

2024/25 Budget & MTFP Scrutiny Consultation

January 2024

Agenda

- Remaining Budget Gap
- Post Settlement Update/ Exceptional Financial Support
- Regeneration – context
- Questions : Regeneration – Budget savings proposals
- Next Steps and Close

Remaining Budget Gap after all current budget proposals and Council tax assumptions

Item	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Revised gap before new budget savings proposals	18.098	6.552	2.272	26.922
New savings proposals	(14.038)	(5.083)	(1.967)	(21.088)
Revised gap after new savings proposals	4.060	1.469	0.305	5.834
New growth to support transformation	0.000	0.127	0.000	0.127
Reversal of savings approved by Council in 2023/24 Budget Report	1.158	-	-	1.158
Proposed unachievable previously approved savings	1.061	-	-	1.061
New growth/amend previous years' savings	2.219	0.127	0.000	2.346
Refreshed Budget Gap + / Surplus ()	6.279	1.596	0.305	8.180

Report Reference - Table 18

Post Settlement Update

- **Local Government Finance Settlement** announced 18 December
 - Analysis of impact will be complete early January
- Initial assessment - settlement is in line with officer expectations and **does not close the 2024/25 budget gap.**
- CIPFA guidance to s151 Officers who are considering issuing a **s114 Notice** is to:
 - engage with DLUHC and make an application for **Exceptional Financial Support (EFS)**
 - in order to agree a financial recovery plan that will avoid the requirement for a s114 Notice
- EFS will provide a temporary funding solutions that will buy time for the Council to achieve financial sustainability and avoid a s114 Notice
- Prior to issuing a s114 Notice, the s151 Officer and Chief Executive, with the support of the Mayor and Executive
 - will make an **application for EFS – Mid January**
 - **DLUHC response** expected at the latest prior to Council meeting on **28 February.**

Regeneration – Context

Key messages from Regeneration Executive

- The majority of the service is funded through capital, external grants and commercial income – hence the low net budget. Notable exceptions include Culture (£1.1m), where the cost of running multiple venues is significant.
- The amount of external funding secured and managed through the team each year is significant, and requires significant staff resources to deliver the accompanying programmes. A further £20m has been secured this year for delivery in 2024/25 and 2025/26.
- Commercial income is volatile and will vary from year to year in line with market conditions, inflation and utility costs – all of which have been challenging this year. Economic shocks such as the closure of Wilkos have also impacted the current budget.
- Ticket sales at the Town Hall and Exhibition at the Dorman Museum have held up well despite competition.
- Community Learning continue to carry a £0.500m income target that is increasingly unachievable due to restrictions in contract payments from education funders. This will have to be addressed through a staffing review in 2024/25 but has a negative impact on the current year's budget position.
- The directorate is running at a vacancy rate of around 20% as posts are held vacant to reduce the corporate overspend.

Regeneration – Financial Context 2023/24

- For Period 7 (October 2023), the forecast outturn is £133.792m (before Financial Recovery Plans), an adverse variance of £7.438m (+5.9%) – a decrease of (£1.118m) from the £8.556m reported at Quarter 2.
- Financial Recovery Plans totalling £1.584m have been proposed which if assured and fully implemented would reduce the adverse variance to £5.854m.
- Regeneration, with a current net budget of £0.986m forecast outturn is £0.630m, a **favourable variance of £(0.356)m**. Noting budgeted gross spend is £20.156m offset by gross income £19.170m.
- The key drivers of the favourable variance is better than expected income from the Cleveland Centre and Boho buildings which is partially offset by an adverse variance from increased utility costs under Property Services

Savings Summary – Regeneration

Appendix 2: Budget savings proposals considered to potentially affect front line service delivery levels

Ref:	Categorisation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
REG03	T	<p>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).</p> <p>This will be achieved by investing in the offer at the Dorman Museum, expanding the range of exhibitions, and improving the visitor experience. The Captain Cook Birthplace Museum will either be operated by another organisation or closed and integrated into the Dorman offer, with the building used for other purposes.</p>	(0.200)	(0.145)		(0.345)		

Savings Summary – Regeneration

Appendix 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

Ref:	Categorisation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
REG01	S	Reducing the number of staff we need to deliver regeneration activities by implementing new ways of working. This will be achieved by reducing staffing in the Regeneration Directorate by around 10 posts.	(0.263)	(0.129)		(0.392)	(10.0)	45.9
REG02	S	Changing the way the Middlesbrough News e-newsletter is produced and delivered. This will involve more localised updates being sent to subscribers	(0.008)			(0.008)	-	-
REG04	T	Improve the commercial potential of the Town Hall and Theatre to maximise the potential of the buildings and provide a greater range of performances. This will involve joining up management and programming arrangements and exploring partnerships with private sector promoters.	(0.050)	(0.100)		(0.150)	-	-
REG05	I	Use grant funding to cover some of the existing economic growth activities the Council carries out. This will involve using more of the grant funding the Council receives to cover staff costs.	0.000	(0.050)		(0.050)	-	-
REG06	E	Reducing the number of staff we need to deliver the Council's marketing and communication activities by implementing new ways of working. This will be achieved by utilising different ways of marketing and communicating that will ultimately require fewer staff.	(0.050)	(0.050)		(0.100)	(2.0)	1.0
REG07	T	Investing in better co-ordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people. This will involve better modelling of need, flexible agreements with housing suppliers and using the Council's own properties first.	(0.080)	(0.220)	(0.200)	(0.500)	-	-

Questions

Next Steps & Close

- Individual Panel's views/ comments will be compiled in a “consolidation briefing note“ and discussed at the OSB Special meeting on the 18th Jan.
- Once agreed at OSB this will be submitted to the Mayor/ Exec by the Chair of OSB.
- If any answers are provided outside of the Panel these may need to be fed into the “consolidation note.”