a worse position financially than its neighbours (both local and statistical neighbours)
- Review of Edge of Care provision
- Continuation of Reunification project (initially funded by DfE grant)
- Further review of the Children's Service structure
- Potential expansion of SHIFT project
- Review of locations occupied by services within Childrens Services to ensure they are fit for transformed services provided
- Options appraisal within Fostering to increase recruitment of foster carers employed by the Council and increase internal capacity, including specialist provision. This will include redesigning the website to make more attractive and provide greater clarity of benefits to potential fosterers.

The above agreed actions will be incorporated into the Transformation Portfolio as required.

Council Reserves and Provisions

- 4.25 It is critical that expenditure is contained in 2024/25 as far as possible within the approved budget of £143.190m and that there is no unplanned drawdown on critically low revenue reserves to meet overspending. It is essential that the Council's financial position is stabilised and reserves are rebuilt from the current critically low level.
- 4.26 As a result of a detailed balance sheet review undertaken during 2023/24, the s151 officer revised the methodology to calculate the Collection Fund Bad Debt provision in 2021/22 financial statements in order to comply with International Accounting Standard 37 (IAS37) which has adopted a long-term data driven methodology to forecast debt write offs, based upon actual collection performance. This, combined with collection performance during 2022/23 resulted in a usable cumulative collection fund surplus of £8.325m at 31 March 2024. This surplus was applied to replenish the General Fund Balance to the recommended minimum level of £11.1m and unrestricted usable reserves at £9.280m at 1 April 2024 in accordance with Council approvals on 8 March 2024.
- 4.27 As detailed in paragraph 4.19 the £2.498m of net unachieved savings contained within the £3.742m forecast overspend at Quarter One would be funded on a one off basis from EFS if they remain unachievable and cannot be substituted in year. The remaining element of the forecast overspend not linked to savings delivery (£1.244m) would need to be funded from reserves and this would mean that the General Fund Balance would be £11.100m whilst the balance on usable unrestricted reserves would reduce to £6.570m at 31 March 2025. This would mean that the total unrestricted usable revenue reserves would be forecast to be £17.670m at 31 March 2025. This would be lower than the level recommended by the Director of Finance in the Reserves Policy approved by Council on 8 March 2024. Appendix 6 provides an analysis of restricted and unrestricted reserves together with General Fund Provisions
- 4.28 Usable reserves remain at a very low level compared nationally to other unitary authorities. Further measures will be required over the period of the MTFP to maintain and increase revenue reserves and rebuild financial resilience. Figure 1 below shows the trajectory of Middlesbrough's unrestricted usable Reserves from 2015/16 through to 2024/25 forecast closing balance against both the recommended minimum reserves level and the reported outturn position.

Figure 1 - Middlesbrough Council - Unrestricted Reserves Balances from closing balance 2015/16 through to forecast closing balance 2024/25 and reported outturn variance per year



Contingency Budget and Change Fund

4.29 Table 4 summarises the 2024/25 budget and commitments against the central budgets controlled under the delegated powers of the s151 Officer (and deputy s151 Officers) in relation to the Contingency Budget and the Change Fund Reserve at 30 June 2024. A summary of the expenditure approved for utilisation of these budgets is set out at Appendix 7.

Table 4 – Summary of 2024/25 budget and commitments against central budgets

	Corporate Contingency £m	Change Fund Reserve £m
Starting Budget 2024/25	1.422	1.053
Budgeted contribution 2024/25	-	0.730
Additional contributions in year	-	1.000
Permanent adjustment to Regeneration budget (New Homes Bonus grant adjustment)	(0.081)	-
Permanent adjustment to LGS budget (previous years savings adjustment)	(0.014)	-
Available for use	1.327	2.783
Allocated/Committed to date	(0.441)	(0.017)
BALANCE REMAINING UNCOMMITTED	0.886	2.766

Dedicated Schools Grant (DSG)

4.30 Local authorities receive a ring-fenced grant from central government each year, which can only be used to fund education. The DSG grant budget is accounted for separately to the main Revenue Budget. The Council's allocation in July 2024 is to receive £197.453m (before deductions and recoupmnt) of Dedicated Schools Grant (DSG) for 2024/25. The funding comprises of a number of blocks:

- Schools Block
- Central School Services Block
- High Needs Block
- Early Years Block

A large proportion of the Schools Block is passported directly to academies (known as recoupmnt). Alongside this, agreed place funding for academies and FE colleges is also deducted from the High Needs block for specialist places. Currently after deductions and recoupmnt the Council will receive DSG of £63.776m in 2024/25 including an agreed disapplication of £0.699m transfer from Schools block to High Needs block.

4.31 The forecast expenditure of £69.277m is a year-end overspend of £5.501m on DSG within 2024/25 as summarised in Table 5.

Table 5 - Dedicated Schools Grant (DSG) after recoupmnt and deductions

	2024/25 Forecast Income	2024/25 Forecast Expenditure	2024/25 Forecast Year-end Overspend	Balance as at 31/03/2024	Forecast Cumulative DSG Deficit as at 31/03/2025
	£m	£m	£m	£m	£m
Early years	17.692	17.692	(0.000)	(0.467)	(0.467)
Schools Block	14.387	14.387	(0.000)	(0.298)	(0.298)
High Needs	30.651	36.152	5.501	15.079	20.580
Central school services block	1.046	1.046	0.000	(0.021)	(0.021)
TOTAL	63.776	69.277	5.501	14.293	19.794

*(**July 2024 issued allocations for 2024-25 –note these figures can change post these allocations)*

4.32 There was a £14.293m total cumulative deficit on the DSG grant at the end of 2023/24, which included £15.079m attributed to the High Needs Block. The DSG deficit is forecast to increase during 2024/25 and there is a forecast cumulative DSG deficit of £19.794m at 31 March 2025. This includes £20.580m relating to the High Needs Block which is partly offset by £0.786m of surpluses across the other blocks.

4.33 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 long term if the

Government remove the statutory override before the deficit position is resolved – the forecast balance at 31 March 2025 is £19.794m which would be required to be met from the General Fund resources if the statutory override was removed by Government without providing a funding solution. The position that Government takes on this national issue which presents significant financial risks for many local authorities, will be closely followed and updates will be provided as appropriate. Further information relating to DSG and the work being undertaken by the Council with the DfE is set out in Appendix 8.

2024/25 Capital Programme Forecast Outturn as at Quarter One

- 4.34 The Council on 8 March 2024 approved a capital programme for 2024/25 of £88.549m (the original 2024/25 capital budget). This was revised to £97.215m as approved by Executive within the 2023/24 Revenue and Capital Outturn and Development of MTFP report of 26 June 2024 to take account of 2023/24 programme slippage and some new externally funded schemes.
- 4.35 The budget has been further revised at Quarter One by the addition of a total of £8.973m in 2024/25 in order to add new externally funded schemes / additional external funding to existing schemes (detailed in Appendix 9). Subject to Executive approval of incorporating these within the Capital Programme, the revised budget for 2024/25 is £106.188m as summarised in Table 6.
- 4.36 There are also some virements requested for approval by Executive between schemes in the 2024/25 Capital Programme approved by Council in March 2024 which are funded from within existing Council resources and where there is no increase in planned expenditure above that approved by Council for funding by capital receipts and borrowing (details are provided in Appendix 9).
- 4.37 The capital programme currently includes £2.589m budget assigned to Middlesbrough Development Company. This is funded by £2.014m of Council funding and £0.575m of Towns Fund grant funding. There is an outstanding dispute with the main contractor at the Boho Bright Ideas project. When this dispute is settled approval is requested from Executive that any balance remaining against the £2.589m budget will be vired to the Housing Growth and De-Risking Sites budgets to replenish this budget for use in future Housing Growth schemes, in order to maximise the value of future land disposals.
- 4.38 The 2024/25 projected outturn on capital expenditure is £99.698m at Quarter One, the revised projection includes new and additions to existing schemes, reductions in existing schemes and programme slippage.
- 4.39 The £99.698m of planned expenditure is expected to be funded by:
- £47.919m (48%) grants and external funding
 - £19.700m (20%) capital receipts
 - £32.079m (32%) borrowing
- 4.40 Table 6 summarises the capital programme approved budget, outturn, and variance for 2024/25.

Table 6 - Summary of capital programme approved budget, outturn, and variance for 2024/25

Directorate	2024/25	2024/25	2024/25	2024/25	2024/25	2024/25	MEMO		MEMO
	Capital Programme Budget (as approved by Council 8/3/24)	Revised Capital Programme Budget (as per Executive report 26/6/24)	Revised Capital Programme Budget (as at Quarter One)	Forecast Outturn	Forecast Outturn Variance	Forecast Outturn Variance % Against Budget	Explanation of Forecast Outturn Variance		Actuals as At 30/6/24
	£m	£m	£m	£m	£m	%	Slippage £m	Underspend £m	£m
Regeneration	21.582	27.428	29.578	25.478	(4.100)	(13.86)	(4.100)	-	2.291
Environment and Community Services	17.396	17.294	21.297	22.452	1.155	5.42	1.155	-	1.490
Public Health	0.043	0.519	0.689	0.689	-	-	-	-	0.027
Education and Partnerships	12.040	13.912	14.036	13.915	(0.121)	(0.86)	-	(0.121)	2.646
Children's Care	2.035	2.026	2.026	2.084	0.058	2.86	0.060	(0.002)	-
Adult Social Care	1.213	1.351	3.877	3.827	(0.050)	(1.29)	(0.050)	-	0.822
Legal and Governance Services	2.350	2.795	2.795	2.863	0.068	2.43	0.068	-	2.186
Finance	4.790	4.790	4.790	1.290	(3.500)	(73.07)	(0.400)	(3.100)	-
Transformation Programme	13.700	13.700	13.700	13.700	-	-	-	-	-
Exceptional Financial Support	13.400	13.400	13.400	13.400	-	-	-	-	-
Total	88.549	97.215	106.188	99.698	(6.490)	(6.11)	(3.267)	(3.223)	9.462

- 4.41 Capital slippage results from a delay in delivery of projects compared to the planned delivery. Whilst expenditure remains within the approved project budget, this results in an in year underspend which is required to be carried forward to the new financial year. This is called slippage. The amount of slippage (currently forecast at £3.267m) is reprofiled and carried forward to 2025/26 and 2026/27 to reflect revisions to the expected delivery and expenditure timescale. Details of capital slippage for 2024/25 as at Quarter One are shown in Appendix 10.
- 4.42 The major reason for the forecast underspend of £3.223m is that the Capitalisation of Property Finance Lease Arrangements scheme has been reduced by £3.100m of Council resources from a budget of £4.500m. Work has been undertaken to assess contracts and leases in place within Middlesbrough with the number of arrangements impacted by the new IFRS16 accounting rules being significantly lower than the original estimate. It should be noted that this project is in relation to the Chartered Institute of Public Finance Accountancy's (CIPFA) advice in relation to the accounting treatment of leases. The reduction has no consequences in relation to the delivery of physical capital projects. Any revenue saving arising from this will be reported within the Capital Financing budget.
- 4.43 The level of actual spend at Quarter One is currently low at £9.462m (9% of budget) and this will be closely monitored during Quarter Two and the rest of the financial year. It should be noted that there is transformation expenditure that currently has not been allocated to the capital programme in relation to Transformation investment. It is currently being held in revenue holding accounts and will be transferred to capital expenditure budgets during Quarter Two. Also it should be noted that any expenditure on EFS will be incurred at the year-end once the need to use EFS is confirmed and agreed with MHCLG.

- 4.44 Table 7 summarises and Appendix 11 details updated forecast expenditure for the period 2024/25 to 2026/27 split over the various schemes and the proposed funding. Since the Capital Programme for the period 2024/25 to 2026/27 was approved by Council on 8 March 2024, there has been forecast slippage from 2024/25 and increased externally funded schemes as detailed above, and there is therefore a need to revise the forecasts for the period 2024/25 to 2026/27. Any changes to the budgets approved by Council in March 2024 for 2025/26 and future years, will be formally approved by Council as part of 2025/26 budget setting in February 2025.

Table 7 – Summary of Forecast Capital Programme 2024/25 to 2026/27

Directorate	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	TOTAL £m
Regeneration	25.478	46.915	7.785	80.178
Environment and Community Services	22.452	15.102	8.172	45.726
Public Health	0.689	-	-	0.689
Education and Partnerships	13.915	3.927	0.871	18.713
Children's Care	2.084	0.600	1.703	4.387
Adult Social Care	3.827	0.710	0.660	5.197
Legal and Governance Services	2.863	2.117	2.185	7.165
Finance	1.290	0.200	0.200	1.690
Transformation Programme	13.700	7.700	5.300	26.700
Exceptional Financial Support	13.400	-	-	13.400
Total EXPENDITURE	99.698	77.271	26.876	203.845
Funded by				
Borrowing	18.679	24.859	9.867	53.405
EFS Borrowing	13.400	-	-	13.400
Capital Receipts	6.000	6.000	6.000	18.000
Flexible Use of Capital Receipts	13.700	7.700	2.865	24.265
Grants	46.746	36.189	3.404	86.339
Contributions	1.173	2.523	4.740	8.436
Total FUNDING	99.698	77.271	26.876	203.845

- 4.45 The Director of Finance will lead the development of strengthened governance and reporting arrangements during 2024/25. A full review of the Capital Programme will be undertaken during Quarter Two including a review of profiling and alignment of funding sources to optimise the use of grants and external funding and mitigate the revenue impact of debt financing upon the revenue budget position as far as possible. In addition, a Capital Programme Board will be established in Quarter Two to provide improved management of the Council's Capital Programme.

Treasury Management - Borrowing & Prudential Indicators

- 4.46 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 before the start of the financial year.
- 4.47 Treasury Management activity is governed by the Prudential Indicators which are set within the TMS. The Council uses external expert treasury advisers (Arlingclose) to inform the development of its strategy and operational in year decisions. The budgeted and forecast position as at Quarter One 2024/25 are summarised in Table

8 below. A half yearly review of the Council's TMS and prudential indicators will take place at Quarter Two and a specific report is planned to be submitted to Executive on 11 November 2024 alongside the capital and revenue budget monitoring positions.

4.48 Investment and borrowing decisions are taken to manage the short, medium, and long-term cash needs of the Council and these are driven primarily by the following:

- 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, and.
- current short to long term interest rate forecasts.

Table 8 – Prudential Indicators – Quarter One 2024/25

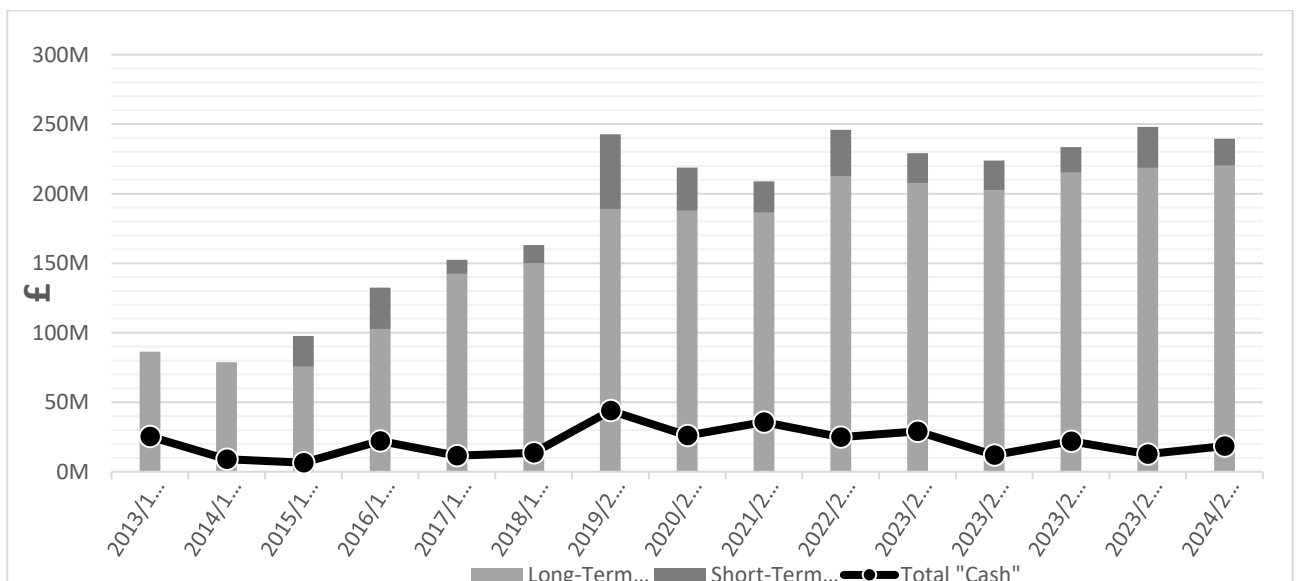
	<u>2024/25 Budget (as per 2023/24 outturn)</u>	<u>Forecast at Quarter One</u>	<u>Variance</u>	<u>Variance as % of Budget</u>
	<u>(£M)</u>	<u>(£M)</u>	<u>(£M)</u>	<u>%</u>
Capital Expenditure	97.215	99.698	2.483	2.55
<u>Financing</u>				
External Sources	41.019	47.919	6.900	16.82
Own Resources	19.700	19.700	0.000	0.00
Debt	36.496	32.079	(4.417)	(12.10)
	<u>97.215</u>	<u>99.698</u>	<u>2.483</u>	<u>2.55</u>
Capital Financing Requirement	322.157	318.020	(4.137)	(1.28)
External Debt borrowed	248.104	239.430	(8.674)	(3.50)
Cash Balances	15.000	18.300	3.300	22.00
Capital Financing cost	11.154	11.154	0.000	0.00
Revenue Budget	143.190	143.190	n/a	n/a
Cost as a % of Revenue Budget	7.79%	7.79%	0.00%	

4.49 The Council's forecast Capital Expenditure outturn at Quarter One is £99.698m compared to a revised original approved budget of £97.215m, an overspend of £2.483m (2.55%). The increase in capital expenditure is because of new schemes funded by grants and contributions (£6.900m), offset by slippage on schemes funded by borrowing of £4.417m.

4.50 During the first quarter of 2024/25, external borrowing decreased from £248.104m on 31 March 2024, to £239.430m on 30 June 2024. This decrease of £8.674m reflects the repayment of £5.000m in total on short term borrowing, plus £3.674m of annuity principal repayments. No new borrowing was required during the period.

- 4.51 Cash balances have increased from £12.723m to £18.300m between the end of March and the end of June 2024. This reflects the capital and revenue spending plans of the Council to date in this financial year. Also, long term interest rates from the Public Works Loan Board have stayed around 4.75% during the first quarter. This is slightly above the target borrowing rate of 4.50% for the financial year. As cash levels have remained healthy, there has been no need to take any external borrowing to help with liquidity. Any borrowing decisions required will be discussed in detail with our treasury advisers, to ensure that they are consistent with the Council's debt portfolio and TMS.
- 4.52 The ratio of long-term to short-term borrowing has therefore remained stable during the quarter given that repayments only have been made to date. The Council's total under borrowed position (external debt compared to the capital-financing requirement – or underlying need to borrow for the financial year) is £78.590m on 30 June 2024, or 24.7%. Total borrowing of between £40m - £50m is required over the remainder of the financial year to finance the forecast spend on the capital programme and to keep liquidity balances at a sustainable level. The review and reprofiling of the capital programme will affect the need to borrow. This will move the under-borrowed position to a level in keeping with previous financial years. The over-riding objective continues to be to demonstrate value for money and affordability from any borrowing decisions taken over the medium term.

Figure 2 – Borrowing and cash held from 2013/14 to date



- 4.53 The affordability & sustainability of the Capital Programme 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/March each year. CIPFA and Government view this approach as best practice in ensuring resources are allocated prudently to capital schemes and achieve value for money in the use of resources.
- 4.54 The amount of external debt at £239.430m and the total underlying need to borrow of £318.020m, are both below the Council's authorised debt limit of £372.000m for the year. This is the threshold above which any borrowing would be unlawful. The cost of capital financing to the Council is in line with budget expectations, although

the risk is to the upside given the level of borrowing required and the existing volatility on borrowing rates at present. The total annual cost of financing the Council's capital investment plans being forecast is £11.154m, or 7.79% of the current net revenue budget.

Collection Fund - Council Tax and Business Rates income

- 4.55 Income received from Council Tax and Business Rates (NNDR) is a major source of revenue income for the Council and funds around 66% of its annual expenditure in delivering all Council services. 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 2024/25 income collection variances do not immediately affect the General Fund position. By illustration, the impact of any final surplus or deficit variance on the Collection Fund for 2023/24 is fed into the development of the 2025/26 budget and MTFP and any cost/ benefit does not impact the 2024/25 financial year.
- 4.56 It is too early to provide an update of the Collection Fund position for 2024/25 and this will be provided as part of the Quarter Two budget monitoring report when further information is available.

Debt Recovery Performance

- 4.57 A key workstream within the plans to recover the Council's financial position is the renewed focus upon recovering monies owed to the Council from the following sources
- Council Tax
 - Business Rates
 - Sundry (general) debt
 - Housing Benefit Overpayments
- 4.58 The Council's approach to improving debt recovery performance whilst maintaining appropriate support to residents and businesses who are entitled to available help, advice and support, is set out in Appendix 12. Progress will be incorporated into quarterly monitoring reports throughout 2024/25, with the position at Quarter One 2024/25 (30 June 2024) shown in paragraph 4.58.
- 4.59 The debt collection performance for 2024/25 together with the movement in debt balances between 31 March 2024 to 30 June 2024 is summarised below:

Table 9 – Debt Collection Performance Quarter One 2024/25 (as at 30 June 2024)

Category of Collectable Debt	Balance at 01/04/2024 (£m)	Movement in-year (£m)	Balance at 30/06/2024 (£m)
Council Tax	36.773	(0.983)	35.790
Business Rates	8.391	(1.660)	6.731
Sundry Debt	15.516	(3.951)	11.565
Housing Benefits Overpayments	6.535	(0.108)	6.427
Total	67.215	(6.702)	60.513

5. Other potential alternatives(s) and why these have not been recommended

5.1 Not applicable.

6. Impact(s) of the recommended decision(s)

6.1 *Financial (including procurement And Social Value)*

6.1.1 This report sets out the financial implications associated with the financial performance of the Council in managing its revenue, grant and capital resources for the financial year 2024/25 and the financial implications are incorporated throughout.

6.2 *Legal*

6.2.1 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).

6.3 *Risks*

6.3.1 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 One 2024/25 report.

6.4 *Human Rights, Equality and Data Protection*

6.4.1 The complete overall impact assessment included in Appendix 3 of the budget report to Council on 8 March 2024, along with all the individual impact assessments 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.

6.5 *Climate Change / Environmental*

Not applicable

6.6 Children and Young People Cared for by the Authority and Care Leavers

Not applicable

6.7 Data Protection / GDPR

Not applicable

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	31/3/25
Service Reviews to be undertaken in following areas as detailed in para. 4.23 & 4.24 <ul style="list-style-type: none"> Children's Care Adults Social Care Crematorium Waste Services Fleet Services Integrated Transport Unit / SEND transport 	Director of Childrens Services Director of Adult Social Care Director of Environment & Community Services Director of Environment & Community Services Director of Environment & Community Services Director of Education & Partnerships	30/9/24
Revenue budget virements detailed in Appendix 3 to be actioned, subject to approval	Head of Financial Planning & Support	30/9/24
Amendments to the capital programme for 2024/25 to be actioned, subject to approval	Head of Financial Planning & Support	30/9/24

Appendices

1a	Summary of key variances and financial recovery plans Quarter One 2024/25
1b	Details of Directorate variances Quarter One 2024/25
2	Directorate Financial Recovery Plan Savings Quarter One 2024/25
3	Proposed revenue budget virements above £250,000 at Quarter One 2024/25
4	Detailed savings tracker of savings categorised as "Red" by Directorate at Quarter One 2024/25
5	Budgetary and Financial Control Measures required in 2024/25
6	Reserves and Provisions
7	Summary of projects approved for utilisation of Contingency Budgets and Change Fund at Quarter One 2024/25
8	Dedicated Schools Grant
9	Capital Programme Quarter One 2024/25 - additional external funded schemes / additional external funding to existing schemes, and transfers between schemes
10	Capital Programme Quarter One 2024/25– details of capital slippage
11	Revised Capital Programme Forecasts 2024/25 to 2026/27
12	Council's approach to debt recovery

Background papers

Body	Report title	Date
Executive	2024-25 Budget and MTFP – Application for Exceptional Financial Support	17/1/24
Executive	Middlesbrough Independent Improvement Advisory Board: First Update Report	17/1/24
Council	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	17/1/24
Council	Flexible Use of Capital Receipts Policy	17/1/24
Executive	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting	28/2/24
Executive	Prudential Indicators and Treasury Management Strategy Report – 2024/25	28/2/24
Council	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting, and Treasury Management Strategy 2024/25	8/3/24
Executive	2025/26 Budget and MTFP Approach and Timetable	22/5/24
Executive	2023/24 Revenue and Capital Outturn and development of MTFP	26/6/24
Executive	2025/26 Medium Term Financial Plan	4/9/24

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

Email: andrew_humble@middlesbrough.gov.uk

Summary of Key variances and financial recovery plans

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

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 2024/25 and plans that deliver 'ongoing' cost reductions or income generation that will have a favourable impact upon the calculated budget gap for 2025/26.

The ongoing pressures that remain as a result of the following will impact upon the 2025/26 budget model:

- Partial or Non-delivery of approved planned savings (RAG Red and Purple)
- Demand and other financial pressures for which a one-off mitigation has been delivered

Directorate	Service Area	Summary of Variances over £250,000	2024/25 Forecast Overspend/ (underspend) £m	Financial Recovery Plan Key Actions	Value of Recovery Plan 2024/25 £m
Adults Social Care	Prevention, Provider & Support Services	2024/25 budget saving currently rated as "RED" : ASC11 Re-provision use of Levick Court £0.311m due to late emergence of potential alternative options to work with partners in establishing the unit as a sub-regional provision for residential short breaks.	0.340	Options being sought to mitigate impact of saving not yet achieved and efforts being made to maximise use of the available respite capacity in the interim.	TBC
	Purchasing - savings	£0.506m of 2024/25 budget saving ASC12 Adult Social Care Services transformation currently rated "RED" relating to need for business plan for the implementation of the LGA's "Better Lives" framework (for improving support to adults with a learning disability) - due August 2024.	0.461	Additional Transformation resources have been approved to undertake care package reviews where Assistive Technology can be implemented as an alternative	(0.150)
	Purchasing - Personal	Maximise use of the Discharge grant funding (one-off for 24/25)	(0.259)		
	Across Directorate	Other variances below £250,000	(0.112)		
	Across Directorate			Additional pay related savings across the Directorate due to new vacancies and delayed/difficulties in recruitment	(0.500)
Children's Care	External Residential	Increased numbers of children in external residential placements above budgeted level. Includes 2024/25 budget saving currently rated as "RED" : CC02 Review of Placements £1.1m	3.245	Placement reviews - based on 12 changes in placements that if successful, reduces forecast outturn based on planned placement moves.	(0.877)
	External Residential	Health contributions (forecast £0.052m saving) and Education contributions (£0.200m pressure) against placements	0.148	Review of contributions	TBC
	Internal Residential	Agency staff covering significant absences and staff pressures.	0.475	Permanent recruitment to posts, including marketing campaign and review of recruitment and retention packages.	TBC
	Fostering & Adoption	Internal Fostering and Adoption forecast savings, offset by Independent Fostering Agency and Family & Friends pressures	0.170	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 Section 17 and other expenditure across teams	(0.515)	To investigate increasing savings on vacant posts to cover overspend in Directorate. Also Children's Services structure review.	TBC
	Across Directorate	Other budget savings for Children's Care (excluding CC02) currently rated "Red" (as detailed in Appendix 4).	0.230	Review of savings required in order to meet existing savings targets , and continue to look at other savings opportunities across the Directorate.	TBC

Education & Partnerships	Integrated Transport Unit	Following a review of demand and cost modelling and the budget growth provided in 2024/25 there is a forecast saving of £0.732m for 2024/25	(0.732)	Work is currently ongoing to baseline the budget and the development of a MTFP forecast to assess demand and unit cost modelled using Special Educational Needs (SEN) data. An update of this will be provided at Quarter Two.	TBC
Regeneration	Economic Growth	Vacant units in Boho buildings after move of anchor tenant creating £0.223m forecast overspend offset by other savings.	0.172	Marketing campaign to seek new tenants	TBC
	Investment Properties	Income below budget set at Cleveland Centre offset by increased income above budget at Centre Square 1 due to additional rent income achieved and reduction in service charges.	0.430	Rent at the Cleveland Centre will improve if the Live Well Centre moves into the precinct at the date planned	(0.070)
	Property Services	Savings of £1.2m on energy costs offset by other pressures	(0.857)	Potential business rates review at Crematorium	(0.280)
	Regeneration Management	Saving currently rated "Red" re. improved housing co-ordination and provision (REG07)	0.080		
	Across Directorate	Other variances below £250,000	(0.106)		
Environment & Communities	Waste Disposal	Growth budget for increased contractual costs per tonne under contract extension not all required in 2024/25.	(0.673)	Review of MTFP growth provision	TBC
	Bereavement Services	Reduced income due to falling demand for service	0.373	Service review to be undertaken to consider options for reducing operational costs to align to reduced activity and to assess the business case for replacement cremators which are approaching the end of their useful life.	TBC
	Waste Collection	Overachievement of income from implementation of charging for Green Waste Collection Service (£0.444m) offset by additional one-off set up costs of £0.328m	(0.116)	Service review to be undertaken including zero based budget to be prepared reflecting the change in service operations following implementation of fortnightly collection	TBC
	Fleet Management	Increased staff costs and vehicle hires due to recruitment issues	0.339	Review to be undertaken	TBC
	Highways Maintenance	Increased use of internal staff for grant funded projects	(0.165)		
	Street Lighting	Energy costs above budget	0.150	Review to determine whether this will continue or reduce.	TBC
	Car Parking	Residents Permits Charge unlikely to be implemented until 2025 due to software issue creating forecast pressure of £0.125m. Also on-street penalty income below budget.	0.380		
	Concessionary Fares	£0.320m saving expected from settlement with bus operators for 2024/25 being lower than budgeted. Also one-off grant received from TVCA.	(0.414)		
	Across Directorate	Other variances below £250,000	0.209		
Legal and Governance	Across Directorate	Other variances below £250,000	0.244		
Central Budgets	Senior Management Review	Budget saving currently rated as "RED" : CEN02 23/24 Senior Management Review £0.244m.	0.244		
Total Variance			3.742		(1.877)

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Adult Social Care Summary

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MEMO FORECAST VARIANCE SPLIT

Adult Social Care	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	Savings Delivery Variance	Other variances	Issues Ref. No.
	£m	£m	£m	£m	£m	£m	£m	£m	
						Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
Service Strategy	0.740	0.740	0.789	0.049		0.049		0.049	
NHS Support/MSIF grant	(9.615)	(9.615)	(9.615)	0.000		0.000		0.000	
Prevention, Provider & Support Service	(5.784)	(5.945)	(5.605)	0.340		0.340	0.311	0.029	1
Specialist & Lifelong Learning	3.144	3.095	3.076	(0.019)		(0.019)		(0.019)	
Access & Safeguarding	6.205	6.384	6.283	(0.101)		(0.101)		(0.101)	
Purchasing - Residential	26.527	27.684	27.697	0.013		0.013		0.013	
Purchasing - Direct Payments	7.578	7.835	7.879	0.044		0.044		0.044	
Purchasing - Supported Tenancies	10.866	11.351	11.342	(0.009)		(0.009)		(0.009)	
Purchasing - Enablement & Support	2.906	2.825	2.811	(0.014)		(0.014)		(0.014)	
Purchasing - Day Care	1.668	1.744	1.749	0.005		0.005		0.005	
Purchasing - Personal Care	10.472	10.898	10.639	(0.259)		(0.259)		(0.259)	2
Purchasing - Other	(3.997)	(3.969)	(4.049)	(0.080)		(0.080)		(0.080)	
Purchasing - Savings / Growth / Inflation	1.365	(0.952)	(0.491)	0.461	(0.150)	0.311	0.506	(0.045)	3
ASC recovery plan	0.000	0.000	0.000	0.000	(0.500)	(0.500)		0.000	
Total Directorate	52.075	52.075	52.505	0.430	(0.650)	(0.220)	0.817	(0.387)	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	** <u>Forecast Variance £m</u>	<u>Issue</u>
1	Prevention, Provider & Support Service	0.340	Levick Court ASC11 : Savings not yet achieved £0.311m due to late emergence of potential alternative options to work with partners in establishing the unit as a sub-regional provision for residential short breaks. Options being sought to mitigate impact of saving not yet achieved and efforts being made to maximise use of the available respite capacity in the interim.
2	Purchasing - Personal Care	(0.259)	Maximise use of Discharge grant funding (one-off for 24/25)
3	Purchasing - Savings/Growth/Inflation	0.461	There is a current forecast shortfall of £0.506m in the achievement of ASC12 Adult Social Care Transformation savings. This relates to the business plan for the implementation of the LGA's "Better Lives" framework (for improving support to adults with a learning disability) - this plan is in the final stages of development prior to final financial scrutiny and assurance (due to be submitted Aug 2024).
	Other Variances +/- £250,000	(0.112)	
		<u>0.430</u>	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Public Health Summary

Public Health	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	MEMO FORECAST VARIANCE SPLIT		Issues Ref. No.
	£m	£m	£m	£m		£m	Savings Delivery Variance	Other variances	
						Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
Substance Misuse	3.908	3.908	3.441	(0.467)	0.000	(0.467)	0.000	(0.467)	1
Misc Public Health	(9.195)	(9.195)	(9.125)	0.070	0.000	0.070	0.000	0.070	2
Best Start In Life	3.549	3.549	3.617	0.068	0.000	0.068	0.000	0.068	3
Health Protection	1.092	1.092	1.104	0.012	0.000	0.012	0.000	0.012	
Healthy Environments	0.147	0.147	0.147	0.000	0.000	0.000	0.000	0.000	
Ill Health Prevention	0.376	0.376	0.436	0.060	0.000	0.060	0.000	0.060	4
Public Mental Health	0.129	0.129	0.170	0.041	0.000	0.041	0.000	0.041	
Total Before Movement to Reserves	0.006	0.006	(0.210)	(0.216)	0.000	(0.216)	0.000	(0.216)	
Transfer surplus to PH reserve	0.000	0.000	0.216	0.216	0.000	0.216	0.000	0.216	5
Total Directorate	0.006	0.006	0.006	0.000	0.000	0.000	0.000	0.000	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast Variance</u> <u>£m</u>	<u>Issue</u>
1	Substance Misuse	(0.467)	£0.160m relates to savings on vacant posts, the remainder is a contract saving from bringing the prescribing service in house. The core substance misuse budget has to remain at this level in order to achieve the conditions within the other substance misuse grants. A plan will be put in to place to utilise this saving within the substance misuse team.
2	Misc Public Health	0.070	£0.011m is one off costs in relation to licences at venues. £0.017m maternity payments that the HDFT grant won't cover and £0.042m is underachieved income/additional costs at the Live Well Centre due to relocation.
3	Best Start In Life	0.068	£0.048m relates to the HDFT contract, negotiations around prior years pay award resulted in this one off payment being agreed on top of the current budget. £0.020m the introduction of a new fluoride scheme in oral health.
4	Ill Health Prevention	0.060	Invoices for the FRESH contract not included in budget.
5	Public Health Reserve	0.216	It is proposed to transfer any underspend within the Public Health budget to reserve, per the grant guidance/conditions
	Other Variances +/- £250,000	0.053	
		0.000	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Children's Care Summary

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Children's Care	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m
				Adv /(Fav)
Assessments & Safeguarding Care Planning	8.333	8.333	8.225	(0.108)
Children Looked after, Corporate Parenting and Children with Disabilities	3.291	3.291	3.282	(0.009)
Fostering, Adoption and Connected Carers	16.399	16.399	16.570	0.170
External Residential Expenditure	14.800	14.800	18.045	3.245
External Residential contributions	(2.155)	(2.155)	(2.006)	0.148
Internal Residential services	3.789	3.718	4.193	0.475
Other Services	5.999	6.071	5.771	(0.299)
Management, Business Development & Admin	3.581	3.581	3.712	0.131
Total Directorate	54.038	54.038	57.792	3.754

MEMO FORECAST VARIANCE SPLIT

Financial Recovery Plan	Forecast Outturn Variance	Savings Delivery Variance	Other variances	Issues Ref. No.
£m	£m	£m	£m	
	Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
0.000	(0.108)	0.200	(0.308)	1
0.000	(0.009)	0.030	(0.039)	2
0.000	0.170	0.000	0.170	3
(0.877)	2.368	1.100	2.145	4
0.000	0.148	0.000	0.148	4
0.000	0.475	0.000	0.475	5
0.000	(0.299)	0.000	(0.299)	6
0.000	0.131	0.000	0.131	7
(0.877)	2.876	1.330	2.424	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast Variance</u>	<u>Issue</u>
		**	
		<u>£m</u>	
1	Assessments & Safeguarding	(0.108)	vacant posts against budget (£0.213m) offset by £0.105m pressures from team and section 17 pressures. Also includes £0.200m unachieved saving re. maximising grant income (CC05).
2	Corporate Parenting	(0.009)	£0.009m overall Forecast saving in CLA & Pathways, CWD due to vacant posts (£0.085m saving) offset by agency posts across the service along with emergency placement team spend pressures and unachieved saving for Redesign of short break provision of £0.030m (CS08-23-24)
3	Fostering & Adoption	0.170	Internal Fostering and Adoption forecast saving of £0.251m, offset by £0.078m IFA and £0.343m Family & Friends pressures
4	External Residential	3.245	£3.245m forecast pressure due to Increasing External Residential numbers (69) due to market sufficiency against a budget of an average of 55 places. The average cost of £5,061 to date is under the budgeted £5,161 average rate. The service has a recovery plan of £0.877m (based on 12 changes in placements) that if successful, reduces forecast outturn based on planned placement moves. Also Includes 2024/25 budget saving currently rated as "RED" : CC02 Review of Placements £1.1m
4	External Residential	0.148	Health contributions (forecast £0.052m saving) and Education contributions (£0.200m pressure) against placements
5	Internal Residential	0.475	Forecast £0.475m pressure due to agency staff required covering significant absences and staffing pressures across the service area.
6	Other Services	(0.299)	£0.299m forecast savings due to vacant posts held across resource teams along with savings in Prevention service.
7	Management	0.131	£0.131m pressure from Head of Service and Service Manager agency posts
		<u><u>3.754</u></u>	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Education & Partnerships Summary

Education & Partnerships	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	MEMO FORECAST VARIANCE SPLIT		Issues Ref. No.
	£m	£m	£m	£m		£m	£m	£m	
				Adv /(Fav)		Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
Management Budgets	(0.880)	0.082	0.082	0.000	0.000	0.000	0.000	0.000	
Dedicated Schools Grant	0.000	(0.962)	(0.962)	0.000	0.000	0.000	0.000	0.000	
Achievement	0.730	0.730	0.730	0.000	0.000	0.000	0.000	0.000	
SEN & Vulnerable Learners	0.896	0.896	0.896	0.000	0.000	0.000	0.000	0.000	
Access to Education (Excl ITU)	0.104	0.104	0.104	0.000	0.000	0.000	0.000	0.000	
Partnerships	0.495	0.495	0.495	0.000	0.000	0.000	0.000	0.000	
Integrated Transport Unit	6.648	6.648	5.916	(0.732)	0.000	(0.732)	0.000	(0.732)	1
Non DSG - Early Years	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
De-delegation / Buy back Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Directorate	7.992	7.992	7.260	(0.732)	0.000	(0.732)	0.000	(0.732)	

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KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast Variance</u>
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1	Integrated Transport Unit	£m (0.732)
---	---------------------------	---------------

(0.732)

Following a review of demand and cost modelling and the budget growth provided in 2024/25 there is a forecast saving of £0.732m for 2024/25. It is proposed that a budget virement will be made to Central budgets for this. Work is currently ongoing to baseline the budget and the development of a MTFP forecast to assess demand and unit cost modelled using Special Educational Needs (SEN) data. An update of this will be provided at Quarter Two.

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Regeneration Summary

**

Regeneration	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m
Regeneration Management	0.065	0.065	0.145	0.080
Economic Growth	(0.812)	(0.812)	(0.640)	0.172
Investment Properties	(1.463)	(1.463)	(1.033)	0.430
Planning Services	0.172	0.172	0.174	0.002
Property Services	5.757	5.757	4.900	(0.857)
Commercial	(1.960)	(1.960)	(2.083)	(0.123)
Cultural Services	0.416	0.416	0.399	(0.017)
Marketing & Comms	0.399	0.399	0.373	(0.026)
Community Learning	(0.551)	(0.551)	(0.493)	0.058
Total Directorate	2.023	2.023	1.742	(0.281)

MEMO FORECAST VARIANCE SPLIT

Financial Recovery Plan	Forecast Outturn Variance	Savings Delivery Variance	Other variances	Issues Ref. No.
£m	£m	£m	£m	
	Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
0.000	0.080	0.080	0.000	1
0.000	0.172	0.000	0.172	2
(0.070)	0.360	0.000	0.430	3
0.000	0.002	0.000	0.002	
(0.280)	(1.137)	0.000	(0.857)	4
0.000	(0.123)	0.000	(0.123)	
0.000	(0.017)	0.000	(0.017)	
0.000	(0.026)	0.000	(0.026)	
0.000	0.058	0.000	0.058	
(0.350)	(0.631)	0.080	(0.361)	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

KEY ISSUES

<u>Ref. No.</u>	<u>Service Area</u>	** <u>Forecast Variance £m</u>	<u>Issue</u>
1	Regeneration Management	0.080	Unachieved saving REG07. An officer from Thirteen Group is seconded in to the Council in part to identify necessary savings, whilst initiatives have been identified the savings are yet to come to fruition.
2	Economic Growth	0.172	There is currently a forecast pressure of £0.223m within the Boho buildings. This is due to the anchor tenant moving to Boho X resulting in significant vacant units. A marketing campaign is underway in relation to seeking new tenants, depending upon the success of the campaign the forecast pressure within the service may be reduced.
3	Investment Properties	0.430	The budget for the Cleveland Centre was rebased during budget setting based on information received from the managing agents, however at year end it transpired that they were overstating the income. The Cleveland Centre outturn variance is forecast to be £0.458m. The budget for Centre Square 1 is forecast to be (£0.075m) underspent due to additional rent income achieved and reduction in service charges due to the last vacant space being tenanted.
4	Property Services	(0.857)	Savings of (£1.200m) are expected against utilities this year due to a reduction in energy costs. However, these savings are offset by other pressures within the budget. The financial recovery plan of (£0.280m), net of fees, is in relation to a potential rates refunds on the Crematorium, as advised by the Council's appointed agent. The impact of the utility savings on 25/26 will not be fully known until NEPO provide unit costs, which will be in the early part of 2025.
	Other Variances +/- £0.250m	<u>(0.106)</u>	
		<u>(0.281)</u>	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Environment & Community Services Summary

Environment & Community Services	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	MEMO FORECAST VARIANCE SPLIT		Issues Ref. No.
	£m	£m	£m	£m		£m	Savings Delivery Variance	Other variances	
						Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
Strategic Asset Management	0.121	0.121	0.130	0.009		0.009		0.009	
Property & Commercial	(0.862)	(0.862)	(0.575)	0.287		0.287		0.287	1
Environment Services	11.671	11.580	10.877	(0.703)		(0.703)	(0.444)	(0.259)	2
Fleet & Highways	3.171	3.171	3.559	0.388		0.388		0.388	3
Transport	1.973	1.973	2.034	0.061		0.061	0.125	(0.064)	4
ECS General	0.083	0.335	0.335	0.000		0.000		0.000	
Supporting Communities	2.647	2.486	2.426	(0.060)		(0.060)		(0.060)	
North East Migration Partnership	0.000	0.000	0.000	0.000		0.000		0.000	
Public Protection	1.366	1.366	1.359	(0.007)		(0.007)		(0.007)	
Parks and Farm	0.006	0.006	0.114	0.108		0.108		0.108	
Total Directorate	20.176	20.176	20.259	0.083	0.000	0.083	(0.319)	0.402	

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KEY ISSUES

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast</u> <u>£m</u>	<u>**</u>
1	Bereavement Services	0.373	Reduced income due to falling demand for service.
2	Waste Disposal	(0.673)	Budget growth was provided for increased contractual costs per tonne under the contract extension in 2024/25 but not all funding is required in 2024/25. This has now been delayed until 2025/26. It is proposed that a budget virement will be made to Central budgets for this.
2	Waste Collection	(0.444)	There is an overachievement of income from the implementation of the charging for the Green Waste Collection Service. The income target was based on a 20% of relevant households requesting the service. The actual take up is currently expected to be around 43%.
2	Waste Collection	0.328	One off additional costs have been incurred to implement the introduction of the charging for the Green Waste Collection Service and to address the unexpected increase in demand.
3	Fleet Management	0.339	Unbudgeted expenditure has been incurred to solve recruitment issues in order to avoid a greater overspend due to outsourcing work to external supplier. A number of vehicle hires have also contributed towards this pressure. This was due to number of essential vehicles awaiting repair e.g. refuse loaders. This was also due to recruitment issues.
3	Highways Maintenance Projects	(0.165)	Additional City Regional Sustainable Transport grant funding was received. A proportion of this work funded by this grant is to be carried out by internal operatives. This was not planned at budget setting.
3	Street Lighting Energy	0.150	The Street Lighting energy costs did not reduce to the level expected when setting the budget. The Energy Manager to provide data to determine if this is likely to continue throughout 2024/25 or if the prices will reduce further.
4	Car Parking	0.380	The Residents Permits Charge is unlikely to be implemented until January 2025 due to software issues. This will create a shortfall of £0.125m on achieving the ECS08 saving. The Directorate are currently looking at ways to mitigate this pressure. In addition, there is a shortfall on on-street parking penalty income.
4	Concessionary Fares	(0.414)	A £0.320m saving is expected following confirmation from TVCA within Quarter One of the settlement with bus operators for 24/25. There is also a one-off grant been received from TVCA. It is proposed that a budget virement will be made to Central budgets for this.
	Other Variances +/- £0.250m	<u>0.209</u>	
		<u>0.083</u>	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Legal & Governance Services Summary

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MEMO FORECAST VARIANCE SPLIT

Legal & Governance Services	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	Savings Delivery Variance	Other variances	Issues Ref. No.
	£m	£m	£m	£m		£m			
						Adv /(Fav)	Adv /(Fav)	Adv /(Fav)	
Legal & Governance Services Management	0.153	0.153	0.153	0.000	0.000	0.000	0.000	0.000	
Coroners	0.487	0.487	0.535	0.048	0.000	0.048	0.000	0.048	
Cross Cutting Admin Saving	(0.136)	(0.136)	0.000	0.136	0.000	0.136	0.136	0.000	1
Legal Services	1.456	1.456	1.413	(0.043)	0.000	(0.043)	0.000	(0.043)	
Legal Childcare	0.671	0.671	0.780	0.109	0.000	0.109	0.000	0.109	2
Democratic Services	1.379	1.379	1.304	(0.075)	0.000	(0.075)	0.000	(0.075)	
Human Resources	1.508	1.508	1.508	0.000	0.000	0.000	0.012	(0.012)	
Strategy, Information & Governance Service	0.985	0.985	1.041	0.056	0.000	0.056	0.000	0.056	
ICT Service	2.545	2.545	2.494	(0.051)	0.000	(0.051)	0.000	(0.051)	
Customer Centre / Mail & Print	1.339	1.339	1.403	0.064	0.000	0.064	0.000	0.064	3
Total Directorate	10.387	10.387	10.631	0.244	0.000	0.244	0.148	0.096	

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KEY ISSUES

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Issue

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

<u>Ref. No.</u>	<u>Service Area</u>	<u>Forecast Variance</u> <u>£m</u>	
1	Cross Cutting Admin Saving	0.136	There is currently no agreed plan for this saving to be realised.
2	Legal Childcare	0.109	Currently assuming the same level of spend as 2023/24. To demonstrate the potential pressure on this budget an impending court case has been costed at £0.120m
3	Customer Centre / Mail And Print	0.092	Forecast variance includes a projected overspend of £0.170m within Mail And Print offset by other savings. Work is being finalised on ascertaining how the pressure can be relieved.
	Other Variances +/- £0.250m	<u>(0.093)</u>	
		<u>0.244</u>	

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Finance Summary

Finance	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	MEMO FORECAST VARIANCE SPLIT		Issues Ref. No.
	£m	£m	£m	£m		£m	Savings Delivery Variance	Other variances	
				**					
						Adv /(Fav)	Adv /(Fav)		
Strategic Finance	0.156	0.156	0.156	0.000		0.000		0.000	
Financial Planning & Support	0.724	0.724	0.724	0.000		0.000		0.000	
Central Support Services & Overheads to Grants	(2.483)	(2.483)	(2.483)	0.000		0.000		0.000	
Cross Cutting Savings	(0.888)	(0.888)	(0.888)	0.000		0.000		0.000	
Finance & Investments	2.276	2.276	2.276	0.000		0.000		0.000	
SIP Rebates	(0.026)	(0.026)	(0.026)	0.000		0.000		0.000	
Pensions Governance & Investments	0.602	0.602	0.602	0.000		0.000		0.000	
Resident & Business Support - Housing Benefits Subsidy	1.020	1.020	1.020	0.000		0.000		0.000	
Resident & Business Support - Operational / Non-Housing Benefits Subsidy	0.266	0.266	0.266	0.000		0.000	0.198	(0.198)	1
Strategic Commissioning & Procurement	1.475	1.475	1.475	0.000		0.000		0.000	
Total Directorate	3.121	3.121	3.121	0.000	0.000	0.000	0.198	(0.198)	

KEY ISSUES

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

<u>Ref. No.</u>	<u>Service Area</u>	** <u>Forecast Variance</u> <u>£m</u>	<u>Issue</u>
1	Resident & Business Support - Operational / Non-Housing Benefits Subsidy Other Variances +/- £0.250m	0.000 0.000 0.000	FIN02 Single Persons Discount saving not achievable in 24/25 but will be replaced by other savings within Directorate

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Chief Executive Summary

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MEMO FORECAST VARIANCE SPLIT

Chief Executive	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance
	£m	£m	£m	£m
Chief Executive	0.242	0.242	0.242	0.000
Total Directorate	0.242	0.242	0.242	0.000

Financial Recovery Plan	Forecast Outturn Variance
£m	£m
	Adv /(Fav)
	0.000
0.000	0.000

Savings Delivery Variance	Other variances
£m	£m
Adv /(Fav)	Adv /(Fav)
	0.000
0.000	0.000

Issues Ref. No.

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

Central Budgets Summary

**

MEMO FORECAST VARIANCE SPLIT

General Fund & Centrally Held Budgets	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Financial Recovery Plan	Forecast Outturn Variance	MEMO FORECAST VARIANCE SPLIT		Issues Ref. No.
	£m	£m	£m	£m			£m	£m	
						Adv /(Fav)	Adv /(Fav)		
General Fund	(0.204)	(0.204)	(0.204)	0.000		0.000		0.000	
Capital Financing	11.154	11.154	11.154	0.000		0.000		0.000	
Added Years Pensions	1.216	1.216	1.216	0.000		0.000		0.000	
Change Fund	0.730	0.730	0.730	0.000		0.000		0.000	
Pay & Prices Contingencies	4.754	4.754	4.754	0.000		0.000		0.000	
Inflation Held Centrally	2.900	2.900	2.900	0.000		0.000		0.000	
Centrally Held Grants	(33.105)	(33.105)	(33.105)	0.000		0.000		0.000	
Senior Management Review	(0.244)	(0.244)	0.000	0.244		0.244	0.244	0.000	1
Exceptional Financial Support	(4.700)	(4.700)	(4.700)	0.000		0.000		0.000	
Contingency for Future Uncertainty	1.422	1.422	1.422	0.000		0.000		0.000	
Contributions to/from Reserves	8.825	8.825	8.825	0.000		0.000		0.000	
External Audit	0.382	0.382	0.382	0.000		0.000		0.000	
Total Directorate	(6.870)	(6.870)	(6.626)	0.244	0.000	0.244	0.244	0.000	

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KEY ISSUES

Appendix 1b - Detailed Directorate Revenue Budget Forecast Outturn Quarter One 2024-25

<u>Ref. No.</u>	<u>Service Area</u>	^{**} <u>Forecast Variance</u> <u>£m</u>	<u>Issue</u>
1	Senior Management Review	0.244	Senior Management Review budgeted saving unlikely to be achieved in 24/25
	Other Variances +/- £0.250m	0.000	
		<u>0.244</u>	

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Appendix 2 - Directorate Financial Recovery Plan Savings Quarter One 2024-25

Adult Social Care Recovery Plan

Adult Social Care	Budget issue	Financial Recovery Plan £m	Description of Proposed Management Recovery Plan
Across directorate	Need to provide additional pay related savings across the directorate due to new vacancies and delayed/difficulties in recruitment	(0.500)	Additional pay related savings across Directorate due to new vacancies and delayed/difficulties in recruitment.
ASC Transformation	ASC Transformation : Digital	(0.150)	Additional Transformation resources have been approved to undertake care package reviews where Assistive Technology can be implemented as an alternative
Total Directorate		(0.650)	

Appendix 2 - Directorate Financial Recovery Plan Savings Quarter One 2024-25

Children's Care Recovery Plan

Children's Care	Budget issue	Financial Recovery Plan £m	Description of Proposed Management Recovery Plan
Assessments & Safeguarding Care Planning	Contribute saving to overall Children's Care overspend	TBC	To investigate increasing savings on vacant posts for social workers to cover other overspend in Directorate aligned with Childrens Services structure review
Children Looked after, Corporate Parenting and Children with Disabilities	Contribute saving to overall Children's Care overspend	TBC	To investigate looking at reducing number of Social worker/Resource worker posts as part of Childrens Services structure review
Fostering, Adoption and Connected Carers	Recruitment of Internal carers will reduce future impact on IFA	TBC	Increasing internal fostering capacity. ASF assessments and process (linked to therapeutic support)
External Residential Expenditure	High number of placements (69 paid placements) well above average of 55 average number budget set upon	(0.877)	Review of all Young people placed in external & internal to plan around any opportunities to support to improve placements for young people and potentially also bring forecast over spend down. Also review of Health and Education contributions.
Internal Residential services	Agency staff covering significant staff absences and staff pressures	TBC	Permanent recruitment to posts, including marketing campaign and review of recruitment and retention packages.
Other Services	Forecast savings against vacant posts across resource teams	TBC	Continue to look at savings opportunities across service areas whilst meeting existing savings targets
Management, Business Development & Admin	Agency staff filling majority of senior roles (HOS)	TBC	Adverts to go out ASAP for vacant senior posts.
Total Directorate		(0.877)	

Appendix 2 - Directorate Financial Recovery Plan Savings Quarter One 2024-25

Regeneration Recovery Plan

Regeneration	Budget issue	Financial Recovery Plan £m	Description of Proposed Management Recovery Plan
Investment Properties	Cleveland Centre	(0.070)	Rent at the Cleveland Centre will improve if the Live Well Centre moves into the precinct at the date planned
Property Services	Business rates at the Crematorium	(0.280)	The Council has submitted a request to the Valuation Office to review the business rates payable at the Crematorium. If the review is found in the Council's favour it will receive a refund of (£0.280m) net of fees.
Total Directorate		(0.350)	

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**Appendix 3 : Proposed revenue budget virements above £250,000 at Quarter One 2024/25
(under Financial Procedure Rule 1.37)**

<i>Proposed Virement Request</i>	Regeneration £m	Environment & Community Services £m	Public Health £m	Education & Partnerships £m	Children's Care £m	Adult Social Care £m	Legal & Governance Services £m	Chief Executive £m	Finance £m	Central Budgets £m
<i>Permanent</i>										
<i>Temporary</i>										
Supplies and services saving FIN07 (technical adjustment)	(0.067)	(0.055)	0.000	(0.031)	(0.139)	(0.019)	(0.026)	(0.001)	(0.012)	0.350
Concessionary Fares - budget growth provided not required and one-off grant		(0.414)								0.414
Waste Disposal - budget growth provided not required		(0.673)								0.673
Integrated Transport Unit - budget growth provided not required		(0.732)								0.732
<i>Total Virement</i>	(0.067)	(1.874)	0.000	(0.031)	(0.139)	(0.019)	(0.026)	(0.001)	(0.012)	2.169
									Total:	0.000

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Detailed savings tracker of savings categorised as “Red” by Directorate at Quarter One 2024/25

RED RAGED SAVINGS

Directorate	Ref:	Categorisation	Budget savings proposal	Approved 24/25 (£m)	Benefits and / or saving(s) realised, with evidence provided.	Benefits and / or saving delivery on-track, with assured plans in place.	Medium-risk to benefits and / or saving(s) delivery. Mitigation in-play, or in development.	High-risk to benefits and / or saving(s) delivery. Limited scope for mitigation.	Benefits and / or saving(s) are undeliverable. Alternative plan / saving required, for Executive approval.
					Blue	Green	Amber	Red	PURPLE
Adult Social Care	ASC11	T	Re-provision use of Levick Court	(0.311)				(0.311)	
Adult Social Care	ASC12	T	Transformation of Adult Social Care Services	(1.900)		(0.432)	(0.962)	(0.506)	
Children's Care	CC02	E	Review of Placements (including Processes and Procedures).	(1.100)				(1.100)	
Children's Care	CC05	E	Other savings - Maximising grants	(0.454)		(0.104)	(0.150)	(0.200)	
Children's Care	CS08 - 23-24		Redesign of short break provision	(0.030)				(0.030)	
Environment & Communities	ECS08	I	Resident Parking Permits Charge	(0.125)				(0.125)	
Regeneration	REG07	T	Investing 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.	(0.080)				(0.080)	
Finance	FIN02	I	Review of Single Person Discounts and Student Exemption for Council Tax.	(0.198)				(0.198)	
Legal & Governance	LGS02	S	DBS Renewals - staff to self declare at renewal stage.	(0.012)				(0.012)	
Legal & Governance	LGS03	E	A Cross-Council review of administrative roles and functions.	(0.136)				(0.136)	
Central	CEN02 - 23-24		Senior Management Review	(0.244)				(0.244)	
TOTAL				(4.590)	0.000	(0.536)	(1.112)	(2.942)	0.000

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Budgetary and Financial Control Measures 2024/25

1. A corporate approach to delivering within the approved 2024/25 budget is essential and robust budget management and control practices must be complied with. This includes but is not limited to:
 - Expenditure and income will be managed within approved budgets and subject to virement rules in accordance with Financial Procedure rules and specifically [18.32 to 18.42](#).
 - For the avoidance of doubt, the overachievement of income against approved income budgets must not be used to offset overspending on an approved expenditure budget.
 - The over achievement of individual savings/income targets associated with approved budget proposals, should be 'banked' and reported in full through the Transformation Portfolio savings tracker and via corporate budget monitoring and forecasting reports and therefore not spent elsewhere
 - Individual budget surpluses generated through savings delivery and/or business as usual activity will be considered by Directors, LMT and the Executive as in relation to the securing the achievement controlling directorate net expenditure and the wider total general fund net expenditure for 2024/25 within the approved budget. Underspending against the approved budget of £143.910m will serve to mitigate the call upon £4.7m of EFS, thereby reducing the long term cost of financing this borrowing.
 - Any new or unplanned expenditure within approved council policies, will require Directors to reprioritise approved revenue or capital budgets in accordance with established virement rules and financial limits. Exceptional expenditure that could not be planned for, should be discussed with the s151 Officer for consideration of application of the Corporate Contingency Budget.
 - New or unplanned expenditure that is outside the approved budget and policy framework is reserved for a decision by Council in accordance with the [Constitution](#).
2. The successful delivery of approved savings within the Recover, Reset, Deliver Transformation Portfolio, is critical to delivering within the approved 2024/25 budget. The Transformation Portfolio is required to develop of a further pipeline of new projects that will deliver further income growth and/or expenditure reduction to balance the 2025/25 budget and MTFP to secure the longer term financial sustainability of the Council.
3. Further strengthening of budgetary control is required in 2024/25, including improvement of management information and financial processes and systems to enable increased use of data driven demand and cost modelling. Increased use of the Council's corporate financial management system is necessary by

budget holders, supported by the finance team to deliver 'one version of the financial truth' for use in budget management and reporting throughout the organisation. The work that will be undertaken during 2024/25 to contribute to achieving the required improvement includes:

- Integrating transformation portfolio savings tracking via the Corporate Transformation Board within corporate budget management and forecasting arrangements
 - Continuation of monthly budget management challenge via Departmental Management Teams (DMTs), Leadership Management Teams (LMT), s151 Officer and Quarterly Member led budget challenge sessions
 - Monthly member led budget challenge sessions will take place for Children's Services given the continued challenge to control expenditure within budget
 - Further development of demand and cost modelling with support from data analytics team in order to focus upon and develop activity based costing within service areas that are subject to significant financial pressures, i.e. adult and children's social care, SEND transport and waste disposal.
 - Improvements to management and financial information systems and processes to provide integrated operational and financial data to inform operational and strategic decision making.
 - Roll out of and training of budget managers in use of Power BI budget management dashboard to enable more user-friendly access to the Business World financial management system.
 - Further training in the use of Business World to process orders and invoices to improve data quality within the finance system.
 - Extended compliance monitoring in relation to all procurement activity and control of non-essential expenditure.
 - Review and strengthen capital programme governance, management and reporting arrangements in order to address programme slippage and improve the transparency of reporting.
4. These measures are incorporated into the updated Culture and Governance Improvement Programme and periodic performance reporting as appropriate

Appendix 6

Analysis of unrestricted and restricted reserves and provisions, and impact of the forecast year-end overspend on the level of reserves

	<u>ORIGINAL</u> <u>Closing Balance</u> <u>31/03/24 /</u> <u>Opening Balance</u> <u>01/04/24</u>	<u>Amendments to</u> <u>Opening Balance</u> <u>from Collection</u> <u>Fund Surplus</u>	<u>REVISED</u> <u>Opening</u> <u>Balance</u> <u>01/04/24</u>	<u>Forecast Use in</u> <u>Year</u>	<u>Additional</u> <u>Contributions</u>	<u>Transfers</u> <u>between</u> <u>Reserves</u>	<u>Use for forecast</u> <u>year-end 2024/25</u> <u>overspend</u>	<u>Forecast</u> <u>Balance at</u> <u>year-end</u> <u>2024/25</u>
	£m	£m	£m	£m	£m	£m	£m	£m
GENERAL FUND RESERVE	10.986	0.114	11.100					11.100
USABLE EARMARKED RESERVES								
<i>Restricted Use</i>								
Public Health	1.172		1.172					1.172
Insurance Fund	-		-	-	0.500	0.118		0.618
Better Care Fund	0.590		0.590					0.590
Marton Library S106	0.025		0.025			(0.025)		-
Housing Rental Sinking Fund	0.093		0.093			(0.093)		-
	1.880	-	1.880	-	0.500	-	-	2.380
<i>Unrestricted Use</i>								
Financial Resilience Reserve	-	6.211	6.211		0.500		(1.244)	5.467
Legacy Accounts Reserve	-	1.000	1.000					1.000
Change Fund	1.036	1.000	2.036	(2.766)	0.730			-
Elections Costs	0.033		0.033		0.070			0.103
	1.069	8.211	9.280	(2.766)	1.300	-	(1.244)	6.570
	2.949	8.211	11.160	(2.766)	1.800	-	(1.244)	8.950
UNUSABLE EARMARKED RESERVES								
Revenue Grants Unapplied (Technical Reserve)	5.408		5.408					5.408
Dedicated Schools Grant Adjustment Account	(14.293)		(14.293)	(5.501)				(19.794)
	(8.885)	-	(8.885)	(5.501)	-	-	-	(14.386)
SCHOOL BALANCES	4.599	-	4.599					4.599
PROVISIONS								
Business Rates Appeals	1.339		1.339					1.339
Insurance	3.007		3.007					3.007
Other	0.184		0.184					0.184
	4.530	-	4.530	-	-	-	-	4.530
	14.179	8.325	22.504	(8.267)	1.800	-	(1.244)	14.793
NOTE								
<p>The year-end balances may be subject to further change due to further technical adjustments which may be required as part of the external audit of the Council's accounts for 2023/24. These will be mainly relating to the closure of the Collection Fund accounts, DSG, school balances, and Insurance Fund. There may also be potential changes required as part of the external audit of the Council's accounts for 2021/22 and 2022/23 which still remain subject to external audit. The level of reserves will be updated as far as is possible as part of the quarterly budget monitoring reports throughout the financial year, and the final year-end balances will be reported in the Council's Statement of Accounts for 2024/25.</p>								

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Summary of projects approved for utilisation of Contingency Budgets and Change Fund as at Quarter One 2024/25

	<u>Corporate Contingency</u>	<u>Change Fund Reserve</u>
	£m	£m
Starting Budget 2024/25	1.422	
Change Fund - Reserve Opening Balance @ 01/04/24		1.036
Change Fund - Provision Opening Balance @ 01/04/24		0.017
Budgeted contribution 2024/25		0.730
Additional contributions in year		1.000
Permanent adjustment - amendment to 24/25 budget for New Homes Bonus grant funding adjustment (Regeneration)	(0.081)	
Permanent adjustment - amendment to 24/25 budget for previous years' savings removal (LGS)	(0.014)	
Available for use	1.327	2.783
<u>Approved use to date</u>		
Children's Social Care Case Review	(0.170)	
Chief Executive - 1 month handover with Interim/permanent postholders	(0.017)	
Interim Finance consultant - Infrastructure, assets and leasing	(0.013)	
Financial improvement - Interim finance lead - accounts closure and audit, financial reporting, systems, and control	(0.055)	
Director of Finance costs above budget for permanent Director of Finance post	(0.106)	
Director of Finance - 1 month handover with interim/permanent postholders	(0.012)	
Mayoral Assistant - 3 week handover of existing / new postholder	(0.003)	
Recruitment costs for Chief Executive/Director of Finance/Head of ICT	(0.036)	
Contribution to Lord Lieutenant of North Yorkshire	(0.004)	
Contribution to Multibank Initiative	(0.025)	
Flexible Retirement Exit costs agreed in 23/24, but commencing in 24/25		(0.017)
Allocated/Committed to date	(0.441)	(0.017)
BALANCE REMAINING UNCOMMITTED	0.886	2.766

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Dedicated Schools Grant

1. 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 had 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.
2. 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 a Stage 2 grant of £1m has been approved for the "Delivering Better Value" (DBV) programme that is supporting work to reduce the ongoing pressures within the High Needs Block using best practice and benchmarking across the country. Within this programme it has been identified that to be successful schools will need to be more inclusive. 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.
3. 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.
4. The DBV programme (which commenced in September 2023) highlighted there were risks to the programme outcomes without significant change, in particular regarding inclusion in mainstream schools. Inclusion within mainstream has remained a challenge, which has resulted in continued increased demand for specialist provision for children with an Education, Health and Care Plan (EHCP) and alternative provision for those children and young people who are permanently excluded. This has resulted in over commissioned places which subsequently comes in financial pressure to provide place funding as well as banding funding to support needs. Alongside this, there has also been an increase in rates from specialist providers across the board and significant increased pressure from rising permanent exclusions.
5. A range of management actions are being taken alongside the DBV programme these include initiatives such as :
 - Launch of SEND and Inclusion clinics in all schools to review how they are using their notional SEND budget as well as identifying training and support required within the setting.
 - Work with health colleagues to identify health contributions where relevant
 - On-going reviews of Education, Health, and Care Plans (EHCPs)

- Dedicated training for school staff to ensure they are increasing inclusive practice
 - On going work with school to support reintegration of excluded pupils into mainstream school where possible
 - Review of funding provided to schools including special schools
 - Continued work with schools to reduce exclusions
 - Review of maintained schools reserves and updated policy for challenging the use of those reserves
 - New Free School to be built by September 2026 which will support more children access local provision.
 - Ongoing development of local provision to meet needs and reduce the number of out of area placements
 - Greater support during transitions
6. Regular meetings take place with the DfE and the DBV lead to monitor the actions within our DBV plan. During these meetings the pressures on the High Needs Block are discussed to ensure the DfE are fully aware of the ongoing pressures within Middlesbrough.
7. The increasing pressure in DSG and in particular the High Needs Block is due to the fact that alongside social care, the Service has seen, and 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 and 1,804 in 2023 to a current level of 1,877 in June 2024, a 13.1% increase from 2022 to 2024, and this is predicted to increase further in the future (see Table 1). 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. Some children in Alternative Provision are also a factor in relation to home to school transport costs. In 2022 132 children accessed Alternative Provision and in 2023 the figure was 175, and this figure has currently risen to 252. 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 in recent years 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.
8. Table 1 below shows the actual and forecast Education, Health, and Care plans (EHCPs), and is periodically being updated and used to calculate the forecasted increase in required demand on alternative provision services and also the Council's SEND transport requirements.

Table 1 – Actual and forecast Education, Health, and Care plans (EHCPs)

Year	2022	2023	2024	2025	2026	2027
Number of EHCP – actual and forecast	1,659	1,804	1,877	2,076	2,302	2,462

Appendix 9 : Capital Programme Quarter One 2024/25 – new externally funded schemes / additional external funding to existing schemes, and transfers between Council funded schemes

Directorate	Scheme	Total Value 2024/25 £m	Total Value Future Years £m	Reason	Change To Capital Programme	External Funding £m	Council Funding £m
Regeneration	Levelling Up Partnership	2.190	6.826	MHCLG have confirmed the 2nd tranche of Levelling Up Partnership funding. The funding ensures that all of the schemes detailed within the "Levelling Up Partnership" Executive report of 14 February 2024 will now proceed as planned.	New Scheme	9.016	-
	Total Regeneration	2.190	6.826			9.016	-
Environment & Community Services	Wheeled Bins & Waste Strategy Review	0.400	-	The increased demand for the Green Waste Collection Service has resulted in the need to purchase additional wheeled bins. This virement was approved by Executive on 1 May 2024.	Virement within Directorate	-	0.400
Environment & Community Services	Traffic Signals-Non TVCA	(0.400)	-	Following a review of the overall ECS capital programme, the resource required for traffic signal replacement was less than originally anticipated. This has meant that the resource could be re-directed to fund the additional wheeled bins above. This virement was approved by Executive on 1 May 2024.	Virement within Directorate	-	(0.400)
Environment & Community Services	Transporter Bridge	0.036	-	Stockton Council have provided additional resources in order to fund a statutory inspection of the bridge was required. Also a virement from Bridges & Structures of some Council funding.	Addition to Current Scheme / Virement within Directorate	0.027	0.009
Environment & Community Services	Bridges & Structures	(0.009)	-	Slight reduction in Council funding in respect of cost of scheme, which has been vired to Transporter Bridge scheme.	Virement within Directorate		(0.009)
Environment & Community Services	Traffic Signals Non Obsolescence Grant	1.250	1.250	The Council is the Tees Valley lead authority for traffic signals. This grant funding, provided by TVCA, will be used to replace current obsolete and failing traffic equipment throughout the Tees Valley.	New Scheme	2.500	-
Environment & Community Services	Fusion Traffic Light System	0.750	-	TVCA have allocated grant funding to introduce software to traffic light systems which will assist in improving traffic flow and control across the town.	New Scheme	0.750	-
Environment & Community Services	Food Waste Collection	0.576	0.500	In preparation for the Government's introduction of food waste collection directive, commencing in April 2026, DEFRA have provided capital funding to enable to the purchase of vehicles and receptacles in advance of the directive.	New Scheme	1.076	-
Environment & Community Services	Levelling Up Partnership	1.400	0.500	As part of the MHCLG "Levelling Up Partnership" grant funding has been provided to fund several initiatives to alleviate crime and anti social behaviour and improve neighbourhood safety across the town.	New Scheme	1.900	-
	Total Environment And Community Services	4.003	2.250			6.253	-
Public Health	Middlesbrough Sports Village Pitches	0.130	-	The funding will enable the replacement of sports pitches which are in a state of disrepair at Middlesbrough Sports Village.	New Scheme	0.130	-
	Total Public Health	0.130	-			0.130	-
Education	Various	0.124	-	Various small increases to existing schemes	Addition to existing schemes	0.124	-
	Total Education	0.124	-			0.124	0.000
Adult Social Care	Disabled Facilities Grant	2.474	-	The scheme has increased following MHCLG's confirmation of the 2024/25 allocations to local authorities.	Addition to existing schemes	2.474	-
Adult Social Care	Home Repayment Loan	0.016	-	The Council has received a repayment of a loan, this will be used to facilitate other loans that are in compliance with the conditions of the scheme.	Addition to existing schemes	0.016	-
Adult Social Care	Chronically Sick & Disabled Persons Act - Equipment	0.036	-	The Better Care Fund has contributed funds towards the scheme.	Addition to existing schemes	0.036	-
	Total Adult Social Care	2.526	-			2.526	-
	TOTAL ALL DIRECTORATES	8.973	9.076			18.049	0.000

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Appendix 9 : Capital Programme Quarter One 2024/25 – new externally funded schemes / additional external funding to existing schemes, and transfers between Council funded schemes

Directorate	Scheme	Total Value 2024/25 £m	Total Value Future Years £m	Reason	Change To Capital Programme	External Funding £m	Council Funding £m
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	Total Regeneration	2.190	6.826			9.016	-
Environment & Community Services	Wheeled Bins & Waste Strategy Review	0.400	-	The increased demand for the Green Waste Collection Service has resulted in the need to purchase additional wheeled bins. This virement was approved by Executive on 1 May 2024.	Virement within Directorate	-	0.400
Environment & Community Services	Traffic Signals-Non TVCA	(0.400)	-	Following a review of the overall ECS capital programme, the resource required for traffic signal replacement was less than originally anticipated. This has meant that the resource could be re-directed to fund the additional wheeled bins above. This virement was approved by Executive on 1 May 2024.	Virement within Directorate	-	(0.400)
Environment & Community Services	Transporter Bridge	0.036	-	Stockton Council have provided additional resources in order to fund a statutory inspection of the bridge was required. Also a virement from Bridges & Structures of some Council funding.	Addition to Current Scheme / Virement within Directorate	0.027	0.009
Environment & Community Services	Bridges & Structures	(0.009)	-	Slight reduction in Council funding in respect of cost of scheme, which has been vired to Transporter Bridge scheme.	Virement within Directorate		(0.009)
Environment & Community Services	Traffic Signals Non Obsolescence Grant	1.250	1.250	The Council is the Tees Valley lead authority for traffic signals. This grant funding, provided by TVCA, will be used to replace current obsolete and failing traffic equipment throughout the Tees Valley.	New Scheme	2.500	-
Environment & Community Services	Fusion Traffic Light System	0.750	-	TVCA have allocated grant funding to introduce software to traffic light systems which will assist in improving traffic flow and control across the town.	New Scheme	0.750	-
Environment & Community Services	Food Waste Collection	0.576	0.500	In preparation for the Government's introduction of food waste collection directive, commencing in April 2026, DEFRA have provided capital funding to enable to the purchase of vehicles and receptacles in advance of the directive.	New Scheme	1.076	-
Environment & Community Services	Levelling Up Partnership	1.400	0.500	As part of the MHCLG "Levelling Up Partnership" grant funding has been provided to fund several initiatives to alleviate crime and anti social behaviour and improve neighbourhood safety across the town.	New Scheme	1.900	-
	Total Environment And Community Services	4.003	2.250			6.253	-
Public Health	Middlesbrough Sports Village Pitches	0.130	-	The funding will enable the replacement of sports pitches which are in a state of disrepair at Middlesbrough Sports Village.	New Scheme	0.130	-
	Total Public Health	0.130	-			0.130	-
Education	Various	0.124	-	Various small increases to existing schemes	Addition to existing schemes	0.124	-
	Total Education	0.124	-			0.124	0.000
Adult Social Care	Disabled Facilities Grant	2.474	-	The scheme has increased following MHCLG's confirmation of the 2024/25 allocations to local authorities.	Addition to existing schemes	2.474	-
Adult Social Care	Home Repayment Loan	0.016	-	The Council has received a repayment of a loan, this will be used to facilitate other loans that are in compliance with the conditions of the scheme.	Addition to existing schemes	0.016	-
Adult Social Care	Chronically Sick & Disabled Persons Act - Equipment	0.036	-	The Better Care Fund has contributed funds towards the scheme.	Addition to existing schemes	0.036	-
	Total Adult Social Care	2.526	-			2.526	-
	TOTAL ALL DIRECTORATES	8.973	9.076			18.049	0.000

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Appendix 11 : Revised Capital Programme Forecasts 2024/25 to 2026/27

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
Regeneration	£m	£m	£m	£m
Town Centre Related Projects	0.092	0.038	-	0.130
Middlehaven Related Projects	0.036	0.470	-	0.506
Housing Growth	1.011	9.320	3.935	14.266
BOHO X	0.667	0.100	-	0.767
Unallocated Grant Following Completion of Boho X Project	-	5.600	-	5.600
Towns Fund	0.524	7.503	-	8.027
Towns Fund - East Middlesbrough Community Hub	0.295	3.218	-	3.513
Future High Streets Fund	3.237	-	-	3.237
Acquisition of Town Centre Properties	-	1.207	-	1.207
Acquisition of The Crown	0.050	-	-	0.050
Levelling Up Partnership	7.425	6.826	-	14.251
New Civic Centre Campus	-	0.237	-	0.237
Middlesbrough Development Company	2.589	-	-	2.589
Capitalisation of Major Schemes Salaries	0.530	0.530	0.530	1.590
Capitalisation of Planning Services Surveys	0.120	0.040	0.040	0.200
Affordable Housing Via Section 106	-	1.495	-	1.495
Highways Infrastructure Development Section 106	-	0.142	0.580	0.722
Levelling Up Fund - South Middlesbrough Accessibility	2.016	2.796	-	4.812
Derisking Sites	-	0.625	0.500	1.125
Property Services Building Investment	0.340	0.340	0.340	1.020
Property Asset Investment Programme	1.086	1.205	1.800	4.091
Town Hall Roof	0.100	2.856	-	2.956
Municipal Buildings Refurbishment	0.100	1.070	-	1.170
Resolution House	-	0.492	-	0.492
Cleveland Centre	0.969	0.595	-	1.564
Members Small Schemes	-	0.210	0.060	0.270
Theatre Bar Refurbishment	0.007	-	-	0.007
Leisure Trust Investment - Equipment	0.002	-	-	0.002
Stewart Park Section 106	0.034	-	-	0.034
Investment In Parks	0.011	-	-	0.011
Cultural Development Fund - Enhancements To Central Library And Partner Organisations	4.189	-	-	4.189
Museum Estate And Development Fund	0.048	-	-	0.048
Total Regeneration	25.478	46.915	7.785	80.178

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
0.118	0.012	(0.015)
0.506	-	0.019
4.769	9.497	0.014
0.058	0.709	(0.165)
-	5.600	-
0.100	7.927	0.043
2.600	0.913	0.020
-	3.237	0.685
1.207	-	-
0.050	-	0.009
-	14.251	1.203
0.237	-	(0.002)
2.014	0.575	0.106
1.590	-	-
0.200	-	-
0.302	1.193	-
0.142	0.580	-
-	4.812	-
1.125	-	0.010
1.020	-	-
4.091	-	0.089
2.956	-	-
1.170	-	-
0.492	-	-
1.564	-	0.269
0.270	-	-
0.007	-	-
0.002	-	-
-	0.034	-
0.011	-	-
0.087	4.102	0.006
0.020	0.028	-
26.708	53.470	2.291

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
Environment and Community Services	£m	£m	£m	£m
Purchase of New Vehicles	2.909	2.729	1.200	6.838
Capitalisation of Wheeled Bin Replacement	0.100	0.100	0.100	0.300
Replacement Wheeled Bins As Part of Waste Strategy Review	0.440	-	-	0.440
Capitalisation of Street Furniture / Dog Fouling & Litter Bins	0.055	0.055	0.055	0.165
Capitalisation of Highways Maintenance	0.575	0.575	0.575	1.725
Local Transport Plan -Highways Maintenance	3.044	2.339	2.339	7.722
Local Transport Plan - Incentive Funding	1.657	1.065	1.065	3.787
Street Lighting-Maintenance	0.568	0.468	0.468	1.504
Urban Traffic Management Control 1	0.043	-	-	0.043
Section 106 Ormesby Beck	0.015	-	-	0.015
Hostile Vehicle Mitigation	0.031	-	-	0.031
Bridges & Structures (Non Local Transport Plan)	2.942	1.870	1.870	6.682
Transporter Bridge	0.098	-	-	0.098
Newport Bridge	1.124	1.171	0.500	2.795
Henry Street	0.039	-	-	0.039
CCTV	0.034	-	-	0.034
Cargo Fleet Nature Reserve	0.014	-	-	0.014
Towns Fund Initiatives	0.081	-	-	0.081
Traffic Signals -Tees Valley Combined Authority	0.029	-	-	0.029
Highways Infrastructure	2.169	1.000	-	3.169
Libraries Improvement Fund	0.057	-	-	0.057
Urban Traffic Management Control 2	0.903	-	-	0.903
Traffic Signals Non Tees Valley Combined Authority	0.726	0.980	-	1.706
Traffic Signals Obsolescence Grant	1.250	1.250	-	2.500
Fusion Traffic Management Software	0.750	-	-	0.750
Food Waste Collection	0.576	0.500	-	1.076
Street Lighting Column Replacement	0.409	0.500	-	0.909
Linthorpe Road Cycleway	0.414	-	-	0.414
Neighbourhood Safety	1.400	0.500	-	1.900
Total Environment and Community Services	22.452	15.102	8.172	45.726

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
6.838	-	0.151
0.300	-	-
0.440	-	(0.103)
0.165	-	-
1.725	-	-
-	7.722	0.493
-	3.787	0.164
1.504	-	-
-	0.043	0.010
-	0.015	-
0.031	-	-
6.682	-	0.140
0.040	0.058	0.098
2.795	-	-
-	0.039	-
0.034	-	0.015
-	0.014	-
-	0.081	0.001
-	0.029	-
3.169	-	0.035
-	0.057	-
-	0.903	0.463
1.630	0.076	0.008
-	2.500	0.015
-	0.750	-
-	1.076	-
0.909	-	-
-	0.414	-
-	1.900	-
26.262	19.464	1.490

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
Public Health	£m	£m	£m	£m
Relocation of The Safe Haven To Middlesbrough Bus Station	0.008	-	-	0.008
Live Well East – Internal Alterations & Improvements	0.052	-	-	0.052
Swimming Pool Support Fund	0.459	-	-	0.459
Middlesbrough Sports Village Pitches	0.170	-	-	0.170
Total Public Health	0.689	-	-	0.689

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
0.008	-	-
-	0.052	0.027
-	0.459	-
0.040	0.130	-
0.048	0.641	0.027

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
Education and Partnerships	£m	£m	£m	£m
Block Budget - Family Hubs	0.012	-	-	0.012
Block Budget - Devolved Formula Capital (DFC) - All Schools	0.199	-	-	0.199
Block Budget - School Condition Allocation (SCA)	0.615	-	-	0.615
Block Budget - Basic Need	0.835	1.775	-	2.610
Block Budget - High Needs Provision Capital Allocation (HNCPA)	1.714	-	-	1.714
Block Budget - Childcare Expansion	0.231	-	-	0.231

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
-	0.012	(0.001)
-	0.199	-
-	0.615	-
-	2.610	-
-	1.714	-
-	0.231	-

Block Budget - Early Years 2 years old entitlement	0.001	-	-	0.001
S106 - Lowgill	-	0.035	-	0.035
Building Condition Improvements - Primary School	0.958	0.068	-	1.026
Building Condition Improvements - Special Schools	0.107	-	-	0.107
School led Capital schemes - all maintained schools	0.133	-	-	0.133
Sufficiency Schemes - Primary	0.125	0.250	0.125	0.500
Sufficiency Schemes - Secondary	1.475	1.308	0.746	3.529
Sufficiency Schemes - SEND and Alternative Education	7.052	0.491	-	7.543
SEN Small Capital Grant Schemes	0.318	-	-	0.318
Family Hubs and Early Years	0.025	-	-	0.025
Capitalisation of Salary Costs	0.115	-	-	0.115
Total Education & Partnerships	13.915	3.927	0.871	18.713

	-	0.001	-
	-	0.035	-
	-	1.026	0.003
	-	0.107	0.031
	-	0.133	-
	-	0.500	-
	0.646	2.883	0.000
	-	7.543	2.593
	-	0.318	0.030
	-	0.025	(0.011)
	-	0.115	-
	0.646	18.067	2.646

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
Children's Care				
Gleneagles Refurbishment	0.050	-	-	0.050
Children's Services Financial Improvement Plan	2.025	0.600	1.703	4.328
Fir Tree Ground Floor and Attic Refurbishment Works	0.009	-	-	0.009
Total Children's Care	2.084	0.600	1.703	4.387

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
0.050	-	-
4.328	-	-
0.009	-	-
4.387	-	-

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
Adult Social Care and Health Integration				
Chronically Sick & Disabled Persons Act - All Schemes	0.897	0.610	0.610	2.117
Disabled Facilities Grant - All Schemes	2.829	-	-	2.829
Capitalisation of Staying Put Salaries	0.050	0.050	0.050	0.150
Home Loans Partnership (Formerly 5 Lamps)	0.036	0.050	-	0.086
Small Schemes	0.015	-	-	0.015
Total Adult Social Care and Health Integration	3.827	0.710	0.660	5.197

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
1.914	0.203	0.070
0.000	2.829	0.695
0.150	-	0.050
-	0.086	-
-	0.015	0.007
2.064	3.133	0.822

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
Legal and Governance Services				
Desktop Strategy / Device Refresh	0.155	-	-	0.155
Enterprise Agreements	0.854	-	-	0.854
IT Refresh - Network Refresh	0.871	-	-	0.871
IT Refresh - Lights On	0.335	-	-	0.335
ICT Essential Refresh & Licensing	0.376	2.117	2.185	4.678
Sharepoint	0.169	-	-	0.169
HR Recruitment	0.028	-	-	0.028
IKEN	0.038	-	-	0.038
HR Pay	0.037	-	-	0.037
Total Legal and Governance Services	2.863	2.117	2.185	7.165

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
0.155	-	0.023
0.854	-	0.834
0.871	-	0.786
0.335	-	-
4.678	-	0.430
0.169	-	0.099
0.028	-	-
0.038	-	0.014
0.037	-	-
7.165	-	2.186

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
Finance				
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	0.264	-	-	0.264
Business World Upgrade	0.026	-	-	0.026
Capitalisation of Property Finance Lease Arrangements	1.000	0.200	0.200	1.400
Total Finance	1.290	0.200	0.200	1.690

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
0.264	-	-
0.026	-	-
1.400	-	-
1.690	-	-

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
Transformation Programme				
Transformation	3.000	2.300	2.300	7.600
Subject Matter Expertise	2.500	2.500	1.000	6.000
Redundancy	6.500	-	-	6.500
Contingency	1.700	2.900	2.000	6.600
Total Transformation	13.700	7.700	5.300	26.700

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
7.600	-	-
6.000	-	-
6.500	-	-
6.600	-	-
26.700	-	-

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
Exceptional Financial Support				
Revenue Budget Deficit	4.700	-	-	4.700
Contingency for savings and receipts deficit	8.700	-	-	8.700
Total Exceptional Financial Support	13.400	-	-	13.400

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
4.700	-	-
8.700	-	-
13.400	-	-

	Forecast Expenditure			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
ALL DIRECTORATES				
Total ALL DIRECTORATES	99.698	77.271	26.876	203.845

Council Funding	External Funding	Spend At 30.6.24
£m	£m	£m
109.070	94.775	9.462

	Forecast Funding			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
FUNDED BY:				
Borrowing	18.679	24.859	9.867	53.405
EFS Borrowing	13.400	-	-	13.400
Capital Receipts	6.000	6.000	6.000	18.000
Flexible Use of Capital Receipts	13.700	7.700	2.865	24.265

Council Funding	External Funding
£m	£m
53.405	-
13.400	-
18.000	-
24.265	-

Grants	46.746	36.189	3.404	86.339	-	86.339
Contributions	1.173	2.523	4.740	8.436	-	8.436
Total FUNDING	99.698	77.271	26.876	203.845	109.070	94.775

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Council's approach to Debt Recovery

1. With high levels of deprivation, a proportionately high benefit caseload, alongside low levels of income, Council Tax collection across the town will remain a challenge. Council Tax Reduction is provided to around 18,300 households, with the maximum award of 90% to some the town's most financially vulnerable. There is a steady migration to Universal Credit and as such the amount of Housing Benefits Overpayments created is a diminishing return with the debt becoming significantly more difficult to collect as the ability to deduct from ongoing benefit lessons.
2. Business Rates and Sundry Debt collection is considered less of a challenge provided that the debt is collected in-year. The likelihood of collecting aged debt is problematic, businesses can cease trading, wind up, become bankrupt, leaving the Council with very little recovery options and a strong likelihood that the debt will be written off.
3. Whilst overall collection rates over a period of time are respectable, a stronger focus on in-year debt and aged debt is fundamental in ensuring the council optimises cash collection thus further supporting the reduction in the provision which is assigned to bad debt.
4. Through a comprehensive collection strategy, underpinned by the Council's Welfare Strategy for both business and residents, the Council will effectively pursue debt in a firm but fair way. Residents and businesses will be offered a range of support to resolve debt problems, such as maximising benefit, welfare advice and support, debt management, crisis support all of which form part of the support on offer.
5. Where payment is not forthcoming the Council will exercise its powers provided under the relevant legislation to enforce the debt. Some of these powers are significant and can lead to serious consequences such as attachment to earnings, removal of goods, forcing the sale of a property or even commitment to prison all of which are powers enshrined in law.
6. To support the increased focus, additional resource has been placed in all of the four areas above and will mean thousands more cases, where debt remains being actively progressed. The increased activity will likely lead to many difficult conversations with Residents and Businesses some of which may result in member engagement, complaints, disputes and even the possibility of alleged fraud where residents and business have failed to report changes. This is anticipated/expected due to the increased focus and the thousands more cases that will be managed. Over more recent months, a number of aged debt business rates cases have been pursued, most gaining press coverage as the Council gives a strong message that outstanding debt will be collected.

7. Of the debt remaining, it is anticipated that some debt will not be enforceable and as such irrecoverable. Financial provision has been set aside to respond to this on the basis that where the propensity to pay is low and unlikely to be recovered, the Council has the ability to write debt off. Write offs should be routinely undertaken as part of good debt management allowing for a more accurate bad debt provision and greater financial management of debts owed to the Council.

8. The Council's approach to improving its debt position will be based on the following principles:
 - Resolve Debt Problems –By providing Welfare Advice and Support
 - Where Debt Remains a Problem - Exercise the powers provided in law.
 - Where Debt is Irrecoverable – Write the debt off.

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Finance (s151 Officer)
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Relevant Executive Member:	Elected Mayor and Executive Member for Adult Social Care & Public Health Executive Member for Finance and Governance
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Submitted to:	Executive
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Date:	4 September 2024
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Title:	2025/26 Medium Term Financial Plan
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Report for:	Decision
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Status:	Public
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Council Plan priority:	Delivering Best Value
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Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards

Subject to call in?:	Yes
Why:	

Proposed decision(s)	
That the Executive: <ul style="list-style-type: none"> • Notes the current projected budget gap of £7.864m in 2025/26 rising to £8.749m in 2028/29 (Table 7 and paragraphs 4.29 to 4.33). • Notes the revised budget preparation timetable set out in Appendix 2. 	

Executive summary	
<p>On 8 March 2024, the Council approved its budget and Medium Term Financial Plan (MTFP) for the period 2024/25 to 2026/27.</p> <p>The Council's financial position remains fragile, as it continues to spend in excess of its annual income streams as reflected in an overspend of £3.594m in 2023/24 and having been unable to balance the 2024/25 budget without reliance on one-off Exceptional Financial Support (EFS) of £4.7m. It is essential that expenditure is contained within the approved budget for 2024/25 and all savings are delivered on an ongoing basis. As set out elsewhere on this Executive agenda, at Quarter One, the forecast is for an overspend of £3.742m of which £2.498m is due to potential unachieved savings. This</p>	

would require the one-off use of EFS and/or revenue reserves in order to balance the 2024/25 position. This is not a financially sustainable position. Any overspend in 2024/25 will add to the budget gap in 2025/26 as set out in this report.

This report provides an update on the financial and economic outlook within which the Council is required to operate and sets the financial framework within which Officers will work with the Mayor and Executive to develop the Council Plan and propose a balanced budget to Council in February 2025 for 2025/26 and over the four-year period of the MTFP through to 2028/29. This is the first stage in the Council's annual budget planning process for 2025/26 and builds upon the 2023/24 outturn and 2024/25 forecast.

The MTFP is based upon the best information available at this time and a range of assumptions that will be reviewed, modelled, and tested over the budget development period through to February 2025.

The initial forecast gap on the General Fund budget for 2025/26 is £7.864m rising to £8.749m by 2028/29. This does not yet include requests for investment in permanent skilled capacity in several service areas that have been identified as lacking the appropriate resources required to deliver effectively over the medium to long term to meet Council objectives. Every £1 of further investment will add to the budget gap to be closed via new budget proposals for expenditure saving and/ or income generation.

The budget gap presents a significant financial challenge for the Council, following on from the 2024/25 budget and MTFP which included approved savings of £13.910m in 2024/25 rising to £21.028m by 2026/27 which remain to be delivered in full.

The forecast will be reviewed and refreshed over the period as new information becomes available during the budget development process.

Detailed work is continuing to review and test the level of budget growth provided to meet service demand pressures estimated over the period of the MTFP. There is a particular focus in Adults and Children's Social Care, Special Educational Needs & Disabilities (SEND) Transport, and Waste Disposal which received the majority of £20.764m of budget growth in 2024/25 and originally planned growth of £7.361m in 2025/26, which is the main driver of the budget gap.

The Chancellor is expected to announce the Government's Budget on 30 October 2024, which is expected to provide more clarity and context for the outlook on local authority funding. Therefore, the planned date for issuing an update on the MTFP and the draft budget for consultation for approval by the Executive has been revised from the original planned date of 11 November 2024 to 4 December 2024.

Budget proposals with options for further income growth and savings will be developed for consideration by the Executive in early December to balance the budget which will then be subject to consultation before the final budget is approved by Council in February 2025. These will include new projects to be developed within the Transformation Portfolio and other opportunities identified by staff and member suggestions.

The Council's revenue reserves remain fragile with a General Fund balance of £11.1m at 1 April 2024 and this is the minimum recommended by the s151 Officer. Unrestricted usable earmarked reserves stood at £9.280m at 1 April 2024. The MTFP assumes that all approved savings are fully achieved, that expenditure is contained within the approved budget and there is no unplanned drawdown upon revenue reserves.

Historically the Council has relied upon one-off use of reserves in order to balance its annual budget. This is unsustainable because reserves can only be used once, and this practice has resulted in reserves reaching a critically low position. In order to rebuild the

Council's financial resilience, the 2025/26 MTFP includes planned increases to unrestricted usable earmarked reserves in line with the Reserves Policy approved by Council on 8 March 2024.

1. Purpose

- 1.1 The purpose of the report is to set out the financial framework and timetable within which Officers will work with the Mayor and the Executive to develop the 2025/26 budget and MTFP to 2028/29.

2. Recommendations

- 2.1 That the Executive:

- Notes the current projected budget gap of £7.864m in 2025/26 rising to £8.749m in 2028/29 (Table 7 and paragraphs 4.29 to 4.33).
- Notes the revised budget preparation timetable set out in Appendix 2.

3. Rationale for the recommended decision(s)

- 3.1 All Council members have a legal obligation to agree a balanced robust budget and set the Council Tax by 11 March 2025. In addition, the Council has a Best Value duty to demonstrate financial sustainability through the delivery of a balanced Medium Term Financial Plan (MTFP) over a period of at least 3 years. The setting of the budget is part of the budget and policy framework and therefore requires Full Council approval scheduled for 19 February 2025.
- 3.2 The Council is 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.

4. Background and relevant information

- 4.1 In common with all local authorities, the Council continues to operate within a difficult and uncertain economic environment. The ongoing impact of high inflation in recent years combined with increased demand and the complexity of needs of vulnerable residents in the wake of the COVID-19 pandemic together with the Cost of Living Crisis, continues to place significant pressure upon service budgets.
- 4.2 The sector continues to face uncertainty in relation to financial support that may be available from Central Government over the medium term. As detailed in paras 4.13 and 4.14, His Majesty the King's Speech to Parliament on 17 July 2024 outlined a number of areas affecting local government, and the Chancellor has also announced that the Government will deliver the next Budget on 30 October 2024.
- 4.3 This report is the first stage of the budget development strategy for the four-year period 2025/26 to 2028/29. It builds upon the MTFP approved by Council on 8 March 2024, the 2025/26 Budget and MTFP Approach and Timetable report to Executive 22

May 2024, the 2023/24 financial outturn reported to Executive on 26 June 2024, and the 2024/25 forecast financial position at Quarter One contained elsewhere on this agenda. It sets out the financial framework and timetable within which Officers will work with the Mayor and Executive, with input from the cross-party Financial Resilience Working Group (FRWG) to develop budget proposals that will deliver the Council Plan within available resources.

4.4 In summary, the Council continues to spend in excess of its annual income streams and needs to successfully address the challenge of delivering within its financial means in order to set a legally balanced budget for 2025/26 and longer term financial sustainability.

4.5 The current financial position is summarised as follows:

- The 2023/24 General Fund revenue outturn was an overspend of £3.594m (2.8% of Net Revenue Budget).
- The MTFP covering the three-year period 2024/25 to 2026/27 was approved by Council on 8 March 2024.
- The 2024/25 General Fund revenue budget could not be balanced in the usual way. The Council relied upon £4.7m of one-off borrowing through Exceptional Financial Support (EFS) approved in principle by the Ministry of Housing Communities and Local Government (MHCLG) (formerly DLUHC) in order to set a legally balanced budget of £143.190m for 2024/25 and to avoid the s151 Officer being required to issue a s114 Notice. The EFS falls out in 2025/26 and therefore contributes to the ongoing budget gap referenced in this report.
- A further £8.7m of one-off borrowing via EFS was approved in principle to cover potential risks in the budget and MTFP relating to the timing of savings delivery and realisation of capital receipts during 2024/25. This was required in order for the s151 Officer to assess the budget and MTFP as robust in the light of risks facing the Council and given its critically low revenue reserves which would be insufficient to cover those risks if they crystallised and this was addressed in the s151 Officer's s25 report to Council.
- The forecast revenue budget overspend at Quarter One of 2024/25 is £3.742m as detailed in a separate report on this Executive agenda. Within this sum, £2.498m is due to savings that may not be delivered in 2024/25 for which EFS of up to £3.5m would be used in 2024/25 to fund the overspend in order to protect the critically low revenue reserves. The £3.742m would add to the 2025/26 budget gap and therefore it is imperative that these savings are delivered through the original plans or alternative proposals on an ongoing basis. The balance of the 2024/25 overspend of £1.244m, if not controlled, would need to be covered by revenue reserves.
- The 2024/25 MTFP incorporated new savings projects totalling £13.910m in 2024/25, and a further £5.151m in 2025/26 and £1.967m in 2026/27 which is a significant challenge for the Council to deliver successfully. However, a budget gap of £7.474m remained in 2025/26, rising to £7.965m in 2026/27.
- The Council's Reserves have been significantly depleted in recent years to fund overspending. The General Fund Balance stood at £11.1m at 1 April 2024 and unrestricted earmarked reserves stood at £9.280m after realising a Collection Fund surplus of £8.3m following a review of the bad debt provision. This is very low when compared to other unitary authorities nationally.

- There is a need to rebuild reserves to strengthen the Council's financial resilience and sustainability in the medium to long term, enabling it to withstand unforeseen financial shocks and plan investment in services more effectively. Strengthening the Council's financial resilience is one of the 11 statutory recommendations made by the External Auditor in August 2023 and is also a requirement of the Best Value Notice issued by MHCLG in January 2024 and is critical to stabilising the Council's financial future.

4.6 The 2024/25 MTFP approved by Council on 8 March 2024 is summarised in Table 1.

Table 1 – MTFP 2024/25 to 2026/27 approved by Council 8 March 2024

2024/25 to 2026/27 MTFP Summary approved by Council in March 2024 (incremental)				
Budget Item	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Net Budget brought forward	126.354	134.865	141.126	402.345
Inflation	4.957	4.477	2.680	12.114
Service Demand Pressures	20.764	7.361	5.331	33.456
Capital Financing	1.878	1.599	0.207	3.684
Flexible Use of Capital Receipts	3.000	-	-	3.000
Increased contingency funds for financial resilience	1.452	-	-	1.452
Increased Reserves contributions for financial resilience	0.500	0.750	0.750	2.000
Grant Funding adjustments	(4.661)	-	-	(4.661)
Budgeted contribution to replenish General Fund & Usable Revenue Reserves	8.325	-	-	8.325
Projected Net Budget Requirement including reserves - before savings & EFS	162.569	149.052	150.094	461.715
Funded by:				
Estimated Collection Fund Surplus	(8.325)	-	-	(8.325)
Council Tax	(71.438)	(75.770)	(80.319)	(227.527)
Business Rates	(48.305)	(49.781)	(51.274)	(149.360)
Revenue Support Grant	(15.122)	(15.576)	(16.043)	(46.741)
Assumed Funding	(143.190)	(141.126)	(147.636)	(431.953)
Agreed savings from 2023/24 budget setting	(0.769)	-	-	(0.769)
Agreed savings from 2024/25 budget setting	(13.910)	(5.151)	(1.967)	(21.028)
Exceptional Financial Support	(4.700)	4.700	-	-
TOTAL FUNDING FOR NET BUDGET REQUIREMENT	(162.569)	(141.577)	(149.603)	(453.750)
BUDGET GAP + / SURPLUS ()	(0.000)	7.474	0.491	7.965

- 4.7 The areas of significant financial pressure within the Council's budget continue to be:
- Children's Social Care
 - Adult Social Care
 - SEND Transport
 - Waste Disposal

Table 2 summarises the growth provided in the 2024/25 MTFP in relation to all anticipated demand pressures. The budgetary growth provided is in the process of being reviewed considering the 2023/24 outturn and the performance at Quarter One 2024/25 with a view to identifying opportunity to reduce budget in line with emerging data on actual demand and cost pressures (see para 4.26).

Table 2 – Growth provided in MTFP 2024/25 to 2026/27

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Adult Social Care Increased demand	3.559	1.100	1.100	5.759
Adult Social Care Increases in grant expenditure (offset by corresponding increased grant income)	1.702	-	-	1.702
Adult Social Care - Living Wage	3.362	2.594	2.731	8.687
Children's Care - demand	4.672	1.500	1.500	7.672
Education & Partnerships - Integrated Transport Unit (ITU)	2.919	-	-	2.919
Environment & Community Services - mainly Waste Disposal	2.230	1.450	-	3.680
Regeneration - income reductions from Asset Review	1.527	0.188	-	1.715
Regeneration - changes to Commercial income	(0.536)	0.402	-	(0.134)
Regeneration - Property R&M/running costs budgets uplift	0.500	-	-	0.500
Increased homelessness costs/effect on Housing Subsidy	0.600	-	-	0.600
Other	0.229	0.127	-	0.356
Spending Pressures	20.764	7.361	5.331	33.456

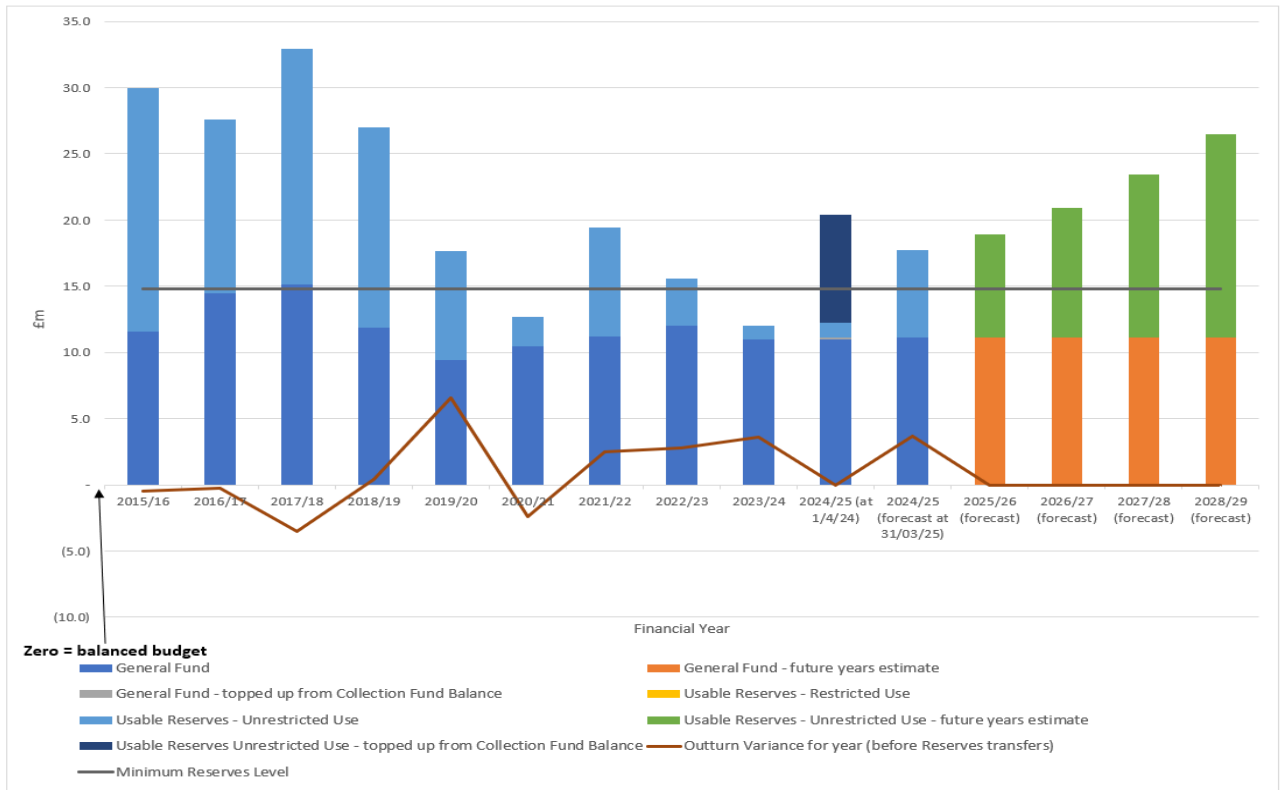
- 4.8 As part of setting a balanced budget for 2024/25, a total of £13.4m of Exceptional Financial Support (EFS) in the form of borrowing, was agreed in principle by MHCLG, subject to detailed financial assurance by Grant Thornton which is in progress at the time of writing this report. The EFS will only be drawn down if required and approved by MHCLG. Table 3 shows the breakdown:

Table 3: Exceptional Financial Support 2024/25

Directorate	2024/25 £m
Required to balance 2024/25 budget	4.700
Contingency for non-delivery of budgeted 2024/25 savings risk	3.500
Contingency for capital receipts delivery risk	4.600
General contingency	0.600
TOTAL	13.400

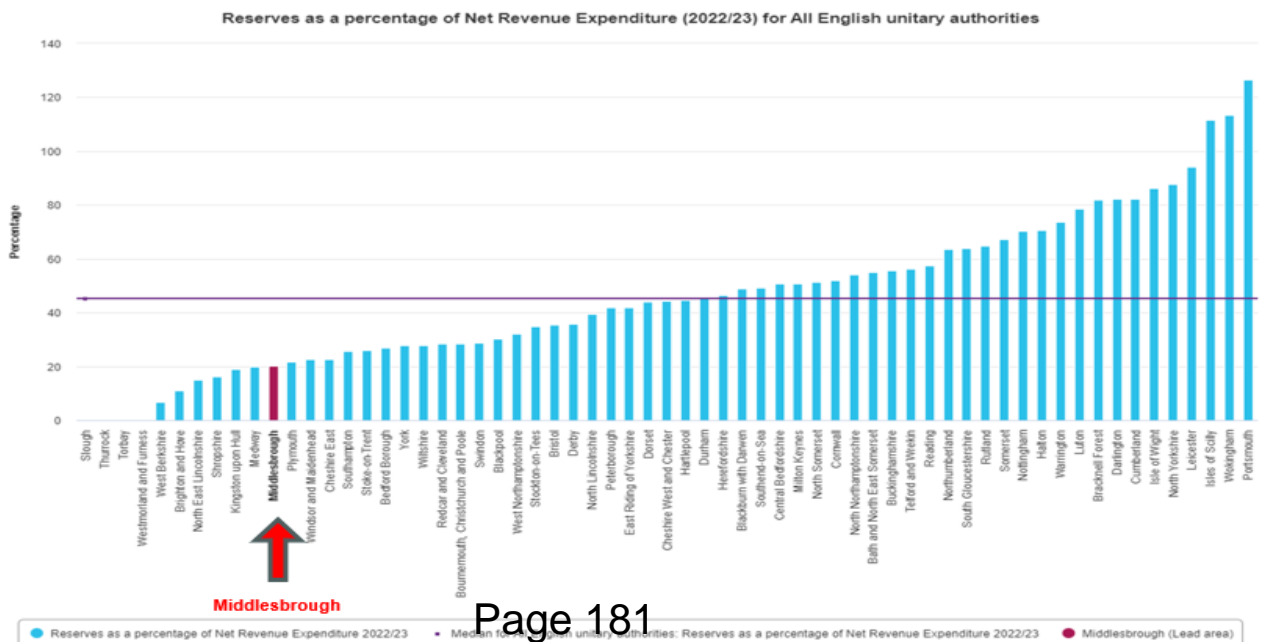
- 4.9 It should be noted that EFS provided one off funding to close the remaining £4.7m budget gap in 2024/25 only after all feasible budget options were put forward. The MTFP summary at Table 1 reflects the £4.7m of EFS borrowing dropping out in 2025/26 which is part of the calculated budget gap of £7.864m for 2025/26.
- 4.10 The 2024/25 Quarter One report reflects the current forecast use of the EFS in 2024/25 assuming the currently forecast overspend is not reduced.
- 4.11 The Council's Reserves have fallen to a critically low level, below the recommended minimum level, and one of the lowest levels of Reserves as a percentage of net revenue expenditure of all unitary authorities in the country. This was addressed as part of 2024/25 budget setting following a fundamental review of the Collection Fund bad debt provision which has restored the unrestricted reserves balances to a total of £20.380m at 1 April 2024. Further contributions to reserves are planned within the 2025/26 MTFP in order to rebuild financial resilience as illustrated in Table 4.

Table 4 - Unrestricted Reserves Balances from closing balance 2015/16 through to forecast closing balance 2028/29 and reported outturn variance per year



4.12 Comparative data at the end of 2022/23 financial year, shows the level of all revenue reserves (both unrestricted and restricted use) as a percentage of net expenditure for Middlesbrough compared to all unitary authorities in England. Middlesbrough has the eleventh lowest level of reserves as a percentage of net expenditure of all unitary authorities and must take action to rebuild its financial resilience to enable it to plan its investment in services more effectively and withstand financial shocks over the medium to long term.

Table 5 – Reserves as a percentage of Net Revenue Expenditure (2022/23)



Financial and Economic Context

The King's Speech

4.13 On 17 July 2024, His Majesty the King opened the 2024/25 Parliamentary session setting out the new Government's legislative plan. The speech was described as 'mission led' and based upon principles of security, fairness and opportunity for all. It contained 39 bills of which 26 appear to be of interest to local government covering:

- Planning and Housing
- Devolution
- Education, skills and training
- Health
- Energy
- Safety

A summary of the key features of the planned legislation is set out in Appendix 1. At this stage no details of the impact upon local government finances were published.

Chancellor's statement on public finances

4.14 On 29 July 2024, the Chancellor gave a statement on the state of public finances and announced that the next Budget will be delivered on 30 October 2024. The statement indicated that:

- A one-year spending review will be carried out in the Autumn, followed by a more comprehensive multi-year spending review concluding in Spring 2025
- There will be a commitment to hold three-year spending reviews every two years
- The Departmental Expenditure Limits (DEL) for 2025/26 will be set in the Autumn alongside the Budget
- The Spending Review process will be long-termism, investment in prevention, managing demand and increasing devolution and local integration of services
- There will be a new approach to public service reform to drive greater productivity in the public sector with a greater focus on prevention and integration of services both nationally and locally enable through technology.
- The adult social care charging reforms will be cancelled and is expected to save £30m in 2024/25 and £1,075m in 2025/26. There was no detail on the impact for social care funding to local authorities
- Savings in all government departments will be required.
- Targeting of winter fuel payments to recipients of pension credits and other mean tested benefits from Winter 2024/25, with closer working with local authorities and charities to maximise take up of pension credit.
- Cancellation of the Investment Opportunity Fund and other small projects.
- Review of the transport infrastructure portfolio including cancelling the Restoring your Railways programme
- Cancelling the Advanced British Standard which was proposed to replace A levels and T levels in the education system.
- Reviewing the New Hospital Programme

- The extension of the Household Support Fund to September 2024 and the extension of the £2 bus fare cap were highlighted as unfunded spending commitments of the previous government.
- There will be a commitment to transforming the Special Educational Needs and Disabilities (SEND) system to make it more inclusive and ensure its financial sustainability.

4.15 The Government said that they will use the Spending Review to create a more sustainable local government system by:

- Improving how different tiers of government work together
- Consolidating funding streams for local authorities into the Settlement
- Rolling out integrated settlements for further Mayoral Combined Authorities
- Working with councils to overhaul the local audit system.

4.16 No information has yet been shared in relation to the Government's plans to progress the long overdue reform of the local government funding distribution system through a 'Fair Funding Review' and Business Rates reform. In practice and based upon past experience in the sector, the lead in time for such proposals to be developed and to go through consultation processes with local authorities is likely to be in the region of 12-18 months and so the earliest date for the implementation of any such reform is likely to be 2026/27 financial year.

Local Government Finance Settlement

4.17 The Local Government Finance Settlement (the Settlement) is a critical element of developing and finalising local authority budget setting and medium-term financial planning. Historically, the provisional Settlement is announced in mid to late December, with the final settlement announced in early February. It is expected that the Settlement for 2025/26 will broadly follow the same timeline.

4.18 Given the timing of the provisional Settlement is normally announced in mid-late December this means that there is a lack of clarity and certainty for all local authorities for the duration of their financial planning cycle. The prospect of annual settlement for 2025/26 means that the Executive will be required to produce a draft budget for consultation prior to the announcement of the provisional Settlement.

4.19 Based upon the information issued by Government to date, the Council needs to plan for the worst-case scenario in relation to the settlement and to expect no substantial additional funding, whilst hoping that there will be additional financial support to ease some of the forecast pressures. The Council must plan prudently to develop and implement a pipeline of further budget proposals to deliver expenditure savings and/or income generation initiatives in order to balance the identified gap between spending and available income streams in the 2025/26 budget and MTFP to 2028/29.

4.20 The balance of overall Council funding has altered in recent years with a greater proportion coming from Council Tax and specific Social Care funding. Significantly less funding has come through the Revenue Support Grant (RSG) from central government. Even though there was additional funding announced for 2023/24, Government funding for local government as a whole has fallen substantially since 2010. Since changes were made to the Local Government Finance System in

2013/14. Middlesbrough Council has suffered a significant reduction in general Government funding in the form of RSG and Business Rates Top Up Grant with a reduction of £35.6m (44%) from £81.2m received in 2013/14 to £45.6m in 2024/25. This does not take into account inflation.

4.21 The Special Interest Group of Municipal Treasurers (SIGOMA) has undertaken some research to understand the 'real terms' effect of the Core Spending Power changes from 2010/11 to 2024/25. They have done this by determining a 2010/11 Core Spending Power notional figure which allows direct comparison to reflect the rolling out of grants and changes to the composition of Core Spending Power and by using the GDP deflator produced in the Autumn Statement each year. This demonstrates that whilst Middlesbrough has had a cash increase in Core Spending Power from 2010/11 to 2024/25 it has actually suffered a £62.1m (25.6%) cumulative 'real terms' cut in Core Spending Power from 2010/11 to 2024/25 based on 2023/24 prices, equating to a 'real term cut' of £958.50 per dwelling over the period. This is both more than the national average and the SIGOMA average.

4.22 It is important to note that there are several long-standing issues that the Government needs to resolve which have a significant impact upon the national distribution of funding to meet need and the ability of all local authorities to plan and manage their finances effectively:

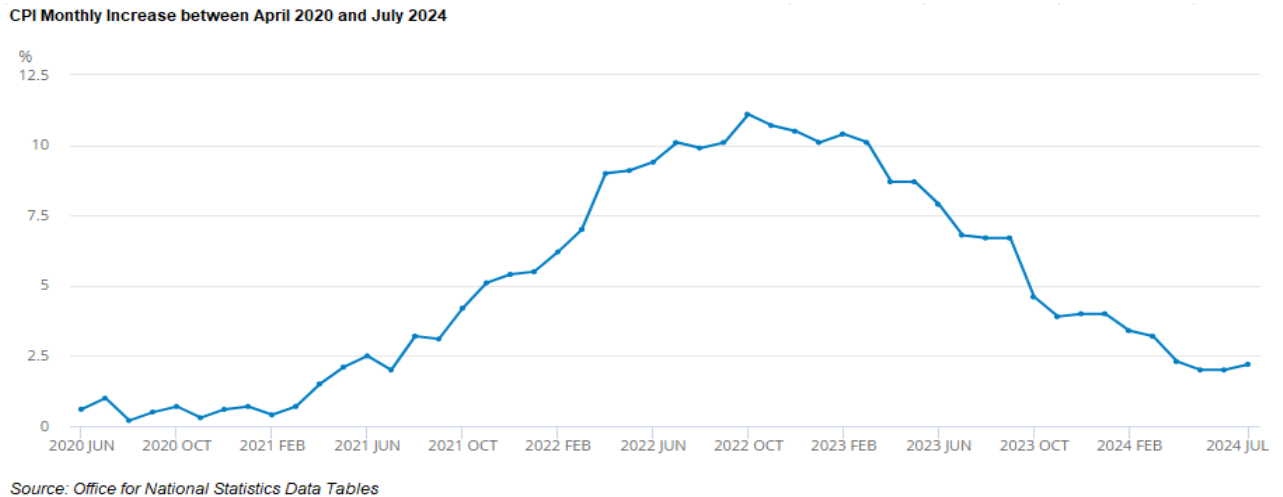
- The Fair Funding Review of the formula allocation of funding from central government. The current formula is based on spending need in 2013/14 and is therefore not reflective of changing populations and relative need. The review was first promised in 2016.
- Impact of Business Rate revaluations which determine the level of business rate income collectable from individual business properties. The latest valuations came into effect on 1 April 2023 which may result in increased levels of appeals which are considered by the Valuation Office Agency (VOA), which continues to suffer from processing backlogs made worse during the Covid-19 pandemic.
- The future of the New Homes Bonus grant scheme, which is uncertain, given there have been plans to end this scheme for several years followed by decisions to extend.
- Securing the long-term funding arrangements for Social Care beyond those set out in the last Government Spending Review.
- Arrangements for Council Tax where there are large scale differences in the levels of council tax nationally and in terms of the ability of many local authorities with a low council tax base, to raise revenue through council tax increases.
- The future of the Adult Social Care Precept.

Inflation

4.23 During October 2022 the rate of inflation as measured by the Consumer Prices Index (CPI) reached a 40 year high at 11.1% because of a range of adverse global factors including the impact of the COVID-19 Pandemic and the Russian invasion of Ukraine. Inflation remained stubbornly high through 2023 and eventually reduced to 2.2% in

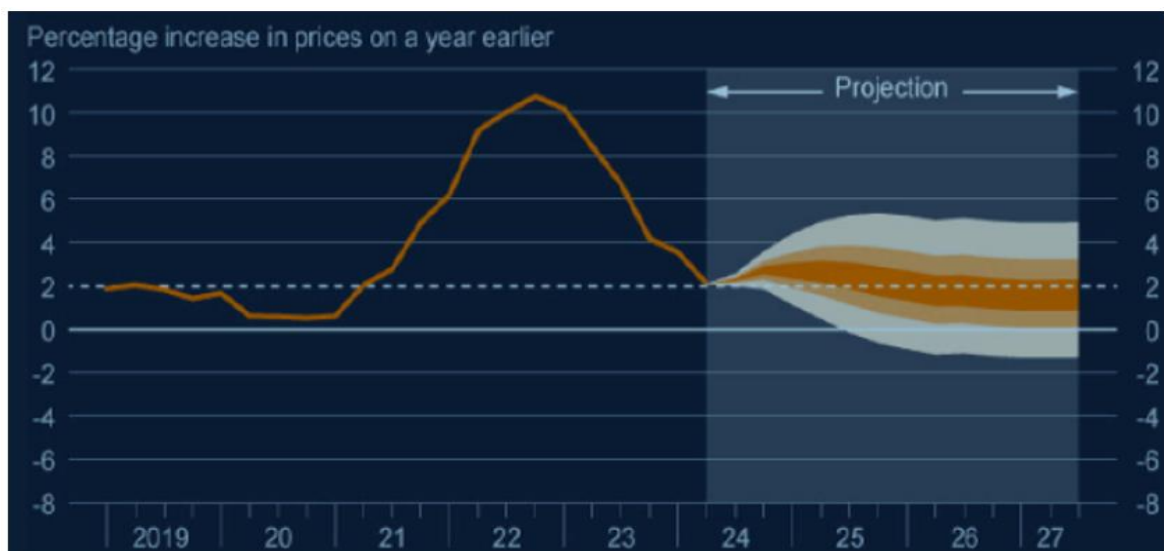
July 2024, which is currently just above The Bank of England inflation target of 2.0%. This is reflected in Chart 1:

Chart 1: CPI Monthly increase between April 2020 and July 2024



- 4.24 It should be noted that the rate of inflation measures the annual increase in prices and therefore the exceptionally high rate of inflation that peaked at 11.1% in October 2022, has effectively locked in higher prices that are paid for the Council’s supplies of goods, works and services. Local authorities received no government support to meet the cost of inflationary pressures in the 2023/24 or 2024/25 finance settlements.
- 4.25 The last Office for Budget Responsibility (OBR) prediction in March 2024 is for CPI to fall over the course of 2024 to 2.2% on average and reach 1.5% by Q1 of 2025. The forecast provided by the Council’s Treasury Management Advisers, Arlingclose indicates that this will not happen as quickly as forecast by the OBR. They predict that CPI inflation reduction effects in domestic prices and wages will take longer to unwind than they did to emerge. The mean projection for CPI inflation, which incorporates these risks, is at or just the 2% target in the medium term. This is demonstrated in Chart 2.

Chart 2 : Outlook for UK CPI inflation



Source: Arlingclose

4.26 In common with most local authorities, the combination of previous high inflation and cost of living crisis have significantly impacted the local and national economy and put significant pressure upon demand for Council services and the cost of providing them. Within Quarter One of 2024/25, existing financial pressures are continuing, and further financial pressures are emerging in relation to:

- Adults Social Care –There are labour shortages in the care sector which could lead to higher care fees. The service is also experiencing challenges in recruitment and retention of staff.
- Childrens Social Care – increased numbers and complexity of external residential placements
- Potential shortfalls on income from commercial investments.
- Crematorium – reduced demand and associated reduction in income
- Fleet Management – increased staff costs and vehicles hires due to recruitment and retention challenges
- Pressures outlined in previous MTFP reports are built into base budgets and remain subject to review.

Following Quarter One 2024/25, cost modelling is being developed jointly with services and Finance to test the growth already provided in the MTFP and the impact of transformational change which is starting to take place.

Budget Strategy

4.27 It is essential that the Council develops a credible medium term financial strategy to recover its financial position and achieve financial sustainability over the course of its MTFP whilst demonstrating that it is achieving Best Value in its use of resources. It is essential that the 2025/26 budget process achieves the following key objectives:

- Set and deliver a balanced General Fund budget for 2025/26
- Establish a plan to recover the Council's financial resilience through the achievement of a balanced MTFP and rebuilding of revenue reserves
- Further develop the Transformation Portfolio to establish programmes and projects that deliver improved outcomes at lower cost whilst meeting the Mayor's priorities within a Council Plan
- Establishes and utilises more robust and reliable demand and cost modelling that can be used to plan, manage, forecast and control the cost of services more effectively.

4.28 The proposed budget strategy for 2025/26 and over the medium term will focus upon further development of the following themes in order to establish a robust and affordable MTFP:

- Further development of robust demand and cost modelling that will support the development of outcome based and zero-based budgeting over the MTFP
- Develop prevention and demand management strategies in relation to meeting statutory responsibilities
- Service redesign and transformation and efficiency to deliver improved outcomes from a lower cost base

- Review statutory duties and functions and align policy and practice to remove provision in excess of statutory requirements where this is unaffordable
- Review, benchmark, and prioritise services within resource constraints
- Review, rationalise and optimise the use of Council assets to create a pipeline of capital receipts to fund transformation and the longer term capital programme whilst reducing operational costs of assets
- Review and optimise Income from fees and charges
- Review and optimise debt recovery
- A renewed focus upon the detection and prevention of fraud against the Council

2025/26 to 2028/29 Medium Term Financial Plan Update

4.29 For information Table 6 shows the movement in the budget gap in the updated MTFP since the approval of the MTFP in March 2024 incorporating the updates highlighted above.

Table 6 – Movement in budget gap since March 2024 MTFP

Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
24/25 Budget Report to Council 08/03/24	7.475	0.491	-	-	7.966
Cross-Directorate / Corporate Issues					
Pay model changes	-	-	1.778	1.778	3.556
Contractual inflation changes	-	-	1.550	1.550	3.100
Fees & Charges changes	-	-	(0.648)	(0.648)	(1.296)
Capital Financing changes (estimate)	0.500	0.500	-	-	1.000
Rebuild Financial Resilience - Financial Resilience Reserve	-	-	0.500	0.500	1.000
Rebuild Financial Resilience - Change Fund Resilience Reserve	-	0.500	-	-	0.500
	0.500	1.000	3.180	3.180	7.860
Directorate Service Demand pressures					
Adult Social Care					
Adult Social Care Living Wage changes	(0.272)	(0.888)	1.907	1.907	2.654
Demand pressures - Adult Social Care	-	-	1.100	1.100	2.200
Review of triple lock pensions linked income	0.140	-	-	-	0.140
	(0.132)	(0.888)	3.007	3.007	4.994
Children's Care					
Demand pressures - Childrens	2.000	-	1.500	1.500	5.000
	2.000	-	1.500	1.500	5.000
Legal & Governance Services					
Demand pressures - Legal & Governance Services	0.087	-	-	-	0.087
	0.087	-	-	-	0.087
Directorate Investment to address capacity shortfalls	TBD	TBD	TBD	TBD	TBD
Net Budget movements	2.455	0.112	7.687	7.687	17.941
Council Tax - assumed increase of 4.99% p.a.	-	-	(4.776)	(5.015)	(9.791)
Business Rates Retained - updated inflation estimate (based on CPI)	0.179	0.187	(0.372)	(0.378)	(0.384)
Business Rates Top Up Grant - updated inflation estimate (based on CPI)	0.304	0.321	(0.634)	(0.647)	(0.656)
Revenue Support Grant - updated inflation estimate (based on CPI)	0.151	0.159	(0.315)	(0.321)	(0.326)
Funding movements	0.634	0.667	(6.097)	(6.361)	(11.158)
TOTAL MOVEMENT IN GAP	3.089	0.778	1.590	1.326	6.783
Updated Budget Gap + / Surplus () as at 31/07/24	10.564	1.269	1.590	1.326	14.749
Measures identified to reduce budget gap as at 31/07/24					
Revisions to Inflation assumptions					
Energy inflation provided no longer required	(0.830)	-	-	-	(0.830)
	(0.830)	-	-	-	(0.830)
Revisions to Service Demand Pressures					
Adult Social Care - review of demand growth	(1.100)	(1.100)	(1.100)	(1.100)	(4.400)
Environment & Community Services - Concessionary Fares - growth provided no longer required	(0.320)	-	-	-	(0.320)
Environment & Community Services - Green Waste income overachievement	(0.450)	-	-	-	(0.450)
	(1.870)	(1.100)	(1.100)	(1.100)	(5.170)
Total measures identified to date to reduce gap	(2.700)	(1.100)	(1.100)	(1.100)	(6.000)
REVISED GAP + / SURPLUS (*)	7.864	0.169	0.490	0.226	8.749

4.30 The key updates since the March 2024 MTFP reflect the following areas:

- Financial years 2027/28 and 2028/29 added into model (MTFP now covers 4-year period, rather than previous 3-year period)
- Adult Social Care Living Wage assumptions revised based on updated hourly cost and activity levels
- Directorate Service Demand Pressures requirements reviewed and updated
- Inflation previously provided for energy revised to reflect reducing prices
- Inflation assumptions for Revenue Support Grant and Business Rates updated in line with current forecast inflation rates
- Capital Financing requirement revised and updated (requires further work)
- Planned contributions to Reserves revised to provide additional financial resilience for future years

The updated MTFP does not yet include requests for investment in permanent skilled capacity in several service areas that have been identified as lacking the appropriate resources required to deliver effectively over the medium to long term to meet Council objectives. This is currently being quantified by the relevant directorates, and it should be noted that every £1 of further investment will add to the budget gap to be closed via new budget proposals for expenditure saving and/ or income generation.

4.31 The updated MTFP is set out in Table 7 and reflects the cost of delivering current Council policy and service levels over the 4 years from 2025/26 to 2028/29 based upon the best information available at this time and the following key assumptions:

- That all agreed savings will be delivered as approved by Council in March 2024
- That 2024/25 expenditure is controlled within the budget approved by Council in March 2024. Failure to contain expenditure within the approved budget will add to the budget gap for 2025/26.

4.32 The estimated budget gap based upon these assumptions is £7.864m in 2025/26 rising to £8.749m by 2028/29. These assumptions will be reviewed, updated, and tested for robustness over the period of the budget setting process as new information becomes available. This provides an indication of the size and scale of savings to be delivered in order to achieve a legally balanced budget for 2025/26 and financial sustainability over the period of the MTFP.

Table 7 – updated MTFP 2024/25 to 2028/29

Updated MTFP Summary 2025/26 to 2028/29 (incremental)					
Budget Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
Net Budget brought forward	134.865	140.492	146.335	152.432	574.124
Pay Inflation / change in NI rate & employers pension rate	3.575	1.778	1.778	1.778	8.909
Contractual inflation	1.550	1.550	1.550	1.550	6.200
Other Inflation	(0.830)				(0.830)
Fees & Charges inflation	(0.648)	(0.648)	(0.648)	(0.648)	(2.592)
Inflation subtotal	3.647	2.680	2.680	2.680	11.687
Service Demand pressures					
Regeneration	0.590	-	-	-	0.590
ECS	0.680	-	-	-	0.680
Education	-	-	-	-	-
Children's Care	3.500	1.500	1.500	1.500	8.000
ASC	2.462	1.843	1.907	1.907	8.119
Public Health	-	-	-	-	-
Finance	-	-	-	-	-
LGS	0.214	-	-	-	0.214
Central & General Fund	-	-	-	-	-
Service Demand pressures subtotal	7.446	3.343	3.407	3.407	17.603
Capital Financing	2.099	0.707	-	-	2.806
Increased Reserves contributions for financial resilience	0.750	1.250	0.500	0.500	3.000
Grant Funding adjustments	-	-	-	-	-
Corporate and Grant Funding adjustments subtotal	2.849	1.957	0.500	0.500	5.806
Projected Net Budget Requirement	148.807	148.472	152.922	159.019	609.220
Budgeted contribution to replenish General Fund & Usable Revenue Reserves	-	-	-	-	-
Projected Net Budget Requirement including reserves - before savings & EFS	148.807	148.472	152.922	159.019	609.220
Projected Net Budget Requirement funded by:					
Estimated Collection Fund Surplus	-	-	-	-	-
Council Tax	(75.770)	(80.319)	(85.095)	(90.110)	(331.294)
Business Rates	(49.297)	(50.283)	(51.289)	(52.315)	(203.184)
Revenue Support Grant	(15.425)	(15.733)	(16.048)	(16.369)	(63.575)
Assumed Funding	(140.492)	(146.335)	(152.432)	(158.794)	(598.053)
Agreed savings from 2024/25 budget setting	(5.151)	(1.967)	-	-	(7.118)
Exceptional Financial Support	4.700	-	-	-	4.700
TOTAL FUNDING FOR NET BUDGET REQUIREMENT	(140.943)	(148.302)	(152.432)	(158.794)	(600.471)
BUDGET GAP + / SURPLUS ()	7.864	0.169	0.490	0.226	8.749

4.33 The most significant drivers of the budget gap are as follows and these are detailed in the following paragraphs along with details of other components of the updated MTFP:

- Pay inflation
- Contractual inflation
- Service demand spending pressures

Pay inflation

- 4.34 Table 8 summarises the pay and pension items included in the MTFP. These form a significant driver to the increased MTFP gaps.

Table 8 – Pay inflation

Pay model / pension (incremental increases to existing pay model resources)					
Item	2025/26	2026/27	2027/28	2028/29	Cumulative
	£m	£m	£m	£m	£m
2025/26 Pay award	2.667	1.778	1.778	1.778	8.001
Pay Model	2.667	1.778	1.778	1.778	8.001
Increase in employers pension contributions following actuarial review	0.908	-	-	-	0.908
Pension	0.908	-	-	-	0.908
Pay/Pension	3.575	1.778	1.778	1.778	8.909

- 4.35 The estimated cost of the 2024/25 pay award, based on the Employers offer of £1,290 p.a. plus on-costs (equates to approx. 4% increase), is currently projected to be in line with the £3.556m provision already set aside in the MTFP.
- 4.36 The MTFP currently includes a working assumption that the eventual 2025/26 pay award will be at 3% costing £2.667m p.a., with future years assumed as £1.778m p.a. or 2%. There have been no changes to the original assumptions for 2025/26 pay award in the March 2024 MTFP.
- 4.37 Employee pension contributions, based on a draft triennial pension valuation, are as included in the 2024/25 MTFP.

Contractual inflation

- 4.38 Contractual inflation is provided within the MTFP of £1.550m p.a.. Work is currently underway to determine the allocation to directorates, based on contracts subject to inflationary price increases. The allocations to directorates will be reflected in the next MTFP Update report to Executive on 4 December 2024.

Fees and charges inflation

- 4.39 For 2025/26 fees and charges budgets are currently assumed to increase by 2% producing £0.648m p.a., and by 2% p.a. for 2026/27, 2027/28 and 2028/29 producing £0.648m p.a. This will be reviewed in line with inflation rates.
- 4.40 In line with the Fees and Charges Policy, Directors are expected to review provision of discretionary services in terms of price and volume and aim to deliver an increase in charges and/or increased activity to achieve the required income growth to cover the inflationary increase in cost set out in the MTFP planning assumptions. Deviation from this position will require a business case to be set out in budget proposals for consultation.

Commercial Income

- 4.41 The Council receives income from several Commercial developments. The MTFP assumes that there may potentially be some reduction in income in future years due to rent reviews at Cleveland Centre Shopping Centre, and potential break clauses in some of the rental contracts of the Centre Square buildings. These assumptions are being regularly reviewed in light of the effect of the current economic climate in particular on town centre retail. It should be noted that even with these potential reductions, the commercial developments have provided additional income to the Council, more than the cost in previous years and this is expected to continue in the future.

Service Demand Pressures

- 4.42 Table 9 summarises the demand and service pressures increase identified by Directorates and included in the updated MTFP. This updates Table 2 of this report which shows service demand pressures at the time of setting the budget in March 2024. These summarise the significant demand pressures driving the budget gap.

Table 9 – Service Demand Pressures

Service Demand Pressures (incremental adjustments)					
Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
Adult Social Care					
- Living Wage; external commissioned services	2.322	1.843	1.907	1.907	7.979
- Changes to means tested income generation assumptions	0.140	-	-	-	0.140
	2.462	1.843	1.907	1.907	8.119
Environment & Community Services					
- Removal of Community Environment Initiatives funding	(0.050)	-	-	-	(0.050)
- Waste Disposal	1.500	-	-	-	1.500
- Concessionary Fares savings	(0.320)	-	-	-	(0.320)
- Additional Green Waste savings	(0.450)	-	-	-	(0.450)
	0.680	-	-	-	0.680
Children's Care - demand	3.500	1.500	1.500	1.500	8.000
Education & Partnerships - Integrated Transport Unit (ITU)	TBD	-	-	-	-
Regeneration - Commercial income	0.590	-	-	-	0.590
Legal & Governance - staffing	0.214	-	-	-	0.214
Service Demand pressures	7.446	3.343	3.407	3.407	17.603

Technical adjustments

- 4.43 Table 10 summarises various technical adjustments contained in the MTFP and reflects the £4.7m of one off EFS borrowing used to balance the budget in 2024/25 dropping out in 2025/26, which is part of the calculated budget gap of £7.864m for 2025/26.

Table 10 – Technical Adjustments

Technical adjustments (incremental adjustments)					
Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
Exceptional Financial Support 2024/25	4.700	-	-	-	4.700
Capital financing requirements (revenue costs of capital financing)	2.099	0.707	-	-	2.806
Technical adjustments	6.799	0.707	-	-	7.506

Grants / contributions

4.44 Currently no adjustments to grants/contributions, e.g. Social Care grant are assumed within the MTFP. This is unchanged from the March 2024 MTFP. This will be updated when information becomes available from Central Government.

Council Tax

4.45 The MTFP assumes the following in respect of Council Tax and Adult Social Care precept:

- 2.99% Council Tax increase over the period of the MTFP (maximum allowed without referendum)
- 2% Adult Social Care precept over the period of the MTFP (maximum allowed without referendum)
- Growth in the Council Tax Base of approximately 369 Band D equivalent properties per annum totalling £0.768m p.a. (this is to be reviewed regularly)

4.46 The actual level of Council Tax increase for 2025/26 will be formally approved by Council in February 2025. Any reduction from these maximum assumed levels will result in an increased budget gap from that presented. It should be noted that each 1% increase in Council Tax generates approximately £675,000 of income.

4.47 The effect of the assumption of a 4.99% total increase in Council Tax (Middlesbrough Council element only excluding Police, Fire, and Parish Councils elements) for each Council Tax band for the period of the MTFP is shown in Table 11. This also includes the percentage of dwellings currently in each band on the Valuation List. It can be seen from the table that 68% of dwellings in Middlesbrough are in Bands A and B (the lowest bands for Council Tax). It should also be noted that a large proportion of residents in the lower band dwellings will be subject to the Council Tax Reduction Scheme and various discounts, e.g. single person's discount. Therefore, even though the council tax increase is at the maximum allowed the effect on many residents in Middlesbrough will be minimal.

Table 11 – effect of assumed 4.99% total increase in Middlesbrough element of Council Tax for the period of 2024/25 to 2028/29

Band	% of dwellings per band*	2025/26 4.99% increase**			2026/27 4.99% increase**			2027/28 4.99% increase**			2028/29 4.99% increase**		
		Council Tax £	Annual increase £	Weekly increase £	Council Tax £	Annual increase £	Weekly increase £	Council Tax £	Annual increase £	Weekly increase £	Council Tax £	Annual increase £	Weekly increase £
A	50.3%	1,382.90	65.73	1.26	1,451.90	69.01	1.33	1,524.35	72.45	1.39	1,600.42	76.07	1.46
B	17.4%	1,613.38	76.68	1.47	1,693.89	80.51	1.55	1,778.41	84.53	1.63	1,867.16	88.74	1.71
C	17.3%	1,843.87	87.64	1.69	1,935.87	92.01	1.77	2,032.47	96.60	1.86	2,133.90	101.42	1.95
D	8.4%	2,074.35	98.59	1.90	2,177.86	103.51	1.99	2,286.54	108.68	2.09	2,400.63	114.10	2.19
E	4.2%	2,535.32	120.50	2.32	2,661.83	126.51	2.43	2,794.66	132.83	2.55	2,934.11	139.45	2.68
F	1.5%	2,996.29	142.41	2.74	3,145.80	149.51	2.88	3,302.78	156.98	3.02	3,467.59	164.81	3.17
G	0.9%	3,457.25	164.32	3.16	3,629.76	172.52	3.32	3,810.89	181.13	3.48	4,001.05	190.16	3.66
H	0.1%	4,148.70	197.18	3.79	4,355.72	207.02	3.98	4,573.07	217.35	4.18	4,801.27	228.20	4.39

* Based on number of dwellings on the Valuation List

** Based on applying maximum increase without a referendum

4.48 Whilst Middlesbrough has one of the highest Band D Council Tax rates in the Tees Valley the actual Council Tax per household is the lowest in the Tees Valley due to the high number of lower banded properties.

Business Rates

4.49 Given the future regeneration of the town there will be a need to review the potential for business rates growth, whilst also considering the risk to the viability of shopping centres.

Government Funding

4.50 The assumptions on Government funding have reduced from those assumed in the March 2024 MTFP, with Revenue Support Grant and Business Rates Top Up grant both now being assumed to increase by 2% (in line with the current assumed level of CPI), rather than the 3% assumed in the March 2024 MTFP. This will be further reviewed as and when further information is available.

Savings

4.51 The following savings are included in the MTFP as approved in March 2024 MTFP.

Table 12 – Savings

Previously agreed savings proposals (incremental adjustments)					
Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
Directorate Savings agreed at 2024/25 budget setting	(5.151)	(1.967)	-	-	(7.118)
Savings	(5.151)	(1.967)	-	-	(7.118)

4.52 The MTFP will be revised over coming months and will take account of a range of potential risks. The adequacy of the General Fund balance and reserves will be assessed throughout the process, culminating in the issue of S151 Officer’s statutory report under s25 of the Local Government Act 2003 in which advice to Council in relation to the robustness of budget estimates and the adequacy of reserves will be provided ahead of budget setting in February 2025.

General Fund Balance and Usable Reserves

4.53 The Council’s General Fund Balance and other usable revenue reserves at 1st April 2024 are summarised in Table 14. It should be noted that the General Fund balance is the reserve of last resort and stands at 7.75% of the 2024/25 net revenue budget. Unrestricted usable earmarked revenue reserves remain at a critically low level, and it is essential that 2024/25 expenditure is contained within the approved budget in order to protect these balances. The intention over the period of the MTFP is to replenish these reserves to rebuild the Council’s financial resilience so that it can respond to unforeseen financial shocks outside of its control. The updated MTFP includes contributions to the Financial Resilience Reserve of £0.750m p.a. in 2025/26 and 2026/27, and then a further £0.500m p.a. in 2027/28 and 2028/29. Additionally, a further £0.500m is provided in the MTFP for the Change Fund from 2026/27, which can over time be used to fund service improvement and transformation. A breakdown

of the budgeted contributions and forecast balance on the Financial Resilience Reserve is shown in Table 13.

Table 13 – Financial Resilience Reserve budgeted contributions and forecast closing balance per year

Budgeted contributions to Financial Resilience Reserve & Forecast Balances (assuming no drawdown)					
Item	2024/25 Forecast Closing Balance £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Budgeted contributions in year 2025/26 - 2028/29		1.250	2.000	2.500	3.000
Cumulative forecast balance	5.467	6.717	8.717	11.217	14.217

Table 14– Reserves as at 31st March 2024 / 1st April 2024

Reserves - Closing Balance at 31st March 2024 / Opening Balance at 1st April 2024			
	Closing Balance 31/03/24 / Opening Balance 01/04/24 £m	Use of Collection Fund Balance £m	Revised Opening Balance 01/04/24 £m
General Fund Reserve	10.986	0.114	11.100
<u>Usable Earmarked Reserves</u>			
Restricted Use	1.880	-	1.880
Unrestricted Use	1.069	8.211	9.280
	2.949	8.211	11.160
<u>Unusable Earmarked Reserves</u>			
School Balances	(8.885)	-	(8.885)
Provisions	4.599	-	4.599
	4.530	-	4.530
Reserves as at 31st March 2023	14.179	8.325	22.504

Local Government Finance Settlement

- 4.54 The modelling of funding projections will be reviewed through the budget process to reflect new information as it becomes available. It is not expected that there will be any significant policy changes for the 2025/26 provisional finance settlement, given that no Technical Consultations have been issued by Central Government which would usually be the case if significant changes were planned. The provisional settlement is normally issued in late December 2024. The Government have announced that the Budget will be delivered on 30 October, there will be a one year settlement for 2025/26 and a three year Comprehensive Spending Review will be announced in Spring 2025.

Budget Development Timetable

- 4.55 It is proposed that the Council adopts the following timetable summarised in Table 15 and detailed in Appendix 2, so that suitable proposals to balance the MTFP 2025/26 to 2028/29 can be published for public consultation before final decisions are made by Council in February 2025.

Table 15 -2025/26 Budget Setting – Budget Timetable

2025/26 Budget Setting - Budget Timetable		
Date	Responsible	Action
August 2024 - end of October 2024	LMT / Executive	Development of budget savings proposals
4th December 2024	Executive	Executive - budget savings proposals agreed for consultation. Capital Programme review. 2025/26 Council Tax Base set
5th December 2024 - 8th January 2025	Finance	Budget Consultation period with public, political groups, OSB, business community & other stakeholders
Late December 2024 / Early January 2025	Finance	Consider Provisional Local Government Finance Settlement (usually available late December)
End January 2025		Final Local Government Finance Settlement to be considered
Mid - late January 2025	Elected Mayor / Executive / LMT	Amend budget savings proposals in light of consultation, feedback/updated officer advice and consider any alternative budget proposals
5th February 2025	Executive	Executive - agree final budget proposals for recommendation to Council
19th February 2025	Council	Full Council - to set 2025/26 revenue budget, 2025/26 Council Tax, revised MTFP to 2028/29 and Capital Strategy 2025/26

5. Other potential alternatives(s) and why these have not been recommended

5.1 The Council is required by law to set a balanced budget and this report sets out the development process and timeline for achieving that objective. Therefore, no other options are feasible.

6. Impact(s) of the recommended decision(s)

6.1 *Financial (including procurement And Social Value)*

6.1.1 This report represents the first step in a budget process that will continue over the coming months with further detailed consideration of the outcomes being evaluated prior to the Executive considering and approving a draft budget for public consultation in December 2024.

6.1.2 The budget process will culminate in the Chief Finance Officer's assessment of the robustness of the proposed budget and adequacy of reserves statement contained within the final report presented to Executive and Council in February 2025, followed by approval of the Budget, MTFP, Treasury Management Strategy and annual council tax by Council.

6.2 *Legal*

6.2.1 The Council is required under legislation to set a balanced budget for each year. The Medium Term Financial Plan and revenue and capital budgets form part of the

Council's policy framework, as set out in its constitution. The approach outlined within the document will enable the Council to operate within the resources available and continue to meet its many statutory duties.

6.3 Risks

- 6.3.1 The S151 Officer is required to provide statutory advice to the Council on the robustness of the budget estimates and adequacy of reserves, As such, an assurance was provided to Full Council at the time it set the 2024/25 budget it had been reasonably based on the best available information and assumptions.
- 6.3.2 However, the uncertainties of the economic environment over the short to medium term present a high risk to the authority as reflected in the pressures being experienced and reflected in the Quarter One forecast overspend in the 2024/25 financial year. It is essential that Chief Officers in consultation with Executive Members are focused upon developing and delivering financial recovery plans to control expenditure within the approved budget. Any actual overspend will increase the budget gap to be closed through savings and income proposals by the 2025/26 budget and MTFP to 2028/29.
- 6.3.3 The development of the Council's MTFP is periodically reviewed and will build upon projections for the current period and beyond as further details and analysis become available. Throughout the budget process a range of different options will be considered including various levels of council tax, investment, expenditure reductions and income generation proposals. These will be regularly reported and thoroughly considered as part of an iterative process involving LMT, the Elected Mayor and Executive Members. Impact assessments will be considered before final decisions are taken on whether to implement each proposal.

6.4 Human Rights, Public Sector Equality Duty and Community Cohesion

- 6.4.1 The Council must ensure that, in line with the Public Sector Equality Duty, that any budget saving proposals, other budget proposals, or proposed Council Tax increases thought to impact on those with protected characteristics are assessed, mitigated where possible and/or justified. As such impact assessments for any savings proposals will be undertaken as part of the budget process and included as part of the budget report to Council in February 2025.
- 6.4.2 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.

- 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.

6.4.3 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.

6.5 Climate Change / Environmental

6.5.1 There are no concerns that the proposals within the report will impact negatively on climate change or the environment.

6.6 Children and Young People Cared for by the Authority and Care Leavers

6.6.1 There are no concerns that the proposals within the report will impact negatively on children and young people cared for by the Authority and care leavers.

6.7 Data Protection

6.7.1 There are no concerns that the proposals within the report will impact negatively on data protection or GDPR.

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

Action	Responsible Officer	Deadline
Leadership Management Team (LMT) in consultation with the relevant Executive Member to prepare detailed plans and budget proposals in accordance with the Council's priorities and proposed budget strategy (paragraphs 4.27 and 4.28) taking account of periodic updates in MTFP assumptions.	Leadership Management Team (LMT) / Executive Members	31/10/24

That a further report is submitted to Executive on 4 December 2024 updating the MTFP and starting the consultation on budget savings proposal	Director of Finance / Head of Financial Planning & Support	04/12/24
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Appendices

1	Summary of legislation announced in His Majesty The King's Speech of 17 July 2024 impacting Local Government
2	Budget Timetable 2025/26 Budget Setting

Background papers

Body	Report title	Date
Executive	2024-25 Budget and MTFP – Application for Exceptional Financial Support	17/1/24
Executive	Middlesbrough Independent Improvement Advisory Board: First Update Report	17/1/24
Council	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	17/1/24
Council	Flexible Use of Capital Receipts Policy	17/1/24
Executive	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting	28/2/24
Executive	Prudential Indicators and Treasury Management Strategy Report – 2024/25	28/2/24
Council	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting, and Treasury Management Strategy 2024/25	8/3/24
Executive	2025/26 Budget and MTFP Approach and Timetable	22/5/24
Executive	2023/24 Revenue and Capital Outturn and development of MTFP	26/6/24
Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter One 2024/25	4/9/24

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

Email: andrew_humble@middlesbrough.gov.uk

Summary of legislation announced in King's Speech of 17th July 2024 impacting local government

Planning and housing

- **Planning and Infrastructure Bill** – accelerate the delivery of high-quality infrastructure and housing, including through planning reform to speed up and streamline the planning process. The Bill will include modernising planning committees and increasing the capacity of local planning authorities.
- **Renters' Rights Bill** – greater rights and protections for renters, including ending no fault evictions and reforming grounds for possession. The Bill will include abolishing Section 21 evictions, applying Awaab's Law to the whole sector and strengthening local authorities' enforcement powers.
- **Draft Leasehold and Commonhold Reform Bill** – reform for leasehold and commonhold. The Bill will include increasing leaseholder rights to make it easier for them to extend and buy their lease and regulating ground rents for leaseholders.

Devolution

- **English Devolution Bill** – give new powers to metro mayors and combined authorities which will support local growth plans. The Bill will include enhanced powers, the ability for local leaders to formally request 25 additional powers, a new 'right to buy' for community assets and a simpler process for creating new Combined and Combined County Authorities.
- **Better Buses Bill** – allow local leaders to take control of their local bus services through franchising and lifting the restriction on new publicly owned bus operators. The Bill will include removing the barriers that limit bus franchising powers to metro mayors and giving local leaders more control and flexibility over bus funding.

Education, skills and training

- **Children's Wellbeing Bill** – raise standards in education and promote children's wellbeing. The Bill will include strengthening multi-agency child protection and safeguarding, a duty on local authorities to maintain a Children Not in School register and provide support to parents home-educating, and requiring all schools to cooperate with local authorities on place planning, admissions and SEND inclusion.
- **Skills England Bill** – establish Skills England, a new partnership between businesses, providers, unions, Mayoral Combined Authorities and national government. The Bill will transfer some of the functions of the Institute for Apprenticeships and Technical Education (IfATE) to Skills England.
- The apprenticeship levy will also be reformed to become the Growth and Skills Levy.

Health

- **Mental Health Bill** – modernise the Mental Health Act so it is fit for the 21st Century, ensuring mental health is given the same attention and focus as physical health.
- **Tobacco and Vapes Bill** – progressively increase the age at which people can buy cigarettes and impose limits on the sale and marketing of vapes.
- There will also be legislation to restrict the advertising of junk food to children and the sale of high caffeine energy drinks to children.

Energy

- **Great British Energy Bill** – establish Great British Energy, which will help to accelerate investment in renewable energy. Local authorities expected to be a key partner.

Safety

- **Crime and Policing Bill** – strengthen community policing and give the police greater powers to deal with anti-social behaviour. The Bill will include a duty for local partners to co-operate on tackling anti-social behaviour, including an anti-social behaviour lead in every local authority area, and local Young Futures prevention partnerships to bring together services to support at-risk teenagers.
- **Victim, Courts and Public Protection Bill** – strengthen support for victims.
- **Terrorism (Protection of Premises) Bill** – improve the safety and security of public venues from threats of terrorism.

Other

- **Draft Equality (Race and Disability) Bill** – enshrine the full right to equal pay in law. The Bill will include mandatory ethnicity and disability pay reporting for larger employers (250+ employees).
- **Employment Rights Bill** – ban exploitative working practices and enhance employment rights. The Bill will include a Fair Pay Agreement in the adult social care sector.
- **Digital Information and Smart Data Bill** – the Bill will include a National Underground Asset Register of pipes and cables.
- There are also plans to strengthen the integrity of elections and encourage wide participation in the democratic process.

PUBLIC PROCESS**Initial MTFP 25/26**

	Deadline
Internal Review of MTFP by Finance and LMT, Policy Development Group	June / July
LMT report clearance	15 August
Pre-Executive agenda circulation	16 August
Pre-Executive	20 August
Executive agenda circulation	27 August
Executive (Also Q1 Budget Monitoring)	4 September

2025/26 budget & MTFP refresh (includes savings and starts consultation process)

LMT	7 November
Pre-Executive agenda circulation	15 November
Pre-Executive	19 November
Executive – special budget meeting (draft budget proposals & also Q2 budget monitoring) agenda circulation	26 November
Executive – special budget meeting (draft budget proposals)	4 December
Start of budget consultation period	5 December (5 weeks)
End of budget consultation period	8 January

2025/26 budget setting

LMT	9/16 January
Pre-Executive agenda circulation	17 January
Pre-Executive	21 January
Executive agenda circulation	28 January
Executive (Also Q3 Budget Monitoring)	5 February
Full Council agenda circulation	11 February
Full Council budget briefing	11 February
Full Council (budget setting)	19 February
Full Council (reserve budget setting)	2 March

Consultation

Political parties / members briefings	December
Public Consultation Meetings	December
Overview and Scrutiny Board agenda circulation	December
Overview and Scrutiny Board	December
Chamber of Commerce consultation	December

2025/26 Council Tax Base

LMT	7 November
Pre-Executive agenda circulation	15 November
Pre-Executive	19 November
Executive agenda circulation	26 November
Executive	4 December

MEMBER ENGAGEMENT

Policy Development Group

every 2 weeks starting 31/7/24

Financial Sustainability Working Group (all political parties)
- proposed meeting dates to be determined and agreed

22 August
w/c 19 September
w/c 24 October

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MIDDLESBROUGH COUNCIL

Report of:	Director of Finance
Relevant Executive Member:	Executive Member for Finance and Governance
Submitted to:	Executive
Date:	4 September 2024
Title:	Vulnerability Policy
Report for:	Decision
Status:	Public
Council Plan priority:	Safe and resilient communities
Key decision:	Yes
Why:	Decision(s) will have a significant impact in two or more wards
Subject to call in?:	Yes
Why:	Non urgent report

Proposed decision(s)

That Executive approves the refresh of the policy to address inconsistencies, updates and presentational issues that require minor amendments. The amendments are as follows:

- An update to the policy to reflect the way in which assistance is provided to those who are hard of hearing / deaf. This will be achieved through the use of British Sign Language interpreters and utilised for the resident via their agreed method of communication e.g. face to face, online etc;
- Reference to the Council's welfare strategy ([Welfare Strategy | Middlesbrough Council Open Data \(arcgis.com\)](#)) as this strategy was not formally in place when the previous Vulnerability policy was agreed;
- Confirmation that vulnerable residents will be signposted to the Benefits or Welfare Rights services to ensure that their income is fully maximised to support the repayment of any outstanding debts.

That delegated authority to approve any future minor revisions/modifications is provided to the Director of Finance and the Executive Member of Finance and Governance to reflect the financial / economic climate as necessary.

Executive summary

Middlesbrough Council has a responsibility to ensure that residents who are considered vulnerable and are experiencing financial difficulties, are supported in a fair and consistent manner in line with the Council's values and through its Vulnerability Policy.

The policy is subject to a regular 3 year review to ensure that it reflects any changes in legislation and provides clarity and guidance. Following the review there are some inconsistencies, updates and presentational issues that require minor amendments to the policy. These are referenced in the recommendations below.

1. Purpose

1.1 Following a review of the policy there are some inconsistencies, updates and presentational issues that require minor amendments to the policy, therefore it has been necessary to undertake a number of minor amendments as outlined above.

2. Recommendations

2.1 That Executive approves the refresh of the policy to address inconsistencies, updates and presentational issues that require minor amendments. The amendments are as follows:

- An update to the policy to reflect the way in which assistance is provided to those who are hard of hearing / deaf. This will be achieved through the use of British Sign Language interpreters and utilised for the resident via their agreed method of communication e.g. face to face, online etc;
- Reference to the Council's welfare strategy ([Welfare Strategy | Middlesbrough Council Open Data \(arcgis.com\)](#)) as this strategy was not formally in place when the previous Vulnerability policy was agreed;
- Confirmation that vulnerable residents will be signposted to the Benefits or Welfare Rights services to ensure that their income is fully maximised to support the repayment of any outstanding debts.

2.2 That delegated authority to approve any future minor revisions/modifications is provided to the Director of Finance and the Executive Member of Finance and Governance to reflect financial / economic climate requirements as necessary.

3. Rationale for the recommended decision(s)

3.1 The policy is a key decision that impacts on two or more wards and as such requires Executive approval.

- 3.2 The updated policy upholds good practice within democratic processes and enables the refreshed policy to maintain visibility with the Executive.
- 3.3 The minor amends will result in no changes to the threshold to services and support provided.
- 3.4 Delegated authority to the Director of Finance and Executive Member of Finance and Governance to approve future minor modifications to the policy maintains service operation levels. As a working policy, failure to keep pace with new legislation or working practices leaves the Council at risk and can result in inconsistent practices.
- 3.5 The proposals provide clarification and ensures vulnerable residents have a clear understanding of the Council's approach to any outstanding debts and the support that they will be provided with.

4. Background and relevant information

- 4.1 The Council recognises that some residents may be regarded as vulnerable for a variety of reasons and require support to repay any debts owed. There is no strict definition of 'vulnerable', although the policy does provide some information around a number of scenarios where this may apply. The list is not exhaustive, and it will be for officers to determine if someone is presenting as vulnerable. Once a resident has been identified as vulnerable and thus requiring support that an alternative approach to debt recovery should be considered.
- 4.2 The 3 year review provides the opportunity to refresh the policy and make the necessary amends. During the operational period of the policy, the Council has implemented the Welfare Strategy which brings together a number of services to provide a wide range of support for residents. This provides further assistance to the most vulnerable and will not only maximise income through the identification of any unclaimed benefit entitlement, but also provide wider opportunity to reduce debts through any free advice or available grant funded opportunities (such as discretionary housing payments or household support funding).
- 4.3 Through early intervention, alternative options for repayment of debt can be discussed and agreed and this may extend to working with a third party or liaising with a relative as and when required.
- 4.4 The minor amendments to the policy as outlined in para 2 will ensure that the current process for recovery remains transparent and consistent. This policy will continue with the principle that residents should only be required to pay what they can afford, whilst ensuring the debt is repaid in the long term.

5. Other potential alternative(s) and why these have not been recommended

- 5.1 Leave the policy unaltered: although the policy does not make any reference to the Welfare Strategy which is pivotal to the way in which debt recovery is now undertaken.
- 5.2 The current policy does not make any reference as to how those who are hard of hearing or deaf would be treated which should be a consideration. In addition, the existing policy

does not provide confirmation of how the Council can support residents to maximise benefit entitlement through the identification of any unclaimed benefits.

6. Impact(s) of the recommended decision(s)

6.1 *Financial (including procurement and Social Value)*

6.1.1 There is no additional cost to the Council in respect of the proposed minor changes to the policy as the changes relate to how vulnerable residents will be assisted.

6.2 *Legal*

6.2.1 It is best practice for the Council to have a Vulnerability Policy, however, it is not a legislative requirement. Middlesbrough Council has designed a suitable policy under which to assess those residents considered to be vulnerable in respect of owing debts to the Council.

6.2.2 There are no other legal implications around this policy.

6.3 *Risk*

6.3.1 The review of the Vulnerability policy ensures that there is adequate governance in place, and the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054). In addition, by now reviewing the scheme every 3 years, the Council continues to effectively review and amend the scheme to comply with any new legislative changes (Risk 08-055).

6.4 *Human Rights, Public Sector Equality Duty and Community Cohesion*

6.4.1 There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law.

6.5 *Climate Change / Environmental*

6.5.1 There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.

6.6 *Children and Young People Cared for by the Authority and Care Leavers*

6.6.1 This policy will have no impact on children and young people cared for by the Authority and Care Leavers.

6.7 *Data Protection*

6.7.1 The collation and use of personal data will be managed in accordance with the Council's Data Protection policy, the Central Debt Management Data Protection Impact Assessment (DPIA080) and the Council's relevant Privacy Notices

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

Action	Responsible Officer	Deadline
<p>The Vulnerability Policy will be updated as outlined above, subject to Executive approval.</p> <p>Publish updated policy and information on the Council’s website by 9 September 2024.</p>	<p>Janette Savage</p>	<p>9 September 2024</p>

Appendices

Appendix A – Final Vulnerability Policy

Appendix B – Initial Impact Assessment Vulnerability Policy

Background papers

No background papers were used in the preparation of this report.

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Distribution List				
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0.5	15.7.2024	ASC		MB
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1. Summary

- 1.1 Middlesbrough Council recognise that residents who are experiencing financial difficulties may be vulnerable, this could be the prime reason for their vulnerability, or it may be due to another vulnerability that results in the resident overlooking/disregarding their payment obligations. As a result, the Council has an obligation to ensure that all elements of its work are consistent with the Council Plan and the organisational values.
- 1.2 To support this, the Council will take positive steps to put in place reasonable adjustments and appropriate support to take account of any identified vulnerabilities and to ensure each resident is not at risk of undue detriment when Middlesbrough Council is seeking to secure outstanding debts or monies due to the Council.

2. Context

- 2.1 The policy forms part of the Council's strategic approach to debt management and resident welfare and should be read in conjunction with the Council's Corporate Debt Management Policy [Corporate debt management policy 2024-2027 \(middlesbrough.gov.uk\)](https://www.middlesbrough.gov.uk) and the Council's Welfare Strategy [Welfare Strategy \(arcgis.com\)](https://www.arcgis.com)

3. Purpose

- 3.1 The purpose of this policy is to provide clear guidance for all Council officers, external partners and Middlesbrough residents where collectable debt is being considered and where a vulnerability in a resident is identified or suspected.

4. Legislative, Policy and Regulatory Framework

- 4.1 Key elements of the legislative and regulatory framework relevant to this policy are set out below:

Equality Act 2010	Is an amalgamation of previous anti-discrimination laws. It is a law which protects from discrimination of unfair treatment on the basis of certain personal characteristics such as age
General Data Protection Regulation 2016 (GDPR) and Data Protection Act 2018 (DPA2018)	The GDPR/DPA2018 place a duty on the Council to comply with the data protection principles relating to processing of personal data: (1)(a) Lawfulness, fairness and transparency; (1)(b) Purpose limitation; (1)(c) Data minimisation; (1)(d) Accuracy; (1)(e) Storage limitation; (1)(f) Integrity and confidentiality (security); (2) Accountability (including the rights of data subjects).
Freedom of Information Act (FOIA) 2000	Under the FOIA, the Council has a duty to make information available to the public upon

	request, unless specific exemption(s) apply. It is also obliged to proactively and routinely publish information that has been frequently requested in the past in its Publication Scheme. Information requests frequently include requests for information held in emails.
Local Government Acts 1972, 1985, 1988 and 1992, Lord Chancellor's Code of Practice on Records Management (S46 Freedom of Information Act)	Establishes requirements to manage records and information, and gives implied authority to share certain kinds of information with partners.
Care Act 2014	Established to protect vulnerable adults from mistreatment and improve their quality of life.
Family Law Act 1996	An Act of Parliament governing divorce and marriage.
Safeguarding Vulnerable Groups Act 2006	An Act to make provision in connection with the protection of children and vulnerable adults.
Modern Slavery Act 2015	An Act designed to combat modern slavery in the UK.

- 4.2 The policy should be read in conjunction with the Council's wider relevant policies, as set out below, and is not intended to replace any in current operation; should any conflict arise, the existing policies should take precedence.

Data Protection Policy	This summarises the Data Protection Policy position of Middlesbrough Council and how it will comply with legislation, and associated codes of practice and official guidance in relation to the processing of personal data.
Records Retention Schedule	This defines how long different records should be retained to comply with legal, regulatory or other requirements and the proper arrangements for archiving and destruction.
Records Management Policy and supporting procedures	This provides a framework for ensuring that the Council's records are well kept and that the systems used to hold them are fit-for-purpose.
Information Security and Infrastructure Security Technical Policies	These set out policies and standards for the management and maintenance of the security of Council infrastructure and applications.
Vital Records Standards	This sets out how vital records will be identified and the steps to be taken to ensure their protection and preservation.

5. Scope

- 5.1 The policy extends to any Council service that collects debts or seeks to recover any payment obligations for or on behalf of Middlesbrough residents/customers and applies

to Council employees, residents and organisations that provide services to/or on behalf of the Council.

6. Definitions & Risk Factors Associated with Vulnerability

- 6.1 The definition of vulnerability can vary widely. In addition, it can be permanent, transient or progressive. An individual may be classed as vulnerable by virtue of being a young person with autism living independently for the first time, a single parent with dependent children who has recently become unemployed, or someone diagnosed with a terminal illness.
- 6.2 A vulnerable person is someone who, due to their personal circumstances is especially susceptible to detriment and who by characteristics and/or circumstances, is unable to act or respond appropriately to certain circumstances. This can also be any individual who is, or may be, in need of help or support due to mental health difficulties, disability, age, illness or frailty and who are, or may be, unable to look after their home and/or their wellbeing or unable to protect themselves from harm or exploitation by others.
- 6.3 Age UK define vulnerability as follows: "Vulnerability is not something that affects other people. Any of us, at any time may need care and support". Age UK identify a vulnerable person as:
- a) A child – (a resident under the age of 18)
 - b) Someone who falls beneath the classification of a 'vulnerable adult'
 - c) Someone in a situation causing vulnerability i.e. in a 'vulnerable situation'
- 6.4 There are many factors that may increase vulnerability, for example, mental health difficulties such as stress, anxiety, depression and diagnoses such as dementia, bipolar disorder and schizophrenia.
- 6.5 There may be risk factors associated with a person developing mental health difficulties. This can include:
- a) Biological factors caused by genetics or hormone imbalance;
 - b) Physical factors such as disabilities;
 - c) Social factors, such as poverty, deprivation, being a victim of domestic abuse, unemployment or isolation; or
 - d) Psychological factors which refer to the kind of person someone is and the way they cope with life demands.
- 6.6 Many people may have an increased risk of vulnerability. These factors may include, however are not exhaustive:
- a) A medical condition affecting their mental or physical health;
 - b) A learning or physical disability;
 - c) Language barriers;
 - d) Substance misuse and /or an addiction;
 - e) A recent history (or at risk) of homelessness;
 - f) Financial problems, such as debts;
 - g) Being a victim of domestic abuse or hate crime;
 - h) Arrears with mortgage or rent with a possible eviction pending;
 - i) A relationship breakdown or suffered a bereavement;
 - j) Difficulty in sustaining a tenancy and at risk or losing their home;

- k) Being admitted to hospital or other institutional care;
- l) Resident of any care setting
- m) Recently released from prison

6.7 There are also a number of signs which may give rise to concerns around vulnerability which include, however are not exhaustive:

- a) Living alone and experiencing loneliness;
- b) Self-neglect;
- c) Difficulty managing housekeeping and everyday tasks;
- d) Frailty ;
- e) Having mobility problems;
- f) Having a physical disability or other sensory difficulty;
- g) Hoarding or other behaviour which results in health and safety issues or damage to Council property/or a Council partner organisation's property;
- h) Erratic behaviour;
- i) A lack of response to correspondence, telephone calls or visits;
- j) Being a victim or perpetrator of anti-social behaviour or harassment;
- k) Having/experiencing difficulties managing finances and paying bills;
- l) Having a history or addiction or substance misuse.

6.8 With no clear definition, this places some ambiguity around what is considered as vulnerable. On that basis, Middlesbrough Council recognises that vulnerability can take many forms and can be multi layered. With no absolute definition each identified or suspected case should be considered with the understanding that any resident may at some point need some element of care and support in meeting payment obligations.

7. Policy Operation

7.1 The policy will be adopted corporately.

7.2 Specialist partner organisations will be utilised to provide training, and organisations participating in the Council's Financial Inclusion Group (FIG), will be advised of the corporate approach and updated accordingly.

7.3 Where reasonable to do so the Council will work with residents to agree the most suitable method to recover outstanding monies and identify the most appropriate payment method.

7.4 Appropriate recording of information against the individual provides to aid the management of their vulnerabilities and that may influence the ability to meet payment obligations (see also section 10 Data Protection).

7.5 The Council will carefully consider the circumstances before taking any action. If there is no engagement and further action is necessary an appointment will be attempted with the resident before progressing with any next steps.

7.6 Officers may refer individuals to the Authority's advice and support hub for additional information www.middlesbrough.gov.uk/advice/support or signpost residents to external support organisations for additional advice and support subject to the individual's wishes and any legal obligations placed on the Council.

- 7.7 Standard recovery processes will be adapted if the Council is aware that an individual is vulnerable to minimise hardship or distress, and this will be clearly explained through the appropriate communication methods.
- 7.8 Benefit entitlements will be checked at the time of discussion to ensure that opportunities are maximised to support any agreed repayments.
- 7.9 Home visits may be considered where medical conditions or other circumstances may limit interaction. Joined up visits with other relevant services will also be considered where necessary. Other digital ‘video calls’ may also be utilised as alternative solution to a home visit.
- 7.10 The following is intended to provide an example of what additional steps can be taken in supporting vulnerable residents:

Low literacy, numeracy and financial capability skills/communication difficulties	Aim to respond to such cases based on individual requirements. Staff will be patient, respectful, and clear in their forms of communication. Letters will be written in plain English. Where English is not a first language officers will sign post residents/customers to organisations that can support residents/customers with translation. Officers through consent will request/seek support from family member’s etc to support discussions. For those who are hard of hearing / deaf, we will offer face to face meetings with the British Sign Language interpreters.
Age	Whilst age itself does not suggest vulnerability, Officers should be aware that some circumstances may present vulnerabilities, such as there may be a greater reluctance to use digital solutions, there may be issues around age related deafness, or poor sight, that mean standard solutions may not be suitable. The use of face-to-face appointments, supported self-serve etc should be considered alongside other support agencies.
Competency	There may be occasions, where a determination has been made under the Mental Capacity Act 2005 that prevents a customer/resident from making specific decisions. Should this be the case we will seek to determine if there is a power of attorney in place or seek approval to speak to a family member or friend.
Single Parent Families.	There may be times when Single Parent Families are not able to make certain appointment times. Officers should wherever possible should work around school times and provide appointments that prevent conflict with childcare arrangements.

- 7.11 If it is brought to the Council’s attention that a situation is present/or has arisen, where a child or a vulnerable adult is suspected or known to be at risk of abuse, Officers will refer to the Council’s Safeguarding Policies and will liaise with relevant Council Officers/Agencies in raising concerns.
- 7.12 To ensure policy operation is as effective as possible, the Council encourages residents to consider and advise the Council at the earliest opportunity in relation to:
- a) Circumstances that may affect a resident’s vulnerability status: further information may be sought to better understand these circumstances;

- b) Provide information re financial circumstances including other debts held with the Council to help the service provide a better service;
- c) Provide the Council with the relevant authority to speak to a family member or friend if it is felt this would better suit the circumstances;
- d) Keep the service informed of any changes to circumstances and respond to requests from the Council;
- e) Uphold the arrangements and payment agreements that have been put in place to support the individual circumstances;
- f) Progress any actions which have been agreed following discussion with the Council;
- g) Engage with the services that officers have signposted to or authorise the Council to liaise directly with these services.

8. Recovering Debts/Money due to the Council

- 8.1 The Council has a statutory obligation to recover outstanding debts/monies due and bases its decision on what is known and what can lawfully be shared between the Council’s services.
- 8.2 In addition, there may be instances where residents who are vulnerable have not been identified, in these circumstances all recovery action will be taken in line with the relevant legislative requirements. Once it becomes apparent that a vulnerability exists, additional reasonable and proportional steps will be introduced (at any given stage) to provide further support to residents.
- 8.3 Any information provided will only be used on an appropriate lawful basis. The Council will provide secure means to hold this information where it applies to this policy. Information will only be sought where there is a potential or suspected vulnerability.
- 8.4 Managers and employees will ensure that only relevant information pertaining to the residents/customers vulnerability and where it is linked to the discharging of debts or monies due will be recorded.
- 8.5 The key principles that the Council will adopt when undertaking recovery are outlined below:
- a) Understand the needs of vulnerable customers and take reasonable care to ensure the advice provided is suitable and appropriate;
 - b) Utilise other specialist agencies where appropriate to provide the best support available;
 - c) Communicate effectively in ways that are clear, fair and not misleading;
 - d) Avoid pre-determined outcomes and consider each customer’s individual circumstances.
 - e) Be considerate and respect our residents/customers’ fundamental rights and freedoms.

9. Roles and Responsibilities

Head of Service – Resident and Business Support.	Overall responsibility for the delivery of the Resident and Business Support service and the Policy Owner.
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Records Manager	Responsible for the development and implementation of the corporate Records Management Policy and Retention Schedule, and for this email policy, which underpins them. Will liaise with the Data Protection Officer.
Strategic Business Managers/All Managers	Responsible for overseeing day-to-day compliance with this policy and the standards set out within it by their staff and other personnel they manage or commission. This includes:
All staff, contractors, consultants, interns and any other interim or third parties	Responsible for compliance with this policy.

10. Data Protection

10.1 The collation and use of personal data will be managed in accordance with the Council's Data Protection policy, the Central Debt Management Data Protection Impact Assessment (DPIA080) and the Council's relevant privacy notices.

11. Monitoring and Review

11.1 The implementation and effectiveness of this policy and its supporting procedures will be monitored and reported on by the Head of Service owner and associated management team.

11.2 A full review of the policy will be undertaken every 3 years, to ensure processes remain fair and in line with legislation and best practice.

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Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Vulnerability Policy			
Coverage:	Crosscutting			
This is a decision relating to:	<input checked="" type="checkbox"/> Strategy	<input checked="" type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input checked="" type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input 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 type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/> 3 year review
Description:	<p>Key aims, objectives and activities To assess the impact of proceeding with an updated Vulnerability Policy.</p> <p>Statutory drivers The Council does not have a statutory legal obligation to hold a Vulnerability Policy however it is good practice</p> <p>Differences from any previous approach The policy will undergo a 3 year review</p> <p>Key stakeholders and intended beneficiaries (internal and external as appropriate) Key stakeholders: the Council; Council tax payers; local business community,</p> <p>Intended outcomes. To seek the adoption of an updated Vulnerability Policy</p>			
Live date:	In review			
Lifespan:	Until Further Notice (review every 3 years)			
Date of next review:	September 2027			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	☒	☐	☐	No evidence to suggest that the strategy will have an adverse impact on individuals in terms of human rights.
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	☒	☐	☐	No evidence to suggest that the strategy will have an adverse impact on individuals in terms of equality.
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	No evidence to suggest that the strategy will have an adverse impact on relationships between different groups, communities of interest or neighbourhoods within the town.
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.				

Assessment completed by:	Martin Barker	Head of Service:	Janette Savage
Date:	15.7.24	Date:	15.7.24

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