

EXECUTIVE

Date:	Wednesday 13th November, 2024
Time:	2.00 pm
Venue:	Mandela Room

AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes - Executive - 28 October 2024 3 - 6

THE MAYOR

4. Middlesbrough Council: Target Operating Model 7 - 24

EXECUTIVE MEMBER FOR FINANCE

5. Capital Programme Governance Improvement 25 - 52

EXECUTIVE MEMBER FOR DEVELOPMENT

6. Corporate Asset Management Plan 2024/ - 2027/28 53 - 94
7. Review of Alternative Operating Models for the Captain Cook Birthplace Museum 95 - 118
8. Southlands Community Facility and Sporting Hub 119 - 148
9. Any other urgent items which in the opinion of the Chair, may be considered.
10. Exclusion of Press and Public

To consider passing a Resolution Pursuant to Section 100A (4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of the following items on the grounds that if present there would be disclosure to them of exempt information falling within paragraph 3, of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. **EXEMPT - Southlands Community Facility and Sporting Hub - Appendices 1d to 2f**

149 - 168

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 5 November 2024

MEMBERSHIP

Mayor C Cooke (Chair) and Councillors T Furness, P Gavigan, L Henman, J Ryles, P Storey, J Thompson 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 Monday 28 October 2024.

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

ALSO IN ATTENDANCE: D. Hodgson (Local Democracy Reporting Service)

OFFICERS: M Adams, S Bonner, R Brown, B Carr, C Cunningham, G Field, A. Glover, C Heaphy, R Horniman, J Savage, E Scollay and J Tynan

APOLOGIES FOR ABSENCE: Councillors T Furness and P Storey

24/35 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Mayor welcomed everyone to the meeting and explained the fire evacuation procedure.

24/36 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Nature of Interest
Mayor Chris Cooke	Non-Pecuniary	Agenda Item No. 5 – Member of the Health and Wellbeing Board

24/37 **MINUTES - EXECUTIVE - 2 OCTOBER 2024**

The minutes of the Executive meeting held on 2 October 2024 were submitted and approved as a correct record.

24/38 **HEALTH AND WELLBEING STRATEGY**

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

The Mayor clarified that Executive were being asked to note the report and attached strategy.

The purpose of the report was to ask Executive to note the Health and Wellbeing Strategy which was approved at Health and Wellbeing Board on 12th September 2024. The Health and Wellbeing Strategy was owned by the multi-agency LiveWell South Tees Health and Wellbeing Board and was a statutory requirement. The Strategy was built around nine ambitious missions, each of which is supported by relevant goals that further articulate and explain the mission. The strategy supported the Council Plan 2024-2027.

The Council Plan (2024-27), which was agreed by Council in March 2024, aimed to create a healthier, safer and more ambitious town. The Plan was built on four key pillars:

- A successful and ambitious town
- A healthy place
- Safe and resilient communities
- Delivering best value

The Health and Wellbeing Strategy was built around nine ambitious missions, each of which was supported by relevant goals that further articulated and explained the mission. The individual missions were detailed in the report.

The Deputy Monitoring Officer clarified a minor amendment to the report was required at paragraph 2.1. The proposed amendment changed paragraph 2.1 to read "that the Executive notes the Health and Wellbeing Strategy that was approved by the Health and Wellbeing

Board on the 12 September 2024” rather than “that the Executive approves the adoption of the Health and Wellbeing Strategy in support of the delivery of the Council Plan (2024 – 2027)”.

ORDERED that the proposed amendment to paragraph 2.1 be approved.

AGREED that Executive noted the Health and Wellbeing Strategy that was approved by the Health and Wellbeing Board on the 12 September 2024.

OPTIONS

The Health and Wellbeing Strategy was owned by the multi-agency LiveWell South Tees Health and Wellbeing Board and was a statutory requirement for both the Council and the Integrated Care Board (NHS). The framework and mission-led approach was agreed through LiveWell South Tees Health and Wellbeing Board in September 2022 which in turn informed the development of the Joint Strategic Needs Assessment (JSNA). The recommendations in the Health and Wellbeing Strategy are drawn from the JSNA.

The development of the JSNA involved more than 500 people (through workshops, meetings, attendance at key partnership boards and via email) which included more than 100 organisations and teams.

REASONS

LiveWell South Tees was a formal statutory committee of the Council, and provided a forum where political, clinical, professional and community leaders from across the health and care system came together to improve the health and wellbeing of their local population and reduce health inequalities as described in the Health and Social Care Act 2012.

The Health and Wellbeing Strategy tackled complicated problems which could not be solved by any single agency, as described in the missions, and committed a wide range of partners to working together to explore local issues and challenges, agree priorities to respond collaboratively, using collective resources.

The Joint Strategic Needs Assessment (JSNA) had been developed across a broad range of partners and provides the intelligence behind the missions.

The Health and Wellbeing Strategy contributed to all elements of the Council Plan (2024 – 2027) and was a vehicle for engaging partners to contribute to the delivery of that Plan.

24/39

HOUSEHOLD SUPPORT FUND 2024/2025

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

The report sought approval of the Household Support Fund Scheme (HSF) for the second half of 2024/25 and sought delegated authority be provided to the Director of Finance to make any modifications or minor revisions to the scheme and make decisions in respect of any remaining funds to ensure they are distributed in line with the guidance and within the defined timescales. Any revisions or modifications would be made in consultation with the Executive Member for Finance and Governance.

On 2 September 2024, the Secretary of State for Work and Pensions announced that the HSF would be extended for a further 6 months, from 1 October 2024 to 31 March 2025. A hyperlink was provided as part of the report that provided further information on this.

Each local authority was required to prepare a local scheme to determine how the funding provided would be allocated. The grant amount allocated to Middlesbrough was £1,653,614.95.

Government guidance required local authorities to clearly advertise the scheme to residents,

including publication on the Council's website. The value of individual awards was to be determined by local authorities in accordance with the parameters set out in the guidance.

The proposed scheme was based on the Council's previous successful HSF schemes and further extended to include an additional amount for pensioners who would not be eligible for the state Winter Fuel Payment under recently changed criteria.

The scheme was designed to support vulnerable residents and low-income households that included children, pensioners, people with disabilities and other households who may be experiencing financial difficulties brought about by the economic challenges. The proposed scheme was set out in Table 1.

The Executive Member advised Executive that an amendment was required at the fourth point in table 1. The criteria in that part of the table included the addition criteria of having less than £6,000 savings, earning less than £30,000 if single or £50,000 if a couple and not in receipt of any benefits. Executive was also advised a full list of criteria would be added to the Council website.

Executive welcomed the report and was advised that communications would be sent to the public in different formats to publicise the Household Support Fund. The Executive Member for Finance and Governance also encouraged all Councillors to promote the Household Support Fund in their wards.

ORDERED that Executive:

1. **Approves the HSF delivery plan for 2024/25, which would be delivered between 1 October 2024 and 31 March 2025 and was set out in Table 1 of the report to target the main groups below where each has a Council Tax or rental liability for their home:**
 - **Families with children in receipt of benefits.**
 - **Pensioners in receipt of Council Tax Reduction but not eligible for the Winter Fuel Payment.**
Pensioners who are not in receipt of Council Tax Reduction subject to the qualifying criteria (listed in table 1, para 4.7).
 - **Singles/Couples which includes those of pensionable age in receipt of benefits.**
 - **Application-based awards for residents not in receipt of CTR or other benefits**
2. **Approves that any remaining funds following implementation of the delivery plan were allocated to Council Tax accounts, with a then current award of CTR and where an outstanding balance remained following the issue of a summons in the 2024/25 financial year. The Council also reserved the right to widen the group to include those accounts not in receipt of CTR. Priority would be given to taxpayers who did not receive HSF from the allocation that remained in September 2024, with the intention that the balances for those in each group would be reduced by the same extent across both schemes so far as is possible.**
3. **Approves that delegated authority is provided to the Director of Finance to make any modifications or minor revisions to the scheme and make decisions in respect of any remaining funds to ensure they were distributed in line with the guidance and within the defined timescales. Any revisions or modifications would be made in consultation with the Executive Member for Finance and Governance.**

OPTIONS

Do nothing. Without a suitable scheme with sufficient defined criteria approved by the Council's Executive and presented to the DWP, the funds would not be able to be utilised by the Council to benefit vulnerable residents and low-income households and would need to be repaid to the DWP.

Funding could be distributed differently amongst the groups identified or across

different groups. The plan presented had taken account of the government guidance and experience gained through prior schemes to ensure maximum reach to those in need of support.

REASONS

The Urgent decision was required as Central Government advised of a further round of the HSF. This funding had been due to end on 30 September 2024, the guidance on this was not provided until 24 September 2024, and the HSF delivery plan must be submitted to the DWP by the 1 November 2024, hence the short timescale for implementation.

As the forward work programme requirements in Part 6.32 of the constitution cannot be met, the decision could still be taken in accordance with the General Exception in part 6.35 of the constitution as it is impracticable to defer the decision until it has been included in the next forward work programme and the formalities in part 6.35 have been complied with.

Central Government has provided funding to Local Authorities through the HSF to provide crisis support to vulnerable households in most need with the cost of essentials.

The Council needs to confirm an approach and submit an approved delivery plan to the DWP by 1 November 2024 for awards to be made between 1 October 2024 and 31 March 2025.

The policy is a key decision that impacts on two or more wards and will incur expenditure above £250,000.

The minor amendments that may be required will result in no changes to the threshold to services and support provided.

That delegated authority is provided to the Director of Finance to make any modifications or minor revisions to the scheme and make decisions in respect of any remaining funds to ensure they are distributed in line with the guidance and within the defined timescales.

Any revisions or modifications will be made in consultation with the Executive Member for Finance and Governance.

24/40

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

None.

The decision relating to agenda item 5 (Health and Wellbeing Strategy) will come into force after five working days following the day the decision was published unless the decision becomes subject to the call in procedures.

The decision relating to agenda item 6 (Household Support Fund) will come into force immediately as they were considered under urgency provisions.

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Legal and Governance Services
Executive Member:	Mayor Chris Cooke
Submitted to:	Executive
Date:	13 November 2024
Title:	Middlesbrough Council: Target Operating Model
Report for:	Decision
Status:	Public
Council Plan priority:	All
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Subject to call in:	Yes
Why:	Non urgent report, placed on Executive work programme

Proposed decision(s)
<p>That Executive:</p> <ul style="list-style-type: none"> a) Approves in principle the emerging target operating model; b) Approves the continued development and refinement of the proposed target operating model and its intended direction of travel and; c) Notes the next steps required to implement the target operating model and develop supporting operational strategies.

Executive summary
<p>This report outlines the Council's proposed target operating model; a necessary tool required to effect the succinct and timely delivery of the Council's Transformation Programme and which presents a fundamentally new way of working for the organisation.</p> <p>The model demonstrates how Middlesbrough Council could and should operate in order to ensure that the organisation's budgets are balanced alongside cohesive service</p>

delivery, which better meets the needs of residents using approaches that are effective, valuable and sustainable.

The Council Plan 2024-2027 sets out what the Council is trying to achieve for the town and its residents, and the target operating model will become the mechanism that ensures that plan is delivered.

The development and implementation of the target operating model is the next step in the Council’s transformation and continuous improvement journey, as we *reset* and *recover* our financial position to one of resilience, whilst ensuring we *deliver* affordable services designed around the needs of residents, businesses and visitors.

1. Purpose

The purpose of this report is:

- To articulate how the activity of the organisation will be aligned to ensure an integrated and cohesive approach, whilst expressing the Council’s ambitions for its future within a target operating model for Middlesbrough, to support improved outcomes and financial stability.
- To gain Executive support for the principles of the model and consent to continue with its development, enabling the Council to *reset*.
- To outline the intended approach to develop the supporting strategies which will support transformation of the Council and bring the target operating model to life.

2. Recommendations

It is recommended that the Executive:

- Approves in principle the emerging target operating model;
- Approves the continued development and refinement of the proposed target operating model and its intended direction of travel and;
- Notes the next steps required to implement the target operating model and develop supporting operational strategies.

3. Rationale for the recommended decision(s)

The proposed target operating model is essential for establishing the optimum management and staffing structure and effective processes. It also presents an opportunity to further support the Council’s Transformation Programme, whilst setting out the roadmap for the Council we want to be and how we will get there, delivering better outcomes for residents from a lower cost base.

This model will see the Council become ever more focused on the needs of our customers, moving us closer to our communities and helping deliver better outcomes. Our services will be designed around the needs of residents, businesses, and visitors. Services and teams from across the Council will work smarter together for the good of the town.

The model presents the Council with increased opportunities for redesigning service delivery in a way that is cohesive, targeted, efficient, impactful, and cost-effective. There

is scope for this to occur as implementation of target operating model will not be a one-time change but

rather phased, allowing for ongoing evaluation and adjustment to ensure certainty in delivery.

The flexible approach of the model would build confidence amongst our stakeholders that Middlesbrough Council is a Council that is fit for the future and responsive to the needs of our communities.

The organic nature of this model will enable development of further supporting operational strategies alongside the phased implementation of the target operating model, given the integrity of the model and synergy between strategies, as the model evolves over time.

4. Background and relevant information

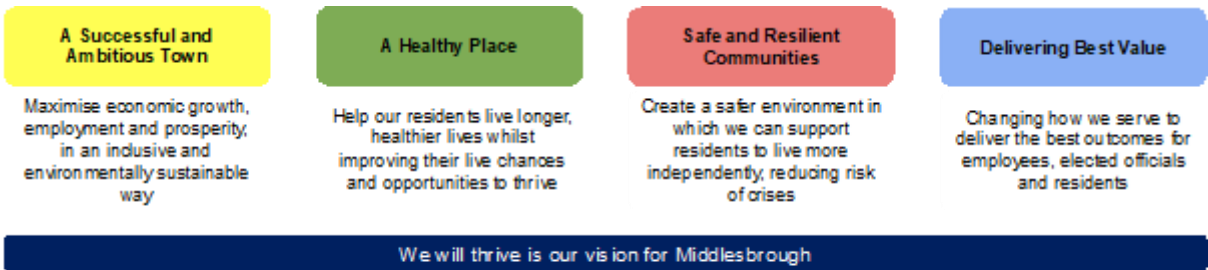
The model links to the Council Plan which sets out our ambitions across 2024-27 as well as outlining the Mayor’s vision for Middlesbrough and the Council’s four key priorities.

5. Vision

The vision for Middlesbrough is a thriving, healthier, safer, and more ambitious place where people want to live, work, invest and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.

6. Ambitions

In the Council Plan 2024-27, the Mayor set out his ambition to recover, reset and deliver for the people of Middlesbrough and so the four priorities of the Council Plan 2024-27 focus on the future wellbeing of our communities and which also provide a crucial foundation for our Transformation Programme.



"We will build a Middlesbrough people want to be part of. Our town will always be a place where heritage meets innovation. Our ambitions are all focused on the future happiness of our communities".

7. Values

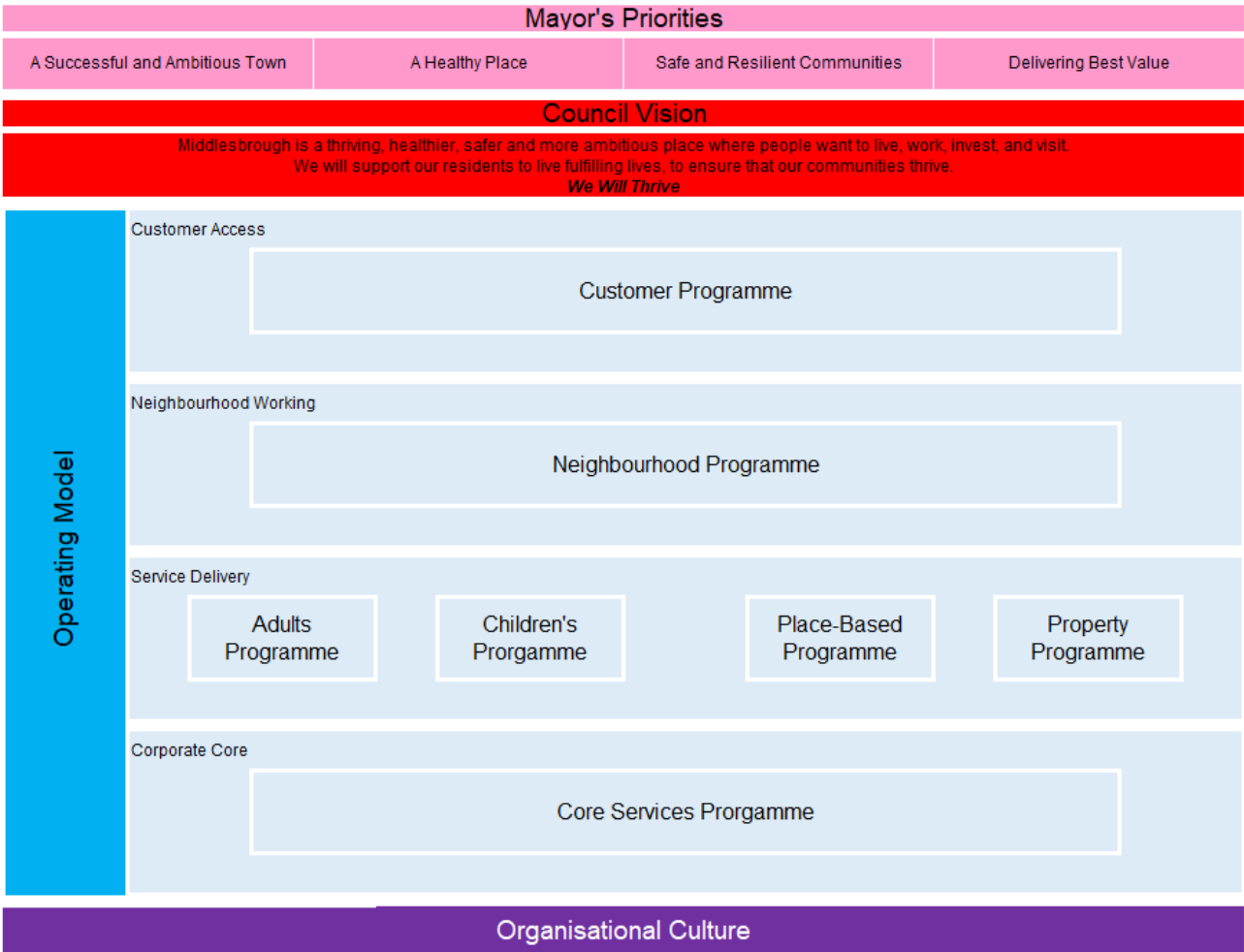
Our Values are at the heart of everything we do at Middlesbrough Council. They are a critical element of our strategy to create a brighter future for Middlesbrough, and the foundation for how we operate, interact, and make decisions.

From creative ideas, to working collaboratively within the organisation and with external agencies, to being passionate about doing things better - we can make a real difference to the people and place we serve.

- Passion. We believe in Middlesbrough and are proud to work for the town.
- Integrity. We are open and transparent and treat everyone with respect.
- Creativity. We have courage to try new ideas and new ways of working.
- Collaboration. We work with others to make Middlesbrough better.
- Focus. We are clear about what we will deliver to meet the needs of the town.

8. Target Operating Model

The proposed model illustrated below and further detailed in the Appendix to this report will guide how the Council operations will be further defined to both enable the delivery of the Council’s ‘Recover, Reset, Deliver’ Transformation Programme, as well as determine its future target operating state, as focus shifts to continuous improvement and an improved organisational culture through its four layered approach.



Although not unique, Middlesbrough Council has experienced significant and protracted funding cuts from Central Government, with a 46% drop in one decade alone, whilst demand on services coupled with costs for their delivery has risen exponentially.

This pressure has driven the Council's need to modernise the way it delivers services and engages with the community. New approaches, utilising emerging technologies, are required to reduce costs and improve outcomes for residents to ensure that services are sustainable and that balanced budgets are achieved into the long term.

The model highlights collaborative cross cutting approaches to delivery which would see Council services redesigned around the customers we serve in a bid to reduce costs and improve the effectiveness of their experience. This would result in increased accessibility of services, reductions in repeat interactions and the provision of more sustainable solutions.

The proposed target operating model presents opportunities for dynamic, coordinated and responsive approaches to service delivery which where appropriate are cocreated with local partners.

The model intends to build in a continuous improvement cycle allowing the organisation to monitor and proactively respond to external factors, keep pace with best practice and innovation, and act in an agile manner as challenges and opportunities emerge.

The Council's current phase of the Transformation Programme is already trialling and operating under some of the guiding principles of the proposed target operating model. Its adoption would see a fundamental shift in how the Council operates, but this is deemed necessary to further the Council's transformation goals, avoid financial failure, enhance service quality, improve outcomes for residents and build credibility within the community.

9. Supporting strategies

It is crucial that the Council has a cohesive approach to all of the elements that will deliver operationally to ensure that everything it does, contributes towards the Vision, Council Plan priorities, and is aligned to the target operating model principles.

Customer. The Customer Model element of the Target Operating Model, will set out a new, customer-focused approach that removes silos, improves outcomes and reduces costs, articulated in a refreshed Customer Strategy to be brought to Executive.

Neighbourhoods: The Neighbourhood working model element of the Target Operating Model, will set out how we place ourselves in our neighbourhoods and communities to co-produce solutions with partners.

Digital: The Digital Strategy element will outline how we will better use digital technologies to achieve our goals, through a roadmap which ensures that our digital presence is current, meets user needs and is future proofed.

Further supporting operational strategies will be developed and brought to Executive, in the coming months.

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

Don't adopt the proposed Target Operating Model

This would result in a business-as-usual approach for Middlesbrough Council. It would not allow the Authority to capitalise upon the array of available opportunities for cultural transformation for the both the organisation and residents. The potential to collaborate more broadly and efficiently with partners could also be lost. Departmental structures with vertical lines of reporting would remain and the opportunities to build financial resilience could stagnate.

Adopt a portion / elements of the model

There is scope to adopt some elements of the model whilst redesigning others, however this would delay implementation and could result in disjointed and ineffective delivery in the interim. This would present a risk to the long-term credibility and understanding of the model and its outcomes for both staff and residents. Consequently, this could present financial and reputational damage to the Council and decrease standards in service delivery.

Redevelop the model

There is scope for the Target Operating Model to be redeveloped in its entirety from its current state. However, given that the proposal is for the Target Operating Model to be delivered in a phased approach which allows for continual evaluation, to ensure it is always fit for purpose, this option has not been proposed as the preferred. Rather, it is proposed that the current model can be taken forward and enhanced in consultation with staff and stakeholders.

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

Financial (including procurement and Social Value)

The adoption of the Target Operating Model is essential for the Council to operate from a lower cost base and provide best value in the delivery of services in the future.

There is a requirement for the Council to achieve financial sustainability within the resources available to it. The Council's budget for 2024/25 exceeded the funding available to it by £4.7m and the Council's budget was only balanced following a successful application for government assistance via Exceptional Financial Support. The Council's Medium Term Financial Plan report to Executive on 4 September 2024 identified a budget gap of £7.864m for 2025/26 rising to £8.749m by 2028/29. The adoption of the Target Operating Model is essential to enable the Council to achieve financial sustainability within available resources in the future.

The adoption of the model also sets the vision for the delivery of initiatives. These initiatives will have financial implications with regard to the MTFP and will be assessed at the appropriate juncture.

12. Legal

The continued design and implementation of the Target Operating Model will enable the Council to continue to deliver its Transformation Programme within budget whilst meeting its statutory duties, including the overarching Duty of Best Value.

13. Risk

The project will contribute towards the following strategic aims and objectives:

- a) Delivering best value by changing how we operate to deliver affordable and cost effective outcomes for residents and businesses;
- b) Safe and resilient communities where environments have been created to enable residents to live more independent lives, and;
- c) A successful and ambitious town where economic growth is maximised and employment and prosperity is inclusive and sustainable.

The strategic risks that will be positively impacted by having the proposed Target Operating Model in place are:

- a) SR-13: if the Council fails to transform its service delivery model to a model that can deliver outcomes for residents as at reduced cost base, then the Council's financial position will become untenable and may result in the issuing of a S114 Notice.
- b) SR09: If the Council's Corporate Governance arrangements are not fit for purpose and appropriate action is not taken to rectify this at pace, this could result, censure from the Council's auditors within a public interest report that would damage the Council's reputation and/or in Government formal intervention including removal of powers from officers and members and direction of Council spend.

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

Implementation of the model may require additional reports and for Impact Assessments to be undertaken. These will be brought forward for decision as necessary.

15. Climate Change / Environmental

Implementation of the model may require additional reports and for Impact Assessments to be undertaken. These will be brought forward for decision as necessary.

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

Implementation of the model may require additional reports and for Impact Assessments to be undertaken. These will be brought forward for decision as necessary.

17. Data Protection / GDPR

The proposed decision does not involve the collation and use of personal data, nor would the proposed arrangements present an adverse impact on GDPR or Data Protection

protocols. Implementation of the model may require DPIAs to be completed, these will be completed as part of the process.

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

Action	Responsible Officer	Deadline
Map out next steps at the Target Operating Model Thematic Board	Target Operating Model Thematic Board	20.11.2024

Appendices

1	Proposed Operating Model
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Background papers

Body	Report title	Date
Council	Approach to Transformation of Middlesbrough Council	27/03/2024
Council	Transformation of Middlesbrough Council	24/04/2024
Executive	Council Plan 2024-27	28/02/2024
Executive	Cultural Transformation of the Council	22/05/2024

Contact: Charlotte Benjamin
Email: charlotte_benjamin@middlesbrough.gov.uk

Middlesbrough Council Operating Model 2024-XX

Working Smarter Together

This document introduces a new way of working for Middlesbrough Council and explains how it will benefit the town.

The new approach is linked to our Council Plan which sets out what we're trying to achieve from 2024-2027. The Council Plan outlines the Mayor's vision for Middlesbrough and the Council's four key priorities.

Our vision for Middlesbrough is a thriving, healthier, safer and more ambitious place where people want to live, work, invest and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.

This document, known as our operating model, details how the Council will be set up to deliver that vision.

The Council's Values are at the heart of what we do and how we want to deliver for Middlesbrough. Those Values - Passion, Integrity, Creativity, Collaboration and Focus - provide the foundation for this new operating model.

This model will see the Council become ever more focused on the needs of our customers. It will move us closer to our communities and help us deliver better outcomes.

Our services will be designed around the needs of residents, businesses and visitors. This will mean teams from across the Council will work smarter together for the good of the town.

In the Council Plan, the Mayor set out his ambition to recover, reset and deliver for the people of Middlesbrough.

To that end, the Council has made great progress in recent months, a fact endorsed by government. We have started the process of recovering our financial position and this operating model helps us continue the work of re-setting how we work.

Why we need to change

Like many councils, Middlesbrough is experiencing significant financial challenges.

The Council has seen government funding reduce by 46% between 2013/14 and 2023/24, before the effects of inflation are considered.

Increased demand for social care and the increased costs of caring for our most vulnerable people are creating budget pressure.

Middlesbrough has far more adults in residential care homes than the national average. There are also far more child protection plans in place for young people in the town than the national average. Life expectancy and healthy life expectancy for

both men and women are lower than the national averages. There are also huge differences between life expectancy between different areas of the town.

In 2023/24, the Council spent 84% of its budget on adult and children's social care.

This high proportion of spending on looking after the most vulnerable people in society significantly limits the council's ability to invest in other services. This is especially true of services that are not required by law but are valued by residents.

In addition, the costs of fulfilling other legal duties such as homelessness services and waste disposal have also increased.

These pressures and others have led to the Council spending more than it receives in income in recent years. This has led to an overreliance on using reserves to fund day-to-day services. In 2024/25, the Council's budget was only balanced following a successful application for government assistance, known as Exceptional Financial Support, for £4.7m.

The Council's Medium Term Financial Plan identified a budget gap of £7.864m for 2025/26 when it was refreshed in September. The Council is embarking on a new transformation programme designed to improve outcomes and reduce costs.

The financial position means there is a short-term necessity to balance the budget and a longer-term question about how the Council can continue to deliver services relied on by so many.

Put simply, demands for our services are increasing at the same time our funding is reducing. Our current way of working is struggling to meet this challenge.

Our opportunity

Middlesbrough's growing population is young and increasingly diverse. The 2021 Census showed the town's population had risen to 143,900. Approximately 18% of our people are of an ethnic minority, up from around 12% in 2011.

The town sits at the centre of the Tees Valley with 800,000 people living within a 30-minute radius. Our location and road and rail connectivity provide us with the potential to build on our reputation as a cultural and events capital for the region.

Our population is younger than both the regional and national average. Middlesbrough's age profile ensures education and skills is a priority for the town.

Middlesbrough boasts an exceptional university and many modern and vibrant further education colleges. The town has a broad vocational training offer giving young people and adults a pathway into employment in emerging industries.

In October, the government announced billions of pounds of investment into carbon capture at the nearby Teesworks site. Thousands of jobs will be created in the area as technology is used to store emissions from energy, industry and hydrogen production.

This one example highlights how our young population, equipped with the right skills, can look forward to a prosperous future.

Against this backdrop, the Council has made positive progress in the past 18 months.

In September the government announced that a Best Value Notice issued in January 2023 would be removed. The notice was issued due to concerns about cultural and governance issues. In the same month the Department for Education confirmed its intervention in the Council's Children's Services department would end. An inadequate Ofsted rating in January 2020 had originally led to a commissioner being appointed.

The two government decisions highlight the progress that staff and elected members have made together.

At this point in our improvement journey we must strive to continuously improve not only as an organisation but for the benefit of the whole town.

With changes to the way we work, the Council can play a more positive role in helping the town fulfil its undoubted potential.

How we will change

This operating model will reposition the Council, taking us closer to communities and increase our understanding of the people we serve. Our adapted staffing structure will help build trust and relationships with residents and our partners.

We will seek to address the root causes of people's problems and prevent them from happening.

An ambition of our Council Plan for 2024/27 is to create an environment where residents can live more independent lives.

This will include reducing the number of people who need to rely on us for care, but also take a broader approach.

We will seek to work ever closer with partners and support communities to resolve more issues without the need for us to directly intervene.

We will work with whoever is best placed to improve the lives of local people.

Structures

At present, the Council is largely structured based on its internal directorates such as Children's Services, Regeneration and Environment.

This model will ensure future redesign of services are based on the needs of residents, businesses and visitors. Where it benefits our customers, we will design services to improve outcomes.

As an example, there will be further instances of staff from different areas of the Council coming together to form teams focused on a shared priority. The Council has already trialled a similar way of working in areas of the town including Newport and North Ormesby through locality-based working.

The Council's current customer service functions are an example of how outcomes can be improved and costs reduced. At present, different services have different approaches to customer service. There are inconsistencies in the systems used and the experience of our customers.

Introducing the new operating model will involve more than simple structural changes. We need to continue improving our organisational culture, being driven by our Values to deliver for Middlesbrough.

Data and insights

Many Council services already use data to inform their decisions. We will extend this under this model, using the insight to intervene early and prevent issues from requiring long-term expensive solutions.

Technology

The Council has invested heavily in technology in recent years but must acknowledge how quickly advancements happen.

Residents, businesses and visitors rightly expect modern and efficient digital solutions. This model will see the Council invest in technology such as artificial intelligence to improve customer experience.

What it will mean for staff

The operating model will be introduced in phases allowing us to test how it works and make changes where necessary.

Throughout the process, we are committed to engaging with our staff, trade unions, partners and communities. This will ensure that the model and wider transformation programme works for Middlesbrough.

Rather than a one-off change, this will be an ongoing process of improvement.

The new model, combined with the need to deliver services within budget, will lead to changes in staffing levels.

We will support our staff as they develop new skills and capabilities. There will be a greater focus on community engagement and co-production of certain specialised services. Staff will have the opportunity to learn new skills in areas including data, digital and partnership working.

Some staff may find themselves taking on broader, more varied roles. We will continue to invest in the development of our staff to support them to take advantage of opportunities that arise.

We will ensure our workplaces are appropriate and maintained to a consistent standard so that staff can work effectively.

There will be regular opportunities for staff to contribute ideas and feedback, and we'll provide ongoing updates on the progress of the new model.

Through the promotion of our Values and delivery of our People Strategy, we are aspiring to become an employer of choice in the region. Our staff are our greatest asset and have showed great commitment and resilience in recent years.

What the model will focus on:

1. Outstanding customer service.

We will improve how our residents, businesses and visitors access information and services. We will enhance the customer experience while reducing the cost and demand for our high-volume transactions. This approach supports our priority of delivering best value, ensuring that every interaction with the council is efficient, effective and empowering.

2. Deep understanding of people and place.

The model will help us better understand the inequalities that lead to people needing our services. We will use data, insight and community engagement to identify these underlying factors, enabling us to design interventions that address problems at their source. Some services will be based more in the community than they are at present.

3. Early intervention and prevention.

We will adopt a coordinated approach to reducing demand through early and effective intervention. This is particularly crucial in areas such as social care, housing and health. Our early intervention approach will be based on strong relationships with our communities. We will work alongside residents, businesses, community groups and other local organisations to co-design solutions that address issues before they escalate. This will improve outcomes while reducing demand and costs.

4. Innovation and improvement.

We will foster a culture of continuous innovation, leading the way in digital solutions and learning from best practices elsewhere. This commitment to improvement and forward-thinking supports our ambition for Middlesbrough to be a successful and ambitious town, ready to take advantage of new opportunities as they arise. Our innovation will be guided by the needs and insights of our communities, ensuring that new approaches truly serve the people of Middlesbrough.

5. Partnership and community working.

Recognising that we can't achieve our goals alone, we will build upon our existing partnerships and community networks. This goes beyond traditional consultation. We need to create a new relationship with our communities based on mutual trust, respect and shared responsibility. We will seek out and amplify community voices, particularly those that have been historically marginalised. By using our collective resources and expertise, we can better meet the diverse needs of our residents and create more resilient communities.

6. Building community trust.

We will further engage with our communities, listening and responding to their needs. We aim to build and maintain the trust of our residents. This trust is essential for effective early intervention and prevention, as it encourages people to engage with services before issues become critical.

7. Shaping a place that people choose to live, work and visit.

We are committed to creating and maintaining areas that are attractive and affordable for our residents, businesses and visitors. We will work to ensure a safe and clean environment. We will celebrate and promote our culture and leisure facilities, understanding their importance in creating a vibrant and healthy place. We will preserve and showcase our rich heritage, recognising that our history is a unique asset that contributes to Middlesbrough's identity and appeal. By focusing on these elements, we aim to make Middlesbrough a destination of choice, attracting new residents, businesses and visitors while improving the quality of life for those already here.

8. Promoting Social Value.

The Council's Social Value Charter, approved in April 2024, seeks to ensure the organisation's spending power and influence is used to promote fairer work and earning opportunities for local people and companies. When social value is considered across the whole organisation, it can boost skills, jobs and life chances for the people of Middlesbrough.

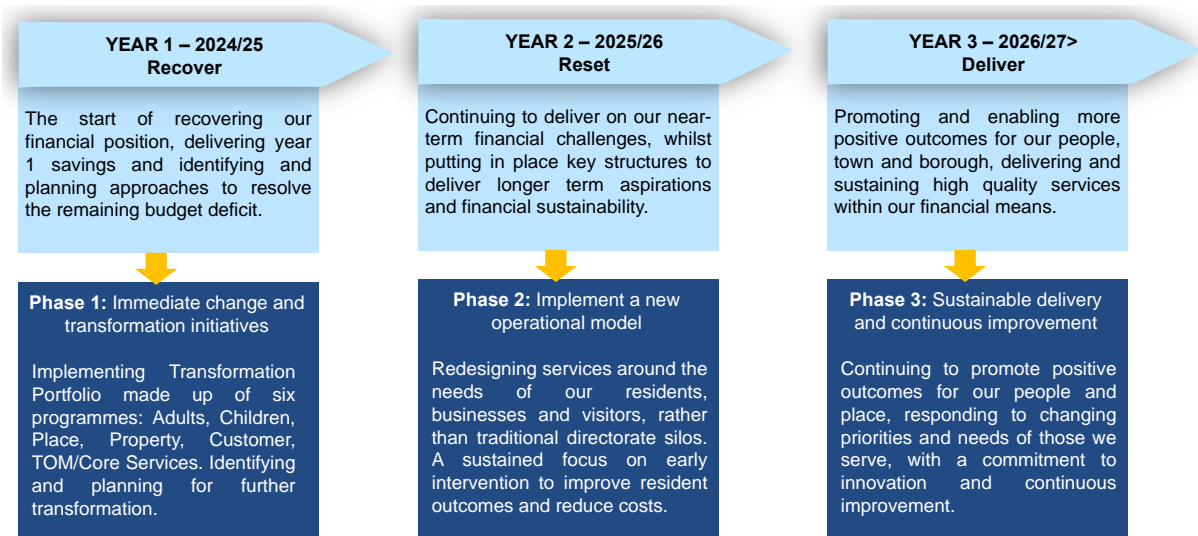
9. Corporate parenting.

All Council staff and elected members act as 'corporate parents' of all children and young people in our care. We must act to ensure these children and young people's wellbeing is considered as services are designed and delivered. All Middlesbrough children matter and we have the same aspirations for the children we look after as those of every responsible and caring parent.

Links to transformation

The Council's *Recover, Reset, Deliver* transformation programme is set up in a way that acknowledges different parts of the organisation are progressing through the three main stages at different times and represents how we will work towards our future state of operating.

The below graphic sets out the broad phases of transformation and a timeline:



The transformation portfolio is already delivering key aspects of this proposed operating model; addressing short-term challenges whilst establishing the groundwork for longer-term aspirations and financial sustainability.

This delicate balance is crucial as we strive to create sustainable, positive change for Middlesbrough.

The four key layers

The new model is structured around four key layers, each designed to support our priorities and improve outcomes for Middlesbrough.

Customer Access

As the front door to the Council, this layer will provide consistent access to information and high-quality customer service. We will seek to resolve queries at the first point of contact wherever possible. More complex service requests will be directed to the appropriate service to ensure efficient and appropriate support.

We will adopt a digital-first strategy, while maintaining appropriate access for those who need alternative options. This layer will link to a tiered customer model, ensuring we can provide the right level of support based on the complexity of each customer's needs. Importantly, a feature of this layer will be designed to identify potential issues early, connecting residents, businesses and visitors with appropriate professional support before problems escalate.

The ambition is to create a system where, for example, applying for a permit online, reporting an issue via the customer centre or visiting us in person will all result in the same high-quality service.

We will invest in systems, processes and technology. Artificial Intelligence will be explored to achieve more accurate and consistent performance, reducing delays and costs. This will allow us to focus valuable resources on those who need it most.

Neighbourhoods Working

With bases in the North, East, South and West of the town, our Neighbourhood Working teams will be on the ground and at the heart of our communities.

They will be based alongside staff from partners and play a leading role in how we address the inequalities that lead to people needing our services.

Staff will work alongside residents, community groups, partners and local organisations to identify and address issues before they escalate.

Through this approach we will be visible and actively engaged in our communities, particularly in areas of higher need. Using data-driven insights alongside community knowledge, we will shape and prioritise services for each local area.

This approach recognises that different neighbourhoods may have different needs and strengths and allows us to tailor our approach accordingly. We will work closely with partners and community networks to build local capacity and resilience, empowering communities to take an active role in shaping their future.

Service Delivery

Teams not directly involved in the above layers will also be designed around the needs of our residents and businesses, not traditional service areas.

Teams at the service delivery layer will prioritise early intervention and prevention. They will use data and insight alongside community wisdom to improve outcomes and reduce long-term demand on services.

This layer will focus on integrated support that addresses the root causes of issues, rather than treating symptoms in isolation. For example, support for a health issue might involve input from housing and employment services.

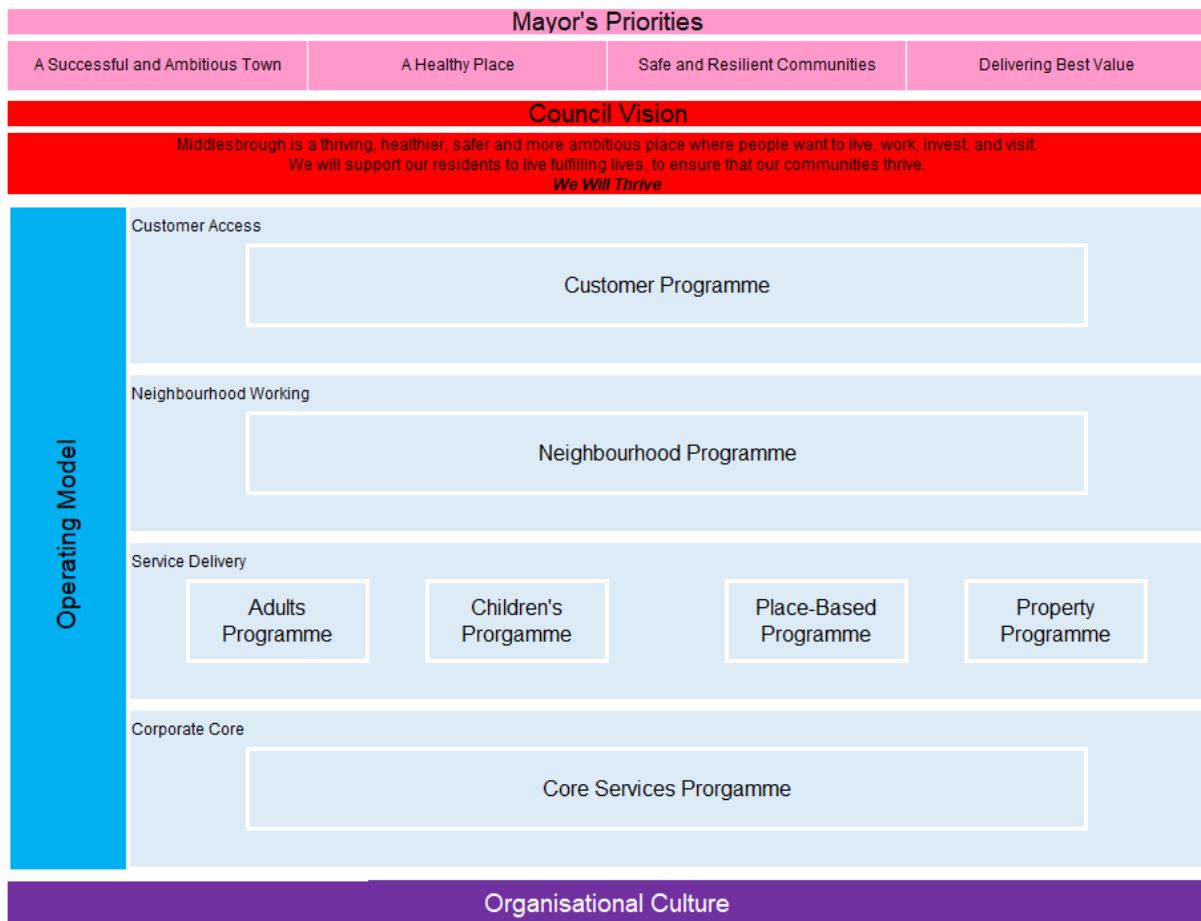
Corporate Core

This fundamental layer underpins how the other three levels operate.

It will drive evidence-based decision-making through our Strategy, Insight & Policy function. Our enabling services including HR, ICT, Legal and Governance and Finance will ensure we have streamlined processes and the right digital tools to support our frontline services.

This layer will play a crucial role in analysing data and community feedback to identify trends, evaluate the effectiveness of our interventions, and continuously improve our approach.

It will also lead on policy development, ensuring our local policies are tailored to meet the specific needs of Middlesbrough's people.



Supporting and enabling strategies

The operating model is reliant on cohesive design and delivery of fundamental operational strategies, designed to support our priorities and improve outcomes for Middlesbrough.

Further supporting operational strategies will be developed as they evolve.

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MIDDLESBROUGH COUNCIL	
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Report of:	Director of Finance (S151 Officer)
Relevant Executive Member:	Executive Member for Finance & Governance
Submitted to:	Executive
Date:	13 November 2024
Title:	Capital Programme Governance Improvement
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value
Key decision:	No
Why:	Decision does not reach the threshold to be a key decision
Subject to call in?:	Yes
Why:	Report to Executive

Proposed decision(s)
<p>That the Executive:</p> <ul style="list-style-type: none"> Approve the proposed arrangements for improving the effectiveness of capital programme governance, monitoring, and reporting including the terms of reference for the Strategic Capital Board and Corporate Capital Board.

Executive summary
<p>Effective investment in capital assets and infrastructure that are used to deliver all Council services, is critical to achieving affordability and value for money in the delivery of Council Plan objectives.</p> <p>The Council has a track record of significant under delivery against its approved capital investment plans over several years, underspending. Failure to deliver such plans:</p> <ul style="list-style-type: none"> has adverse consequences for the quality of service delivery and outcomes for the community.

- exposes the Council to avoidable financial risks in terms of potential loss of external funding, inflation eroding affordability of schemes and the revenue costs of borrowing required to finance planned investment.

The key areas of required improvement are in the organisation's ability to:

- Develop a prioritised and affordable medium to long term capital investment plan that is clearly linked to the delivery of the Council's objectives
- Deliver projects to agreed timescales and approved budgets and funding streams
- Produce more informative financial reports and forecasts.

The report proposes the establishment of a member led board that is supported and advised by an officer board, that will collectively work to strengthen the governance arrangements to deliver the improvement required to secure more effective strategic decision making.

1. Purpose

- 1.1 The purpose of this report is to propose revised arrangements for improvements to the Council's governance arrangements for planning, managing, delivering and reporting its capital investment programme.

2. Recommendations

- 2.1 That the Executive:

- Approve the proposed arrangements for improving the effectiveness of capital programme governance, monitoring and reporting including the terms of reference for the Strategic Capital Board and Corporate Capital Board.

3. Rationale for the recommended decision(s)

- 3.1 To establish more robust arrangements to address weaknesses in current arrangements and to secure value for money in the use of capital resources.

4. Background and relevant information

- 4.1 The Council has a sound Capital Financing Strategy that is approved annually by the Council as part of the Medium-Term Financial Plan and should be read together with the Treasury Management Strategy that is fundamentally important to securing long term affordability of capital investment and the wider cash management of the Council. The 2024/25 [Capital Programme & Capital Strategy](#) can be viewed here and was approved by Council on 8 March 2024.
- 4.2 The Council's performance in the effective deployment of its capital investment plans should be measured by the delivery of capital programmes and projects on time and within budget and the delivery of planned outputs and outcomes that are clearly linked to the Council plan objectives. However, this is difficult to achieve based upon the current working practices and reporting arrangements.

4.3 The Capital Programme is the Council's investment plan in long term assets that is essential to support the delivery of operational services and to enable the transformation of service delivery models across the organisation. The scale of annual capital expenditure is significant (£50m - £100m). These financial resources are limited, valuable, and must be managed effectively and accounted for and reported appropriately in order to achieve good value for money in the use of Council resources.

4.4 Capital investment is funded from a combination of:

- external resources (such as grants and partner contributions) which are often allocated for specific purposes and have a variety of conditions. Often this funding may be used only for specific purposes and its use is subject to time constraints, with risk of claw back or loss of funding for the council if conditions are not met.
- internal resources (capital receipts from asset sales and borrowing). Capital investment funded through borrowing impacts the revenue budget through capital financing costs arising from borrowing (loan principal repayment and interest) and is substantial. In 2024/25, the capital financing budget is c£11.5m. Capital receipts from sale of assets provide a finite source of financing for investment assets required to deliver future services.

4.5 It is therefore important that capital resources are used appropriately and effectively, and that key milestones for capital schemes are achieved on time and within budget in order to ensure overall affordability and best use of valuable and limited resources.

4.6 The need for improvement in this area was highlighted in the 2024/25 Budget report approved by Council on 8 March 2024 and forms an element of Culture and Governance Improvement Plan (CGIP) approved by Council in September 2023. Further, the requirement to improve the capital programme governance arrangements was noted in the CIPFA FM report and also in the MIIAB's report to Executive in July 2024 in which they said:

'The Council also had a significant under achievement in its capital expenditure for the 2023/24 financial year. The inability to adequately programme manage this expenditure has an impact on the Council's ability to accurately predict future costs. The Council should consider ways of improving the financial and programme management of this key area.'

4.7 The key areas of required improvement are in the organisation's ability to:

- Develop a prioritised and affordable medium to long term capital investment plan that is clearly linked to the delivery of the Council's objectives
- Deliver projects to agreed timescales and approved budgets and funding streams
- Produce more informative financial reports and forecasts.

- 4.8 During the period 2021/22 to 2023/24, the Council underachieved against its overall planned capital expenditure by between 13% and 53% of the original approved budget as summarised in the table below. This represents a combination of project underspending and slippage. It is common for substantial increases to investment to be made during the financial year for new projects that are externally funded and subject to Executive approval. The Council's capacity to deliver its ambitious plans needs to be reviewed and reassessed.

	Original Capital Programme Approved by Council	Revised Capital Programme at Q1	Revised Capital Programme at Q3	Final Outturn	Variance vs original budget	Variance
	£m	£m	£m	£m	£m	%
2021/22	59.035			51.551	-7.484	-13%
2022/23	124.825		62.167	58.962	-65.863	-53%
2023/24	71.211	80.474	67.631	47.714	-23.497	-33%
2024/25	88.549	106.188				

- 4.9 The Council's capital programme is funded by a combination of internal Council resources, external grants, and third-party contributions. The Council's own resources to fund capital investment may include the following forms:
- Capital receipts from sale of its owned assets.
 - Borrowing (which has a long-term revenue cost)
 - Direct revenue financing from the General Fund (subject to revenue affordability).
- 4.10 The financing of the capital programme is determined by the s151 Officer and recommended for approval by full Council in accordance with the Budget and Policy Framework and Financial regulations. The Executive does not have delegation from Council to increase expenditure in year that will result in an increase in the Council resources required.
- 4.11 The full revenue cost of borrowing for planned capital investment to be funded by borrowing must be included in the revenue budget approved by Council each year to comply with capital financing regulations. The total planned Capital programme must be fully financed from the total of approved internal and external funding streams.
- 4.12 The Council has a track record of setting capital investment plans that it is unable to deliver in the planned timelines as illustrated above. This results in slippage of expenditure from one financial year to the next. This may have several unintended consequences including:
- The increased cost of delayed projects that are subject to contractual inflation provisions, meaning that schemes need to be de-scoped or re-specified to be affordable within the available budget, or other schemes need to be stopped/ revised to release funding to meet increased costs.

- The risk of losing external funding which is often subject to time restrictions within grant conditions relating to backstop dates for spend to be eligible for approved grant. This may put project delivery at risk or result in other projects being stopped / reduced to utilise council funding to make up the funding shortfall.
- Where projects funded by borrowing slip, this affects the financial year in which revenue costs of principal and interest payments need to be met. Therefore, if the Council sets plans that are over ambitious and funded by borrowing, this puts unnecessary and avoidable pressure upon the revenue budget. Given the Council faces significant challenges in balancing its annual revenue budget, it must be more realistic and modest in setting its capital investment plans going forward.
- The Council's annual cost of borrowing to fund historical capital investment is forecast in the region of £11m per annum for 2024/25. Based upon approved and existing capital plans, it is also forecast to approach 10% of the Net Revenue budget over the term of the MTFP. It is therefore approaching the limit which is advised as a prudent level for affordability of borrowing.
- In the future, the Council's capital programme will need to become more dependent upon the generation of capital receipts from asset sales and/or external contributions and grants or deliver substantial savings in revenue expenditure to remain affordable.
- Decisions taken in 2021/22 regarding the adopted methodology for calculating principal repayments in relation to capital borrowing assisted the Council's ability to balance the budget over the medium term. Whilst they were compliant with government regulations, they have resulted in a commitment of the Council to more acute escalation in principal repayments over the long term than the previous methodology. The long-term revenue impact of borrowing must be carefully considered in determining the affordability of further borrowing for future capital investment.

- 4.13 Prior to 2023/24 outturn reporting, the distinction between underspending/ overspending and project slippage was not routinely reported and so there is a lack of transparency of financial performance of historical projects.
- 4.14 The structure and format of monitoring reports does not currently present transparently the total budget at project level over the life of the project (if over more than one financial year). It is therefore not possible to determine from current reports whether a project has over/underspent over or has been subject to delivery slippage over the project life.
- 4.15 The presentation of the programme does not clearly distinguish between discrete projects those service areas that receive block allocations of funding which are then applied to fund investment programmes arising from comprehensive professionally informed asset management plans e.g. for highways and building assets.

- 4.16 Capital programme reporting does not currently include any qualitative information in relation to the approved objectives of capital programmes and projects in terms of their link to the Council plan. Also, no measurement of outputs and outcomes arising from the investment is included in capital programme reports.
- 4.17 The ability to monitor and report project delivery and outcomes together with financial performance to members is fundamental to achieving transparency and accountability and the ability to demonstrate affordability and delivery of value for money from such investment.
- 4.18 There is no established corporate approach to reviewing performance of the capital programme. Whilst quarterly financial forecasts are prepared and considered at a high level by LMT and the Executive, there is little time currently dedicated to understanding the capital programme financial performance and its delivery against objectives in the Council Plan.
- 4.19 There is a need to consider capital investment priorities in a structured way involving relevant professionals and members of the Executive to ensure that available capital resources are deployed in accordance with agreed priorities and within limited Council resources. Ensuring that the Council meets its statutory responsibilities such as for health and safety as well as investment via Transformation projects that will deliver longer term revenue cost savings or income generation are fundamental to the Council's financial sustainability in the long term.

Proposed arrangements for improvement

- 4.20 It is proposed that the issues identified above are addressed through a Corporate Capital Board comprising officer representation from across the organisation. The work to establish and embed the revised arrangements is likely to take several months over the remainder of the 2024/25 financial year. The key focus being on the following key deliverables:
- Improving the reliability of financial forecasting of the capital programme through regular CCB meetings.
 - Aligning programme delivery performance of outputs and outcomes with financial performance reporting.
 - Establishing a methodical framework for assessing bids for capital investment against available capital resources which is aligned with the Transformation Portfolio and Directorate BAU requirements.
 - Fully engaging Executive members in understanding the relationships between capital investment, funding streams and the revenue implications of borrowing, together with prioritisation of investment ambitions and council plan objectives with available resources. This work will support more effective strategic decision making in the future.
- 4.21 The terms of reference for the proposed Corporate Capital Board of officers are set out at **Appendix 1** for consideration. This will be led by the Director of Finance as

chair of the CCB, with the Director of Regeneration as Vice Chair and will meet monthly.

- 4.22 The CCB will then provide further information and recommendations on the overall programme position and on individual schemes to the Strategic Capital Board (SCB) and this will meet on a quarterly basis. The role of this Board will be to provide strategic oversight of the Governance and Control Framework established to manage the Capital Programme. The SCB will in turn provide enhanced assurance to the Executive in its decision making and in the development of the future Capital Investment Plans to be presented for consideration and approval by Council.
- 4.23 The SCB will also oversee the delivery of the actions and recommendations set out in improvement plans relating to capital. The Board represents the interests of the residents of Middlesbrough and for ensuring that the Capital Programme delivers the objectives of the Council Plan.
- 4.24 The terms of reference for the proposed Strategic Capital Board comprising members of the Executive is set out at **Appendix 2**. This will be chaired by the Executive Member for Finance, with the Vice Chair, Executive Member for Regeneration, with appropriate support being provided by the Director of Finance, Director of Regeneration and a core group of council officers with the relevant capital programme and financing experience. The SCB will meet on a quarterly basis and will provide assurance to Executive and Sub Committee for Property as appropriate.

Timetable for Implementation

- 4.25 The revised arrangements for capital governance, management and reporting will be implemented by the Director of Finance and Director of Regeneration as soon as possible following executive approval. The CCB and SCB need to be created and operational for Quarter 3 monitoring for the 2024/25 financial year (so by the end of the calendar year).
- 4.26 The CCB will need to be in place quicker than the SCB due to its need to meet monthly. The aim will be to hold the first meeting of this by the end of November.

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

- 5.1 The option recommended (with separate capital boards) is viewed as the best way forward given the current weaknesses in the capital governance structure. The only other feasible option would be to merge this activity with the existing revenue budget monitoring processes. However, there is a need for a cross directorate collaborative approach to capital governance and there are a range of issues that require dedicated attention of officers and members in a forum that is not distracted by operational revenue budget matters.

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

Financial (including procurement and Social Value)

- 6.1 The establishment of robust arrangements for planning, managing, monitoring, and reporting capital investment are fundamental to ensuring that the Council achieves good value for money in its use of resources and long-term affordability of its capital investment plans.
- 6.2 Any short-term increase in staff resources to deliver within the current financial year will be considered under the delegation of the s151 Officer for funding from the Change Fund with any permanent increase in resources to be considered as part of the 2025/26 budget to be considered for approval by Council in February 2025.

Legal

- 6.3 There are no direct legal implications of this report. All activities outlined are managed within the remit of S151 of the Local Government Act 1972 and the powers of the responsible financial officer to manage the financial affairs of the Council.

Risk

- 6.4 Risk management is an integral part of the Council's capital investment strategy, and these are considered at both corporate and scheme level when managing the overall capital programme.

Human Rights, Public Sector Equality Duty and Community Cohesion

- 6.5 There are no applicable issues to consider within this report.

Climate Change / Environmental

- 6.6 There are no applicable issues to consider within this report.

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

- 6.7 There are no applicable issues to consider within this report.

Data Protection

- 6.8 There are no applicable issues to consider within this report.

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

Action	Responsible Officer	Deadline
Not applicable		

Appendices

1	Corporate Capital Board – Terms of Reference
2	Strategic Capital Board – Terms of Reference

Background papers

Body	Report title	Date
Council	2024/25 Revenue Budget, Medium Term Financial Plan, Council Tax setting and Treasury Management Strategy	8 March 2024
Executive	Third Progress Report of the MIIAB	24 July 2024
Executive	CIPFA Review of Council's Financial Management Arrangements	24 July 2024

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Email: Debbie_middleton@middlesbrough.gov.uk

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Corporate Capital Board Terms of Reference

November 2024

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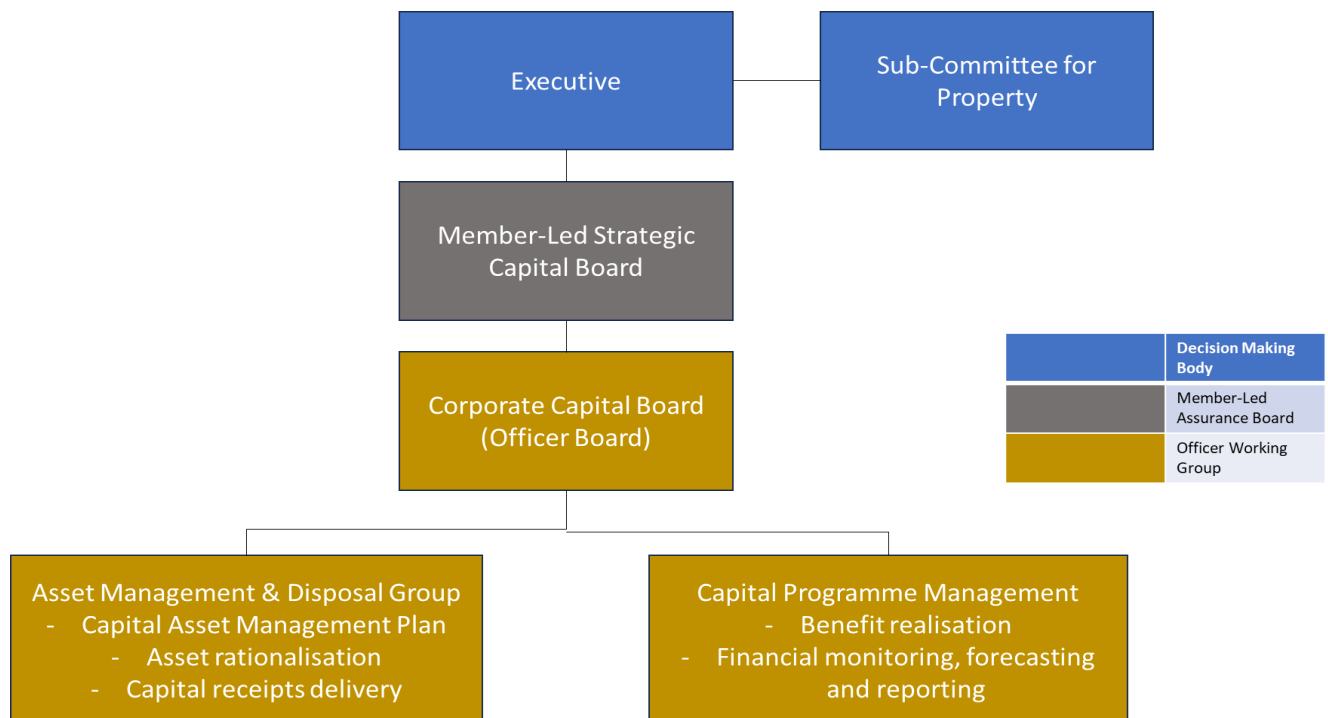
1.0 Terms of Reference

This document sets out the Terms of Reference for the Corporate Capital Board (CCB), put in place to support the governance of the Capital Programme at Middlesbrough Council. The principles set out within this document are based on the [Capital Strategy 2024/25](#), approved by Council on 8 March 2024.

The Capital Strategy has been established to ensure that:

- Capital investment is targeted towards supporting the Council's corporate objectives.
- Capital investment is prudent, sustainable, affordable and provides value for money.
- Capital investment complements revenue spend on services.
- The stewardship of assets is properly considered in capital planning.
- Members and Senior Officers have a common understanding of the long-term context in which investment decision are made and all the financial risks to which the Council is exposed.
- Capital projects are delivered on time and within budget.
- There is improved transparency at programme level along with a clear process for Member engagement.
- The Council is seen as an exemplar of good practice in its capital planning.

The Capital Strategy clearly defines how capital investment and funding will be managed across the Council. A reminder of the principles of how the capital programme will be managed are set out in Annex A. The CCB is an office Board that reports to a Member-led Strategic Capital Board (SCB) as set out below.



The CCB will be Chaired by the Director of Finance (s151 officer) and Vice Chair will be the Director of Regeneration. The CCB will comprise representation of all Directorates that have approved capital programmes or projects within the approved capital programme or are seeking approval of new capital investment for the forthcoming year. The CCB will be supported by the Programme Management Office and Finance Officers to ensure integration of performance, risk, and financial management.

2.0 Roles and Responsibilities of the Corporate Capital Board

The role of the Corporate Capital Board (CCB) is to provide strategic and operational management of the Capital Programme in accordance with the Council's approved capital strategy and within the Council's Governance and Control Framework as set out in the Constitution and Financial Procedure Rules.

The CCB is responsible for:

- Review and assurance of business cases for new projects and programmes proposed for inclusion in the capital programme, drawing upon the multidisciplinary skills and knowledge of relevant stakeholders and enabled by the Programme Management Office (PMO).
- Consideration of available resources in the development of new capital projects and programmes including external funding, s106 contributions, capital receipts, borrowing and revenue resources.
- Evaluating new projects against the prioritisation criteria set out in the Capital strategy.
- Endorsement of an annual draft capital programme that is deliverable within available capital resources and demonstrates good value for money.
- Establishment of robust and transparent financial and operational reporting to enable the assessment of project performance in terms of:
 - Delivery of approved outcomes supporting the achievement of Council Plan priorities
 - Delivery on time
 - Delivery within budget
- Establishing quarterly profiling of budgets and delivery plans within current financial year and annual profiling over the period of the MTFP.
- In year monitoring of capital projects and programmes against operational delivery milestones.
- In year monitoring, forecasting, and reporting of financial performance.
- Collaborative working between project managers, finance, in relation to securing improved modelling and forecasting.
- Providing consolidated reporting to the member led SCB on operational and financial performance by exception at quarterly SCB meeting for inclusion of relevant matters in quarterly Executive reports.
- Ensuring transparency and accountability through regular financial reporting and compliance with the financial governance framework as set out in the scheme of delegation and financial procedure rules.

3.0 Membership of the Corporate Capital Board

- Chair – Director of Finance (s151 Officer)
 - Vice Chair – Director of Regeneration
 - Head of Financial Planning
 - Finance Officer – Capital
 - Programme Management Office
 - Risk Management
 - Directorate Representation
 - Corporate Landlord
 - Regeneration
 - Highways
 - Environment
 - IT/Digital
 - Childrens & Education
- Other officers will be invited to attend as required to support the delivery of the CCB work programme.

4.0 Work Programme

The work programme will initially address the following key deliverables:

- Improving the reliability of financial forecasting of the capital programme through regular CCB meetings. As a priority, a reprofiling of 2024/25 budget and forecast is necessary to inform the development of the 2025/26 revenue budget for capital financing costs.
- Aligning programme delivery performance of outputs and outcomes with financial performance reporting and risk management.
- Establishing a methodology and framework for assessing bids for capital investment against available capital resources which is aligned with the Transformation Portfolio and Directorate BAU requirements.
- Fully engaging Executive members in understanding the relationships between capital investment and the revenue implications and prioritisation of investment ambitions and council plan objectives with available resources.

Once established, the CCB will work collaboratively to embed effective capital programme and project management into the Council's corporate management arrangements.

5.0 Frequency of Meetings

Meetings will be held monthly to align with the budget monitoring timetable and quarterly member led meetings of the SCB.

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Strategic Capital Board Terms of Reference

November 2024

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1.0 Introduction

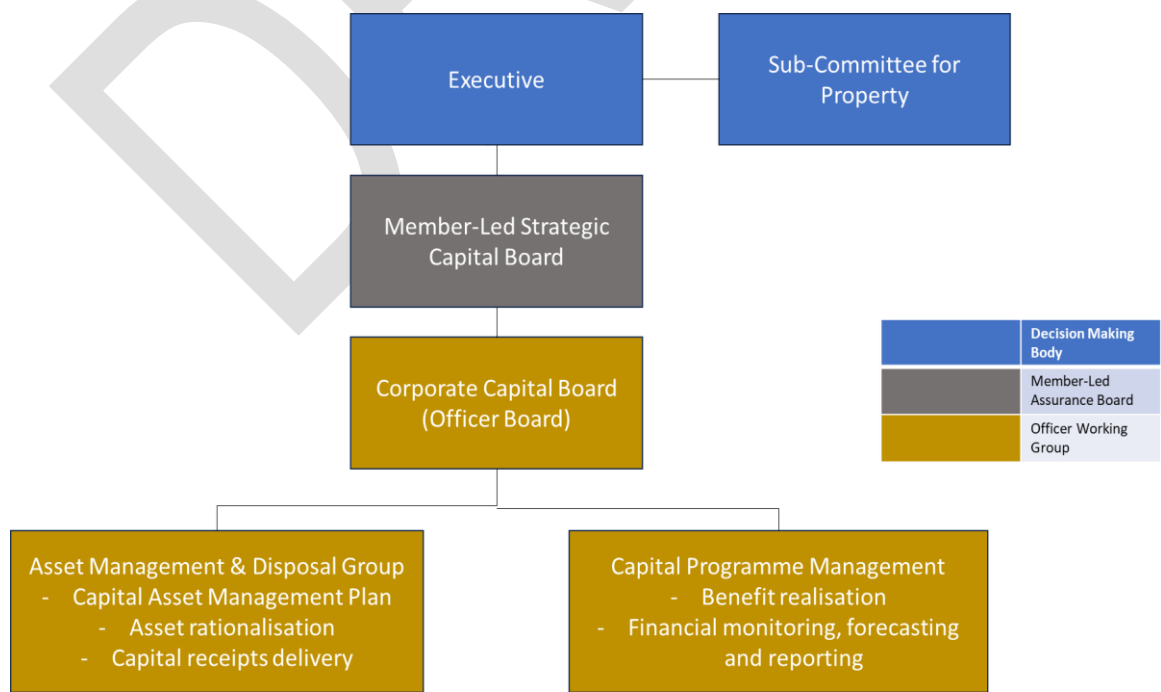
This document sets out the Terms of Reference for the Board put in place to govern the Capital Programme at Middlesbrough Council. The principles set out within this document are based on the [Capital Strategy 2024/25](#), approved by Council on 8 March 2024.

The Capital Strategy has been established to ensure that:

- Capital investment is targeted towards supporting the Council’s corporate objectives.
- Capital investment is prudent, sustainable, affordable and provides value for money.
- Capital investment complements revenue spend on services.
- The stewardship of assets is properly considered within in capital planning process.
- Members and Senior Officers have a common understanding of the long-term context in which investment decision are made and all the financial risks to which the Council is exposed.
- Capital projects are delivered on time and within budget.
- There is improved transparency at programme level along with a clear process for Member engagement.
- The Council is seen as an exemplar of good practice in its capital planning.

The Capital Strategy clearly defines how capital investment and funding will be managed across the Council. A reminder of the principles of how the capital programme will be managed are set out in Annex A.

The initial structure of the Capital Boards and an overview of the reporting regime is set out below.



Alongside this document, work is continuing to review and improve the Council's financial management arrangements. As a result, the development of the governance structures and processes put into place to manage the Capital Programme across the organisation are likely to require refinement over time to ensure that new ways of working are embedded within the normal operation of Council activities.

2.0 Terms of Reference

Strategic Capital Board Terms of Reference

Roles and responsibilities of the Strategic Capital Board

The role of the Strategic Capital Board (SCB) is to provide strategic oversight of the Governance and Control Framework established to manage the Capital Programme.

The Board will also oversee the delivery of the actions and recommendations set out in plans relating to capital. The Board represents the interests of the residents of Middlesbrough and for ensuring that the Capital Programme delivers the outcomes of the Council Plan.

The Capital Strategy is approved annually by full Council at budget setting and sets out the criteria for accepting capital projects into the Capital Programme. The 2024/25 Capital Strategy was approved on 8 March, 2024. The SCB is not responsible for making decisions on individual projects or programmes, although it will consider the draft capital proposals put forward by Directorates to develop a comprehensive and affordable plan that will be put forward by Executive for consideration by Council. Directors will oversee their departmental capital requirements via their departmental management teams and remain responsible for the operational delivery of projects in their Directorates.

The Board ensures there is effective communication between Members and Officers on the management and financing of the Capital Programme. The Board also provides an opportunity to ensure coordinated communications with key stakeholders as appropriate.

Membership of the Strategic Capital Board

The members of the Strategic Capital Board (SCB) are:

Name	Role	Responsibility
Nicky Walker	Executive Member for Finance and Governance	Chair
Theo Furness	Executive Member for Regeneration	Member of the Board (vice chair)
Peter Gavigan	Executive Member for Environment	Member of the Board

Supported by core team:

Debbie Middleton	Director of Finance (s151)	Chair of Corporate Capital Board
Richard Horniman	Director of Regeneration	Lead representative for delivery of Capital Programme
Andrew Humble	Deputy S151 Officer and Head of Financial Planning	Lead on capital programme planning, monitoring and forecasting
TBC	Capital Accountant	Support to the Board

Other Councillors, Directors or Heads of Service may be invited to attend Board meetings, as required by the Chair.

The quorum for any meeting of the Board is three Members and must include the Chair or a nominated representative of the Chair.

Members of the Board may participate via Teams.

Ethical leadership

Members of the Board are exemplars of the Council's values, acting with integrity, fairness and in the interest of the Council and on behalf of citizens.

How the Board works and remit of the Board

The Board will provide constructive challenge to the reports of the Corporate Capital Board (CCB) and relevant Senior Officers. The Board examines issues and solutions through different lenses to confirm decisions made are in the long-term interests of local residents. To be consistent and aligned to the Council's strategic goals, the SCB balances economic value with risk and reward, broader values, and competing stakeholder interests. It then makes recommendations on how to balance these factors in particular circumstances of each issue.

The Board acts as a critical friend to the CCB, providing recommendations on how well proposals or outcomes align with the Council Plan and meet the needs of the local area. As part of this role, the Board reviews information provided by Officers to monitor progress of projects and programmes included in the Capital Programme, in line with the Capital Strategy. The SCB also reviews proposals for the development of the draft Capital Programme to be considered and adopted by Executive for recommendation to Council by 11 March each year. The SCB considers proposals by the CCB to accept new externally funded projects into the Capital Programme during the year and make recommendations to the Executive based on the implications for the Capital Programme.

This role requires that the SCB:

- Review the recommendations for projects and programmes to be included in the Capital Programme as part of the annual budget development and review cycle,

- providing feedback on how well the recommendations support the outcomes in the Council Plan
- Scrutinise the processes of approval and monitoring projects and the overall programme to ensure these are fairly and consistently applied, in line with the Governance and Control Framework
 - Identify and assess the risks that the projects and programmes individually and collectively have on the Council's strategy, aims and operations, providing recommendations on how to mitigate and manage the level of risk.
 - Ensure that project proposals for the annual Capital Programme:
 - Consider whole life cost implications, including those arising from ongoing maintenance requirements, both capital and revenue.
 - Demonstrate how investment will play a part in the managing the medium to long term demand for Council Services.
 - Demonstrate how the investment made will maximise benefits for the Council across a range of its priorities and objectives.
 - Are realistic and deliverable, so that projects accepted into the Capital Programme can be implemented in accordance with the timescales indicated by the phasing of the project within the multi-year programme.
 - To review variation requests/ approvals agreed for existing projects in the Capital Programme and ensure any amendments follow the Council's Scheme of Delegation.
 - Review recommendations made by the CCB for any ad hoc projects outside of the annual cycle and consider whether to endorse the recommendation. If a project is endorsed, the same processes outlined for the annual approval cycle will apply, albeit with different timescales. This will ensure all projects are subject to the same rigorous review and approval process.
 - Hold Senior Officers accountable for the timely and accurate sharing of information on projects and programmes to ensure informed decision-making when managing risks, issues, change and outcomes. including reference to the relevant prudential indicators sets as part of the capital and treasury management strategies each year.

Hold the Director of Finance accountable for ensuring that the capital programme remains financially sustainable in the medium and long term.

Encourage the Council to focus on continuous improvement and promote best practice when delivering projects, identifying where barriers exist and ensuring opportunities are taken to drive up the standard of project and programme delivery across the organisation.

Ensure benefits remain visible for review after projects and programmes have been handed over/ closed down, into a Business-as-Usual operation, using this information to assess the success of projects and inform future investment decisions.

For the avoidance of doubt, the Capital Board is not a decision-making Board. Decisions will be made in accordance with the constitution of the Council.

Reporting arrangements

The Board will receive reports from the CCB on a quarterly basis for programme monitoring and reporting purposes and as required during the budget development period. The number of projects and programmes within the Capital Programme is significant and therefore the premise of the reports to Boards is based on exception reporting. This process is likely to evolve as it is embedded across the organisation and one of the key considerations that is yet to be confirmed is the prioritisation process that identifies which projects are reported up to the Board. This will be agreed by the Board and in consultation with the CCB.

At this stage, the assumption is that project and programme reports will be collated into an overall performance dashboard comprising delivery against programme milestones, risk and financial performance that provides key information for the SCB. From this dashboard, the SCB will have access to more detailed project and programme reports. The dashboard will provide information on:

- The financial position of the Capital Programme overall, and the sustainability of the Programme going forward.
- The progress of key projects within the Capital Programme (to be agreed) against milestones, financial forecasts, and deliverability of benefits.
- Any risks or issues that are likely to have (or are having) a significant impact on any of the projects in the Capital Programme, with proposals made to the SCB on how to best to mitigate or manage these.
- Any amendments that are proposed or have already been made to the Capital Programme, outside of the annual process of establishing and approving the Capital Programme, and the reasons for these changes.
- Any changes that were not approved and the reasons why.
- An update on the implementation of the Portfolio and Project Management (PPM) approach and how effective this is in supporting the Governance and Control Framework.

Any issues that may impact on the reputation of the Council or the ability to deliver the Council Plan.

Lessons that have been identified that may improve or impact on the delivery of future schemes.

Relationship with other programme management and monitoring arrangements

Some governance arrangements for capital projects are already in place, with meetings which exist to manage and monitor several capital programmes and projects (variously called 'Boards', 'Steering Groups' etc). Some are member-led, others led by officers. The Capital SCB does not replace these, however, there is a recognition that it is the primary route through which any changes to the Capital Programme (particularly those involving significant change in capital spend) will be brought forward to decision in accordance with the Council's governance processes. Over time, as the Board's role is established the role of existing governance arrangements and the relationship between them will be reviewed and revised appropriately.

Frequency of meetings

The SCB will meet routinely on a quarterly basis in line with the budget monitoring timetable. This may be more frequent during budget development periods depending on the needs of the members.

Conflicts of interest of individual Board members

If a member of the Board finds themselves with a conflict of interest, they shall immediately disclose this to the Chair.

Support Arrangements

The Board will be supported by the Programme Management Office. The Programme Manager will be responsible for:

- Scheduling the meetings
- Preparing and submitting the agenda and ensuring a minute taker is available. Circulating the minutes and actions within five working days of the Board meeting
- Collating and submitting reports on behalf of the Capital Programme Officers Group.
- Additional support or papers from other departments or services will be provided as and when required, coordinated by the Programme Manager.

Financial Recovery and Sustainability

The Council continues its financial recovery journey following the removal of its Best Value notice in September 2024. Its progress in addressing 11 Statutory recommendations issued by the former external auditor EY in August 2023 is key to achieving the financial recovery and securing financial sustainability of the Council in the medium to long term.

The establishment of robust arrangements for planning, managing, monitoring and reporting capital investment are fundamental to ensuring that the Council achieves good value for money in its use of resources and long-term affordability of its capital

investment plans. The SCB will ensure that outcomes are delivered within the agreed budgets and timescales.

This process is in the early stages and the cycle for reviewing individual project information at the SCB will be established over the course of Q3 and Q4 of 2024/25 based upon monitoring activity relevant to the current programme and financial year. The CCB is expected to meet monthly initially to establish proposed arrangements for reporting of operational and financial performance to provide overview and insight to the SCB.

The role of the SCB will initially be to:

- Review the quarterly budget monitoring report in the context of the approved MTFP.
- Consider draft prioritised proposals for capital investment in line with the framework set out in the approved Capital Strategy.

Version control

Version	0.5
Date updated	30 October 2024
Author	Debbie Middleton
Approved by	

3.0 Principles of the Capital Strategy

The principles of the Capital Strategy are:

- Current approved (or committed) schemes will be supported subject to sufficient resources being identified to enable them to proceed or complete up to the approved level of funding available.
- All schemes will be subject to a strict objective prioritisation process, which will include a robust business case including whole life costing (see below). Further details of this are set out in the capital strategy appendix to the budget setting report.
- All schemes must align to the annual PWLB criteria (i.e. not debt for yield) irrelevant of the schemes funding envelope. If this is not complied with the Council's access to government borrowing may be restricted. Historic debt for yield schemes will be revisited in the light of emerging CIPFA/ MHCLG guidance.
- Capital receipts are a central resource and not generally linked to specific schemes including assets identified for disposal as part of the Asset Rationalisation Programme. Permissible exceptions are:
 - School sites ring-fenced by the Secretary of State for education purposes.
 - Commitments of capital receipts from prior decisions (including repayment of outstanding debt).
 - Capital receipts required for transformation purposes in line with the FUoCR strategy.
- Only secured capital receipts will be considered in decisions to fund capital schemes (i.e. no capital receipt-funded scheme to commence until sufficient receipts are banked).
- Revenue implications of schemes are fully reflected in the MTFP and assessed as affordable within the revenue budget made available for capital financing costs.
- The capital budget approved by Full Council is a control total and no further schemes will be included in the programme unless existing schemes are removed or delayed – unless the schemes are fully funded by external resources.
- The Council will consider the removal of ring-fencing from certain grant allocations to assist in the achievement of the Council's priorities and objectives.
- All uncommitted non ring-fenced capital funding will be reviewed by the Director of Finance.

4.0 Prioritisation criteria

Projects will be prioritised within affordable resources as follows:

- Funding Exceptional Financial Support to enable a lawful and balanced revenue budget to be set in 2024/25.
- Meeting statutory duties for example health and safety requirements.
- In flight schemes that cannot be stopped or de-scoped.

- Funding transformation that will deliver ongoing revenue expenditure savings on the basis of invest to save, for which an appropriate rate of return will be determined within the transformation programme.
- Partially externally funded schemes that require council to match resources where there is a robust business case that meets Council Plan objectives and is approved in accordance with constitutional delegations.
- Repayment of borrowing to reduce revenue capital financing costs.
- Capitalisation required to comply with relevant accounting standards, such as finance leases, financial instruments etc.
- Projects where the primary purpose is to generate a surplus will not be permitted under any circumstance due to capital financing restrictions. The judgement of the Section 151 officer is final in determining if a proposal breaches this criterion.

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MIDDLESBROUGH COUNCIL	
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Report of:	Director of Regeneration
Relevant Executive Member:	Executive Member for Regeneration
Submitted to:	Executive
Date:	13 November 2024
Title:	Corporate Asset Management Plan 2024/25 - 2027/28
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value
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 and place on Executive Forward Work Programme

Proposed decision(s)
It is recommended that Executive: 1. Approves the Corporate Asset Management Plan 2024- 2027.

Executive summary
<p>The size, shape and location of our land and property portfolio is vitally important to enabling the success of the Council's ambitions. It provides assets for the delivery of our public services; it helps create jobs and economic growth; as well as income to invest in our services. The strategic management of this valuable resource is important to the Council and to the communities we serve.</p> <p>To achieve this, it is recommended that Executive approve the Corporate Asset Management Plan (CAMP) as the strategic plan which sets out how the property portfolio will support the Council Plan, Transformation Programme and provide direction for the ongoing management of the portfolio over the next three years to 2027-28.</p>

This CAMP has three elements:

1. The Asset Management Strategy – highlighting the strategic context, factors that will influence change and translating organisational objectives into property objectives.
2. The Asset Management Policy – setting out the framework of rules, culture and behaviour that will ensure the consistent management and high performance of Council property assets.
3. The Asset Management Action Plan – an action plan of activities and projects that deliver Council property objectives.

The CAMP therefore has due regard to the role of land and property in acting as an enabler to the Council achieving effective outcomes.

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 This report seeks Executive approval for the implementation of the Corporate Asset Management Plan 2024- 25 to 2027-28

2. Recommendations

2.1 It is recommended that Executive approve the Corporate Asset Management Plan 2024-25 to 2027-28.

3. Rationale for the recommended decision(s)

3.1 The Corporate Asset Management Plan (CAMP) is a Policy and Strategic plan setting out how the property portfolio will support the Council Plan, Transformation, Corporate priorities, and objectives, providing the direction for the ongoing management of the portfolio over the next three financial years.

3.2 This will allow the Council to demonstrate robust corporate governance relating to acquisition, disposal, corporate and commercial estates management and investment.

3.3 Effective performance management will allow the council to demonstrate duty of best value by making arrangements to secure continuous improvement in the way in which Asset Management functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

3.4 The CAMP has been developed in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Asset Management best practise guidance.

4. Background and relevant information

4.1 The Council refreshed the 2014 Estate Strategy in 2019/2020. The strategy predominantly focussed on actions to improve the efficiency of the Valuation & Estates Service, with a view to understand the benefit that the town could derive from the Council's commercial estate.

4.2 Further progress has been made with the most significant being a service restructure in August 2023, which amalgamated Strategic, Operational Property Management and Valuation & Estates. The purpose of this change being to have all property related activities managed by one service.

4.3 These changes necessitated the implementation of the CAMP, including adopting the principals of the Corporate Landlord model, which transfers responsibility for all property related activity, and expenditure, to be within the remit of the Directorate of Regeneration.

4.4 The establishment of the Corporate Asset Management Group (CAMG) will provide governance for strategic decisions relating to land and built assets.

4.5 This approach will ensure that finances are properly prioritised, management is consistent, and opportunities are realised across the whole estate. In this way, we can be confident that the needs of the whole organisation, as well as individual service operations, are met to allow them to provide better outcomes for the community.

4.6 The CAMP has three elements:

1. The Asset Management Policy – setting out the framework of rules, culture and behaviour that will ensure the consistent management and high performance of our property assets.
2. The Asset Management Strategy – highlighting the strategic context, factors that will influence change, and translating organisational objectives into property objectives.
3. The Asset Management Action Plan – an action plan of activities and projects that deliver our property objectives.

4.7 The CAMP is attached at Appendix 1.

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

5.1 **Option A:** - Continue to adopt the principals of the 2020 Estate Strategy

This is not recommended as it does not provide a strategy that endorses best practice of the Corporate Landlord Model and governance for the whole estate.

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

6.1 *Financial (including procurement and Social Value) Paul please check, add as required?*

- 6.1.1 There are no direct financial implications with the adoption of the Corporate Asset Management Plan, however, the adoption of the plan will ensure that the necessary disciplines are in place to ensure that the Council's assets are managed both effectively and financially efficiently.
- 6.1.2 The adoption of the CAMP will also ensure that financial expectations within the medium-term financial plan are achieved, including.
- A budget reduction of £0.519m by 2026/27 is achieved.
 - Capital receipts of £44.7m are secured in order to fund the Council's Transformation Programme and part fund the wider capital programme.
- 6.1.3 The 'Asset Challenge programme', will identify further opportunities to rationalise the estate, control running costs and maximise property related opportunities for the council.
- 6.1.4 There will be financial implications for retained assets to address the estimate £35m maintenance backlog, introduction of a corporate standard for operational assets and investment in the commercial estate.
- 6.1.5 Whilst this report is not seeking any funds to address the backlog, a capital investment plan will be developed over the coming year, with governance provided through the Asset Management Group to ensure that allocated finances are effectively managed.

6.2 Legal

- 6.2.1 The adoption of the CAMP does in itself does not create any specific legal issues, although the subsequent steps to implement the change would need to be undertaken within the Council's legal framework.
- 6.2.2 The Council's property portfolio includes a variety of different property interests (such as commercial, agricultural, and even residential land and buildings) and the management of these differ significantly. To appropriate identify efficiencies in the management of property assets generally will require the involvement of legal to ensure that any existing legal obligations are both observed and enforced appropriately.

6.3 Risk

6.3.1 The CAMP is the fundamental strategic plan that sets out what the Council wants to achieve from property and land. The plan sets out opportunities to support the achievement of the Council Plan and corporate objectives. Robust governance will ensure risk is effectively understood and managed.

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

6.4.1 There will be no negative, differential impact on diverse groups and communities associated with this report.

6.4.2 A Level 1 (Initial Screening) Impact Assessment will be carried out on individual actions, if deemed appropriate

6.5 Climate Change / Environmental

6.5.1 The Corporate Asset Management Plan will reflect the Council's commitment to carbon reduction/neutrality through the asset rationalisation plan and when investing in assets through the introduction of low carbon energy, plant and equipment.

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

6.6.1 The CAMP will contribute to the directorates transformation plan in the form of acquiring and investing in built assets (Homes) to meet the services needs and councils aspiration for children and young people.

6.7 Data Protection

6.7.1 The introduction of the Corporate Asset Management Plan does not impact directly upon data protection.

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

Action	Responsible Officer	Deadline
Implement the CAMP & Communicate across the Council	David Jamison	31/10/2024

Appendices

1	The Corporate Asset Management Plan
2	The Council Plan Council Plan 2024-27
3	

Background papers

Body	Report title	Date
Middlesbrough Council	Estates Strategy 2014-19	14/05/2014
Middlesbrough Council	Estates Strategy 2020-23	20/09/2020

Contact: David Jamison

Email: David_jamison@middlesbrough.gov.uk

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Corporate Asset Management Plan

Live from: November 2024

Live until: March 2028

	Corporate Asset Management Plan (CAMP)
Ref	AM 001

Creator	Author(s)	David Jamison – Head of Property and Commercial Services.		
	Department	Asset Management		
	Service area	Property and Commercial Services.		
	Head of Service	David Jamison – Head of Property and Commercial Services.		
	Director	Richard Horniman – Director Regeneration		
Date	Created	20/6/2024		
	Submitted			
	Approved			
	Updating Frequency	3-Yearly		
Status	Version: 1.0			
Contributor(s)	David Jamison, Teresa Garrett, Paul Shout, Andrew Glover			
Subject	Property management			
Type	Procedure			
	Vital Record	X	EIR	
Coverage	Middlesbrough Council			
Language	English			
Document Control				
Version	Date	Revision History	Reviser	
1.0	October 2024	First version		
Distribution List				
Version	Date	Name/Service area	Action	
1.0	October 2024	MBC	All directorates areas and electronically to intranet	

Contact:	David_jamison@middlesbrough.gov.uk
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1.0 Summary

1.1 This policy sets out how Middlesbrough Council intends to organise its Corporate Asset Management Plan in order to achieve Best Value compliance.

2.0 Context

2.1 The Corporate Asset Management Plan (CAMP) is the Parent policy for Asset Management.

3.0 Purpose

3.1 This new policy builds on the principal of the 2020 Estate Strategy with a fresh approach. The CAMP objective is to provide clear and concise information on how the Council fulfils its statutory obligations in accordance with the requirements of the Local Government Act 1999 Part 1 Best Value Duty, and in respect of land and built assets, “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.

4.0 Scope

4.1 This policy applies to all Middlesbrough Council employees and elected members.

5.0 Policy Detail

5.1 The CAMP sets out how the land and property portfolio will support the Council Plan, Transformation, corporate priorities, and objectives, providing the direction for the ongoing management of the portfolio over the next three financial years.

5.2 This CAMP has three elements:

- The Asset Management Strategy – highlighting the strategic context and factors that will influence change and translate organisational objectives into property objectives.
- The Asset Management Policy – setting out the framework of rules, culture and behaviour that will ensure the consistent management and high performance of Council property assets.
- The Asset Management Action Plan – an action plan of activities and projects that deliver Council property objectives.

5.3 The CAMP therefore has due regard to the role of land and property in acting as an enabler to the Council achieving effective outcomes.

5.4 This approach will ensure that finances are properly prioritised, management is consistent, and opportunities are realised across the whole estate. In this way, we can be confident that the needs of the whole organisation, as well as individual service operational needs.

6.0 Roles and Responsibilities

6.1 The responsibilities for the governance and management of Asset Management can be found at the following link [Corporate Landlord](#)

7.0 Monitor and Review

- 7.1 The implementation and effectiveness of this policy and its supporting procedures will be reviewed annually.
- 7.2 This policy will be reviewed every three years, unless there is significant development that would require a more urgent review e.g. new legislation.

8.0 Evaluation

- 8.1 Monitoring and evaluation will be undertaken by the Head of Property and Commercial Services. Governance will be provided through the Corporate Asset Management Group. Full detail can be found at the following link.

[Asset Management Framework Protocol Feb 2024.docx \(sharepoint.com\)](#)

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Foreword

I am pleased to present the Corporate Asset Management Plan (CAMP) for Middlesbrough Council, a strategic document that underscores our commitment to effective and responsible management of land and building assets.

As Middlesbrough continues to evolve and face new challenges, the role of local government in the proactive management of corporate assets becomes increasingly pivotal. This Corporate Asset Management Plan is not merely a bureaucratic instrument; rather, it represents how we will optimise our assets to their fullest potential, ensuring the delivery of essential services, fostering economic growth, and enhancing the overall well-being of the residents of Middlesbrough.

In an era of rapid technological advancements, changing demographics, and fiscal constraints, the need for a comprehensive and forward-looking approach to asset management is needed. This plan outlines our policy and strategies for reviewing, investing and maintaining our portfolio of assets.

Cllr Theodore Furness
Executive Member for Regeneration

Introduction to the Corporate Asset Management Plan

Middlesbrough Council is committed to providing value for money in respect of Property & Land management.

The Corporate Asset Management Plan (CAMP) provides a clear picture of what we want from our property portfolio, setting out the overarching principles by which we will manage this. It will be used to guide future planning and use of our property portfolio and influence all property-related activities.

Whilst our property portfolio includes maintained schools, the growth of academies means that they are not included in the scope of this plan.

This CAMP also excludes the Council's highway infrastructure and assets, the management of which are the subject of a separate Transport Asset Management Plan (TAMP).

The introduction of this new plan combines the segmentation portfolio principals of the Council's 2020 Estate Strategy with the Chartered Institute of Public Finance and Accountancy (CIPFA) Asset Management Framework, which includes the Corporate Landlord model.

Document structure

This CAMP includes three elements, and is structured accordingly:

The Asset Management Strategy	<p>The direction for change</p> <p>This will set out at a strategic level what the Council wants to achieve from its property assets in the context of its organisational objectives and achieving its priorities. This will reflect different strategic issues including specific social, economic and environmental objectives as well as specific service and portfolio transformation objectives.</p> <p>It will translate organisational objectives into property objectives.</p>
The Asset Management Policy	<p>The rules, culture, and behaviour</p> <p>This will set out the rules and principles by which the property assets must be managed.</p> <p>It will provide the framework under which all activities will be undertaken and will ensure that performance is effectively and consistently managed to support the Council's strategic objectives, in addition to statutory and legislative requirements.</p>
The Asset Management Action Plan	<p>The delivery plan</p> <p>This will be a short term, 'live' action plan specifying detailed activities, timescales, resources, and responsibilities to achieve the property objectives.</p> <p>This action plan will be actively managed and updated at least annually.</p>

Part 1: The Asset Management Strategy

The CAMP is informed by the Council Plan and Transformation Strategy to ensure decisions relating to the property portfolio supports the Council's ambitions.

More focused service specific strategies may require consideration of property implications as part of service and project specific business planning. This is a fundamental element of our evolving corporate approach to property asset management to ensure demands from our services for properties that support them in the delivery of services and demands from our communities for properties to support local needs are proportionate.

The Council Plan 2024-2027 sets out the contributions that the council will make to achieve the vision for Middlesbrough.

The Council will transform into an organisation that works with the community to achieve its aims and objectives.

Services will transform to make them as efficient as possible, ensuring the best outcomes for residents.

The themes and priorities in the Plan centre around the Mayors Vision and Priorities

- **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 affordable and cost-effective outcomes for residents and businesses.*

Medium Term Financial Plan

The Council will always have financial demands, so there is an expectation that the property estate will deliver both capital receipts from disposals and revenue income from the commercial estate.

The Medium-Term Financial Plan (MTFP) and Capital Strategy provide the framework within which we ensure our financial resources are managed effectively so that service and financial planning is fully aligned with council priorities.

The Capital Strategy ensures we make capital expenditure and investment decisions in line with service objectives and properly consider stewardship, prudence, sustainability, and affordability. The capital programme will be prioritised and agreed through a corporate approval process and will be supported in part by capital raised from the disposal of surplus property assets and land.

By continually reviewing the performance of our property assets through the asset challenge programme, we can ensure that we identify opportunities to rationalise the estate, control running costs and maximise property related opportunity for the council.

We will only acquire assets that meet our objectives and provide a reasonable level of return, with all risks assessed as part of a robust business case and due diligence process. How we then manage these assets must reflect and be determined by performance against these objectives.

Transformation Strategy

The proposed Transformation Plan comprises of six thematic programmes, each containing a number of projects which are sponsored by a member of the Leadership Management Team.

The size, make up and geographic spread of our current portfolio gives us a real opportunity to reshape it to support our organisational transformations and changes to service delivery models and ways of working. By creating flexibility in our estate, we will be in a better position to respond to opportunities for change and to collaborate with partners and our communities.

The Property Programme purpose is to undertake a comprehensive review of the Council's asset portfolio, with a focus on identifying immediate opportunities to maximise the generation of revenue and capital receipts to support organisational transformation. For the period 2024-2026 there is a revenue saving requirement of £0.569m from the closure and disposal of operational assets and deliver £44.7m from sales, £26.7m for flexible use of capital receipts and £18m to part fund the capital program.

We will undertake further work to fully understand service priorities, to stay informed of new legislation and best practice and ensure that the property portfolio supports wider corporate strategies.

Through our Housing Strategy, we continue to focus on preventing and alleviating homelessness and identifying opportunities for the provision of housing that meets the needs of our communities. We will continue to provide professional support when we acquire properties and ensure that appraisals of initial and ongoing costs are used to inform any investment decisions.

Climate Emergency Response Plan and Ecological Emergency

Our Climate Emergency Response Plan and Green strategy includes targets for carbon reduction, with the aim of becoming a net zero Council by 2029 and to have a 'carbon neutral Town' by 2039. It is vital that we aim to reduce the council's carbon footprint which includes emissions from the use and occupation of buildings. This will include setting clear design priorities for our operational buildings.

Whilst it may be harder, and potentially more costly to achieve retrospectively in existing buildings, all maintenance and other property activities will seek to support the achievement of our carbon reduction targets, through means such as the choice of energy efficient plant, equipment, materials, or procurement options.

Asset Management Strategic objectives

Demonstrating Value for Money and effective outcomes requires us to use all our resources to best effect. To help us do that, we have set out high-level property specific objectives within the context of the Council Plan & Transformation.

Objective & Purpose	Actions	Corporate Drivers
Corporate Resource: Policy & Strategy	Develop and obtain Executive approval for the implementation of a Corporate Asset Management Plan – Including Policy, Strategy & Annual Action Plans Develop the Corporate Landlord Model	Council Plan & Transformation
Right space, right place: Rationalisation To only hold (or acquire) assets for a defined purpose in support of a corporate objective with demonstrable benefits	Ensure we have clear purpose to hold each asset. Use asset challenge to identify assets not supporting the Council Plan & Strategic Objectives. Ensure there is a robust business case and appraisal prior to all acquisitions.	Council Plan & Transformation
Right space, right place: Rationalisation To improve the flexibility in the use and efficiency of our property portfolio	Seek opportunities to rationalise the portfolio. Use Asset Challenge to identify opportunities to improve utilisation, co-locate or provide space differently. Use service improvement & development plans to inform strategic planning of the property portfolio. Seek to achieve an optimum estate to maximise efficiency. Set a minimum corporate standard for operational Assets.	Council Plan & Transformation
Well maintained and sustainable: Policy & Strategy Control the level of revenue spend on maintaining assets. Obtain Capital Funding to address. Maintenance backlog Investment in buildings To reduce the carbon impact of our portfolio	Reduce operational costs through more effective use of buildings. Ensure effective performance monitoring and energy management. A proactive approach to reducing the level of reactive works through the introduction of planned cyclical maintenance. Produce report to advise on the level of funding required to address the maintenance backlog to buildings. Plan & delivery a program of works over a 5-year cycle. Produce report to advise on the required funding to refurbish buildings as part of transformation. Ensure sustainability and environmental impact is considered when undertaking building refurbishment, and maintenance activities. Ensure the way we use buildings minimises impact through the introduction of energy efficiency and renewable technology.	Council Plan Transformation Green Strategy

<p>Optimise returns and support growth: Disposals.</p> <p>Support Transformation through the generation of capital receipts from property & land sales</p>	<p>Use asset challenge to identify opportunities to release surplus assets.</p> <p>Use our Disposal Programme to manage the delivery of capital receipts.</p>	Council Plan & Transformation
<p>Optimise returns and support growth: Property Management</p> <p>Generate revenue income and maximise benefits from our portfolio.</p> <p>Formal options appraisal and business case for long term management arrangements for each category of property</p>	<p>Ensure our management approach relating to the commercial estate maximises financial returns, including debt management, timely lease & rent reviews, recognise other economic and social benefits.</p> <p>Effectively manage the performance of our portfolio to meet income targets.</p> <p>Review arrangements for the estates management of the commercial portfolio include the option of outsourcing.</p>	Council Plan & Transformation
<p>Optimise returns and support growth: Property Management</p> <p>To use the property portfolio to support and drive growth and regeneration objectives</p>	<p>Ensure we use our estate innovatively to identify opportunities to drive and support regeneration and development.</p> <p>Ensure we consider growth and economic impact in the way we use and manage our property portfolio</p>	<p>Council Plan</p> <p>Town Strategy</p> <p>Housing Strategy</p>
<p>Support community involvement and partnerships continue to look at opportunities to seek out community groups and other partners who can take on responsibilities for properties.</p>	<p>Work with operational directorates, community organisations and other partners to optimise the beneficial use and efficient occupation of our properties.</p> <p>Consider opportunities for community and partner involvement in the management and longer-term future leasing or ownership of our properties.</p>	Council Plan & Transformation

By defining these objectives, we can create a clearer picture of how we want to shape our property portfolio going forward.

Governance

The Constitution sets out how the council operates, how decisions are made and the rules and procedures which are followed to ensure that we are efficient, transparent, and accountable to local people.

The Constitution designates the Director for Regeneration as being responsible for the management of our property assets, with certain matters being delegated to the Head of Property and Commercial Services.

The Corporate Asset Management Group (CAMG) through its Terms of Reference will have overall responsibility for ensuring a corporate approach is taken in respect of investment, remoulding, acquisition or disposal of our property assets.

The Regeneration Directorate acts as custodian and steward for the property portfolio. All decisions about our property portfolio are made in accordance with the requirements of our Financial Procedure Rules which are also set out in our Constitution.

As the Council moves towards the roll-out of the Corporate Landlord model we recognise that this is important not only to effectively manage our assets, but it's critical to ensure that the decisions made on our assets are able to be supported by our financial position and deliver corporate outcomes.

Our approach to governance and decision making on our assets is part of the Corporate Landlord model and one of the key elements to the implementation of a corporate approach is the introduction of the CAMG.

The CAMG is responsible for ensuring there is a robust governance structure in place, providing direction and transparency of the management of the Council's estate. This includes strategic decision making, monitoring performance and approval of capital funding up to the delegated value and if required approval for reports to be presented to Executive.

The link below outlines the organisational structure for the governance and approval for capital funding to corporate land and building assets.

[Asset Management Framework Protocol Feb 2024.docx \(sharepoint.com\)](#)

The Corporate Property Group will be chaired by the Director for Regeneration. The frequency of meetings will be subject to the level of activity and decision making required.

Performance

The importance of performance management has been set out in several government documents, such as the Local Government Act 1999, which requires that services are: 'responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them'.

There is also statutory guidance on 'best value duty, where authorities are under a general duty of best value to: 'make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness'. If we do not measure results, we cannot tell positive progress from problematic progress. Understanding this difference is key. Positive progress must be highlighted so that we can reward it and build on it. Problematic progress must be highlighted so that we can correct and learn from it.

Work is ongoing to review and refresh performance management arrangements across property activities to ensure we only collect meaningful performance data, which will lead to service improvements and reflect the principles of the Corporate Landlord model.

Resourcing

The decision to amalgamate Asset Management, Valuation & Estates and Property Services into one service, with the Head of Property & Commercial Services, reporting to the Director of Regeneration in August 2023 ensures a corporate approach to the operational management of the property portfolio. The implementation of the Corporate Landlord model, and other corporate transformations may result in a review of the current structure to ensure the CAMP is effective. This work is ongoing, and delivery of the various activities referred to in the Action Plan (Part 3) will be dependant to some extent on the availability of resources, both financial and staffing.

Part 2: The Asset Management Policy

Sets out the rules and principles by which our property assets will be managed. It provides the framework under which all property related activities will be undertaken and will ensure that we can effectively and consistently measure and manage performance to support the Council Plan and Corporate objectives.

The principles of Corporate Landlord (CL) model are fundamental in directing the way we manage our property assets. The theory of the model is that responsibility for all property related activity and expenditure is within the remit of Asset Management, under the direction of the CAMG. This approach assures maintenance compliance and that finances are properly prioritised, management is consistent, and opportunities are realised across the whole estate. In this way, we can ensure that the needs of the whole organisation are met.

It is important to note that under the CL model, Operational Directorates occupy property assets to enable the delivery of their services and retain the role of Building Manager, which includes premises health & safety management.

To provide a strategic framework we have defined five policy principles.

- **Corporate Resource:** To ensure property & land assets are managed as a corporate resource and are used to support the Council's ambitions and priorities.
- **Right space, right place:** To ensure property assets provide the right spaces in the right places to support the delivery of services for the benefit of our communities.
- **Well maintained and sustainable:** To ensure property assets are managed and maintained safely, effectively, efficiently, and sustainably to take account of whole life costs and environmental impact.
- **Optimise returns and support growth:** To ensure consideration is given to the use of property assets to stimulate development and growth, support local business needs, optimise financial returns, and support corporate ambitions and priorities.
- **Support community involvement and partnerships:** To ensure opportunities for community involvement and partnership working are considered where they can provide efficiencies, benefits to communities and the property assets can be effectively managed.

We want to develop a culture whereby our behaviours and activities positively reflect these principles. As part of the adoption of each principle we have also included some core cultural values to provide a clear and consistent way of working.

Corporate Resource

The property portfolio should reflect our corporate needs and support our objective to only hold (or acquire) assets for a defined purpose in support of a corporate objective with demonstrable benefits.

This requires an in-depth understanding of the needs of services and how they will develop in the future, as well as full integration with our wider corporate strategies.

It is essential that services consider property requirements and implications on the existing portfolio as part of their service development planning. All property implications should be identified and considered in wider context to ensure all assets are managed for the benefit of the Council as a whole.

The concept of this approach is that property activities are coordinated through senior representatives of service areas. The CAMG provides governance and co-ordinator of strategic property activities on behalf of the Council.

The current financial challenges and transformation strategy across all service areas will continue to inform the decision making of the CAMG.

The CL model will ensure that the property portfolio is managed in a way that delivers our corporate priorities and that work is organised and delivered with consistency and efficiency.

There is still work to do in fully implementing the CL model and we are actively working through a programme of activities which are reflected in the Action Plan for the coming year.

All decisions relating to the property portfolio must be evidence-based and fully appraised. This requires reference to, and analysis of comprehensive and robust property data. Our property data is held on Civica – Cloud based Asset Management System and includes.

- Deed Management: - data and documentation on all property transactions undertaken by the Council, such as acquisitions, disposals, leases etc. This data provides the base source for 'Asset Segmentation and confirms the legal status of the land held by the Council. This data will be visually represented on the Council's GIS mapping system.
- Asset Manager: - information to each property type. Each property is given a Unique Property Reference Number (UPRN) and aligned by service user. A key part of this system is to ensure Council compliance with CIPFA Financial Accounting Standards
- Condition and access surveys, the property help desk, reactive and planned maintenance, asbestos, contract/ service level agreements (SLA's). A further programme of works will be undertaken to integrate capital projects and remaining legacy systems.

By managing our property portfolio corporately, we are able to challenge and review our assets against defined criteria ensuring that we continue to meet our defined strategic objectives. These criteria will include assessment against technical property performance measures (such as their condition, future maintenance liabilities and operational costs.

Implementing a programme of **asset challenge reviews** enables us to continually identify opportunities to use our assets to best effect, and to develop a programme of rationalisation and portfolio transformation. It is anticipated that the overall size of our property portfolio will reduce, achieving a more cost effective and efficient use of the estate long term.

The development of a comprehensive property performance management regime, supported by meaningful data is a key project in the implementation of the CL model.

Culture
























To ensure property assets are managed as a corporate resource and are used to support the Council's ambitions and priorities:

- We will recognise that all our property assets are held as a corporate resource. and are managed by Asset Management reporting through the CAMG.
- We will ensure that services consider property requirements and implications as part of service development planning and liaise with Asset Management to ensure this can be considered in strategic planning of the estate.
- We will ensure that all assets are categorised correctly and managed accordingly.
- We will ensure that Asset Management coordinate all property related information and use it to inform strategic planning and decision making,

Property Portfolio

There is a large and diverse property portfolio which we are responsible for managing. It is made up of a mix of buildings, structures, and land. The range of assets within our portfolio includes operational assets used for front line service delivery, assets to enable our communities to access our services and administrative buildings along with others such as depots, bus station, car parks, recreational and cultural assets.

We also have a commercial portfolio, a number of heritage assets, parks and other land.

 <p>Circa 234 hectares of land A book value of land and property circa £224m</p>		 <p>Planned income from Surplus Land & Buildings 2024-2027 Circa £47m</p>
 <p>75 Operation Buildings</p>	 <p>10 Commercial Estates</p>	 <p>3 Retail Centres</p>
 <p>353 Commercial lets</p>	 <p>38 Vacant Commercial lets</p>	 <p>Annual Net Income £2m</p>
 <p>Maintenance backlog Priority 1=£6K Priority 2=£25m Priority 3=£14m Priority 4=£13k Total Circa £39m</p>	 <p>Building Running costs £4.3m Building Maintenance £1.8m</p>	 <p>Buildings Energy Carbon 3,878.32 tCO2e</p>
 <p>1 gypsy roma traveller sites</p>	 <p>6 Children Homes</p>	 <p>2 Adult Day Centres</p>
 <p>registry Office 1</p>	 <p>6 Cemeteries & 1 Crematorium</p>	 <p>8 Libraries (4 in Hubs)</p>
 <p>3 Museums / Gallery</p>	 <p>1 Bus Station</p>	 <p>3 Leisure Centres</p>
 <p>6 Community Hubs & 6 Family Hubs</p>	 <p>Parks 5</p>	 <p>2 Depot</p>

Right space, right place

Property assets have traditionally been the means by which we have delivered services to our communities and are often the first point of customer access.

However, the way that services are delivered is constantly evolving and post transformations services may be less focused on bricks and mortar access, but rather about the most effective ways of providing high quality services to customers, so we need to ensure that it is this that directs our future property solutions.

Fit for purpose property is essential to the provision of quality services, and we will work to better understand service and customer needs through suitability and sufficiency surveys to ensure that the estate responds to and supports service transformations in respect of locality working and digitalization of frontline services.

Many services have historically operated from individual premises, and we will seek out opportunities to improve service delivery through more integrated provision of our own services as well as opportunities to work more collaboratively with partners.

Whilst we will continue to support the provision of essential services and support community needs, we will look for opportunities to meet these through fewer but better buildings.

By continuing to understand service and community requirements, we can inform our asset challenge programme. Putting this understanding alongside property performance data, we can seek to ensure that our property portfolio of the future provides the efficient space in the right locations to meet needs.

Routinely challenge the performance of our portfolio, will ensure that we derive the maximum benefit from our most efficient, flexible, and best quality buildings and that we ensure our buildings are appropriately utilised and support the user and customer experience.

Culture

To ensure assets provide the right spaces in the right places to support the delivery of services for the benefit of communities:

- We will ensure that Asset Management and services work closely to share understanding of space and locational requirements for effective service delivery.
- We will offer guidance and seek to identify opportunities to ensure that our property portfolio is suitable and sufficient to meet and respond to changing service needs.
- We will seek to ensure that the property portfolio is supportive of inclusive environments for all users.

Well maintained and sustainable:

It is essential that we effectively maintain and manage our property portfolio to ensure all our properties are safe and function efficiently and effectively. Expenditure on maintenance need to be prioritised and effectively managed to make the best use of our resources.

As an employer and landowner, we have many legal duties to ensure property assets meet statutory and regulatory requirements. The implementation of the CL model and development of a Property Maintenance Plan will enable us to manage and maintain the property portfolio to consistent standards and evidence compliance.

Each building is subject to a Condition survey every five years. The current maintenance backlog is estimated at £33m. This is not a desirable nor a sustainable position and we will continue to look at our portfolio strategically to ensure that we target resources to those properties that provide long term provision for our services and to ensure that all our holdings are safe and secure.

Not all properties require the same standard of maintenance. By categorising our property into the five segmentations, we can set different maintenance standards to reflect the type and usage. We will continue to develop this approach thereby ensuring we use our resources more effectively.

The use and occupation of our buildings play a significant part in meeting our carbon reduction target, and through our maintenance activities we will identify opportunities to mitigate this impact.

Culture

To ensure property assets are managed and maintained safely, effectively, efficiently, and sustainably to take account of whole life costs and environmental impact:

- We will ensure that our property portfolio is safe and secure and meets all- statutory requirements.
- We will ensure that our property portfolio is maintained in accordance with the Property Maintenance Plan and available resources.
- We will ensure that Asset Management develop and share property maintenance plans with services and that all property maintenance activities are suitably managed.
- We will seek to reduce energy and water consumption and carbon emissions and ensure that our property portfolio is as sustainable as possible in its design, construction, operation, and management.

Optimise returns and support growth.

As a significant property and landowner, the Council play a major role in driving growth and regenerating across the town. As such, we have the unique opportunity to be able to utilise our property portfolio to support and promote economic growth and regeneration.

Obtaining the best value from our property portfolio will continue to be a priority.

Between 24/25 to 26/27 there is a requirement to deliver £44.7m, £26.7m for flexible use of capital receipts and £18m to part fund the capital program.

Work continues to investigate the potential of our land and buildings to provide revenue, capital receipts and act as leverage or catalyst for development and investment to drive growth.

Governance through the CAMG and adoption of the CL model and Asset Challenge will ensure we take a fully corporate approach in seeking out and appraising such opportunities.

The estates management arrangements for the Cleveland Centre, Captain Cook Square, Centre Square 1&2 is provided by Praxis Real Estate Management, with the remaining portfolio managed by the inhouse Valuation & Estates team. We will continue to review these arrangements to ensure they meet our requirements, deliver acceptable returns, and demonstrate value for money.

Culture

To ensure consideration is given to the use of property assets to stimulate development and growth, support local business needs, optimise financial returns, and support corporate ambitions and priorities:

- We will consider opportunities to reprofile our income producing portfolio, use our property portfolio innovatively to stimulate and support development and regeneration opportunities at a local and regional level
- We will seek to optimise financial returns and commercial opportunities through our property portfolio.
- We will manage our income generating assets effectively to balance financial objectives with wider corporate benefits.

Support community involvement and partnerships.

As the way that we work and provide our services is changing, so too are our needs for property. We recognise the need to robustly manage the size and make up of our portfolio to achieve an optimum estate to maximise efficiency, at the same time ensuring we provide first class essential services.

We want a property portfolio that is flexible and adaptable to these changing needs, and by working with other partners and organisations we may be able to better provide the 'right space in the right place'.

In collaboration with operational directorates we will continue to strengthen and develop our partnership working with the public sector and with our communities to deliver our services, such as through membership of the Tees Valley One Public Estate and Community Councils.

Through this engagement, we will also seek to identify similar opportunities in respect of property provision and ongoing management. This could range from co- location services within operational buildings to transferring premises responsibilities or ownership.

Through the community building asset transfer programme, we have already successfully transferred nine assets, enabling local groups or organisations to take control of the delivery of services and activities in their local area. We have also set up a partnership for our five leisure centres.

We will continue to look at opportunities to seek out community groups and other partners who can take on responsibilities for properties.

The corporate approach to enable us to properly and consistently evaluate any proposal to transfer a property asset to partners is included in the Community Asset Transfer Policy. This ensures we are confident there is a strong business case behind any proposal and that the long-term future of the property is assured for the benefit of the whole community.

Culture

To ensure opportunities for community involvement and partnership working are considered where they can provide efficiencies, benefits to communities and the property assets can be effectively managed:

- We will work with operational directorates, community organisations and other partners to optimise the beneficial use and efficient occupation of our properties.
- We will work closely with partners to identify opportunities for co-location and to drive efficiencies by working together.
- We will consider opportunities for community and partner involvement in the management and longer-term future leasing or ownership of our properties.

Part 3 The Asset Management Action Plan

This sets out the short-term, 'live' action plan specifying detailed activities, timescales, resources, and responsibilities to achieve our property objectives.

The six Asset Management Strategic Objectives and five Transformation Projects will provide clarity of purpose and consistency of focus to our work.

The day-to-day activities of the Asset Management teams will be informed and influenced by these programmes of activities.

The programme is set out below.

DRAFT

Project	Ref.	Milestone	Lead	Progress	Planned Start	Planned End	Actual Start Date	Actual End Date	Status	24/25 £m	25/26 £m	26/27 £m	Total £m
Housing Supply										0.080	0.220	0.200	0.500
REG 07	1	Understand the demand and supply of temporary accommodation	SH	100%	02/04/24	30/05/24	02/04/24	30/05/24	Complete				
	2	Understand existing accommodation supply and what's already on track for future growth plans	SH	100%	02/04/24	10/06/24	02/04/23	10/06/24	Complete				
	3	Understand how current needs are being met and at what cost	SH	100%	15/04/24	10/06/24	15/05/24	10/06/24	Complete				
	4	Understand the strategic needs for the borough, how they are changing and model future demand	SH	100%	15/04/24	15/08/24	15/04/24	06/08/204	Complete				
	5	Understand best practise from other LAs (efficiencies through housing transformation, how the council compares in terms of baseline cost/outcomes to other similar councils)	SH	100%	15/04/24	30/06/24	15/04/24	30/06/2024	Complete				
	6	End of six-month project report with data overview, recommendation regarding the creation of a Head of Housing Strategy role and efficiency/cost saving/improving outcome opportunities	SH	100%	15/04/24	30/07/24	15/04/24	06/08/2024	Complete				
	7	Recruit Head of Housing post (post exists and approved) - JD/PS, advertisement, interviews, appointment, and notice period.	RH	70%	01/07/24	31/12/24			On Track				

Property Rationalisation			Lead	Progress	Planned Start	Planned End	Actual Start Date	Actual End Date	Status	0.223	0.346		0.569
	1	Asset challenge all built assets - to determine whether Council retains / disposes / repurposes (continuous process)	DJ / TG	50%	01/10/23	01/03/27	01/10/23		On Track				
	2	Options appraisal for core buildings (Municipal, Fountain Court, Middlesbrough House, MICC, Viewley etc)	DJ / TG	70%	01/11/23	31/08/24	01/11/23		On Track				
	3	Approval for Employment Hub to move to Cleveland Centre (from Multimedia)	CC	100%	31/07/24	30/09/24	16/07/2024		Complete				
	4	Refurb and fit out works to Cleveland Centre unit and decant of Employment Hub from Multimedia Centre	CC	0%	01/02/25	31/12/25			Not Started				
	5	Refurb and fit out works to Cleveland Centre unit and decant of Live Well from Dundas to Cleveland Centre	MC	80%	20/05/24	31/12/24	20/05/24		On Track				
	6	Seek approval for outcome of options appraisals / asset challenge (where different from Asset Review Exec report approval)	DJ / TG	0%	01/09/24	31/01/2025			Not Started				
	7	Implement rationalisation recommendations (commencement of individual project delivery plans for each property)	DJ/ TG	0%	01/10/24	31/03/27			Not Started				

<i>Policy and Strategy</i>			Lead	Progress	Planned Start	Planned End	Actual Start Date	Actual End Date	Status	0.000	0.000	0.000	0.000
	1	Transformation programme outcomes inform revision to draft Corporate Asset Management Framework	DJ	100%	01/04/24	31/05/24	01/04/24	22/05/24	Complete				
	2	Revise Corporate Asset Management Framework	DJ	100%	01/06/24	30/06/24	01/06/24	30/06/2024	Complete				
	3	Develop Corporate Asset Management Action Plan	DJ	80%	01/06/24	31/07/24	01/06/24	31/07/2024	Complete				
	5	LMT approval	DJ	0%	01/07/24	31/07/24	01/07/2024	01/08/2024	Complete				
	6	Exec approval	DJ	0%	01/09/24	30/11/2024			Not Started				
	7	Implementation and communication	DJ	0%	01/11/24	31/12/24			Not Started				

Property Management			Lead	Progress	Planned Start	Planned End	Actual Start Date	Actual End Date	Status	0.000	0.000	0.000	0.000
	1	Complete variation to include management of Boho 1, 5 and 8 in existing Praxis (external agent) contract	DJ	60%	01/03/24	31/03/2025	01/03/24		On Track				
	2	Audit of V&E policy and procedure relating to management of rental income and implement recommendations	DJ	70%	01/11/23	30/10/24	01/11/23		On Track				
	3	Formal options appraisal and business case for long term management arrangements for each category of property - identifying properties that could be managed externally	DJ	70%	01/09/23	30/11/24	01/10/23		On Track				
	4	Procure agent for identified retail (existing contract runs to 2026 option 2 year extension)	DJ	0%	01/12/24	31/03/2026			On Track				
	5	Procure agent for identified commercial / office units	DJ	0%	01/01/25	31/03/25			Not Started				
	6	Approvals and legal documentation	DJ	0%	01/04/25	31/07/25			Not Started				
	7	Retail and commercial assets handed over to third-party agent for management	DJ	0%	31/07/25	30/08/25			Not Started				
Asset Sales										24.51	13.24	9.71	47.46
	1	Disposal of Assets	DV	20%	01/04/24	31/03/27			On Track				

Council Plan 2024-27



'Middlesbrough is a brilliant town, and we must use the talent, pride and positivity of our people to make the most of the opportunities that come our way'

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Foreword

Welcome to our Council Plan for the 2024-27 period.

The Council has experienced lots of change following May 2023's elections and this plan sets out the new administration's visions and ambitions.

Like most local authorities, Middlesbrough faces lots of challenges. As a Council, we're determined to work with local people, our partners and businesses to overcome them.

We are also working closely with government and other bodies to make changes to our culture. There are problems from the past we are determined to resolve so we can look to the future with confidence.

We will recover, reset and deliver for the people of Middlesbrough.

By recovering our financial position, we will put the Council on a stronger footing for the future.

By resetting our priorities, we will ensure our attention is focused on things that matter to people and businesses.

With those foundations in place the Council will be able to put all its energy into delivering services that people value.

Our main aims centre on creating a healthier, safer and more ambitious town.

We will be a Council for the whole of Middlesbrough – serving our town centre with the same commitment we show our proud estates, largest neighbourhoods, and newer housing developments.

While acknowledging the difficulties and societal problems that people face, we must also promote Middlesbrough as an area where great things happen.

Our town centre hosts thousands of people on a regular basis whether it be for football, live music, or the various cultural festivals we're proud to play a part in.

We're home to innovative companies that do business on the world stage and we boast award-winning educational institutions preparing our young people for prosperous lives.

Middlesbrough is a brilliant town, and we must use the talent, pride and positivity of our people to make the most of the opportunities that come our way.

Clearly, there's a lot of work to get through as we set about transforming the way we do things.

We believe this Council Plan can help create a fair, welcoming, and thriving place.

Chris Cooke
Elected Mayor of Middlesbrough

Clive Heaphy
Chief Executive



Chris Cooke, Elected Mayor of Middlesbrough



Clive Heaphy, Interim Chief Executive.

Middlesbrough's challenges and opportunities

1. Middlesbrough is a lively and exciting place with an increasingly diverse population. Approximately 18% of our people are of an ethnic minority.

We are proud that our 2023 residents' survey found increasing numbers of people think Middlesbrough is a place where people from different backgrounds get on well together



5. Our population is younger than the regional and national averages



2. We're the heart of the Tees Valley with 800,000 people living within a 30-minute radius. We're a busy place with lots happening



3. Our population of around 144,000 lives in an area of just 35 square miles. Roughly 19 people live on each football pitch size of land making it the most densely populated part of the North East



4. Middlesbrough is a vibrant place with a strong sense of community



6. We must ensure our future workforce has the right skills so we can attract investment



7. Life expectancy and healthy life expectancy for men and women are both lower than national averages



8. We must transform our services in the face of reductions in government funding and declining resident satisfaction



Our vision and ambitions

We will thrive is our vision for Middlesbrough.

We will build a Middlesbrough people want to be part of.

Our ambitions are all focused on the future happiness of our communities.

Our town will always be a place where heritage meets innovation.



1 A successful and ambitious town
Maximising economic growth, employment and prosperity in an inclusive and environmentally sustainable way.

2 A healthy place
Helping our residents to live longer, healthier lives.

3 Safe and resilient communities
Creating a safer environment where residents can live more independent lives.

4 Delivering best value
Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses.



Sources:
• Office for National Statistics 2021 Census
• Middlesbrough Council Resident Survey 2023
• Indices of Deprivation 2019

A successful and ambitious town

Maximising economic growth, employment and prosperity in an inclusive and environmentally sustainable way.

Priorities:

Attract and grow businesses to increase employment opportunities

Middlesbrough is home to thriving companies in innovative industries who compete on the world stage. To ensure we continue to be an attractive place to start or build a business, we will work to grow the range of employment opportunities. We will attract new businesses and support existing ones to grow, increasing the links between employers and job seekers.

Improve attainment in education and skills

Our town boasts award-winning education institutions including Teesside University, Middlesbrough College and the Northern School of Art. We have dozens of wonderful schools led by inspirational teachers. We will work alongside these organisations to ensure skills provision is focused on the future needs of the economy and that our residents are equipped for work.

Ensure housing provision meets local demand

Our population is growing and we need to have homes that meet all types of needs and aspirations. Housing provided through the Council must promote and support independent living. Services for homeless people will be safe and dignified, supporting access into long-term sustainable accommodation.

How will we know we are delivering?

We need to increase the proportion of our residents that are economically active. 45.4% of residents are economically inactive compared to 39.1% nationally (ONS 2021 Census).

We track the number of businesses based here and the sectors they operate in.

Our residents need support to find work. 15.3% have either never worked or are long term unemployed, compared to 8.5% nationally (ONS 2021 Census).

We need to have more well paid, secure jobs in the town. Currently, those in employment are more likely to work in sales, care, leisure or manual jobs when compared to regional and national averages.

We need more roles in senior management positions and professional and technical occupations.

Increasing our skills base is key to attracting businesses and improving job prospects. Currently, 23.9% of residents have no qualifications, compared to 20.3% regionally and 18.1% nationally.

26.4% of residents have a Level 4 equivalent qualification or higher, compared to 28.6% regionally and 33.9% nationally.

We track the number of new homes that are delivered and the number of affordable homes. We monitor the levels of homelessness and the circumstances of people at the risk of homelessness.



A healthy place

Helping our residents to live longer, healthier lives.

Priorities:

Improve life chances of our residents by responding to health inequalities

Using our Family Hub model, we will support families to secure the best start in life for children.

We will improve children's readiness to learn and help them develop strong foundations for success at school.

Early intervention and support for families will prevent issues escalating and build resilience.

Through our Public Health Strategy we will work with partners to increase the prevention and early detection of disease and act on the structural factors that drive ill health.

Adult Social Care Services will further develop early intervention and prevention services to reduce the need for social care assessment.

We will consistently promote the conditions for improved health and wellbeing to users of our services and their carers.

Protect and improve our environment

Through our Green Strategy we will continue to drive up recycling rates and encourage our residents to join with us in protecting our environment, green spaces and parks.

Promote inclusivity for all

To ensure the principle of fairness is at the heart of everything we do, we will work together with communities and partners to develop solutions that improve outcomes for all.

We will always consider the impact our policies, strategies and decision making have on health inequalities.

Reduce poverty

We will work with partners to support our residents out of poverty and improve community resilience to prevent people falling into poverty.

Meeting this challenge is central to all of the ambitions within the Council Plan.

How will we know we are delivering?

We track the percentage increase of families who are engaging with the Family Hub service, the percentage of eligible families supported to take up their funded place for two year olds and the number of children reached each month via the literacy pathway.

Life expectancy at birth in Middlesbrough is 75.4 for males and 79.8 for females, compared to 79.3 and 83.1 nationally. Healthy life expectancy is also lower than national averages. We must work to close the gaps.

56.5% of over-16s in Middlesbrough are classed as 'active', taking part in sport and physical activity for over 150 minutes per week. This compares to 67.3% nationally. Obesity and

overweight rates for both children and adults are higher than the national average.

Promoting and supporting healthier lifestyles can influence these measures that impact on people's health.

We track resident satisfaction on environmental issues, including maintenance, parks and green spaces, via the Resident Survey.

We have statistics for amounts of waste sent for refuse, recycling and composting.

Based on the 2019 Indices of Deprivation, Middlesbrough is the fifth most deprived council area in England. This measure is due to be updated in 2025.

Safe and resilient communities

Creating a safer environment where residents can live more independent lives.



Priorities:

Support for adults to be independent for longer

We will improve access to advice and information for adults and informal carers.

We will develop and expand our use of assistive technology and reablement to minimise the need for ongoing care.

We will develop the choice of accommodation and support options for vulnerable adults to promote independent living, reducing reliance on residential care.

Improved transport and digital connectivity

Our transport infrastructure will meet the needs of our residents and businesses and also support the town's green agenda by increasing the number of electric vehicle charging points.

We will work to improve digital connectivity, including by allowing residents to access Council services in the most convenient way.

Promotion of new ideas and community initiatives

We will develop an approach that empowers individuals and groups to build resilient and thriving communities.

Reducing crime and antisocial behaviour

We will work to reduce crime and antisocial behaviour across the town, allowing residents to live safer lives.

How will we know we are delivering?

Middlesbrough has consistently had the highest crime rate in the Cleveland Police area for the past five years. We must narrow the gap between our town and the rest of the Tees Valley.

We track the number of adults whose long-term support needs are met by admission to residential and nursing care homes.

We track the number of over-65s who receive reablement/rehabilitation services after discharge from hospital.

We monitor the number of people who use public transport and the average minimum travel time to reach key services by different modes of travel.



Delivering best value

Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses

Priorities:

Ensuring robust and effective corporate governance
It will be a priority over the life of this plan to provide government and the Council's auditors with assurances the Council has effectively addressed concerns as set out in the Best Value notice and subsequent statutory recommendations.

Set a balanced revenue budget and Medium Term Financial Plan to restore financial resilience and sustainability

The Council is required by law to manage its annual revenue expenditure within its available financial resources.

It also has a Best Value duty to deliver a balanced Medium Term Financial Plan over three to five years to demonstrate financial stability and sustainability in delivering its wider Council Plan objectives.

The Council faces a significant risk that it is unable to balance its revenue expenditure with its available resources in 2024/25, and over the medium term to 2026/27, without fundamental transformation and redesign of services.

The Council's financial resilience is currently weak due to its critically low level of usable revenue reserves which constrain its ability to respond effectively to unforeseen financial pressures.

The Council's Medium Term Financial Planning and annual budget setting framework provides the affordability envelope within which the Council's plans will need to be developed in order to secure financial sustainability.

This includes the requirement to plan to rebuild revenue reserves to strengthen financial resilience that will enable more stable financial planning and management in delivering wider objectives and priorities over the medium term.



How will we know we are delivering?

By demonstrating successful cultural transformation and financial recovery and resilience, we will aim for the removal of the Best Value notice within the period of this plan.

We will deliver the action plan in response to the external auditor's statutory recommendations and move towards an unqualified set of accounts within the period of this plan.

Monthly budget monitoring takes place with Executive Member oversight.

The Section 151 officer will assess the financial health of the council, including a risk assessment

of the adequacy of reserves annually as part of medium term financial planning and budget setting.

Audits, risks to the organisation, complaints, programme and project management, health and safety and information security incidents are all tracked.

Compliance with Freedom of Information Act and Subject Access Request legislation to ensure we are demonstrating transparency and accountability by the way in which we respond to requests.

Transformation

Changing how we operate to deliver the best outcomes for residents and businesses.

Priorities:

Transformation is not only a response to challenges, but a proactive strategy to shape a future-ready organisation.

It is a catalyst for positive change, driving the organisation forwards.

In embracing this ethos, the Council aspires to create a culture that thrives on adaptability and continuous improvement, ensuring its resilience in the face of ongoing challenges and changes.

Our transformation is focused on key areas and priorities:

Service delivery: we are committed to adopting new approaches to the design and delivery of services to better meet the needs of our residents.

Controls and efficiencies: our emphasis is on driving improved controls and efficiency measures across the organisation, ensuring streamlined processes and resource optimisation.

Demand management: through implementing effective demand management measures, we aim to optimise resource allocation and target our interventions precisely where they are needed most

Outcomes: ultimately, the goal of our transformation is to deliver improved outcomes for our residents, communities and businesses, elevating the overall quality of life.

How will we know we are delivering?

In recognising the evolving landscape and dynamic nature of our operating environment, the Council is dedicated to embracing innovative approaches in the design and delivery of services.

This commitment involves new strategies, partnerships and collaborative efforts with stakeholders.

To methodically track our progress and ensure the successful delivery of our transformative vision, we will establish a comprehensive Transformation Portfolio. This portfolio will serve as a structured framework, outlining a range of projects and programmes designed to implement our initiatives effectively.

Our approach will be both strategic and adaptive, examining short and long-term transformative opportunities to ensure that our efforts align with the evolving needs of our community and the broader landscape. Through this approach, we will proactively gauge our success and respond to emerging opportunities and challenges.






Middlesbrough
moving forward

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MIDDLESBROUGH COUNCIL	
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Report of:	Director of Regeneration
Relevant Executive Member:	Executive Member for Education and Culture
Submitted to:	Executive
Date:	13 November 2024
Title:	Review of alternative operating models for the Captain Cook Birthplace Museum (CCBM)
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Subject to call in?:	Yes
Why:	Non-urgent report.

Proposed decision(s)	
It is proposed that Executive:	
<ul style="list-style-type: none"> a) approves the exploration of a new museum with external partners that could replace the CCBM within Stewart Park in the longer term; b) approves the continued operation of the CCBM in 2024/25 on the basis that the required saving of £0.100m for 2024/25 has been met by a permanent reduction in staffing and that this saving is ongoing; c) approves the continued operation of the CCBM in 2025/26 and 2026/27 subject to securing external revenue support of £0.150m per annum. Failure to secure this funding would result in closure of the CCBM and the transfer of some or all of the collection to the Dorman Museum; and d) approves a reduction in the required saving from the CCBM from £0.345m to £0.303m in 2025/26 and 2026/27 on condition that the remainder of the saving £0.042m will be found within the Regeneration budget via a senior management review. 	

Executive summary

This report seeks Executive approval for continuing the operation of the existing CCBM through the securing revenue support from an external partner, whilst working with the said partner to develop a new museum facility to replace the existing building.

The recommendation to Executive comes following the completion of an options appraisal looking at ways to generate a required saving of £0.345m from the Museum Service (£0.100m in 2024/25 and £0.245m in 2025/26).

Other options considered include:

- Business as usual
- Closure of the CCBM and transfer of some or all of the collection to the Dorman Museum
- Handover the CCBM building to a third-party operator and consolidate some or all of the collection into the Dorman.

As the Council is responsible for the care and management of its museum collections, closure of the building or handing it over to a third party would require the CCBM collection to be moved to another council-run facility, i.e. the Dorman Museum, which would come with additional costs and, due to space constraints, result in a reduced offer. There is also uncertainty about finding an appropriate third party willing to take on the building.

Whilst none of the appraised options fully met the required saving, the recommended option achieves a saving of £0.303m, with the benefit of keeping the CCBM open to the public at current levels and the opportunity to develop a new and more sustainable museum offer with a commercial partner. Should the anticipated revenue from the external partner not be realised, the option of closing the CCBM would achieve £0.277m.

1. Purpose

1.1 To seek Executive approval for:

- a) the exploration of a new museum with external partners that could replace the CCBM within Stewart Park in the longer term;
- b) the continued operation of the CCBM in 2024/25 on the basis that the required saving of £0.100m for 2024/25 has been met by a permanent reduction in staffing and that this saving is ongoing;
- c) the continued operation of the CCBM in 2025/26 and 2026/27 subject to securing external revenue support of £0.150m per annum. Failure to secure this funding would result in closure of the CCBM and the transfer of some or all of the collection to the Dorman Museum; and
- d) approves a reduction in the required saving from the CCBM from £0.345m to £0.303m in 2025/26 and 2026/27 on condition that the remainder of the saving £0.042m will be found within the Regeneration budget via a senior management review.

1.2 To update members on the work undertaken to assess options for the future of the CCBM by setting out:

- a) the savings as currently scheduled;
- b) the options explored to date and their applicability;
- c) the potential opportunity to develop a new museum facility;
- d) the offer received from an external partner regarding funding;
- e) the conditions required to keep the existing CCBM open;
- f) the details of what would happen if conditions are not met; and
- g) the timetable for review and decision

2. Recommendations

2.1 That the Executive

- a) approves the exploration of a new museum with external partners that could replace the CCBM within Stewart Park in the longer term;
- b) approves the continued operation of the CCBM in 2024/25 on the basis that the required saving of £0.100m for 2024/25 has been met by a permanent reduction in staffing and that this saving is ongoing;
- c) approves the continued operation of the CCBM in 2025/26 and 2026/27 subject to securing external revenue support of £0.150m per annum. Failure to secure this funding would result in closure of the CCBM and the transfer of some or all of the collection to the Dorman Museum; and
- d) approves a reduction in the required saving from the CCBM from £0.345m to £0.303m in 2025/26 and 2026/27 on condition that the remainder of the saving £0.042m will be found within the Regeneration budget via a senior management review.

3. Rationale for the recommended decision(s)

3.1 Middlesbrough Museum Service currently operates two museums: The Dorman Museum and the Captain Cook Birthplace Museum. Both museums are Accredited and partners in the Tees Valley Museums Group (TVMG), an Arts Council National Portfolio Organisation which brings investment for activities aligned to the TVMG aims and objectives. Between the two museums, the service manages a joint collection of circa 250,000 objects (majority housed at the Dorman) and welcomes 85.5K annual visitors (80K to the Dorman) and a further 3.5K children on school visits. The recommended option provides an opportunity to keep both facilities open, maintaining public access to the joint collection, whilst exploring plans for a more attractive and sustainable museum for the Cook collection.

3.2 During the course of undertaking the options appraisal, an external partner, with whom the council has worked on other projects, has offered to support the CCBM by providing revenue of £0.150m a year to maintain its current opening arrangements on an interim basis, whilst jointly exploring the potential of a new museum facility to house the Cook collection and potentially other local collections. The intention would be for the external

partner to support the existing facility until the new museum is opened. Subject to securing the £0.150m per annum, this option gets closest to the £0.345m savings target with a £0.303m outturn.

3.3 The recommended option also provides an opportunity to secure further external investment into the Museum Service through having a longer-term plan for its future. One such opportunity is likely to present itself via Tees Valley Combined Authority, who have commissioned a feasibility study into the heritage offer within the Tees Valley. The final report is due in December and is likely to be followed by an investment programme to support the new Tees Valley Heritage Strategy. We will be looking with work with TVCA to secure investment into the new museum facility and wider service.

3.4 The successful delivery of the recommended option directly and indirectly supports the Council's priorities set out in the Strategic Plan 2024-27, including:

- A successful and ambitious town;
- Safe and resilient communities; and
- Delivering best value

3.5 The options of closing the CCBM or handing over the building to a third-party operator would have resulted in a lesser saving of £0.277m and would have removed or put at significant risk the proposed investment from the external partner. Both options would also risk a negative public reaction to any closure or reduction of the service i.e. moving collections to the Dorman, which was evidenced during the budget consultation earlier this year. Both options would result in a reduced offer to visitors and reduced engagement activities, e.g. school visits due to space restrictions, diminishing the positive outcomes delivered by the Museum Service around learning, wellbeing and community cohesion.

3.6 The main risk around the recommended option is a failure to secure the financial support offered from the external partner. The conditions of this support and mitigations are set out in later sections of this report.

4. Background and relevant information

Existing Arrangements

4.1 Up to 2024, the Captain Cook Birthplace Museum was previously open for 7 months of the year (April – October) but is currently only open to the public during school holidays in the same period. A paid-for museum, it currently welcomes around 5.5K visitors a year, with an additional 35.5K people visiting the café and shop housed in the same building. The Cook Museum hosts a café tenant 'Cook's Café' currently on a rolling lease. Any potential closure or change of operator of the building would impact upon this.

4.2 The Dorman Museum is open 6 days a week (Tuesday to Sunday) throughout the year and welcomes around 80k visitors per annum.

4.3 School workshops take place at both venues across the year during term time with 3.5K visits in 23/24. The museums feature permanent exhibits, alongside a programme of

changing exhibitions and special events, including those aimed at key audiences e.g. families.

4.4 As an Accredited Museum Service, and a member of the Tees Valley Museums Group (National Portfolio Organisation), the service has a commitment to care for its 250,000-strong collection in line with industry standards and to make these collections accessible to the public.

4.5 There is a single staffing structure which operates both museums. This structure was reviewed in 2023, but some positions have never been advertised due to the savings requirement. The current structure includes Museums Manager, Visitor Operations Manager, Collections Officer, Visitor Experience Coordinator (vacant), Visitor Experience Assistants (x 4), Cultural Support Officer, Senior Learning & Engagement Officer, and Learning & Engagement Officer. The permanent team are supported by casual staff where required. The following two posts on the staffing establishment have been held vacant in order to support the saving requirement:

- Senior Collections Officer – Full time, Grade I
- Creative Programmes Manager – Full time, Grade K

Required Savings

4.6 During the 2024/25 budget setting process, in response to the financial challenges facing the Council, a proposal was put out to public consultation to close the CCBM and consolidate the offer at the Dorman. The proposal was met with significant public opposition with over 8,000 people signing a petition to keep the museum open, launched by members of the Captain Cook Birthplace Trust. In response, the council agreed to defer a decision on the CCBM to allow an options appraisal on its future to be undertaken.

4.7 The options appraisal was required to look at ways to generate a £0.345m saving from the Museum Service (£0.100m in 2024/25 and £0.245m in 2025/26). The savings had been calculated on the following basis:

- £0.169m Staff
- £0.146m Property
- £0.030m Additional Income (from the Dorman)

Options Appraisal

4.8 With financial support from Tees Valley Museums Group, a specialist consultant – Counterculture – was commissioned to support the options appraisal work. With £0.100m of the target already identified through salary savings made from holding vacant posts, Counterculture was tasked with assessing the viability of different options for the remaining £0.245m.

4.9 Through this process, we have identified three main options:

- Option 1: Keep the CCBM open and secure investment from an external partner. Saving to be delivered: £0.303m
- Option 2: Close the CCBM and make savings from the building costs. Saving delivered: £0.277m
- Option 3: Transfer the CCMB to a third-party operator and make savings from the building costs. Saving delivered: £0.277m.

4.10 The breakdown of the net saving for each option is calculated as follows:

Option 1:

- Existing saving (secured) £0.100m
 - Investment from external partner £0.150m
 - Rates saving (secured) £0.053m
- Total: £0.303m**

Option 2:

- Existing saving (secured) £0.100m
 - Loss of income from Cook: (£0.058m)
 - Staff savings: £0.046m
 - Direct costs savings: £0.012m
 - Property savings (inc. Rates saving secured): £0.177m if building is moth-balled
- Total: £0.277m**

Option 3:

- Existing saving (secured) £0.100m
 - Loss of income from Cook: (£0.058m)
 - Staff savings: £0.046m
 - Direct costs savings: £0.012m
 - Property savings (inc. Rates saving secured): £0.177m if operator takes on building costs in full
- Total: £0.277m**

Note: There would be an additional cost to options 2 and 3 to re-home the Cook collection at the Dorman. This is estimated to be in the region of £0.050m, but hasn't been factored into the net savings above.

Investment from External Partner

4.11 During the options appraisal process, an offer of support for the CCBM from an external partner came out of conversations between the council and trustees of the Captain Cook Birthplace Museum.

4.12 Draft heads of terms have been drawn up between MBC and the external partner setting out the offer of financial support for the existing CCBM and an agreement to financially support the development of a new facility. The conditions for this investment are as follows:

- That the CCBM remains open to the public

- That a new museum is developed through a partnership between the external partner and MBC to house the Cook collection and collections owned by the partner.
- That the new facility will be located in a more prominent location in Stewart Park, Middlesbrough.
- That both parties maximise other fundraising/investment opportunities for the development of the new museum, with the external partner funding the shortfall.

4.13 A high level costing to construct a new museum in Stewart Park has been provided by Ryder which indicates forecast costings. These have been discussed with the external partner and are in line with their expectations.

4.14 Should the financial arrangement with the external partner not proceed for any reason, the proposal is to automatically move to Option 2 (detailed above).

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

5.1 Closing the Cook Museum and making a saving of £0.277m is only being recommended as a Plan B should the investment from the external partner not be realised, as it carries the following risks:

- Savings target is not fully achieved.
- Negative public reaction to closing the museum.
- Lack of a Cook attraction at Stewart Park (at least short-medium term).
- Reduction in activities, e.g. school workshops, due to less space.
- Investment required to move/redisplay Cook collection – Min. £0.050m plus storage costs for remainder of Cook collection and management of the empty building.
- Removes opportunity for short-term investment from the external partner and potentially any long-term support.

5.2 Handing over the Cook building to a third-party operator and making a saving of £0.277m is not recommended as it carries the following risks:

- Savings target is not fully achieved.
- Negative public reaction to closing the museum / reducing the offer.
- Reduction in activities, e.g. school workshops, due to less space.
- Investment required to move/redisplay Cook collection – Min. £0.050m plus storage costs for remainder of Cook collection.
- Lessens opportunity for short-term investment from the external partner and potentially any long-term support.
- Reliance on finding a suitable operator for the building who is willing to take on the full costs.

5.3A number of additional mitigations to reduce this gap have been reviewed, in collaboration with Counterculture, and are detailed in the following table.

Option	£ Savings (Cost)	Benefits/Risks
Introduce charging for entrance to the Dorman	Difficult to assess as entry charge would	More reliable income stream once we understand impact on visitor numbers.

	reduce visitor numbers. Based on 50% of current visitors (40,000) paying £3pp = £0.120m pa.	Reluctance to revisit. Possible impact on secondary spend. Risk of excluding local audiences. Possible reputational issues – lack of inclusivity. Potential to wipe out impact of temporary paid-for exhibitions.
Increase income from temporary exhibitions	Marginal	Not all temporary exhibitions are as favourable as Titanic with heavy upfront costs posing financial risk. Resource intensive – don't have the capacity currently. Impact on museums' capacity to serve broader educational and cultural purposes.
Further reductions in staffing	Reduction in salary costs.	Staff capacity already too low for current operation. Any further reduction requires something to stop e.g. reducing Learning Team would reduce amount of school workshops. Reducing hours from FT to PT risks retaining/attracting the calibre of staff required. Risk to core mission/purpose of the Museum Service.
Closing the Dorman Museum for an extra day a week (ideally a consecutive day).	Small saving on Front of House staff, (3 VEAs), offset by potential loss of 200-250 visitors a week.	Cost reduction may be outweighed by income reduction. Negative impact on café – possible reduction in rental income. Drop in visitor confidence.
New catering operator across both sites	Opportunity to renegotiate contracts to generate more income for the museum.	Current museum offers, footfall and physical environment are not adequate to deliver substantial increase in net catering income.
Commercial letting of spaces at Cook (outside of museum operating periods)	Rental income from leasing spaces not in use by the museum e.g. evenings, term time.	Opportunity to improve the overall visitor offer at Cook. Will be dictated by the market and whether there's interest in the spaces. Will require staff capacity to market/manage hires.
Increasing fundraised income	Potential NPO investment for fundraising support to generate additional income.	Diversifying the museums' income streams. Prospective funders identified by Counterculture. Application in progress to NLHF for additional capacity. More difficult to secure funds for core costs and multiple years.
Investment in Museum buildings to reduce running costs.	To be quantified. Invest to save proposal for Cook being reviewed by Design Services	Return on investment is long-term (avg. 10 years) so not a short-term fix. Some funding pots available for improvements to museum buildings e.g. MEND.

Develop volunteer support.	Potential to provide additional capacity to staff team and support activities that generate income.	More people capacity to support the museum service. Not contractual so less reliable in terms of providing cover required for H&S and quality of experience. Needs capacity to be properly embedded within the service and staff trained to manage the volunteers.
HAF Programme	Generates income to cover staff and venue costs for delivery of programme during school holidays.	Strong chance of success if we apply. Questionable whether investing staff time in delivering HAF raises more income than staff delivering own chargeable family activities for the school holidays. Diverts resources from core programme.
Allocating a % of related charges to the Cook e.g. % land hire from fairs at SP.	Income reallocation from other departments e.g. Parks.	Not additional income to the council, only to the museum service.
Providing additional marketing support.	Potential to increase income from the existing museum programme through improved marketing to target audiences.	Generates increased footfall/income. Greater return on investment in the programme as it stands. Risk of redirecting marketing capacity from other parts of the service/council.

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

6.1 Financial (including procurement and Social Value)

The original savings proposal for saving the £0.345m through the closure of the Captain Cook Birthplace Museum assumed the following:

£0.169m staffing savings

£0.146m other savings, predominantly building related

£0.030m additional income achieved at the Dorman Museum

Counterculture have assessed the savings proposal and have concluded that the assumed staff savings can only be fully achieved through the reduction of hours worked by full time staff. Additionally, they have advised that, whilst possible to achieve, the additional income assumptions at the Dorman Museum cannot be guaranteed. Therefore, with each of the options, the total amount of savings achievable will be less than originally assumed.

Financially, Option 1 offers the highest amount of savings, £0.303m. However, it is contingent upon securing an annual grant of £0.150m from an external partner. The Council is in continuous discussions with that partner regarding their investment, however, until such time that agreement is reached, this option cannot be guaranteed. It is the Council's understanding that keeping the CCBM open is a condition for any funding that the external partner would provide for a new museum within Stewart Park.

Option 1 does though have a savings shortfall of £0.042m against the original proposal. A senior management review will be undertaken and implemented from 1 April 2025, this will create savings which will fully address this shortfall and contribute to the £0.129 savings

required in 2025/26 through the reduction of staff within the Regeneration Directorate, as agreed by Council at during the 2024/25 budget setting process, REG01 refers.

Should the investment from the external partner not materialise then the option of closing the museum will be undertaken. Consequently, the revised achievable savings will reduce to £0.277m. There will though be a one-off cost for the re-housing of the Cook collection, this cost is assumed to be £0.050m.

6.2 Legal

Middlesbrough Council will agree formal Heads of Terms with the external partner covering the annual revenue contribution to the existing CCBM and their support for the development of a new facility. The offer of financial support towards the operational costs of CCBM does not in itself raise any significant legal issues. However, consideration would need to be given as to which capacity we would be acting - as the charity (Stewart Park trust) or as MBC.

Stewart Park is held by the Council as trustee only on behalf of the people of Middlesbrough (after it was gifted to them by Henry Bolckow and others in 1924). The Stewart Park trust is now a registered charity (simply named Stewart Park) and is registered with the Charities Commission with registered charity number 507075.

The charity is administered by its governance rules, which would need to be followed in order to approve any new development in the park.

In 2015, the Charities Commission approved a formal scheme to replace the former trusts of the charity and a copy of the revised scheme is attached as Appendix 2. This is the current governance document for the charity which would need to be followed to deliver the new museum facility.

Any land held by (or in trust for) a charity can only ever only be conveyed, transferred, leased or otherwise disposed of by a charity with either:

- an order of the court; or
- An order of the Charities Commission.

Ultimately, the project will require approval from the Charity Commission to proceed.

Any future proposal made to Executive to approve the development of a new Museum facility will include more detail on any other legal considerations. This report simply asks Executive to approve the exploration of new facility.

Closure of the existing CCBM now or in the future would affect the lease agreement with the café tenant, Cook's Café, who is currently operating on a rolling lease. Advice from Legal will be sought should termination be required (due to closure of the building). If the decision is taken to keep the CCBM open whilst a new facility is built, the recommendation is to offer a fixed contract to the tenant.

Should the CCBM close, it remains the responsibility of MBC as trustee to manage its collections or else go through a fair and transparent process to dispose of them. As Middlesbrough Museum Service is part of Arts Council England's Accreditation Scheme – the industry standard for museums and galleries - it agrees to adhere to all policies, procedures and regulations that meet all relevant legal, ethical, safety, equality, environmental and planning requirements and comply with best practice in governance, reporting and operation. This would apply to any re-homing of the collection or any plans to dispose of items owned by MBC or return of items on loan to the service from other institutions.

Other general potential legal issues:

Employment Law Considerations

The saving of £0.100m made in 2024/25 has been achieved through salary savings from holding vacant posts. If any future arrangements for the museum service impact on staff employment the appropriate consultation will be undertaken with staff and unions.

Consideration may need to be given as to whether any proposed partnership with the external partner would amount to a 'relevant transfer' under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). If it does, TUPE would apply and the necessary processes would need to be followed.

6.3 Risk

The risks have been identified within the table below:

Risk	Owner of Risk	Mitigation
Not meeting the required saving and timescales	Middlesbrough Council – Director of Regeneration	Implementing the recommended option meets £303K of the £345K saving, with the rest to be found from within the Regeneration budget. The £100K target 2024/25 is secured. The £53K rates saving is secured. Will work with external partner to secure a legal agreement for their £150Kpa contribution.
Closure of the CCBM	Middlesbrough Council – Director of Regeneration	Implementing the recommended option will keep the CCBM open on its current operational model whilst a new museum facility is developed in partnership with an external partner. Middlesbrough Council to formalise heads of terms with the external partner and work collaboratively to develop a new facility with a more sustainable business model. Middlesbrough Council to work with the external partner to maximise external investment opportunities for the new facility.
Operational capacity / pressure on staff within the	Middlesbrough Council – Head of Culture	Taking opportunities to bid for external funding to support staff capacity – especially around programming, volunteer management and collections management.

Museum Service due to staff savings		Managing expectations around programme delivery / income from programming during budget setting, based on capacity. Revisiting any potential support through the Transformation Programme in areas which have further savings/income generation potential.
Losing ACE Accreditation due to significant backlog in cataloguing collections	Middlesbrough Council – Head of Culture	Keeping Arts Council and Tees Valley Museums Group involved in our plans and taking guidance re their expectations. ACE confirmed re-accreditation for Middlesbrough Museums is not due in 2024. Exploring options to strengthen capacity in this area through Culture Service Review, external funding applications and/or the council's Transformation Programme (as Accreditation opens doors to funding programmes).
Withdrawal of support from / dissolution of partnership with external partner	Middlesbrough Council – Director of Regeneration	Having a robust heads of terms agreement in place which mitigates this possibility. Establishing a project management structure for the development of the new facility including a project board with representation from both MBC and the external partner. Having a costed and risk assessed Plan B ready to go should the partnership fail – the recommendation is to close the CCBM and consolidate the collection at the Dorman.
Failure to maximise external funding opportunities for the Museum Service	Middlesbrough Council – Director of Regeneration & Head of Culture	Working closely with TVCA to align the development of the new museum facility with the emerging Tees Valley Heritage Strategy. Keeping key funders including Arts Council, National Lottery Heritage Fund and Museums Development North across our plans for the service as they emerge to identify opportunities to apply for funds.

6.4 Human Rights, Public Sector Equality Duty and Community Cohesion

The attached Impact Assessment, attached as Appendix 1, has concluded that the decisions would not have any disproportionately negative impacts.

6.5 Climate Change / Environmental

The current CCBM facility is energy inefficient and recommendations from a decarbonisation report to reduce its carbon footprint are not considered to have a viable ROI by Design Services. The construction of a new museum facility will adhere to all current planning and building control requirements and where possible include new renewable technologies, such as Air Source Heat Pumps and Solar Photovoltaics.

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

The attached Impact Assessment, attached as Appendix 1, concluded that a decision to close the CCBM would have a disproportionate adverse impact on children & young

people, who currently benefit from the learning programme delivered at the CCBM. However, as the recommended option is to keep the CCBM open and work to develop a new museum facility, there would not be any disproportionately negative impacts on this group. This would change if we had to implement the Plan B option.

6.7 Data Protection

The proposed decision is unlikely to involve the collation and use of personal data. However, a Data Protection Impact Assessment will be carried out prior to entering any legal agreement with the external partner.

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

Action	Responsible Officer	Deadline
Sign formal Heads of Terms with external partner	Director of Regeneration	December 2024
Commission full feasibility for new museum facility	Director of Regeneration	January 2025
Proposal to Executive for decision on development of new Museum Facility	Director of Regeneration	September 2025

Appendices

1	Impact Assessment
2	Stewart Park s67 Scheme

Background papers

Body	Report title	Date

Contact: Gaye Kirby
Email: gaye_kirby@middlesbrough.gov.uk

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Template for Impact Assessment Level 2: Full impact assessment

Subject of assessment:	REG03 Concentrate the town's museum offer in the Dorman Museum (80,437 annual visitors) and withdraw from the Captain Cook Birthplace Museum (5,360 annual visitors).			
Coverage:	Service specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input 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 checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<ul style="list-style-type: none"> Key aims, objectives and activities To reduce the cost of the Council's Museum Service as part of wider budget savings proposals. Statutory drivers (set out exact reference) The Council does not have a statutory duty to provide this service. The Museum operates in line with clear policies informed by legal and regulatory frameworks including health and safety, safeguarding and collections care/management. Differences from any previous approach Currently the Captain Cook Birthplace Museum (CCBM) is open to visitors 6 days a week (Tuesday – Sunday) from April to November each year. Its learning programme for schools operates all year-round during term time. The proposed change is that the CCBM will either be operated by another organisation or closed and integrated into the Dorman Museum offer, with the building used for other purposes. Key stakeholders and intended beneficiaries (internal and external as appropriate) Visitors - including local residents and visitors from across the UK and overseas, Local school children – who participate in the annual learning programme, Museum staff, Trade Unions, Captain Cook Birthplace Trust, Captain Cook Society, Café tenant – who has an existing lease to operate from the CCBM building, Tees Valley Museums Group – a consortium of 7 Tees Valley Museums and an Arts Council National Portfolio, Organisation, of which the CCBM is a member and recipient of funding, Funders – Including Arts Council England and National Lottery Heritage Fund Intended outcomes Reducing the cost of the Council's Museum Service through savings made from building costs. However, as a result of withdrawing from the CCBM, other likely outcomes will include reducing public access to the Cook collection and reducing the number of school workshops delivered on the Cook collection. 			

Live date:	The Council would not reopen the Museum from 1 April 2024. The proposed staff savings won't be realised until a staff review has been undertaken, other than from any agreed removal of vacant posts in the Museum Service.
Lifespan:	Ongoing from April 2024 onwards.
Date of next review:	N/A

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Human Rights						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Having considered both the service that the CCBM provides and its audience base, there are no concerns that this proposal could have an adverse impact on human rights.
Equality						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Within the stage 1 impact assessment, it was identified that the proposals would have a disproportionate adverse impact on children & young people, who currently benefit from the learning programme delivered at the CCBM. The impact assessment identified that that proposal could only be partially mitigated by the merged education delivery programme that would be located at the Dorman museum and would result in reduced delivery in comparison to last year by around 660 places.</p> <p>The benefits of the schools’ workshops to the children who take part include valuable opportunities to learn about their local heritage (in terms of the life and voyages of Middlesbrough’s famous son, Captain Cook) and a chance to see and engage with fascinating collections. For many children, learning outside of the classroom in this way is a completely different experience and can be hugely rewarding and enjoyable.</p> <p>Consideration was given to whether this impact could be fully mitigated, however it cannot be fully mitigated without maintaining the two bases and has been partially mitigated as far as it can be.</p> <p>In line with the PSED, consideration was then given as to whether this impact can be justified. It is felt that given the size of the savings required in order to maintain a financially sustainable council and the partial mitigation that has been put in place, that the impact is justified.</p> <p>The drop in the number of school workshops overall and the move of workshops to the Dorman (where admission is free) will also result in reduced income to the Museum Service.</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Following completion of the level 1 impact assessment, there were no concerns that the proposals could have a disproportionate, adverse impact on any of these groups.
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

** Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Community cohesion						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No concerns were identified in relation to community cohesion within the stage 1 assessment process.
Relations between communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
Mitigating actions	Plan to incorporate some Captain Cook schools' workshops into the schools' programme at the Dorman Museum.	JR Bowes	1 April 2024
Promotion	<p>We have written to the schools who take part in the workshops at the CCBM to make them aware of the proposals and to encourage them to take part in the current public consultation. We have done the same for key stakeholders including funders, friends groups, other local authority museums, local historians, etc.</p> <p>Once we know the outcome of the decision by the Council at the end of February, we will recontact the same groups to advise on the plans moving forward and any mitigating actions that we'll be taking.</p>	Gaye Kirby	01 March 2024
Monitoring and evaluation	<p>We will continue to monitor key metrics including the number of museum visitors, number of school workshops delivered, etc., to assess the impact of the decision on the service and affected groups e.g. children and young people.</p> <p>We will also collect any feedback the Museum Service receives from visitors, schools participants and stakeholders in relation to the decision.</p>	JR Bowes	On going

Assessment completed by:	Gaye Kirby	Head of Service:	Richard Horniman
Date:	23 January 2024	Date:	23 January 2024

THE CHARITY COMMISSION FOR ENGLAND AND WALES

Under the power given in the Charities Act 2011

Orders that from today, the

3 June 2015

this

SCHEME

will govern the charity

known as

STEWART PARK (507075)

at

Middlesbrough

**A member of staff of the Charity Commission authorised to act on behalf of the
Charity Commission**

Alex Young

Definitions

In this scheme:

“the charity” means the charity identified at the beginning of this scheme.

“the Commission” means the Charity Commission for England and Wales.

“the trustee” means the trustee of the charity acting under this scheme.

“the former trusts” means the indenture dated 11 June 1924.

ADMINISTRATION

1. Administration

The charity is to be administered in accordance with this scheme. This scheme replaces the former trusts of the charity.

2. Name of the charity

The name of the charity is Stewart Park.

OBJECT

3. Object of the charity

The objects of the charity are to:

- (1) promote the benefit of the public in Middlesbrough, without distinction of sex or sexual orientation or race or of political or religious or other opinions, by associating together the said inhabitants, the local authorities, and voluntary and other organisations in a common effort to:
 - (a) advance the education of the said inhabitants; and
 - (b) provide facilities for recreation or other leisure-time occupation for the said inhabitants in the interests of social welfare with the object of improving their conditions of life.
- (2) Subject to the provisions of clause 5 (Power to dispose of and replace purpose property) and clause 6, the land identified at 1 in the schedule to this scheme must be retained by the trustees for use for the object of the charity.
- (3) The land identified at 2 in the schedule must be retained by the trustee for use for the object identified at clause 1(b) and in particular as a Millennium Green.

4. Power to dispose of and replace purpose property

- (1) This clause is subject to the requirements of part 7 of the Charities Act 2011.
- (2) The trustee may dispose of all or any part of the land identified at 1 in the schedule to this scheme.

- (3) The trustee must replace the land disposed of with equivalent land to be used for the objects of the charity.

POWERS OF THE TRUSTEES

5. Powers of the trustee

In addition to any other powers which it has, the trustee may exercise the following powers in furtherance of the objects of the charity:

- (1) Subject to the requirements of part 7 of the Charities Act 2011, the trustee may lease all or any part of the land identified at 1 in the schedule.
- (2) The trustee may lease all or any part of the land identified in the schedule to this scheme to another charitable organisation, provided that the objects of that charitable organisation are within the scope of the objects of the charity, and provided that the trustee is satisfied that such a lease will be a suitable and effective means to further the objects of the charity.

TRUSTEE

6. Trustee

Middlesbrough Council, is the trustee of the charity, and shall administer the charity in accordance with the Council's normal procedures, so far as is compatible with the duties of a charity trustee.

CHARITY PROPERTY

7. Use of income and capital

- (1) The trustee must firstly apply:
- (a) the charity's income; and
 - (b) if the trustee thinks fit, expendable endowment; and
 - (c) when the expenditure can properly be charged to it, its permanent endowment
- in meeting the proper costs of administering the charity and of managing its assets (including the repair and insurance of its buildings).
- (2) After payment of these costs, the trustee must apply the remaining income in furthering the object(s) of the charity.
- (3) The trustee may also apply for the objects of the charity:
- (a) expendable endowment; and

- (b) permanent endowment, but only:
 - (i) where it is permitted in accordance with (and subject to the conditions in) the Charities Act 2011; or
 - (ii) on such terms (including for the replacement of the amount spent) as the Commission may approve in advance.

GENERAL PROVISIONS


8. Questions relating to the Scheme

The Commission may decide any question put to it concerning:

- (1) the interpretation of this scheme; or
- (2) the propriety or validity of anything done or intended to be done under it.

SCHEDULE

Land		Land Registry title number
1.	Land known as Stewart Park, the Grove, Marton in Cleveland, Middlesbrough	CE201500
2.	Land known as the Millennium Green, being land on the west side of Cargo Fleet Lane, Middlesbrough	CE216671

MIDDLESBROUGH COUNCIL	
Report of:	Director of Regeneration Director of Finance
Relevant Executive Member:	Executive Member for Regeneration Executive Member for Finance and Governance
Submitted to:	Executive
Date:	13 November 2024
Title:	Southlands Community Facility and Sporting Hub
Report for:	Decision
Status:	Public
Council Plan priority:	A successful and ambitious town
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 and can be called in by the Overview and Scrutiny Board
Proposed decision(s)	
<p>It is proposed that the Executive:</p> <ul style="list-style-type: none"> a) notes the business case that outlines how Middlesbrough FC Foundation will manage and finance the site; b) approves the principles of the lease agreement set out within the agreed Heads of Terms for the Southlands Community Facility and Sporting Hub, between the Council and Middlesbrough FC Foundation; c) notes the passporting of liabilities to the partner organisation and how these will be managed through the lease agreement; d) notes the long-term risks and liabilities that could arise, in the event that the partnering organisation ceases to exist; and, e) delegates Authority for the Director of Regeneration and the Director of Finance, to approve or amend the lease agreement, in line with the Heads of Terms insofar that such approval or amendments protects the Council's position or enhances the sustainability of the Southlands scheme. 	

Executive summary

This report seeks Executive approval for Middlesbrough Council to partner with Middlesbrough FC Foundation and provide them with a 25-year lease to manage the new proposed Southlands Community Facility and Sporting Hub.

The report aims to inform Executive of the long-term risks and liabilities associated with the facility and how these will be mitigated through a lease agreement.

The Council could choose to manage the new facilities at the Southlands in house, or through a competitive tender exercise seek an alternative operational management organisation. It is felt that no other external organisation and/or the Council itself could offer the trusted brand, and sustainable management structure that would rival that offered by Middlesbrough FC Foundation.

Middlesbrough FC Foundation proposal presents a huge opportunity for further collaboration between the Council and the Foundation and enable further engagement with the local communities. Currently, the Foundation engages 35,000 people each year, 17,000 of which are through the centre in South Bank which we would expect to be similar to attendances for the completed Southlands facility. Middlesbrough FC Foundation is expected to attract and sustain the required patronage to ensure the sustainability of the site.

Appendix 1(d) contains information in respect of the proposed rent for the lease and Middlesbrough FC Foundation's proposed funding contribution in respect of proposed works to be paid to the Council under the Redacted Heads of Terms at Appendix 1(a). It is considered this information is exempt because it is information relating to the financial or business affairs of the Middlesbrough FC Foundation and the Council under paragraph 3 of Schedule 12 A of the Local Government Act 1972. It is considered this information should not be made public as it could compromise the completion of the lease, ability to set funding contributions to works to be carried out and risk completion of the negotiated proposals.

Appendices 2(a), (b), (c), (d), (e) and (f) contain Middlesbrough FC Foundation's Business Case, pricing policy and timetables. It is considered this information is exempt because it is information relating to the financial or business affairs of the Middlesbrough FC Foundation under paragraph 3 of Schedule 12 A of the Local Government Act 1972. It is considered this information should not be made public as it is Middlesbrough FC Foundation's commercially sensitive data which cannot be disclosed, and any potential disclosure would prevent the scheme from proceeding.

Purpose

1. To seek Executive approval of the Heads of Terms for Middlesbrough Council to enter into a lease agreement with Middlesbrough FC Foundation, who will manage the facility Southlands Community Facility and Sporting HUB once construction is completed. The report will also inform Executive of the long-term risks and liabilities associated with the facility and how these will be mitigated through the lease agreement.

Recommendations

2. It is recommended that the Executive:
 - a) notes the business case that outlines how Middlesbrough FC Foundation will manage and finance the site;
 - b) approves the principles of the lease agreement set out within the agreed Heads of Terms for the Southlands Community Facility and Sporting Hub, between the Council and Middlesbrough FC Foundation;
 - c) notes the passporting of liabilities to the partner organisation and how these will be managed through the lease agreement;
 - d) notes the long-term risks and liabilities that could arise, in the event that the partnering organisation ceases to exist; and,
 - e) delegates Authority for the Director of Regeneration and the Director of Finance, to approve or amend the lease agreement, in line with the Heads of Terms insofar that such approval or amendments protects the Council's position or enhances the sustainability of the Southlands scheme.

Rationale for the recommended decision(s)

3. Following consultation with the local community in 2018 it is clear there is a strong desire for fit-for-purpose community facilities in East Middlesbrough. Particularly, to replace the old and dilapidated Community and Sport Centre which has been subsequently demolished to make way for a new facility.
4. Sport England have previously imposed a condition to the planning application for the current housing development at Marton Avenue site, as the proposals resulted in a net the loss of playing field area. The Southlands site was identified as the location for the re-provision to mitigate this legacy condition.
5. All partners involved in the potential redevelopment of the Southlands site are aware of the need to identify an appropriate delivery timeline which binds all parties to delivery of all aspects of the Southlands project and meets the conditionality of residential development at Marton Avenue – Marton Avenue being a critical aspect for delivering housing growth objectives and the projected income requirements of the Medium-Term Financial Plan (MTFP).
6. The Council is committed in providing quality and safe playing provision which aims to increase the opportunity for the participation in sport and physical activity. The Council acknowledges the positive contribution to quality-of-life sport can bring to individuals.
7. The delivery of a new Community Facility and Sporting Hub at the Southlands site accords with the Council's priorities set out in the Council Plan 2024 to 2027, including:
 - a) a successful and ambitious town;
 - b) safe and resilient communities; and,
 - c) a healthy place.

8. The development of and access to, a new community building is a major priority all local residents and community groups, with the proposed creation of a sporting hub embedded in Middlesbrough Council's adopted Playing Pitch Strategy and local Football Foundation plans.

Background and relevant information

9. Work is ongoing to redevelop the site, providing a new state-of-the-art sporting hub. The Council have secured an approved capital funding commitment of £3.876m for the redevelopment of the Southland site, of which £1.158m is Council Capital funding, £1.442m is from the IGF Fund, and £1.276m from the Towns Fund. £0.363m of the budget has been spent to date.
10. The Council see significant benefits of partnering with an organisation with the appeal and credibility of Middlesbrough FC Foundation, who are keen to commit to an initial 25-year lease to manage the redeveloped site. The Foundation will also contribute funding to assist with the site construction – for specifications above and beyond the base-build specification.
11. By using their years of experience, together with Middlesbrough FC, their mission is firmly established to raise aspirations, help realise individual potential and improve the life chances of people across the Tees Valley.

Middlesbrough FC Foundation Strategic Objective

Working Together	Working together with local and national partners to provide collaborative and sustainable provision across Tees Valley, whilst raising the profile and income for the area.
Make an impact	Ensure all our high-quality activity makes an impact with our community and together with our stakeholders, ensuring we are making a difference, measuring and communicating it.
Deliver high-quality	Deliver high-quality provision across the Foundation and Tees Valley, meeting the needs of our community.
Commitment to the future	Grow the Foundation through developing state-of-the-art facilities and effective processes to drive inclusive, safe and environmentally sustainable provision.
Develop our culture	Create a clear, strong, inclusive culture within the Foundation that people engage in and thrive from to deliver our strategy and quality provision.

The Community

12. The Council have worked closely with a Project Representative Group, made up of local residents and the Ward Councillors, to develop the proposals.
13. The partnership with Middlesbrough FC Foundation will continue this work and will aim to deliver a site which sits at the heart of the community and engages local people.

14. Middlesbrough FC Foundation aims to establish the Southlands as a flagship centre for staff and participants, and the site will offer a chance to create a state-of-the-art facility, to inspire the local communities and people across Teesside.
15. This will be strengthened by the development of a new Community Use Agreement which will accompany the proposed lease agreement.

Proposed Southlands Site Provision

16. Southlands will host a wide range of provision aligned with Middlesbrough FC Foundations strategic themes as well as local consultation and insight:
 - a) Education and Employability through workshops, courses and school visits;
 - b) Health and Wellbeing including mental wellbeing sessions, physical activity circuits and social groups;
 - c) Social Inclusion including free after school football for children and young people, targeted mentoring and adult football which brings the community together;
 - d) Updated, quality facilities which sit at the heart of the community and engage local people; and,
 - e) Middlesbrough FC provision including links to the Women's team, Academy and Middlesbrough Girls.
17. The proposal is to relocate the Foundations headquarters and activities to the Southlands site, presents a huge opportunity for further collaboration between the Council and the Foundation and enable further engagement with the local communities.
18. Currently, the Foundation engages 35,000 people each year, 17,000 of which are through the centre in South Bank which we would expect to be similar to attendances for the new Southlands facility.
19. As a charity, Middlesbrough FC Foundation has access to a variety of grants and funds, including those from the associated charities of the Premier League and EFL to deliver projects which aim to support the following reduction in crime and anti-social behaviour, increase physical activity, improve community cohesion, improve mental wellbeing and increase employability.
20. Alongside the football charities, it is proposed that they will continue to work closely with a number of departments within the Council to deliver a range of provision within education, targeted youth work and employability.

Proposed Facilities and Layout

21. It is proposed new Southlands facility will be built in manageable phases, subject to the available funding.
22. Phase 1 consists of:
 - a) a standalone Community Facility comprising three multi-purpose rooms, a community café, supporting welfare facilities such as changing rooms and offices.

- b) the refurbishment of existing 3g pitch with installation of new floodlighting, shockpads and resurfacing of the carpet;
- c) a new 11v11 natural turf playing pitch;
- d) areas of playing field;
- e) a car park and access road;
- f) a cycleway and pedestrian access route to support sustainability and will promote inclusivity and accessibility for all; and,
- g) new and enhanced security fencing.

23. Phase 1 will have the capacity to accommodate a broad range of public, private and third sector groups, services and activities that will benefit the whole community.

24. The Southlands development has included ancillary facilities which the Council believes play an important role in helping people to become and stay active as well as improving the use and viability of the playing field area for a variety of sports. It is believed the ancillary facilities will enhance the experience for existing users and make use of the playing field a more attractive proposition for potential new users; as well as enhancing site security.

Day to Day Management of Site

25. It is proposed Middlesbrough FC Foundation will become responsible for the day-to-day management of the development.

26. The Community Facility and two playing pitches will be situated behind a security fence. All bookings for meeting rooms, community rooms and use of the playing pitches will be managed by Middlesbrough FC Foundation, and only accessed through the reception of the new community facility.

27. Middlesbrough FC Foundation will also manage the playing field area and will maintain in line with playing field requirements. The playing field will be used to support sporting activity on an ad hoc basis and for more informal sporting activity. This area of the development is proposed to sit outside of the security fencing to enable the area to be used by the general public on a less informal basis and serve also as a public greenspace amenity.

Future Ambitions

28. It is proposed that once the site is open and operational, the Council and Middlesbrough FC Foundation will develop a business case for an additional 3g pitch to the north of the site and funding has been ringfenced to support a future funding bid.

29. Similarly, discussions are underway with Middlesbrough Football Club and Teesside University to support enhancing the grass pitch to allow for further usage, including links to the Middlesbrough FC Women's team, Middlesbrough FC Academy and Middlesbrough Girls.

30. Should demand establish the need for additional natural turf playing pitches in the future, the area to the south of the site could accommodate an 11v11 natural turf pitch.

Lease Agreement with Middlesbrough FC Foundation

31. Heads of Terms have been agreed as the basis of a lease agreement between Middlesbrough Council and Middlesbrough FC Foundation. These terms have been carefully designed to limit Middlesbrough Council's exposure and liability to any ongoing maintenance and operating costs, whilst giving Middlesbrough FC Foundation the necessary security of tenure and longevity, to enable access to third party funding opportunities to expand the provision in future.
32. The Heads of Terms is appended to this report as Appendix 1(a), (b) and (c). The documents contains information in respect of the proposed rent for the lease and the Middlesbrough FC Foundation's proposed funding contribution which has been redacted. This information is considered to be exempt as it is information relating to the financial or business affairs of Middlesbrough FC Foundation and the Council under paragraph 3 of Schedule 12 A of the Local Government Act 1972. It is considered this information should not be made public as it could compromise the completion of the lease, ability to set funding contributions to works to be carried out and risk completion of the negotiated proposals. Redacted information is held within the exempt Appendix 1(d). **(Exempt Appendix 1(d))**.
33. The Heads of Terms include the following critical elements:
- a) **Area to be Demised** – this includes all area known as the Southlands Centre, comprising of 7.0151 hectares;
 - b) **Future development requirements** – including, in partnership with the Council, Middlesbrough FC Foundation will apply to the Football Foundation for funding towards the construction of a new artificial pitch and observe, perform any terms and conditions of any funding agreements with the Football Foundation and indemnify the Council of any breach in funding terms;
 - c) **Funding** – Upon exchange of the lease, Middlesbrough FC Foundation will provide their contribution towards the costs of the works in accordance with Middlesbrough Council plans and specifications – **See Exempt Appendix 1(d) Reference A**;
 - d) **Length of Lease** – The site will be let to Middlesbrough Football Club Foundation by way of an Agreement for Lease, for 25 years following completion of the project.
 - e) **Rent** – **See Exempt Appendix 1(d) Reference B**;
 - f) **Permitted Use** – The property will be used for the provision of football and sports activity throughout the year; for schools and the wider community plus other education, employability, health and wellbeing, social inclusion and associated activities. Middlesbrough FC Foundation will sign up to a Community Use Agreement;
 - g) **Data reporting** – Middlesbrough FC Foundation will be required to provide the Council with an annual report which sets out the number of bookings made in respect to the facilities as well as details of any events/activities which have taken place at the site. This will allow the Council to assess the site is being used effectively and for the intended purpose;
 - h) **Repair & Maintenance** – Middlesbrough FC Foundation will be responsible for repairs which includes all internal and external repairs in relation to the land and buildings. All fixtures and fittings will be the responsibility of Middlesbrough FC Foundation;
 - i) **Alterations** – No alterations will be permitted prior to the consent of the Council;
 - j) **Alienation** – Middlesbrough FC Foundation will not be permitted to assign, sublet, part with or otherwise dispose of the demised area;

- k) **Insurance** – The Council will insure the site, subject to reimbursement of the premium by Middlesbrough FC Foundation. Middlesbrough FC Foundation will be responsible for insuring the contents including their own equipment that is brought onto site to include any artificial playing surfaces which have been installed. The lessee will also maintain employers and public liability insurance of up to individual limits of £10.000m minimum; and,
- l) **Hours of Operation** – The premises will be permitted to operate between the hours of 8.00am and 10.00pm 7 days a week throughout the year.

Council Risks

- 34. The Council have worked closely with Middlesbrough FC Foundation to design the new facilities at the Southlands and from the outset the Council have identified the construction budget.
- 35. Middlesbrough FC Foundation are looking to relocate its headquarters to the site, the need for office space to accommodate their staff has been identified. This falls outside of the scope of the Councils project and therefore identified an initial shortfall in the delivery budget. This shortfall will be bridged by funding sourced by Middlesbrough FC Foundation.
- 36. Middlesbrough FC Foundation have also agreed to fund any alterations to the design of the facility to meet their long term aims for the site, alongside any requirements / opportunities for value engineering cost savings.
- 37. Alongside capital funding from the Council, the budget is also made up of funding from the Towns Fund and the Indigenous Growth Fund. Should any terms and conditions relating to these funding avenues be breached, clawback of the monies could be requested. There is also grant funding linked to the original artificial pitch at the Southlands from the Football Foundation. All of these conditions, plus any linked to future bids to the Football Foundation will be managed by Middlesbrough FC Foundation as per the terms within the lease documentation.
- 38. Appendix 2 (a), (b), (c), (d),(e) and (f) of this report is the business case submitted to the Council from Middlesbrough FC Foundation. The business case outlines how the Middlesbrough FC Foundation will manage and finance the site and includes its pricing policy and timetables. It is considered this information is exempt because it is information relating to the financial or business affairs of the Middlesbrough FC Foundation under paragraph 3 of Schedule 12 A of the Local Government Act 1972. It is considered this information should not be made public as it is Middlesbrough FC Foundation's commercially sensitive data which cannot be disclosed, and any potential disclosure would prevent the scheme from proceeding. **(Exempt Appendix 2(a), (b), (c), (d), (e), (f))**.
- 39. The business case, coupled with the of the Heads of Terms which will be the fundamentals of the lease agreement, looks to minimise the risks for the Council for the next 25 years as a minimum, but doesn't completely remove them should anything happen which means the facility falls back to the Council to manage and maintain.
- 40. In the event that the lease with Middlesbrough FC Foundation were abandoned by either party, the Council would seek to either mothball the site, or will provide a skeleton service until a new operator is found.

41. The identified risks are detailed further within the risk section of this report.

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

42. The Council could choose to manage the new facilities at the Southlands in house, or through a competitive tender exercise seek an alternative operational management organisation.
43. Previous to the approach the Middlesbrough FC Foundation, the Council engaged with a consultant to identify demand for the site. Having received local grassroots club contact information from North Riding County Football Association, consultation took place over a two-month period. Of the clubs identified only three came back with any potential usage, which totalled less than six hours across the full week, meaning the viability of a new facility was in jeopardy.
44. Middlesbrough FC Foundation approached the Council with a proposal to relocate their headquarters and activities to the Southlands, which presents a huge opportunity for further collaboration between the Council and the Foundation and enable further engagement with the local communities. Currently, the Foundation engages 35,000 people each year, 17,000 of which are through the centre in South Bank which we would expect to be similar to attendances for Southlands and is expected attract the required usage to ensure the sustainability of the site.
45. The Foundation are also committed to contributing towards the delivery costs of the new facility. As a charity, the Foundation is also able to apply for a variety of grants and funds, including those from the associated charities of the Premier League and EFL to deliver projects which aim to support the following reduction in crime and anti-social behaviour, increase physical activity, improve community cohesion, improve mental wellbeing and increase employability.
46. It is felt that no other external organisation and/or the Council itself could offer the trusted brand and sustainable management structure that would rival that offered by Middlesbrough FC Foundation.

Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

47. A tender exercise commenced on 9th October 2024 and the successful bidder is anticipated to be announced on 30th November 2024.
48. A previous report approved a budget of £3.876m for the Southlands, of which £1.158m is Council Capital funding, £1.442m is from the IGF Fund, and £1.276m from the Towns Fund, of which £0.363m has been spent to date.
49. The terms of the grant funding included within the available budget do not preclude the Council entering into a lease agreement with Middlesbrough FC Foundation.

50. Middlesbrough FC Foundation have requested that additional works are included within the tender, to which they have committed to provide all the funding for these works. This will be stated within the lease agreement which must be signed prior to award of construction contract.
51. Middlesbrough FC Foundation is an established organisation with significant experience in running such facilities as the East Middlesbrough Community Hub.
52. The Heads of Terms, which will be the fundamentals for the lease agreement state that all expenditure in relation to the running of the building, including insurance and all internal and external repairs are the responsibility of MFC Foundation.
53. As part of their business case MFC Foundation have provided details of income which can be achieved from the hiring of the 3G and grass pitches and activities within the hub. The Foundation has also provided an income and expenditure budget for annual years up to and including 2028/29. The budget prudently does not rely upon all of the income being achieved, but still demonstrates that the Foundation can successfully run the hub without any reliance on Council funding.
54. The Council has confidence that Middlesbrough FC Foundation can successfully independently operate the Community Hub. Therefore, the Council considers itself financially safeguarded against any liabilities associated with the operation of the Community Hub.
55. However, in the event of the lease being returned to the Council, estimates have been made with regards to the ongoing annual revenue costs that the Council would incur until such time that a new management organisation is sourced:
- a) £0.040m for mothballing the site with no staff but costs for utilities, business rates and site security; or,
 - b) £0.070m as a minimal provision at the site with skeleton staff and services.
56. It should be noted by Executive that the terms of the lease been outlined mean that the risk and rewards of the contract sit with Middlesbrough FC Foundation. In accounting terms, the value of the asset will not sit in the Council's balance sheet during the period of the lease. This is normal practice, and the asset will revert to the Council at the end of the lease period.

Legal

57. The Council have agreed Head of Terms with Middlesbrough FC Foundation, the basis of which will be used to form the proposed lease terms.
58. In order to proceed to enter into the agreement for lease and subsequent lease with Middlesbrough FC Foundation, a surrender of part is required from the adjoining Unity City Academy, which is part of the Academies Enterprise Trust ("Academy Trust"). The Academy Trust will need DfE consent in order to enter into this surrender of part. At the time of writing, an update from the solicitors acting on behalf of the Academy Trust in respect of their application to the DfE, is awaited. Once the required land is back within the Council's possession, DfE consent will then also be needed to proceed to include the land in the lease

to Middlesbrough FC Foundation, given its immediate previous use as school playing fields. However, The Academies General Disposal and Appropriation Class Consent (No 4) 2023 grants such consent whereby the disposal of playing fields is to a not-for-profit organisation when the following conditions are met:

- a) the terms of the disposal agreement provide that any school or community user group using the playing fields in the 6 months immediately before the transfer may continue to do so for at least 10 years following the date of the disposal, during which time they will have access to the playing fields for at least the same periods and on the same, or more favourable, terms as they did before the disposal; and either;
- b) the constitution of the receiving organisation obliges that organisation to maintain them as playing fields; or,
- c) the terms of the disposal agreement require that organisation to maintain them as playing fields for at least 10 years from the date of disposal; or,
- d) the disposal is to a local authority and the receiving authority has given an undertaking that the playing fields will continue to be used as school/community playing fields for at least 10 years from the date of disposal.

59. Therefore, deed of surrender of part will also include a variation to the Academy Trust's lease, to allow use of the playing fields being surrendered, during term time.

60. In addition, the lease to Middlesbrough FC Foundation will require them to maintain that land surrendered by the Academy Trust as "playing fields" as defined within s.77 of the School Standards and Framework Act 1988 which is as follows "land in the open air which is provided for the purposes of physical education or recreation, other than any prescribed description of such land". Given the land to be surrendered by the Academy Trust will form part of the new 11v11 pitch pursuant to phase 1 of the development, with the remainder potentially being utilised for the construction of a new MUGA (subject to availability of funding) this will arguably continue to fall within the required definition of "playing fields". The applicability of the general consent order means that the DfE only needs to be notified of the disposal, rather than an application being made for consent.

61. In addition to the above, before the agreement for lease is entered into with Middlesbrough FC Foundation, given the land is open space, the advertising requirements contained in s.123(2A) of the Local Government Act 1972 must be complied with. The recent case of R. (on the application of Wilkinson) v Enfield LBC would suggest that an appropriation under s.122 of the Local Government Act 1972 is not required, given the Council's intention to dispose of the land by way of the lease. Also, in any event it could be argued that proposed permitted use to be included in the lease is consistent with the definition of "open space" contained in section 336 of the Town and Country Planning Act 1990 being "any land laid out as a public garden, or used for the purposes of public recreation, or land which is a disused burial ground".

Risk

62. The risks have been identified within the table below.

Risk	Owner of Risk	Mitigation
Day to Day Management	Middlesbrough FC Foundation	Middlesbrough FC Foundation have extensive experience in operating similar facilities.

		Currently, the Middlesbrough FC Foundation engages 35,000 people each year, 17,000 of which are through the centre in South Bank which we would expect to be similar to attendances for Southlands.
Operational Cost	Middlesbrough FC Foundation	<p>Middlesbrough FC Foundation have supplied a business case for the Southlands.</p> <p>As a charity, Middlesbrough FC Foundation is able to apply for a variety of grants and funds, including those from the associated charities of the Premier League and EFL to deliver projects which aim to support the following reduction in crime and anti-social behaviour, increase physical activity, improve community cohesion, improve mental wellbeing and increase employability.</p>
Budget is Exceeded	Middlesbrough Council & Middlesbrough FC Foundation	<p>Middlesbrough FC Foundation to fund its own requirements to future proof the facility.</p> <p>If necessary, a value engineering exercise will take place once tenders are received.</p>
Breach of Funding Conditions	Middlesbrough FC Foundation	<p>The lease agreement will ensure Middlesbrough FC Foundation are aware of their funding obligations.</p> <p>Middlesbrough FC Foundation have extensive experience in managing sites and venues with funding from Local Councils and bodies such as the Football Foundation.</p> <p>The Council will be liable for any conditions should the lease fall back to them, but the lease agreements will look to indemnify the Council.</p>
Lease broken and liability falls back to Council	Middlesbrough Council	<p>Middlesbrough Council will regularly monitor the lease agreement with Middlesbrough FC Foundation.</p> <p>Should the lease be terminated at any point, the Council will either manage the site on a tick over basis, or mothball the site.</p> <p><u>Cost Per Annum</u> £0.040m – Tick over basis until alternative £0.070m –mothball the site</p>
Future Bids to the Football Foundation	Middlesbrough FC Foundation & Middlesbrough Council	<p>Any bids for future expansions, for example, a new artificial pitch will be managed by Middlesbrough FC Foundation. Officers at the Council will provide a supporting role and the Council will be a partnering bidder where necessary to support the bids.</p> <p>The Council will be liable for any conditions should the lease fall back to them.</p>

Human Rights, Public Sector Equality Duty and Community Cohesion

63. The attached Impact Assessment, attached as Appendix 3, has concluded that the decisions would not have any disproportionately negative impacts.

Climate Change / Environmental

64. Biodiversity Net Gain is an approach to development. It makes sure that habitats for wildlife are left in a measurably better state than they were before the development.

65. In England, Biodiversity Net Gain is mandatory under Schedule 7A of the Town and Country Planning Act 1990 (as inserted by Schedule 14 of the Environment Act 2021).

66. Developers must deliver a Biodiversity Net Gain of 10%. This means a development will result in more or better-quality natural habitat than there was before development.

67. As part of the Planning Application, a biodiversity assessment was completed on the site and a strategy has been developed to meet these requirements.

68. The construction of the new facility will adhere to all current planning and building control requirements and where possible include new renewable technologies, such as Air Source Heat Pumps and Solar Photovoltaics.

69. The facility will provide cycle storage on site to encourage cycling, bus / coach parking to encourage use of public transport. The building is subject to a Simplified Energy Building Model assessment which assesses the energy performance of the building and the construction will be in line with its recommendations. This includes roof, wall and floor construction, glazing performance, etc. Low energy lighting will be used which are also fitted with Passive Infrared sensors to minimise usage.

70. Where possible, internal fixtures and fittings will look to utilise carbon neutral products.

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

71. The attached Impact Assessment, attached as Appendix 3, has concluded that the decisions would not have any disproportionately negative impacts.

Data Protection

72. A Data Protection Impact Assessment will be carried out prior to contracting with Middlesbrough FC Foundation.

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

Action	Responsible Officer	Deadline
Submit Delegated Authority to Legal Services to initiate the drafting of the Lease.	Angela Cooper	November 2024
Surrender of Land by Academy Trust	Peter Brewer / Ryan Harwood	December 2024

Lease Agreed	Ryan Harwood	March 2025
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Appendices

1(a)	Heads of Terms (Redacted)
1(b)	Heads of Terms Plan 1
1(c)	Heads of Terms Plan 2
1(d)	Heads of Terms Redacted Information (Exempt from publication)
2(a)	Middlesbrough FC Foundation Business Case (Exempt from publication)
2(b)	Middlesbrough FC Foundation Pricing Policy (Exempt from publication)
2(c)	Middlesbrough FC Foundation Timetable 3g Pitch (Exempt from publication)
2(d)	Middlesbrough FC Foundation Timetable Grass Pitch (Exempt from publication)
2(e)	Middlesbrough FC Foundation Indoor Timetable (Exempt from publication)
2(f)	Middlesbrough FC Foundation Income and Expenditure (Exempt from publication)
3	Impact Assessment

Background papers

Body	Report title	Date
Executive	Withdrawal of Sport and Leisure Service Provision from Southlands Centre	26 th January 2016
Executive Sub Committee for Property	Expressions of Interest for Southlands Centre	15 th June 2016
Executive Sub Committee for Property	Future of Southlands Centre	22 nd March 2017
Executive	Update on Future of Southlands Centre	6 th September 2017
Executive Sub Committee for Property	Update on Southlands Centre	22 nd November 2017
Executive Sub Committee for Property	Southlands Centre – Future Options	20 th April 2018
Executive Sub Committee for Property	Southlands Next Steps	26 th September 2018
Executive Sub Committee for Property	Southlands Future Development	19 th December 2018
Executive Sub Committee for Property	East Middlesbrough – Future Community Facility	20 th February 2019
Executive	Developing a New Community Centre at Southlands	14 th June 2022

Contact: Peter Brewer, Project Officer

Email: peter_brewer@middlesbrough.gov.uk

Appendix 3 - Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Southlands Community Facility and Sporting Hub			
Coverage:	Crosscutting			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input checked="" type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>

Description:

The Council remain utterly committed to the Southlands site and work is ongoing to redevelop the site, providing a new state-of-the-art sporting hub.

Vision

Inspire confidence, inspire hope.

Mission

Middlesbrough Council are partnering with Middlesbrough FC Foundation to redevelop the Southlands site. By using their years of experience, together with Middlesbrough FC, we raise aspirations, help realise potential and improve the life chances of people across the Tees Valley.

Strategic Objectives

Work together - Working together with local and national partners to provide collaborative and sustainable provision across Tees Valley, whilst raising the profile and income for the area.

Make an impact - Ensure all our high-quality activity makes an impact with our community and together with our stakeholders, ensuring we are making a difference, measuring and communicating it.

Deliver high-quality - Deliver high-quality provision across the Foundation and Tees Valley, meeting the needs of our community.

Commitment to the future - Grow the Foundation through developing state-of-the-art facilities and effective processes to drive inclusive, safe and environmentally sustainable provision.

Develop our culture - Create a clear, strong, inclusive culture within the Foundation that people engage in and thrive from to deliver our strategy and quality provision.

Provision

Southlands will host a wide range of provision aligned with Middlesbrough FC Foundations strategic themes as well as local consultation and insight:

- Education and Employability through workshops, courses and school visits;
- Health and Wellbeing including mental wellbeing sessions, physical activity circuits and social groups;
- Social Inclusion including free after school football for children and young people, targeted mentoring and adult football which brings the community together;
- Updated, quality facilities which sit at the heart of the community and engage local people; and,
- Middlesbrough FC provision including links to the Women's team, Academy and Middlesbrough Girls.

	Currently, the Foundation engages 35,000 people each year, 17,000 of which are through the centre in South Bank which we would expect to be similar to attendances for Southlands.
Live date:	November 2025
Lifespan:	25 years minimum
Date of next review:	Not Applicable

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>It is considered that the project will not impact negatively on individual human rights as the proposal represents a significant and positive enhancement for the local and wider area.</p> <p>The Council is committed in providing quality and safe playing provision which aims to increase the opportunity for the participation in sport and physical activity. The Council acknowledges the contribution to quality-of-life sport can bring to individuals.</p> <p>The delivery of a new Community Facility and Sporting Hub at the Southlands site accords with the Council's priorities set out in the Strategic Plan 2020-24.</p>
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics, to ensure it has due regard to the public sector equality duty. Therefore, in the process of taking decisions, the duty requires the Council to have due regard to the need to:</p> <ul style="list-style-type: none"> a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. <p>It is considered that the proposed project will not have a disproportionate adverse impact on a group, or individuals, because they hold a protected characteristic</p>
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>There are no concerns that the proposal could have an adverse impact on community cohesion.</p> <p>The decision to deliver the projects will provide a positive impact on relationships between different groups</p>

* Consult the Impact Assessment further guidance for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Armed Forces Could the decision impact negatively on those who are currently members of the armed forces of former members in the areas of Council delivered healthcare, compulsory education and housing policies?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposal could have an adverse impact on community cohesion. The decision to deliver the projects will provide a positive impact on currently and former members of the armed forces.
Care leavers Could the decision impact negatively on those who are care experienced?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposal could have an adverse impact on community cohesion. The decision to deliver the projects will provide a positive impact on those who are care experienced.
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:	Peter Brewer	Head of Service:	Sam Gilmore
Date:	28/08/2024	Date:	28/08/2024

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Appendix 1 – Heads of Terms

DRAFT HEADS OF TERMS

**WITHOUT PREJUDICE SUBJECT TO CONTRACT AND COUNCIL APPROVAL
LEASE TO OCCUPY SOUTHLANDS CENTRE,
ORMESBY ROAD, MIDDLESBROUGH
TS3 0RJ**

LESSOR:	Middlesbrough Borough Council Middlesbrough House, 50 Corporation Road, Middlesbrough, TS1 2RH
LESSORS SOLICITORS:	Middlesbrough Council-Legal Property department
LESSEE:	Middlesbrough Football Club Foundation Brignall Road Riverside Industrial Estate Middlesbrough TS12 1PS Contact: Lynsey Edwards Tel No: 01642 757669 Email: Lynsey.edwards@mfcfoundation.co.uk
LESSEE'S SOLICITOR:	Emma Loughran Endeavour Partnership
AREA TO BE DEMISED:	All that land known as Southlands Centre, Ormesby Road, Middlesbrough TS3 0RJ, comprising 69,800 sq meters and shown verged red on the attached plan
DEVELOPMENT:	It is agreed that following an Agreement to Lease the lessor will in conjunction with the Football Foundation develop the facilities shown on the attached site layout plan and refurbish the existing 3G pitch pursuant to the planning application ref 24/0226/MAJ. Upon completion of the lease, in partnership with

the lessor, the lessee will be required to apply to the Football Foundation to secure funding towards the construction of a new 3G pitch on the part of the site shown hatched blue on the attached plan, and thereafter will be required to work with the Football Foundation to secure the construction of the 3G pitch by whatever means required by the Football Foundation.

Such application to the Football Foundation will be a joint application between the lessee and lessor provided that the lessee will be required to observe and perform any terms and conditions of any funding agreement with the Football Foundation and indemnify the lessor in respect of any breach of such terms and conditions.

Should application for the new 3g pitch be unsuccessful, the lessor will fund works to provide drainage to existing playing fields, such works to be carried out by the lessee to the lessor's reasonable satisfaction.

FUNDING:

Upon exchange of an Agreement to Lease, the lessee will provide the sum of [REDACTED] towards the costs of the lessor completing the following works in accordance with the lessor's plans and specifications submitted as part of the application for the planning application ref 24/0226/MAJ:

- Seeding of the existing grass turf playing field
- Formation of a new 11v11 grass turf playing pitch
- Refurbishment of the existing 3G playing pitch
- Construction of the community hub
- Construction of the car park and access road.

It is agreed and understood the lessor is responsible for the practical completion of the above works.

LENGTH OF LEASE:

The site will be let to Middlesbrough Football Club Foundation by way of an Agreement for Lease, which will then be followed on completion of the project by a 25 year lease.

RENT:

The rent charged will be [REDACTED]

PERMITTED USE:

The property will be used for the provision of football and sports activity throughout the year; for schools and the wider community plus other education, employability, health and wellbeing, social inclusion and associated activities.

The lessee will satisfy itself that the proposed use does not conflict with any restrictions in the title for the property.

The lessee will be expected to sign up to a Community Use agreement, the terms of which will be agreed separately.

The lessee will be required to provide the lessor with an annual report which sets out the number of bookings made in respect of the facilities at the property as well as details of any events/activities which have taken place at the site, to enable the lessor to assess whether the site is being used effectively for the intended purposes. For the avoidance of doubt, this requirement is in addition to any project monitoring requirements imposed by the Football Foundation pursuant to any funding agreement.

REPAIR AND MAINTENANCE:

The lease will be fully repairing on the part of the tenant. Which for the avoidance of doubt will include all internal and external repairs in relation to the land and buildings. The tenant will be responsible for all statutory inspection and compliance with health and safety regulations. All fixtures and fitting will also be the responsibility of the tenant.

This also includes a requirement to maintain the land shown edged blue on the plan as "playing fields" (as defined in s.77 of the School Standards and Framework Act 1998).

ALTERATIONS:

The lessee will not be permitted to undertake any structural alterations to the demised area, internal and non-structural repairs will be permitted with landlord's prior consent which will not be unreasonably withheld or delayed.

ALIENATION:

The lessee will not be permitted to charge the lease, nor will they be permitted to assign, sublet,

part with or otherwise dispose of the demised area either in whole or in part.

UNITY CITY ACADEMY:

The lessee will acknowledge that it will take the site subject to the rights of the Academies Enterprise Trust to continue to use the land shown hatched blue on the attached plan as "playing fields" in connection with the operation of the neighbouring Academy. This will therefore result in Academies Enterprise Trust having access to the new 11v11 pitch as well as the land upon which the 3G pitch is proposed and the 3G pitch itself if or when constructed.

SUITABILITY FOR DEVELOPMENT:

The lessee will take the site as seen and satisfy itself as to the suitability of the site for development through their own site investigations without any Lessor guarantee of its feasibility for development as proposed.

SITE ACCESS

Any third parties requiring access to the site for investigative work prior to completion of the lease will fully indemnify the lessor in relation to any claims arising from their activities/actions on the site and surrounding area.

Commencement of any construction, engineering or erection of any structures will only take place following completion of the lease.

INSURANCE:

The lessor will insure any buildings on site, subject to the reimbursement of the premium by the tenant. The lessee will be responsible for insuring the contents including their own equipment that is brought onto site to include any artificial playing surfaces which have been installed. The lessee will also maintain employers and public liability insurance of up to individual limits of £10,000,000 (ten million pounds) minimum.

HOURS OF OPERATION

Subject to any overriding Planning Conditions attached to any Planning Permission and the Lessee not creating any nuisance to neighbouring occupiers the premises will be permitted to operate between the hours of 8.00am and 10.00pm 7 days a week throughout the year.

CONDITIONS:

The grant of the lease will be subject to
i) Contract

- ii) Council Approval by way of delegated authority
- iii) The Council obtaining a surrender of part from Academies Enterprise Trust in respect of that part of the site that forms part of Unity City Academy
- iv) DfE requirements in respect of the part of the site to be surrendered by Academies Enterprise Trust



All other terms and conditions are as contained in the Council's standard lease agreement

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1750

REV	DATE	DESCRIPTION
PROJECT Southlands 24-25		
DRAWING Proposed Site Plan		
SCALE 1"=50'	DRAWN BY WJF	
FILE REF 256-2401	DRAWING NO 03	DATE July 24

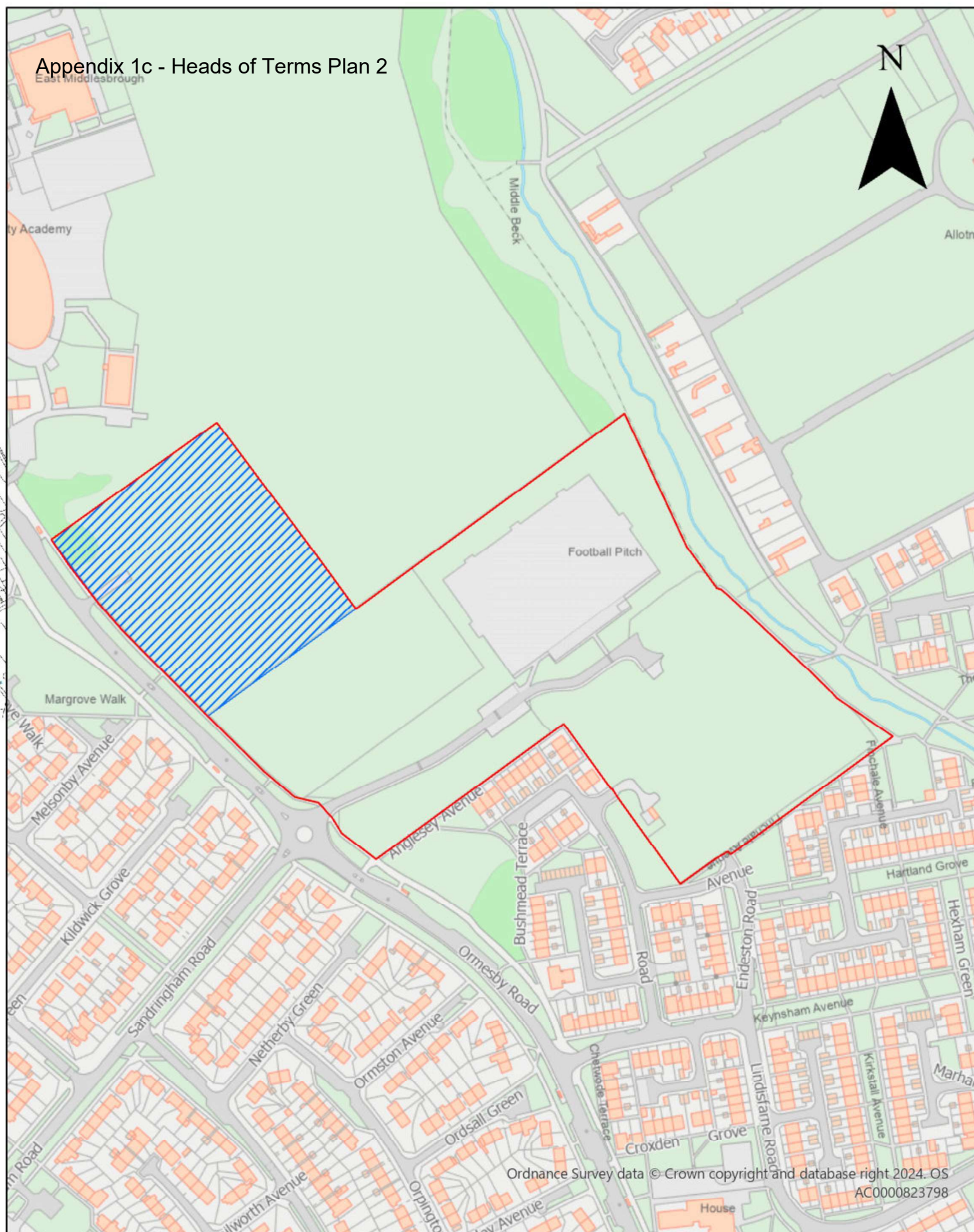



Regeneration | Middlesbrough Council |
 Towns Centre, 110-Grange Road, Middlesbrough TS3 2DT

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Appendix 1c - Heads of Terms Plan 2



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