

EXECUTIVE

A meeting of the Executive was held on Wednesday 23 August 2023.

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

PRESENT BY INVITATION: Councillor M Storey (Chair of the Overview and Scrutiny Board).

ALSO IN ATTENDANCE: Councillor B Hubbard, Councillor J McTigue, Councillor I Morrish, Councillor S Platt, Councillor G Wilson and K Whitmore.

OFFICERS: S Bonner, G Field, S Fletcher, A Humble, D Middleton, A Perriman and E Scollay.

APOLOGIES FOR ABSENCE: None.

23/8 **DECLARATIONS OF INTEREST**

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

23/9 **MINUTES - EXECUTIVE - 19 JULY 2023**

The minutes of the Executive meeting held on 19 July 2023 were submitted and approved as a correct record.

23/10 **CORPORATE PERFORMANCE UPDATE: QUARTER ONE 2023/24**

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

The report advised Executive of corporate performance at the end of Quarter One 2023/2024, providing the necessary information to enable it to discharge its performance management responsibilities and where appropriate, sought approval of any changes (where those were within the authority of the Executive).

The Council's Scheme of Delegation gave the Executive collective responsibility for corporate strategic performance, together with associated action.

The report provided the necessary information to set out progress against Executive actions, the Strategic Plan and other key associated items, together with actions to be taken to address any issues identified.

The projected financial outturn at the end of Quarter One 2023/2024 was presented separately at this meeting of Executive and was not repeated here. Where performance had a significant impact on finances this was highlighted within the body of the report.

As part of continuous improvement in performance and risk management, the Council's Leadership Management Team (LMT) had implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard, drawing data from a range of performance systems.

The output from these sessions was reflected through quarterly updates to Executive and Overview and Scrutiny Board on progress in delivering actions agreed by the Executive, key Directorate performance issues and other performance-related matters.

A non-Executive Member queried when the new Council Plan would be available. It was confirmed the Plan would be introduced in the financial year 2024/25.

ORDERED that Executive:

1. **Note progress of delivery of the Strategic Plan 2022-24 at Quarter One 2023/24, detailed in Appendix 1, and**
2. **Approve the proposed changes to the Strategic Plan workplan initiatives, detailed in Appendix 2.**

OPTIONS

No other options were submitted as part of the report.

REASONS

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

23/11

REVENUE AND CAPITAL BUDGET - FORECAST OUTTURN POSITION AS AT QUARTER ONE 2023/24

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

The report advised Executive of the Council's financial position as at Quarter One 2023/24. It also advised of the management actions taken and underway to establish a firmer grip upon the Council's financial position. Endorsement was also sought from Executive of the management actions that were planned in the form of Financial Recovery Plans to control expenditure within the General Fund Revenue Budget approved by Council in February 2023. The report also sought Executive approval in relation to the revisions to the Capital Programme.

The Council's Scheme of Delegation gave Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated actions. Standing Orders and Financial Procedures required Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Programme.

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

- Forecast outturn on the General Fund Revenue Budget and Capital Programme at Quarter One of 2023/24;
- Statement of the Council's borrowing and prudential indicators, and its reserves and provisions; and
- Actions that the management has taken and plans to address the issues identified.

Financial Procedure Rule 10.5 required Executive's approval of the proposed revenue budget virements set out in Appendix four. A revised Capital Programme for the period 2023/24 to 2025/26 was also attached at Appendix six for Executive's consideration and approval.

The Executive Member for Finance and Governance advised Executive that an all-Member briefing on this subject had taken place the evening before.

A non-Executive Member suggested that Councillors not take their Basic and Special Responsibility Allowances so they could contribute to any budget savings. The Member also recommended the Council address any peppercorn rents that existed in the town. It was proposed that any suggested budget savings be directed to the email address circulated to all Members.

It was agreed that in Appendix two of the report several items be withdrawn from the information submitted to be considered further. Those items were: Review provision of charging for junk job services; Review charges for replacement bins; Review schedule of green waste collection and savings associated with the Warden Service.

ORDERED that Executive (in respect of the General Fund Revenue Budget):

1. **Note the forecast 2023/24 net revenue budget outturn as at Quarter One of £137.917m against an approved budget of £126.354m, a forecast overspend of £11.563m (9.2%);**

2. Note that the Council's usable revenue reserves position is critically low at £14.8m comprising the General Fund Reserve of £12.041m and the Council's unrestricted usable earmarked reserves of £2.788m at 31 March 2023;
3. Note that if the current forecast overspend of £11.563m was actually incurred, it would exhaust the Council's unrestricted usable earmarked reserves and also significantly draw upon the Council's General Fund Reserve as shown in Table two. Therefore, urgent management action was required to reduce expenditure and the forecast outturn within budget;
4. Note that if it appeared to the Director of Finance (s.151) Officer that total expenditure could not be managed within the approved budget of £126.354m by 31 March 2024, there was a statutory requirement for the Director of Finance to issue a s.114 Notice to the Council under the provisions of the Local Government Finance Act 1988. In practice, prior to this occurring, the Director of Finance would seek Exceptional Financial Support from DLUHC in order to meet unmanageable financial pressures in the short term whilst the Council's financial position was recovered;
5. Note the implications of an application for Exceptional Financial Support and the issuing of a s.114 notice (paragraphs 17 to 22) upon the Council;
6. Note the management actions that had already been implemented from the start of the 2023/24 financial year in order to exercise enhanced budget management and control (paragraph 10), and the further actions outlined in paragraph 28 which had been implemented by the Director of Finance and the Leadership and Management Team (LMT) in response to the emerging overspend position that was identified during June in relation to accounting period two (month end 31 May);
7. Note that rigorous spending restrictions had been implemented with effect from 1 July 2023 and would remain in effect until further notice;
8. Note that Chief Officers within LMT were working in consultation with their relevant Executive Member to develop and deliver robust Financial Recovery Plans (paragraph 28) in order to contain expenditure within the Council approved budget;
9. Note and support the actions taken by the Director of Finance and wider LMT including the initial Financial Recovery Plans totalling £2.557m that had been identified and quantified to date (as shown in Table one and Appendix two);
10. Note that further work was continuing with a view to fully mitigate the forecast overspend and that further reports would be submitted to Executive for noting and approval of management actions as appropriate; and
11. Approve the proposed revenue budget virements over £150,000 as detailed in Appendix four.

That Executive (in respect of the Capital Programme and Treasury Management):

1. Note the 2023/24 Capital Programme forecast outturn of £63.004m at Quarter One against a revised capital Programme Budget of £80.474m, an underspend of £17.470m (22%);
2. Approve the revised Capital Programme to 2025/26 summarised at table eight and detailed at Appendix six, including £183.570m for financial years 2023/24 to 2025/26;
3. Note that £19.839m of funds that were assumed to be spent in 2023/24 had now been slipped to 2024/25 and later years (Appendix five);
4. Note that a full review of the Capital Programme would be undertaken and reported at Quarter Two with a view to ensure realistic profiling of expenditure and alignment of funding. This would incorporate a challenge to reduce and reprioritise the utilisation of Council resources to mitigate or reduce any revenue budget impact within the context of controlling the Council's revenue financial position; and
5. Note the Treasury Management forecast outturn position with respect to the Council's prudential indicators as set out in paragraphs 64 to 72.

That Executive (in respect of the Dedicated Schools Grant (DSG)):

1. Note the current forecast in-year deficit of £1.780m for 2023/24 relating to the High Needs Block;

2. **Note the forecast total cumulative deficit of £8.344m at 31 March 2024, including £8.801m relating to the High Needs Block, as set out in Table five and paragraphs 45 to 51;**
3. **Note that under existing government regulations this deficit could not be funded from the General Fund, and the Council was required to deliver a recovery plan to the Department for Education (DfE); and**
4. **Note that the Council was part of the DfE Delivering Better Value (DBV) scheme which aimed to support financial recovery of the DSG position.**

OPTIONS

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

REASONS

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

23/12

MEDIUM TERM FINANCIAL PLAN (MTFP) REFRESH 2024/25 TO 2026/27

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

The purpose of the report was to set out the financial framework and timetable within which officers would work with the Mayor and Executive to develop the 2024/25 budget and MTFP to 2026/27.

The report also included the proposed Reserves Policy which for consideration by Executive which would also be referred to Council for approval (Appendix one).

In common with all local authorities, the Council continued to operate within a difficult and uncertain economic environment. Inflationary drivers continued to place significant pressure upon service budgets and there was uncertainty in relation to future financial support from Central Government over the medium term.

The long-term impact of COVID-19 and the Cost of Living Crisis continued to impact adversely upon the demand for Council services and upon the cost of goods, works and services that were required to provide the wide range of services to the people of Middlesbrough.

The report was the first stage of the budget development strategy for the three year period 2024/25 to 2026/27 and built upon the MTFP approved by Council on 27 February 2023. It set out the financial framework and timetable within which Officers would work with the Mayor and Executive to develop budget proposals to deliver the new Council Plan. The report incorporated the proposed Reserves Policy for referral to Council for approval.

A non-Executive Member commented that any prospective increase to Council Tax levels should be viewed with caution given the current Cost of Living Crisis.

ORDERED that Executive:

1. **Note the increase in the forecast budget gap for 2024/25 to £14.204m rising to £24.522m over the term of the MTFP to 2026/27 (Table two and paragraphs 23 to 49 of the report);**
2. **Agree that the Leadership Management Team (LMT) in consultation with the relevant Executive Member prepare detailed plans and budget proposals in accordance with the Council's priorities and proposed budget strategy (paragraphs 21 and 22) taking account of periodic updates in MTFP assumptions;**
3. **Agree the proposed Reserves Policy as contained in Appendix one and recommend this to Council for approval; and**
4. **Note the budget preparation timetable (Table 11 and paragraph 54) and that**
5. **proposals would be presented to Executive for approval in November 2023 as part of the draft MTFP and Budget Consultation.**

OPTIONS

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

REASONS

The Council was required to set a legally balanced budget for 2024/25 and achieve a financially sustainable position through a balanced MTFP to 2026/27. The budget development process required significant measures to be taken to develop transformed and redesigned services that delivered improved outcomes that were affordable within available resources over the medium term.

The Council continued to face significant budget pressures and uncertainty, including the continuing level of support from Central Government over the medium term.

Additionally due to increased demand for services, the long-term impact of COVID-19 and the current backdrop of economic uncertainty and inflation, council services continued to operate in a challenging environment.

The report was part of the Council's continuing budget setting and business planning processes and built on the previous MTFP position recommended by Executive on 14 February 2023 and approved by Council on 27 February 2023.

The report set out the updated MTFP projections and proposed budget strategy for 2024/25 to 2026/27 so that officers could prepare detailed proposals for Member consideration as part of the annual budget-setting cycle in line with the timetable in paragraph 54.

The overarching objective of the budget strategy was to set a priority-led budget over the medium term that was balanced and realistic; and supported by achievable saving plans.

However, it must be recognised that meeting the significant budget gaps as that set out in the report would mean transforming the way we deliver services, doing some things differently and possibly stopping some services.

LMT would work closely with the Elected Mayor and Executive Members to develop plans that met the Mayor's priorities within available resources over the period of the MTFP.

23/13

FINAL REPORT OF THE CULTURE AND COMMUNITIES SCRUTINY PANEL - OFF ROAD BIKES

The Culture and Communities Scrutiny Panel had undertaken a review of Off-Road Bikes in Middlesbrough. A copy of the full report was attached. The Scrutiny Panel had made three recommendations upon which a response was sought from the relevant service area.

The Executive Member for Community Safety and the Head of Stronger Communities submitted a service response to the recommendations of the Scrutiny Panel. A copy of the action plan was attached.

The Chair of the Overview and Scrutiny Board presented the final report to the Executive. The Executive Member for Community Safety presented the service response.

ORDERED that Executive:

- 1. Note the content of the Culture and Communities Scrutiny Panel final report on the issue of Off-Road Bikes in Middlesbrough (Appendix one); and**
- 2. Approve the action plan (Appendix two), developed in response to the Scrutiny Panel's recommendations.**

REASON

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

23/14

HEMLINGTON NORTH - DISPOSAL

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

The report sought Executive approval to dispose of the Council's freehold interest in Hemlington North for affordable housing development in accordance with the Council's Asset Disposal Process.

There was strong continued demand for new homes in Middlesbrough and as such the town required a significant supply of new housing development over the next decade.

Middlesbrough's population had grown in recent years, as the number of new developments had increased, and the wider housing offer had started to improve. Despite Middlesbrough's modest growth the housing offer in the town lacked key types of products that would allow the area to keep pace with national demographic trends.

There was significant demand for additional affordable housing products within Middlesbrough's housing offer and this site offered an important opportunity for more affordable housing provision.

The development of new housing was a key component of the Council being able to set a sustainable budget, as the capital receipts from housing sites, along with the subsequent Council Tax were the key components of the Medium-Term Financial Plan.

Hemlington North measured approximately 1.77 Acres [0.71 Hectares] and was close to current developments by several commercial housebuilders forming part of the Hemlington Grange urban extension.

The site was marketed using appropriate property development websites, an article in a local newspaper and the Council's own website/social media channels for two months. Two bids were received by the closing date of 5th May 2023.

Two bids were received at the same value, although based on significantly different assumptions. One bid was based on delivering just 20 units of housing, and included conditions that could potentially reduce the Council's return, whilst the bid from North Star Housing Group was based on 35 units of affordable housing (subject to planning permission) and provided greater financial certainty.

In assessing the bids further, the 20-unit scheme was ultimately deemed non-compliant due to the format of the bid, leaving the bid from North Star Housing Group as the preferred choice. As a result, the bid from North Star Housing Group was recommended for approval.

The site was located in Stainton and Thornton Ward and the relevant Ward Councillor had been consulted.

ORDERED that Executive accept the bid of £300,000 from North Star Housing Group for the Council's freehold interest in Hemlington North so that the site can be developed for affordable housing.

OPTIONS

Re-use for operational purposes

No Council operational service requirement had been identified.

Other uses

The land was allocated for affordable housing and therefore an alternative use was not proposed.

Do nothing

Whilst the land would be retained for potential Council use in the future, the liability and responsibility for maintaining the land would remain with the Council in the interim.

REASONS

Disposal as proposed would generate a significant capital receipt, increase annually recurring revenue streams, and increase the supply of affordable housing.

Disposal of the site supported delivery of the Council's Medium Term Financial Plan.

23/15

NUNTHORPE GRANGE FARM - DISPOSAL PART - A

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

The report sought Executive approval to dispose of the Council's freehold interest in land at Nunthorpe Grange Farm in accordance with the Council's Asset Disposal Process.

The subject parcel of land identified for disposal formed part of a much larger, now defunct, agricultural landholding situated at Nunthorpe Grange Farm situated close to both Poole Roundabout on the junction of Guisborough Road [A1043] with Stokesley Road, and the site of the newly constructed Nunthorpe Medical Centre building.

Shown edged on the plan attached as Appendix one of the report, the subject parcel of land measures 4.218 Acres [1.7069 Hectares].

Rectangular in shape, the property comprised a vacant open area of farmland with hedgerow lining the boundaries with Guisborough Road [A1043] to the south, and Stokesley Road to the west.

Access to the subject parcel of land would be taken from publicly adopted highway, via the newly constructed carriageway that served Nunthorpe Medical Centre.

The property was situated in the Nunthorpe Ward and the respective Ward Members had been consulted. Members would be further consulted on any subsequent proposal made as part of the normal planning process.

An Asset Disposal Business Case confirming the status of the property as surplus to operational Council requirements and the interest of The Trustees of Thornfield Gospel Hall Trust in purchasing the asset was attached as Appendix three of Part B of the report.

ORDERED that Executive:

- 1. Note the information contained within Part A of the report; and**
- 2. Agree to dispose of the subject property to The Trustees of Thornfield Gospel Hall Trust once all the financial or exempt information contained within Part B of the report has been considered.**

OPTIONS

Re-use for operational purposes

No Council operational service requirement has been identified.

Other uses

Although the property is capable of being used for other purposes, future use of the site for the purposes of religious worship as proposed by the Buyer, is preferred.

Do nothing

The property would remain in its present state, unutilised. Whilst the subject land would be retained for potential Council use in the future, the liability and responsibility for maintaining and holding the property would remain with the Council in the interim.

REASONS

Disposal as proposed would generate a significant capital receipt and also secure the third party investment needed to bring the property into a far more beneficial future use.

Disposal of the site supported delivery of the Council's Medium Term Financial Plan.

23/16 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

23/17 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

23/18 **EXEMPT - NUNTHORPE GRANGE FARM - DISPOSAL PART - B**

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

ORDERED

That the recommendations of the report be approved.

REASONS

The decision was supported by the following reason:

For reasons outlined in the report.

All decisions will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.