

**OVERVIEW AND SCRUTINY BOARD**

A meeting of the Overview and Scrutiny Board was held on Tuesday 18 January 2022.

**PRESENT:** Councillors M Saunders (Chair), T Mawston (Vice-Chair), D Coupe, D Davison, A Hellaoui, C Hobson, D McCabe, C McIntyre, J Platt, S Walker and T Higgins (Substitute for J Thompson)

**OFFICERS:** C Breheny, T Parkinson, G Cooper, A Wilson, I Wright, A Humble and S Blood

**APOLOGIES FOR ABSENCE:** Councillors A Bell, M Storey and J Thompson

20/58 **DECLARATIONS OF INTEREST**

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

20/59 **MINUTES - OVERVIEW AND SCRUTINY BOARD - 7 DECEMBER 2021**

The minutes of the Overview and Scrutiny Board meeting held on 7 December were submitted and approved as a correct record.

20/60 **EXECUTIVE FORWARD WORK PROGRAMME**

The Chief Executive submitted a report which identified the forthcoming issues to be considered by the Executive, as outlined in Appendix A to the report.

The report provided the Overview and Scrutiny Board with the opportunity to consider whether any item contained within the Executive Forward Work Programme should be considered by the Board, or referred to a Scrutiny Panel.

**NOTED**

20/61 **CHIEF EXECUTIVE'S UPDATE**

The Chief Executive was in attendance and provided an update to the Board in respect of the following:-

- COVID-19 update
  - Vaccine / booster uptake
  - Staff sickness / self-isolation
- Resident and business grant support update
- Executive update

In terms of the latest local COVID-19 data, as at 16 January 2022 the rolling seven-day rate of cases per 100k of the Middlesbrough population was as follows:

- 347 new cases had been added to the system on 16 January 2022;
- 2437 new cases had been diagnosed in the last seven days;
- 1728.6 rate per 100k of population (last seven days); and
- 314.20 COVID-19 deaths per 100k population.

Reference was made to the COVID case rate by age group and it was advised that the highest number of cases were amongst people aged 20-39. With regard to the number of COVID patients in South Tees Hospitals it was noted that there were currently 168 inpatients, with 8 of those in critical care. In terms of vaccination rates it was advised that 76.2 per cent of Middlesbrough's population had received their first vaccination, 69.3 per cent had received their second vaccination and 49.7 per cent had received their booster.

In terms of staff sickness and self-isolation rates it was advised that COVID-related sickness currently accounted for 44 per cent of all staff sickness and 2 per cent of staff were currently either self-isolating or shielding.

An update was provided in respect of resident and business grant support and it was advised that approximately 30 per cent of Revenues Services staff had been redirected to administer grants. The collections team had been significantly reduced and more experienced officers had been utilised to deliver grants. The service had been working at pace for 2 years; overseeing 25+ grants and variations, paying out £50m+ to approximately 3,500 businesses and 50,000 residents alongside numerous regulatory changes. In addition staff fatigue, COVID, stress-related sickness and other factors had all impacted on the service.

In terms of Council Tax collection it was advised that collection remained extremely challenging with an increasing number of residents who 'couldn't / wouldn't pay' alongside a strong reluctance to engage with the service. There was also an increased number of wards where payment problems and non-payers had worsened. Collection continued to be of the highest priority with additional staff recruited, though 50 per cent of Revenues Services staff had less than 18 months experience.

In relation to the Executive decisions taken recently it was noted that a number of reports had been considered. These included; approval of the Digital Inclusion Strategy; approval of the Corporate Crisis Policy; approval of the Elected Members Small Scheme Allocation and the Whortlton Road Industrial Estate Disposal.

A number of reports were expected to be considered by Executive in February 2022 and these included; An update on progress to date within Children's Services; a proposal to extend existing town-wide PSPO and CCTV Provision; Demolition of Slam Nightclub; Strategic Plan Refresh; Revenue and Capital Budget Projected Outturn position as at Q3 2021/2022; Strategic Plan 2021-24 Progress at Q3 2021/22; NAVSH Peer Review of Middlesbrough's Virtual School and Amends to Taxi Licensing Policy.

The Chair thanked the Chief Executive for his excellent briefing and contribution to the meeting.

**NOTED**

20/62 **SCRUTINY CHAIRS UPDATE**

The Scrutiny Chairs/Vice Chairs provided updates in respect of the work undertaken by their respective panels since the last meeting of the Board.

**NOTED**

20/63 **THE ADULT SOCIAL CARE AND SERVICES SCRUTINY PANEL - FINAL REPORT - THE RECRUITMENT AND RETENTION OF STAFF WITHIN ADULT SOCIAL CARE**

The recommendations to be submitted to the Executive were:

- A) That further work regarding the introduction of a one off financial incentive payment (termed "Golden Hello") be undertaken with Human Resources, and a further report be submitted to the Leadership Management Team. Consideration to be given to the payment amount; terms and conditions; and the potential impact upon existing staff. Work to be completed by Spring/Summer 2022.
- B) That exploratory work regarding the introduction of a Recruitment and Retention payment continue to be undertaken with Human Resources. Introduction of this payment would need to be in alignment with the Council's existing policies and other similar structures within the authority (e.g. Children's Services). Work to be completed by mid-2022.
- C) That further consideration be given to the restructuring of Adult Social Care; examining the roles of Social Workers and Occupational Therapists as part of this. Exploratory work to be undertaken with regards to roles; impact on existing staff and terms and conditions; salary column grading; and clear routes for career progression.

Update to be provided to the panel by Autumn/Winter 2022.

- D) That consideration be given to undertaking activities which raise awareness of and promote the role of social work within Middlesbrough Council. Specific work could be carried-out with Teesside University to encourage students to remain in Middlesbrough and apply for roles at the Council following completion of their degree programmes. Online events could also be offered to provide information and Frequently Asked Questions opportunities with current Social Workers. Update to be provided to the panel by Autumn/Winter 2022.
- E) That, in order to both promote the good work of Adult Social Care and the benefits of working for Middlesbrough Council, publicity be placed in as many news and media outlets as possible, e.g. 'Love Middlesbrough' magazine and the Council's social media platforms. Initial work to be completed by Spring 2022, however, this should be an on-going orchestrated campaign involving the Council's media team.
- F) That, in order to raise awareness of the roles of Social Workers and Social Care Workers, an online learning module be created and implemented on Middlesbrough Learns for all Elected Members and Council staff. This could provide a route into a potential 'refer a friend' scheme. Work to be completed by Autumn/Winter 2022.

**AGREED** that the findings and recommendations of the Adult Social Care and Services Scrutiny Panel be endorsed and referred to the Executive.

20/64

### **MEDIUM TERM FINANCIAL PLAN / BUDGET CONSULTATION**

The Director of Finance and the Head of Financial Planning and Support were in attendance at the meeting to brief the Board on the latest Medium Term Financial Plan (MTFP) position, including the effects of the Provisional Local Government Finance Settlement, and other changes since the last reported position, which would form the basis for the Budget Report.

The Director of Finance delivered a presentation, which covered the following topics:

- Setting the scene of the Council's finances;
- Key points – 2022/2023 Budget;
- Last reported MTFP position as at November 2021;
- Changes since November position built into latest version of MTFP – From provisional LGFS / other;
- LGFS inflation contingencies;
- Increased reserves – rationale;
- Local Government Finance Reform;
- Capital Projects;
- Members' general responsibilities in setting the budget;
- The timeline for budget setting;

It was indicated that the share allocated to Children's Social Care had increased from 13 % of the total net budget in 2010/2011, to 32 % in 2020/2021; Adult Social Care had also increased from 27 % to 35% in that same period. In turn Central Services' percentage share of the net budget had decreased from 31% to 14% since 2010/2011. The proportion of budget allocated to all of the other Council services, which included Environment and Regeneration, had seen a reduction from 29 % to 19 % of the Council's net budget. In 2010/11 the Council's net budget had been £133.6m and in 2021/2022 it was £116.4m. Over the last 11 years the Council had received £16m less, not accounting for inflation and a higher proportion of funding had to be spent on statutory Children's and Adult Social Care Services.

A number of key points were made in respect of the 2022/2023 Budget as follows:-

- Proposals for spending and income for 2022/23 had been developed to support continued delivery of the Mayor's strategic priorities
- To deliver these priorities, we needed to protect frontline services and preserve our capacity to deliver major improvement programmes and projects
- Investment provided, including for increased employers NI costs, ongoing Covid19 effects, Children's Care, Adult Social Care Living Wage, car parking &

crematorium income shortfalls, energy inflation, Street Wardens, and borrowing costs for capital investment

- No service cuts or budget savings had been assumed
- The previous year's saving target re: reducing staff mileage paid had been fully removed
- A total Council Tax rise of 2.99% (within Government referendum limits) was proposed (comprising a 1.99% general increase, and a 1.00% Adult Social Care precept - precept applied to Council Tax as per Government recommendation to help to pay for the increased costs of Adult Social Care services). The proposal was currently out to public consultation.
- A lower Council Tax increase would require service cuts and/or reduced investment, a higher increase would mean potentially more funding available for additional investment.

It was explained that following submission of the proposed budget report to Full Council in November, the Provisional Settlement for 2022/2023 was received from Central Government, which changed the assumptions slightly. The Settlement was welcomed and improved upon when compared with the previous Medium Term Financial Plan (MTFP) assumptions, with the key changes being as follows:-

- A new one off Services grant had been awarded (£3.172m for Middlesbrough)
- There had been a continuation of Adult & Children's Social Care grant funding, and also an additional grant for 2022/23 of £2.204m for Middlesbrough
- Market Sustainability & Fair Cost of Care grant (£512k for Middlesbrough)
- New Homes Bonus Grant for 2022/23 only (£773k for Middlesbrough)
- Lower Tier Services Grant for 2022/23 only (£300k for Middlesbrough)
- Improved Better Care Fund grant increased by inflation
- Revenue Support Grant increased by inflation
- Increased NNDR Section 31 grant income
- Troubled Families grant assumed now to continue rather than 'fall off' (not part of provisional LGFS, but based on Government indications)
- Creation of additional inflation contingencies
- Amendment to MTFP amounts for Kerbside Recycling Contract re-tender
- The net position resulting from the additional money received via the LGFS, setting aside the provisions for inflation has been the creation of £495k budget for Service Investment on a recurring basis.
- Removal of remainder of Covid Scarring budget from 2023/24 as funding now provided elsewhere
- £300k of Children's Services additional MTFP support b/fwd from 2024/25 to 2022/23
- Contingency for future Council Tax/Business Rates losses from 2022/23
- Changes to planned use of Reserves

In terms of inflation contingencies it was advised that the additional funding provided within the LGFS over and above that anticipated had been used to create contingencies to address potential inflation rises in the following areas of expenditure:-

- Pay award - £450k contingency to provide for pay award up to a maximum of overall of 2.5% (MTFP already includes provision for 2% assumed pay award). Every 1% of pay award costs approximately £900k
- Energy - contingency of further £215k (this is in addition to £371k already provided for in MTFP)
- General supplies and services – contingency of £459k (this is on top of £1.4m already provided for in MTFP for contractual inflation)
- Vehicle fuel – contingency of £51k
- Food – contingency of £53k
- Agency staff – contingency of £123k
- Increased Adult Social Care Costs – contingency of £1,604k
- Increased Children's Care costs – contingency of £545k

In terms of creating increased reserves it was explained that the rationale was that there was a need for the Council to ensure prudent financial planning, to create sufficient contingency to

cover increased inflation; uncertainty around the level of the pay award; the anticipated Local Government Finance Reforms; the lack of clarity around the level of Government Grant provision going forward; the unknown impact of Health and Social Care reform; the ongoing effects of Covid-19, both on the Council and the wider economy and the need to smooth the available budget across the MFTP period. In light of the above it was advised that there was a need to ensure a reasonable increase in the Council's levels of financial reserves to protect us against the issues highlighted.

With regard to Local Government Finance Reform it was explained that a new Government Department had been created – DLUHC and they had renamed the Fair 72Funding Reform the Local Government Finance Reform. It was likely that these reforms would come into effect from 2023/24 onwards. It had been indicated that the Funding Reforms would be linked to 'levelling up' but as of yet that had not been clearly defined. Indications had, however been given that there would be transitional arrangements in place to protect authorities that would lose out on funding. In the worst case scenario Middlesbrough could lose the £3.172m service grant awarded in 2022/23 and therefore there was a need to ensure the appropriate level of reserves were made available. There continued to be a need for business rates to be reset but it was unclear at this stage what that would look like. The Health and Adult Social Care Bill reforms would have an impact, although this was yet to be clarified. More clarity was needed around the ongoing grant support that would be available in the future to the Council and as always the preference was for multi-year settlements / earlier settlements to be awarded.

Information was provided in respect of the Capital Projects that would be coming up over the next few years. It was noted that the Capital Programme for the period 2020/21 to 2023/24 totalled £240m, of which £118m was Council investment and £122m of external funding.

In terms of responsibilities for setting the budget, it was explained that the Section 151 Officer's responsibility was to propose and certify that a budget was balanced. In terms of Elected Members, responsibility was focused on working positively towards setting a balanced budget, which was a legal responsibility and not optional for the Council. It was commented that Members had contributed positively to the process this year.

Regarding the budget setting timeline, the legal cut-off point for setting the budget was 11 March 2022. Following consideration, the budget report would be submitted to Executive on 14 February 2022 for endorsement, and then subsequently to Council on the 23 February 2022 for approval.

Following the presentation, the Chair thanked the Finance Director for the presentation and Members of the Board were afforded the opportunity to ask questions.

A Member made reference to the provisional and assumed financial figures referenced during the presentation and it was queried whether the Council had yet received the Council had received the actual settlement from the Government. In response the Director of Finance advised that the Council had received the provisional settlement from the Government. It was anticipated that these figures would be confirmed later this month but it was unlikely the figures would change.

A Member made reference to the money initially set aside for the re-tendering of the Kerbside Recycling Contract, which was no longer needed and it was queried whether this meant there was additional funding available. In response it was advised that the monies had been taken from that service budget and used for general reserves / inflationary pressures.

A Member referred to the creation of £495k budget for Service Investment and queried whether given that many people were currently struggling with inflationary pressures / high energy costs would it not be better to use this funding to reduce the Council Tax increase by 0.5% or 1%. In response the Director of Finance advised that a 1% reduction in Council Tax equated to approximately £600k. It was a legitimate option that the Council could consider. From a financial perspective it was not be the better option, however, it was a political decision for Full Council to consider.

A Member made reference to the Council's finances more generally and queried whether from a financial perspective the Council was in a healthy position. In response the Director of Finance advised that the Council was in a secure position. The Council was not in a healthy position as the based on the level of demand in the town it was the Director of Finance's view

that the Council was underfunded particularly in respect of the pressures in Children's Social Care. There was no danger of the Council issuing a section 114 notice.

The Chair thanked the officers for their attendance and contributions to the meeting.

**AGREED** that the information provided be noted, and the agreed action be undertaken.

20/65 **ANY OTHER URGENT ITEMS WHICH, IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

20/66 **CORPORATE PERFORMANCE REPORT - QUARTER 2**

The Strategy Delivery Manager provided an update to the Board, which included the following points:

- This Q2 update was in respect of the Strategic Plan, which covered the period June – September 2021, and which was presented to Executive on 7 December 2021;
- On 24 February 2021, full Council approved a Strategic Plan for 2021-24, setting out nine strategic priorities for this period. At its meeting of 11 May 2021, the Executive agreed an associated set of outcome measures linked to these priorities and a supporting workplan to deliver sustained improvement up to and beyond 2024.
- At the end of Q2, six of 24 Strategic Plan outcomes were either improving or static against the Q1 position, with three measures. With many measures updated annually, there was no trend information for 15 outcome measures at the present time.
- At the end of Q2, Covid-19 had resulted in significant fluctuation in some measures and so targets for outcome measures (largely involving multi-agency working) were to be reviewed during Q3 and revised targets subsequently presented to the Executive for approval in the Q3 performance report. Crime and anti-social behaviour remained of concern at the end of Q2. A new town centre vacancy survey had been completed in the Q3, which showed a vacancy rate of 22.4% (up from 17.8% in the last, August 2018). Footfall was stabilising at a rate of £255k (select sites) per week, comparable with pre-COVID levels.
- Strategic risks – the total number of risks on the Strategic Risk Register reduced to 30 from 35 at Q1, comprising 19 high risks and 11 medium risks. Three new risks were added during the quarter as follows:-
  - a) Failure to have a legally compliant approach to CCTV – in particular, the need to have a comprehensive central register of Council-managed CCTV, which the Council's internal auditor had recently identified was not currently in place. Work was underway to develop this register by end December 2021.
  - b) Local uptake of the C19 vaccine was poor resulting in increased transmission – Middlesbrough's vaccine uptake of those currently eligible was currently approximately 8% below the North East average, with promotion of uptake being progressed by local COVID-19 response groups.
  - c) Insufficient funding available to meet demand / costs associated with the Health and Social Care Bill – while the MTFP assumed the Council would be able to cover costs relating to the provisions of the bill, likely costs remained uncertain at this stage and final confirmation of future local authority funding for adult social care was still awaited, so it was therefore prudent to add this risk.

The Chair thanked the Strategy Delivery Manager for their attendance and contribution to the meeting.

**AGREED** that the information provided be noted, and the agreed action be undertaken.