

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on Wednesday 25 September 2024.

PRESENT: Councillors I Blades (Chair), J Kabuye (Vice-Chair), D Branson, D Coupe, J Ewan, B Hubbard, L Lewis, M McClintock, I Morrish and M Saunders

PRESENT BY INVITATION: Councillor T Furness – Executive Member for Regeneration
Councillor N Walker – Executive Member for Finance and Governance

OFFICERS: S Bonner, G Cooper, J Dixon, R Horniman and A Humble

APOLOGIES FOR ABSENCE: Councillors J Banks, E Clynch, M Smiles and G Wilson

24/16 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Nature of Interest
Councillor McClintock	Non-pecuniary	Agenda Item 6 – Governor at Middlesbrough College – in relation to a discussion point.

WELCOME AND EVACUATION PROCEDURE

The Chair welcomed those present and advised that as there were no scheduled tests, should the fire alarm sound, attendees should evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

24/17 **MINUTES - OVERVIEW AND SCRUTINY BOARD - 31 JULY 2024**

The Minutes of the previous meeting of the Overview and Scrutiny Board held on 31 July 2024 were submitted and approved as a correct record.

24/18 **CORPORATE PERFORMANCE UPDATE - QUARTER ONE 2024/25**

G Cooper, Head of Strategy, Business and Customer provided the Board with an update in relation to corporate performance at quarter one 2024/25.

A copy of the report, and associated appendices, submitted to the Executive on 4 September 2024 had been circulated with the agenda.

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

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

Appendix 1 to the report outlined proposed changes to Executive actions (subsequently approved by the Executive), namely revised completion dates for the listed actions.

Appendix 2 to the report outlined the delivery status of the Council Plan 2024-27 supporting workplan as at Quarter One.

Appendix 3 to the report detailed the proposed changes to the Council Plan workplan actions

(subsequently approved by the Executive).

Appendix 4 to the report was the Strategic Risk Register.

In summary, the report detailed the following:-

- Overall performance - at the end of Quarter One 2024/25 saw progress towards expected performance standards, achieving three of the five corporate performance disciplines.
- Progress in delivering Executive actions - 30 out of 44 (68%) live actions were reported as on target to be delivered by the agreed timescales. This was a significant improvement from the 48% reported at Quarter Four 2023/24 year end, although still below the 90% expected standard of actions achieved.
- Of those actions not achieved, 11 (25%) were delayed due to external factors beyond the Council's control; and 3 (7%) were delayed due to internal capacity to complete within timescales.
- Progress in delivering the Council Plan 2024-24 – The Council Plan was the Council's overarching business plan for the medium term, setting out the four key priorities of the Mayor for the town.
- Council Plan Outcomes 2024-27 – Overall outcome at Quarter One were reported as 5 out of 39 (13%) outcome measures either improving or static, against the 90% performance standard.
- Council Plan 2024-27 workplan – At Quarter One, performance against the Council Plan workplan was above the corporate standard of 90%, with 98% of all initiatives on target to be achieved in full within approved timescales.
- One initiative was reported as being 'off-track' regarding the refresh of the Information Strategy which had linked dependencies with the development of the organisational Target Operating Model.
- Strategic Risk Register – At Quarter One, the Register contained 14 risks following the review of the SRR against the Council Plan's objectives. This was an increase of two additional risks, namely: Failure to deliver transformation successfully; failure to ensure effective governance of the Middlesbrough Development Corporation. In addition, changes to existing risks were summarised in a table at paragraph 28 of the report.
- Progress in delivering Programmes and Projects – At Quarter One, 100% (21 of 21) programmes/projects within the Council's portfolio remained on track to deliver against project time, cost, scope and benefits – remaining above the expected combined standard of 90%.
- Transformation Progress and Performance – The Council's Transformation Programme 'Recover, Reset, Deliver' was designed to align with the Council Plan. The scope of the Programme and its associated investment aimed to secure the delivery of £21.028m savings approved by Council on 8 March 2024.
- Progress in other corporate performance matters – At the end of Quarter One, no new Priority 1 or 2 audit actions were identified. Of the older actions, 73% were closed in time; a further dip in Freedom of Information Requests and Environment Information Requests responded to within statutory timescales as a result of reduced capacity within the team supporting Member Enquiries; compliance with the legal timescales regarding Subject Access Requests resulted in three being overdue due to increase in volume and complexity of the requests.

During the course of discussion, the following issues were raised:-

- Reference was made to Appendix 3 (Council Plan Workplan, proposed amendments at Quarter One), which contained one item – Refresh the Information Strategy to ensure legal compliance in regard to information governance. The Head of Service advised that

the issue had been ongoing but was now being developed to make sure sequencing was realigned and updated that things had now begun to move on.

- References were made to Appendix 1, proposed amendments to Executive Actions in the Action Plan for the Middlesbrough Development Company and to the Government pausing of all asset transfers until further notice. It was clarified that the Middlesbrough Development Company was in the process of being closed down and was now in the hands of the liquidators. The transfer of assets referred to was with the Middlesbrough Development Corporation.
- A Member referred to Appendix 2 (page 26), under housing provision meeting local demand “Establish a strategic leadership role for the provision of housing to ensure that the provision aligns with needs” and “Increase pathways offer for homeless households that embody choice, safety and dignity and provide routes into sustainable, long-term accommodation”. It was queried whether the Council had the power to do this. The Director of Regeneration responded that the Council had a role in the strategic development of the local plan and was looking to take a more pro-active role in housing for vulnerable people who would otherwise be homeless. A significant amount was spent on temporary accommodation and this would alleviate spending once crisis point was reached.
- Clarification was sought as to whether this would involve houses being built. The Director responded that there were no proposals to build houses directly but it involved agreements to provide better access to third party housing. As part of that, the Council would be asking for delivery of more affordable housing for certain cohorts with third parties and was working with housing associations on this.

The Chair thanked the Officer for her attendance and the information provided.

AGREED that the information provided be noted.

24/19

REVENUE & CAPITAL BUDGET PROJECTED OUTTURN POSITION - QUARTER ONE 2024-25

A Humble, Head of Financial Planning and Support, accompanied by the Executive Member for Finance and Governance, was in attendance at the meeting to provide Members with an overview of the Council’s financial position at Quarter One 2024/25.

A copy of the report, and associated Appendices, submitted to the Council’s Executive on 4 September 2024 had been circulated with the agenda.

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

- General Fund Revenue Budget forecast outturn at Quarter One
- Statement of the Council’s projected reserves and provisions at Quarter One
- Capital Programme forecast outturn at Quarter One
- Statement of the Council’s borrowing and prudential indicators
- Statement to monitor the level of debt owed to and to be recovered by the Council
- Actions the Council had taken, and planned to take, in order address the issues identified.

The report provided a forecast of the Council’s year-end financial outturn, as at Quarter One 2024/25, and sought approval of budget virements within the revenue budget and revisions to the capital programme in relation to activity in Quarter One.

Key headlines from the report were as follows:-

- The forecast 2024/25 revenue outturn as at Quarter One was a year-end overspend of £3.742m (2.6%), and there was a need to take management action in consultation with the Executive to control expenditure within the approved budget of £143.190m.
- Financial Recovery Plan savings of £1.877m had been identified which, if fully assured and delivered, could potentially reduce the forecast year-end overspend to £1.865m.

- The forecast outturn of £3.742m at Quarter One currently included £2.498m of net savings where there was a high risk that they would not be deliverable in 2024/25. If those remained unachievable at year-end, the £3.5m Exceptional Financial Support (EFS) - agreed in-principle for this - would need to be utilised, and this would attract associated borrowing costs which had been factored into the MTFP.
- The remaining element of the forecast overspend not linked to savings delivery (£1.244m) would need to be funded from reserves.
- Based upon the Quarter One forecast, this would mean that the General Fund Balance would be £11.1m, whilst the balance on useable unrestricted reserves would reduce to £6.5m at 31 March 2025. This would be lower than that recommended by the Director of Finance in the Reserves Policy approved by Council on 8 March 2024.
- The 2024/25 Capital Programme forecast year-end outturn of £99.698m at Quarter One, a reduction of £6.49m from the revised £106.188m budget for 2024/25 - work was taking place to establish improved programme management and control arrangements to achieve more effective management and forecasting of the capital programme going forward.

The Board was advised that the Executive had approved:-

- The revenue budget virements over £250,000, as set out at paragraph 4.13 (and Appendix 3) of the report - It was proposed that where it was determined that the allocated growth was not required in full (and underspending within Directorates had arisen directly from a surplus of budgetary growth provided), the surplus budget was transferred (vired) from Directorates in 2024/25 to be held centrally. The Director of Finance would then assess how this budgetary provision could be applied to best effect to offset the financial pressures arising elsewhere in the Council to meet forecast pressures. The review would be undertaken quarterly throughout the year as refinements to demand and cost modelling were progressed. In Quarter One, the budget adjustments, in summary, were: Concessionary Fares £0.414m; Waste Disposal £0.673m; Integrated Transport Unit £0.732m. These adjustments would be actioned for 2024/25 only with any ongoing adjustments included in the 2025/26 MTFP report to the Executive.
- The inclusion of additional expenditure budgets to the Capital Programme, totalling £8.973m for 2024/25, which were externally funded (detailed in Appendix 9). This would increase the approved 2024/25 Capital Programme budget to £106.188m.
- The proposed virements over £250,000 between schemes in the 2024/25 Capital Programme approved by Council on 8 March 2024 which were funded from within existing Council resources, as detailed at paragraph 4.37 and Appendix 9 of the report - The capital programme currently included £2.589m budget assigned to Middlesbrough Development Company. This was funded by £2.014m of Council funding and £0.575m of Towns Fund grant funding. There was an outstanding dispute with the main contractor at the Boho Bright Ideas project. Once the dispute was settled, approval was requested from the Executive that any balance remaining against the £2.589m budget would be vired to the Housing Growth and De-Risking Sites budgets to replenish this budget for use in future Housing Growth schemes, to maximise the value of future land disposals.

The Executive Member for Finance and Governance highlighted that whilst the Council's financial position remained critical, a significant improvement had been achieved compared to the same period in the previous year, 2023/24, when an £11.5m overspend (9.2%) was identified.

In addition, acknowledging that Children's Services incurred the highest levels of spend, monthly meetings had been established with the Executive Member for Finance and Governance, the Mayor and the Directorate in order to track the ongoing work within the service aimed at improving outcomes and reducing costs, particularly working with families and young people to divert them away from certain behaviours (such as the Shift Programme and Edge of Care Services).

During discussion, the following issues were raised:-

- In response to a query regarding the £3.7m overspend, it was clarified that this was the figure if no further action was taken. There were savings that would be made during this financial year as a result of the Transformation Programme. It was hoped that the overspend figure would be reduced by Quarter Two and this would be reported to the Executive in November.
- Reference was made to Council reserves ideally being 20% of its total budget and it was queried whether this was realistic. It was highlighted that, on 8 March, Council approved the Financial Reserves Policy which proposed that there should be a minimum General Fund Balance of 7.5% of the Net Revenue Budget, equivalent to £11.1m for 2024/25 and that a Financial Resilience Reserve Balance of between £8m and £10m over the term of the MTFP to 2026/27 to strengthen its financial resilience. It was further highlighted that there was a separate dedicated Schools Grant, currently £20m, which could potentially cease at any time.
- A Member referred to the Integrated Transport Unit savings of £732,000 and queried whether this was a one-off saving or year on year. In response it was stated that £2.9m had been built into the budget which appeared to have been an over-estimation. The figures were being revisited in order to take out some growth and the adjustments would be seen in the MTFP together with a projection of costs.
- A Member referred to the Capital Programme Works Slippage (Appendix 10) where slippage in delivery of various schemes had occurred and it was queried, in the instances where slippage had occurred due to “staff capacity”, whether work could be contracted out in order to avoid further delays. The Executive Member responded that this was an important question which she would be happy to explore further. In addition, it was highlighted that the Financial Resilience Working Group, would welcome any suggestions and ideas where potential savings could be made. The Group currently invited Group Leaders to its meetings and it was considered that this invitation should be extended to all Elected Members.
- It was queried whether there was any update in relation to reducing expenditure within Children’s Services. The Executive Member stated that there was a lot of work ongoing within the Service including reducing the spend on placements and exploring ways of stopping children coming into care in the first place – some of which was being addressed through the Transformation Programme. It was highlighted that for the Quarter Two report, as well as containing information on the overspend at year end, consideration was being given to including what the expenditure would have been if certain actions had not been taken. Additionally, the workforce was beginning to stabilise with the permanent appointment of the Director and some interim appointments now made permanent and two Agency Heads of Service had now become permanent staff.
- Reference was made to Appendix 12, “Council’s approach to debt recovery”, and page 62 which referenced £6.427m housing benefit overpayment, and it was queried how this was split between landlords and tenants. It was explained that the overpayments had been received by the Council and that Housing Benefit was paid to entitled tenants but in some cases it was paid directly to the landlord, however, it would be the tenant that applied for the benefit so a distinction between landlord and tenant in this category would not be made.
- A Board Member highlighted that there may be cases where the benefit was paid directly to the landlord, and the eligible tenant may have moved on but not notified the landlord and the payments may continue for some time and that there might be an opportunity to make an analysis of the payments between landlord and tenants and the age of the debt. The Head of Financial Planning and Support stated that the overpayment figure had built up over a number of years but had reduced in year and it might be worth considering including in the report in future, what action had been taken as well as providing the figures.
- In response to a query regarding the £6.731m Business Rates, it was confirmed that this was the amount outstanding, however, the figure had stood at almost £8m so £1.67m had been collected.

The Chair thanked the Officer and Executive Member for their attendance and the information provided.

AGREED that the information provided be noted.

24/20

EXECUTIVE MEMBER UPDATE - REGENERATION

Councillor Furness, Executive Member for Regeneration, accompanied by the Director of Regeneration, was in attendance at the meeting to provide the Board with an update regarding his portfolio in relation to Regeneration.

The Executive Member advised that the scope of his portfolio was to deliver the Mayor's priorities. Current projects to fulfil this included:-

- Providing fair access to high quality homes. The Council was currently working with Thirteen and North Star Housing.
- Providing access to secure, well-paid jobs. This included re-imagining the town centre to diversify and strengthen the local economy, such as the development of the Livewell Centre, expanding and sustaining the digital sector.
- Strengthening transport links by upgrading the town's train and bus station.

A number of plans and strategies sat within the Executive Member's remit, including the following:-

- As part of the Council's Policy Framework, the first phase of consultation on updating the Local Plan was now complete and the Local Transport Plan was in the process of being updated.
- The Investment Prospectus – grants were relied on to bring empty properties back into use. One example was Church House which was being brought back into use as apartments through the Towns Fund.
- Regeneration Service Plan
- Town Centre Plan – exploring how to diversify the town centre as retail was in decline. The plan would formulate a vision for living, working and leisure within the town centre.
- Housing Strategy – this fed into the Local Plan.

The Board was informed that the relevant services that sat within the Executive Member's portfolio included:-

- Planning
- Community Learning
- Growth
- Property and Commercial Services
- Culture
- Strategic Housing

In terms of economic regeneration, the collective aim was to support businesses to thrive and to support sectors to grow, such as digital and advanced manufacturing. It was important to provide commercial space for businesses to locate to and expand.

In terms of housing it was important to continue dialogue with house builders in order to provide opportunities to retain the population and in relation to employment it was key to support people to improve their skills and find work.

The Executive Member stated that with investment from the Government in regeneration, there was cause to feel optimistic about the town's future over the coming years.

Updates were provided in relation to the following areas of activity within the Executive Member's portfolio:-

- Cleveland Centre – progress had been made in relation to retail lettings, with TJ Hughes opening in the former H&M unit.
- It was planned to relocate the Middlesbrough Community Learning and Employment Hub

from its current location, at the Multi Media Exchange, to the Cleveland Centre. This would provide a more central location within the town.

- Good progress was being made in relation to the refurbishment of the unit to which the Live Well Centre would be relocated. This would complement the Community Learning and Employment Hub whereby facilities could be shared.
- Captain Cook Square – The units in the square were almost fully let with two recent openings - Bazaar restaurant and Funshack soft play.
- Historic Quarter - The A66 repair works were nearing completion and STACK would soon be moving in, creating significant footfall and in close proximity to the railway station where the platform level and concourse works were now complete.
- Old Town Hall – Proposals to restore the Old Town Hall, St Hilda's, would include a contemporary extension to frame the clock tower, along with a wholesale restoration of the original building fabric, if funding was secured.
- MDC – the Asset Transfer was on hold pending the outcome of further review by the Government.

****DECLARATION OF INTEREST**

At this point in the meeting, Councillor McClintock declared a non-pecuniary interest in relation to the point he was about to raise as he was a Governor at Middlesbrough College.

During discussion the following issues were raised:-

- In relation to the Community Learning Service, it was queried whether this should be an area considered to be outsourced to an education provider, such as Middlesbrough College. The Executive Member responded that Community Learning provided an excellent service and had a wide range of contacts in a variety of areas and also had access to funding that the college would not be able to access for certain things.
- It was highlighted that in the future, Middlesbrough College Adult Learning would be relocating to the town centre and it was suggested that consideration be given to locating the Adult Learning element of the Council's Community Learning service alongside each other and to consider some form of partnership working.
- A Member queried how the town centre might look in the future given the move away from retail and more towards leisure and living. The Executive Member stated that many town centres were changing and consideration was needed as to how our town would look in future, for example, the town now had a thriving digital sector and many people in the sector had a preference for public transport and cycling so this might be something that needed to be factored in.
- Reference was made to the digital economy and it was queried how many people it employed and what level of business rates the Council gained from it. The Executive Member stated that whilst he did not have those figures to hand, one Company had a revenue of almost £1m per month.
- A Board Member felt that Middlesbrough lagged behind other areas in terms of the night-time economy and queried what was being done to address this. The Executive Member stated that the younger generation tended to not go out as much in terms of nightclubs and late bars and that opportunities such as Level X and the planned cinema and other opportunities that could be created for similar businesses would address this.
- A Member of the Board asked whether consideration would be given to building a music arena in Middlesbrough as recent music gigs such as Take That at the Riverside Stadium had brought in more than £1m to Middlesbrough's economy and a dedicated venue would attract people with disposable income to the town. The Executive Member responded that it was something that could be looked at but would be a risk as many venues in other areas were struggling. The regeneration of the historic quarter would be the beginning of

attracting people back into Middlesbrough and there were plans to develop this area further as well as Middlehaven.

- In response to a query regarding the timetable for completion of Church House, it was anticipated that completion would be within the next year.
- At the request of the Chair, the Director of Regeneration provided a summary update in relation to the MDC. It was highlighted that the MDC had planning powers and was responsible for determining planning applications within the Mayoral Development Areas. The key issue was the delay in the asset transfer which was now at a standstill. Development plans in Gresham and Middlehaven as well as the projects for the Bus Station/Broadcasting House could not move forward until the governance issues a Teesworks had been resolved, therefore, there was a lot of uncertainty. There were also implications for finalising the local plan.
- In response to a query it was confirmed that the Crown pub was part of the scope for the Gresham plans and it must be included.

The Chair thanked the Executive Member for Regeneration and the Director for their attendance and the information provided.

AGREED that the presentation provided be noted.

24/21

COMMUNITY COHESION - DISCUSSION

The Chair asked Members of the Overview and Scrutiny Board to discuss a potential scrutiny topic - Community Cohesion – which had been suggested by the Vice Chair, in light of the riots that took place in the town on 4 August 2024.

It was highlighted that the topic had previously been the subject of a review by the Culture and Communities Scrutiny Panel in 2021 and a copy of the Scrutiny Panel's Final Report had been circulated with the agenda for the Board's information.

Given that the previous review had taken place in 2021, and the fact that both the People and Place Scrutiny Panels had selected topics for their work programmes for 2024/25, it was suggested that a Task and Finish Group, made up of Members of the Overview and Scrutiny Board and led by the Vice Chair, be established to determine the issues it wished to focus on and to perhaps, initially, obtain an update on the recommendations from the 2021 report. Any information obtained would be fed back to the Overview and Scrutiny Board.

AGREED as follows:-

1. That a Task and Finish Group be established to explore the topic of Community Cohesion in Middlesbrough.
2. That Councillors Kabuye, Branson and Coupe be appointed to the Task and Finish Group.

24/22

EXECUTIVE FORWARD WORK PROGRAMME

The Chair introduced the item for the Board's consideration. A copy of the Work Programme was attached at Appendix A and Members were asked to raise any issues they had in relation to any of the items listed.

In relation to the item "Management and Maintenance of Development Land/Nutrient Neutrality Mitigation", it was acknowledged that a response from the Director of Regeneration had been circulated to Members of the Board. A Member of the Board had subsequently raised further questions arising from the response provided which remained outstanding. It was confirmed that this would be followed up by the Democratic Services Officer.

AGREED that the Democratic Services Officer request a response from the Service Area in relation to the further questions raised by a Member of the Board in relation to Nutrient Neutrality and that any subsequent responses be circulated to Members of Overview and Scrutiny Board.

SCRUTINY CHAIRS UPDATEPlace Scrutiny Panel

The Chair of Place Scrutiny Panel, Councillor Branson, updated the Board that the Panel met on 2 September and had decided to establish two Task and Finish Groups to examine two separate issues – Empty Properties; and School Transport Costs.

The Panel met again on 23 September specifically to consider the Draft Final Report of the Environment Scrutiny Panel in relation to Waste Management. The Panel determined the conclusions and recommendation for inclusion within the report and this would be submitted to the Overview and Scrutiny Board on 23 October 2024.

The Panel's next meeting was scheduled for 7 October.

People Scrutiny Panel

In the absence of the Chair, the Democratic Services Officer had prepared an update advising that the Scrutiny Panel had met on 16th September and agreed its Work programme for Municipal Year as follows:-

- Children Missing from Education
- Homelessness
- Obesity

Due to the timescales involved, a report for OSB's attention would be submitted to the October meeting of OSB.

The Panel also received an overview of Children Missing from Education from the Head of Service.

The next meeting was scheduled for 14 October when Terms of Reference for the review of Children Missing from Education would be determined.

The Democratic Services Officer attended South Tees Health Scrutiny Joint Committee on 23 September. Members agreed that future meetings would be held on an 'ad-hoc' basis at the request of the Chair.

The Democratic Services Officer attended a meeting of the Tees Valley Health Scrutiny Joint Committee on 19 September. The issues discussed included updates on: Respite Care/Adult Learning Disability Service; the TEWV Community Mental Health Transformation; Tees Valley Community Diagnostic Centre. Determination of the Committee's Work Programme was deferred to the November meeting.

AGREED that the information provided be noted.

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

A Member of the Board requested that the Director and Executive Member for Environment be invited to attend a meeting of Overview and Scrutiny Board to provide an update in relation to waste collections.

It was highlighted that there was a schedule of Executive Member attendance (accompanied by their respective Directors) at Overview and Scrutiny Board meetings, however, Environment was not scheduled until February next year. Enquiries would be made as to whether it would be possible for the Director to attend the next meeting.

AGREED that enquiries be made in relation to the availability of the Director of Environment to provide an update to the Board in relation to waste collections.