

EXECUTIVE MEMBER REPORT TO COUNCIL

13 JULY 2016

Finance

2015/16 Budget Outturn

1. A report on the 2015/16 Outturn will be considered by Executive on 5th July and will also be presented to the Overview and Scrutiny Board. The report is in a new format, bringing together several interconnected aspects that were previously the subject of separate longer and more detailed reports, now concentrating on the key factors. The full Outturn report can be found on agenda and I would appreciate any feedback from members on its format.

Revenue

2. The final revenue outturn position resulted in savings of £0.5million, or 0.4% of the Council's total revenue budget of £119.9million.
3. This year saw the delivery of £13.4million of agreed savings targets which were incorporated in the 2015/16 budget, demonstrating the ability and commitment of management teams and the workforce to respond the challenging savings targets.
4. The following table summarises the outturn by Directorate:-

Directorate	Budget	Outturn	Variance	
	£'000	£'000	£'000	%
Economic Development & Communities	17,686	16,774	(912)	5.2%
Wellbeing, Care and Learning	69,323	65,787	(3,536)	5.2%
Commercial and Corporate Services	31,847	31,916	(931)	2.9%
Total Service outturn	118,856	113,477	(5,379)	4.5%
Central Costs and Reserve Movements	1,062	5,964	4,902	
Revenue Outturn	119,918	119,441	(477)	0.4%

5. All three directorates have returned within budget and this has enabled movement of funds to reserves. As outlined in the Strategic Plan, this in turn will be used to smooth the level of budget cuts required for future years so minimising the impact on services to residents and jobs, enable the Change Fund to further support transformational activity which will enable delivery of further savings and support the Council's Investment Strategy.

Capital

6. During 2015/16 The Council invested £38.3million in the town, with £11.5million coming from external funding secured for Middlesbrough.

7. The year has seen the completion of two major projects, the Teesside Welders Institute (total cost £7.9m) and the Middlesbrough Sports Village (total cost £21.6m) both supporting the development of the town as the vibrant centre of the Tees Valley.
8. The Capital Programme consists of a large number of projects, many of which are small schemes (less than £100k). The following table highlights the major projects which make up a substantial proportion (65%) of the total capital expenditure in the year:

Summary of Major Capital Projects	Projects £m's	Total £m's
Economic Development		
Gresham Phase 2a	1.1	
Highways maintenance	1.4	
Middlehaven	1.2	
Teesside Welders Institute Phase 1	6.9	
Street lighting replacement	2.5	
Southfield Road paving	1.2	
	14.5	22.0
Learning and Skills		
Newport Primary classrooms	0.6	
Pallister Primary	1.2	
	1.8	2.2
Social Care		
Disabled Facilities Grant	1.1	
Disabled Adaptations	0.3	
	1.4	2.0
Environment and Commercial Services		
Critical Compliance works	1.4	
Energy efficiency	0.3	
Middlesbrough Sports Village	2.2	
New vehicles	1.4	
	5.3	6.8
Organisation and Governance		
Agresso Financial system	1.0	

Town Hall and Civic wifi	0.2	
CRM refresh	0.4	
ITR information portal	0.2	
	1.8	2.7
Total Capital Expenditure in year	24.8	35.7

9. During the year, a further £3.4m, mainly from external funding was approved. The capital outturn position reflects significant slippage of £20.7m of expenditure planned for 2015/16, which has now been moved to future years' expenditure. This in part resulted from poor weather conditions and major project delays. This does not involve a change of total expenditure in the Capital Programme but rather timescales for delivery and the funds are still planned to be spent in future years. A full review of the capital programme is underway to improve the way projects are monitored.

10. The Strategic Plan, presented at this Council meeting outlines a wide-ranging Investment Strategy which will see the Council invest nearly £65 million in developing the town's economic base, driving financial self-sufficiency and transforming how the Council delivers its services

Reserves

11. The following table sets out a summary of the Council's level of general balances as at 31st March 2016 which has decreased from £15.4m at the start of the year to £11.6m at the year-end, after use of balances to support the Revenue Budget:

	£000's	£000's
Balance at Start of year		15,439
Movements in Reserves		
Revenue budget savings (2015/16)	477	
Budgeted contribution from general balances	(2,172)	
Approved use of prior year savings	(2,150)	(3,845)
Balance at end of year		11,594

Commissioning and Procurement

NEPO Business Event

12. Middlesbrough hosted a NEPO (North East Purchasing Organisation) Business Event on 22nd June 2016 which was very well attended. Middlesbrough Council's Procurement team had a stall which offered a good networking opportunity at which an updated "How to Do Business with Middlesbrough" guide was shared, with over 50 copies distributed to various businesses.

Longlands & Beechwood Competitive Dialogue

13. Middlesbrough Council and Thirteen Group as undertaking a competitive dialogue tender process in order to seek interest in residential and commercial development in Longlands & Beechwood (Grove Hill) area. Responses have been received at the early Pre-Qualification Questionnaire stage and the next will give an understanding in more detail what the market may have to offer.

NEPO E-tendering Portal

14. The e-tendering portal has just been upgraded and is much more user friendly for both staff and suppliers. The procurement team is now looking to migrate our quotation system into NEPO (North East Purchasing Organisation) as this will ensure that all our suppliers identified for quotations will become registered on the NEPO portal which will give them access to all of tendering opportunities of the other North East Local Authorities, which for some suppliers could offer growth opportunities and greater networking through the NEPO Business Club.

HR

Staff Survey

15. The findings from the Staff Survey have been published, communicated to staff and briefed to Management Network. The Employee Engagement Working Group and Employee Engagement Champions have developed a 'Top 10 Staff Survey Actions' to address some of the corporate issues highlighted. These have been shared with staff and published on the 'Work Together, Get Involved' page of the staff intranet. The actions cover:

- Listening to staff more
- Bullying and harassment
- Making staff feel more valued
- Stress
- Better staff benefits
- More flexible working
- Staff morale
- Improving communication
- Staff events
- Accommodation

16. Staff will be updated regularly on the progress of these actions using a 'You Said, We Did' approach via the weekly email alert, staff newsletter, management network presentation, intranet, posters/flyers.

Change in Car User Policy

17. Middlesbrough was the only remaining Tees Valley authority that had retained casual and essential car user status. Consultations have taken place with the Trade Unions in relation to the implementation of a

new Car User policy. The Trade Unions have balloted their members who have voted in favour of the proposal. A Collective Agreement has now been reached and for those employees on Local Government terms and conditions the following will apply from the 1st July 2016:

- A single rate of mileage of 60p per mile
- Removal of Essential Car User status

18. The Essential Car User Allowance will cease on 30th September 2016. All mileage above the Inland Revenue rate of 45p per mile will be taxed at source through the Payroll. No member of staff will be compelled to use their car, if they choose to, they will be paid at the appropriate rate. Car parking permits will be issued subject to meeting the existing specified criteria and authorised by Assistant Directors.

Holiday Pay Accrual on Overtime

19. The changes to holiday pay arrangements were implemented in April in line with the Collective Agreement reached between the Council and the Joint Trade Unions (GMB, Unite and Unison). The changes were made in response to recent legal rulings on holiday pay and the need to ensure compliance. The agreed changes represent a fair approach to recognising and paying the holiday pay accrual for employees working overtime and additional hours.

Embedding Middlesbrough Manager/Middlesbrough Employee

20. The Middlesbrough Manager and Middlesbrough Employee Competency Frameworks were introduced over a year ago. Whilst the frameworks are being used for appraisals and recruitment and selection, there is a need to embed these further with managers and staff. Actions include the introduction of Outcome area business change leads, a marketing plan to raise awareness of the frameworks, a review of the frameworks and related policies, including the appraisal model and the development of toolkits to assist managers with policy related management tasks.

Team Awards Night

21. The Team Awards will take place on Friday, 8th July at Jury's Inn. There has been a terrific response with over 80 submissions received from teams across the organisation. The standard of the bids was very high and were excellent demonstrations of the tremendous work that is being done to achieve the vision for Middlesbrough to be 'the place to live, work and visit'. Particularly pleasing was the amount of cross-cutting, partnership and collaborative work evidenced in the submissions. The judging has now taken place and the shortlisted teams informed. As last year, the night is fully funded through sponsorship.

Chief Officer Appointments

22. The Chief Officer Appointments Committee, supported by HR, is currently recruiting to three Chief Officer posts: Strategic Director – Finance, Governance and Support; Strategic Director - Children's Services; Assistant Director – Environment, Property and Commercial Services. Interviews were taking place on 17th, 24th and 28th June.

Middlesbrough Learns

23. Work on the development of the Council's e-learning system continues. Employees from all Outcome Areas except Outcome 7 now have access to the system, informal feedback from users from the first stages of roll out has been positive. A first phase of Health and Safety e-learning modules have been created, these are currently being tested and will be available very soon. There are other modules already available for staff to complete as relevant.
24. A more extended range of e-learning modules will continue to be developed in-house including Information Governance, Decision Making Process, various corporate procedures, including HR, commissioning and procurement, etc.

Agile Working

25. Agile working, part of the Change Programme, empowers and supports people to work where, when and how they choose to maximise their productivity, innovation and ultimately to deliver best value to the organisation
26. A lot of good work has been undertaken on communicating the positive benefits that agile working can bring to employees and the Council. 468 staff have expressed an interest in becoming an Agile Worker.
27. A recent staff survey on agile working provided the following feedback: 575 responses were received. 18% of respondents already had an agile working solution and 55% of respondents felt that their role could be adapted to the principles of agile working. Flexible working – mixture of Home & office working was deemed as the most popular agile working solution (38%) with mobile work – mixture of home and site working (12%) following.
28. A number of challenges to agile working were identified including the need for daily peer support and engagement, dependency on, access to and movement of paper based documents and preconceptions about the capabilities of the IT solution. Some of these issues will be service area specific which will require service managers to develop solutions to maximise agile working.
29. Testing of the ICT solution is continuing within Asset Management and proving to be very effective. Full rollout is planned for July –December 2016.

Customer Programme

30. The Customer Programme is progressing well

Customer Charter

31. The charter has been designed and developed to direct future interactions between employees and customers and will be embedded through the Employee Development Project and the Marketing and Communication of the programme.

Employee Development Programme

32. The Official launch will be on 8th July with workshops for Senior Managers. Middlesbrough Managers will be invited to attend a series of workshops from September onwards with a further roll-out to employees following in the autumn.

Firmstep Customer Relationship Management System

33. Phase 1 of implementation is a replacement of the current Customer Relationship Management System with Firmstep, including areas such as Highways, Complaints, Waste, Area Care, Public

Protection and will go live between September and December 2016. Planning will commence later in 2016 for Phase 2 and will take into consideration other service areas where Firmstep could support back office efficiencies and new ways of working .

Website/Intranet

34. The Desktop and mobile designs of the website are almost complete and testing is underway. The Intranet Project is currently is scheduled for launch in January 2017.

Middlesbrough House

35. Initial floor plans for the redesign of the Customer Centre, to meet the needs of new ways of engaging with customers, are complete and further costings and requirements scoping are being investigated around building costs, furniture, fittings, IT requirements, cabling, installation, etc.

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