

Question:		
Item 7: Quarter 2 Budget Monitoring Report		
1.	<p>“Currently Minimum Revenue Provision (MRP) is not being provided for on-lending to STDC and in respect of the Goosepool/airport loans. However, principal repayments are also not being made and this matter is subject to discussion with the Authority’s external auditors. This could result in a requirement to provide MRP which would be an unbudgeted cost”</p> <p>What is the amount of this unbudgeted cost?</p>	
2.	<p>“STDC’s ability to pay interest and principal is reliant on the generation of business rates income arising from the development of the Teesworks site” Mazars, the external auditors of Redcar &amp; Cleveland Borough Council, has downgraded their assessment of business rate income from Teesworks by £30m over the next 5 years. The STDC will face an identical shortfall, which will severely strain its ability to pay interest and principal on outstanding loans.</p> <p>Has an assessment been made of the impact of this shortfall?</p>	

<p>3.</p>	<p>“On 31 March 2022, a grant was made to STDC of £10.4m by TVCA in connection with the development of the Teesworks site. Following the issuing of the grant it was agreed that this grant would now be viewed as a ‘loan’ repayable over 25 years at £0.401m per year”</p> <p>When was the decision made to convert the grant into a loan?</p>	
<p>4.</p>	<p>Public bodies cannot casually reclassify grants as loans after the fact and this was described as an error in the finance report.</p> <p>*The total figure of £11.662m excludes the £0.401m grant/loan error (total budget £12.063m)</p> <p>For this type of change to be lawful, you would normally expect;</p> <ol style="list-style-type: none"> <li>1. Political approval (Mayor or Cabinet decision properly recorded)</li> <li>2. Legal execution (Loan agreement or variation signed by both TVCA and STDC)</li> <li>3. Accounting &amp; audit recognition (Correct treatment in both sets of accounts &amp; Auditor awareness.</li> </ol>	

	<p>If any of these are missing the reclassification is legally and financially defective.</p> <p>Therefore;</p> <p>1. Please could you reference the recorded approval for the Reclassification?</p> <p>2. Was a loan agreement or variation signed by both TVCA and STDC at the time of reclassification?</p> <p>3. What was the accounting treatment that was applied by TVCA for this funding in each financial year since 21/22</p>	
<b>Item 8: Treasury Management Mid-Year Review 2025-26</b>		
5.	<p>“The interim S73 Officer has been working closely with the Arlingclose on updating the Liability Benchmark for 2025/26 and this has indicated the need for the Authority to undertake c£140m of external borrowing during the remainder of 2025/26.”</p> <p>What has caused the budget to deteriorate by such a large sum this late in the financial year?</p>	
<b>Item 9: Transport Programme Update</b>		
6.	<p>“The contractor has now conducted additional surveys and has now presented stakeholders with options for a way</p>	

	<p>forward. This is under review by TVCA, and Redcar &amp; Cleveland Borough Council as the owner of the current footbridge (at South Bank railway station).”</p> <p>What is the estimated cost of the temporary bridge?</p>	
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