

EXECUTIVE MEMBER REPORT TO COUNCIL

EXECUTIVE MEMBER: Stefan Walker

DATE OF MEETING: 29 March 2023

The purpose of this report is to provide an update to members on areas of activity within my portfolio including performance against strategic priorities.

STRATEGIC PRIORITIES

Strategic Priority: *We will ensure the recovery of local communities, businesses, and the Council's operations from COVID-19, taking opportunities to build back better.*

Update:

- 1.1. Since our last ordinary meeting held on 18th January 2023 there have been various large developments within my portfolio.
- 1.2. The process of budget consultation finished and in the same period, through dedicated officer work, the council has produced a children services financial improvement plan. The outcome during this period was a revised budget with movements and outright removal of key items on appendix 1 and appendix 2 savings whilst also achieving a 3.99% council tax increase which produces a balanced budget.
- 1.3. From this work, it is clear, as I have referred to explicitly in almost each of my executive reports, that Middlesbrough Council must proactively focus on having a manageable and sustainable cost management strategy which ensures more efficient delivery of this service.
- 1.4. It was in this context that the council commissioned CIFPA to perform analysis work on our overall budget but with a specific focus on this service. The outcome of this work had added value to understanding what our current position is and what our potential financial future may look like.
- 1.5. Whilst this administration has put aside specific reserves for social care via the social care transformation reserve fund and has shored up general reserve balances we remain, particularly as an authority with such high levels of relative social deprivation, high risk in terms of our financial exposure.
- 1.6. It is therefore imperative that the work done thus far within the score of the financial improvement plan continues and expands to incorporate a joint effort

from members, officers, and whole council functions to ensure long-term sustainability.

- 1.7. On the 27th February 2023 the council held its annual budget meeting in which council passed the proposed budget as mentioned in paragraph 1.2.
- 1.8. In the same meeting the council also passed its updated pay policy statement and local council tax support scheme for the year 2023/24.
- 1.9. The council tax support scheme changes were designed to uplift our bandings (which are up to 90% funded) to ensure that those residents who have had an uplift in benefit entitlement are not then penalised by a loss of reduction entitlement of council tax support.
- 1.10. The council has access to a further £3.3million of funding from The Household Support Fund of which an action plan of deliverance is coming together to provide relief to residents linking help to the cost-of-living crisis. Officers have already delivered similar outputs from the same fund for the year 2022/23 and have performed exceptionally in delivering this support to residents who have been eligible.
- 1.11. On the 14th February I attended an executive meeting in which the quarter 3 outturn position was noted, the local council tax support for 2023/24 was voted on and the Tender Pipeline 2023/24 and Corporate Procurement Strategy 2023-26 was also voted on.
- 1.12. In the past financial year, the council has had consistent forecasted overall overspend positions contained within the outturn reports produced. This has been a multifaceted problem informed by partially global events such as the war in Ukraine which ultimately has seen inflation increase substantially and has in turn resulted in trends such as increased interest rates, cost of living crisis and enhanced pay awards.
- 1.13. The council responded to this by passing an in year financial recovery plan on the 18th October 2022 and this plan has reduced the potential overspend by £6.8million as of February 2023. The cross-directorate work by officers to achieve this has been invaluable.
- 1.14. Nevertheless, there still remains a forecasted overspend for the year of £3.4million. It is anticipated that this overspend will then be met by utilisation of the social care transformation reserve.
- 1.15. This reserve, which started at approximately £9million will then only have around £1.7million remaining at the end of this financial year. Despite this however, the general reserve fund balance is anticipated to increase again, for this year by around £1million.
- 1.16. However, it is acknowledged both from the CIPFA report and from the section 25 report of Middlesbrough Council's Section 151 officer which was published on our budget meeting that the reserves of Middlesbrough Council are relatively low and that this increases our risk for financial resilience.

1.17. As a consequence of the budget meeting, Middlesbrough Council has dedicated record funding to social care and to Children Services in particular. However, given the precarious financial context of the Council, it is imperative that we deliver and build on the objectives of the Children Services Financial Improvement Plan which was passed by Executive on the 14th February 2023.

DIRECTORATE PRIORITIES

Directorate Priority: *Set out the directorate priority*

Update: *Any additional risk/progress/best practice/high profile change*

Repeat as necessary for each priority you wish to update on

HIGHLIGHTS

THE TIME AHEAD

Upcoming issues/things on the FWP/projects involved in

NAME

DATE