

## EXECUTIVE MEMBER REPORT TO COUNCIL 6 December 2017

### Consultation on Strategic Priorities and Budget Proposals

1. On 21<sup>st</sup> a report went to the Executive on the future Strategic Priorities, refresh of the Medium Term Financial Plan and budget proposals, including £5.8million of savings for 2018/19.
2. An initial meeting of the Ad-Hoc Scrutiny Panel to consider these proposals took place on Friday November 17<sup>th</sup> where the panel considered the report, asked searching questions, suggested some additions be made for clarification in some areas and also requested further information on some of the proposals which will be provided in subsequent meetings.
3. A consultation event for all members took place on Tuesday 21<sup>st</sup> November at 5.30pm. Even after taking into account the members who had already attended Executive and Scrutiny, numbers attending were disappointingly low, but it did provide for challenge, questions and debate. If members have suggestions about improving numbers attending such consultation events please let me know.
4. This year consultation is sought on the Strategic Priorities in three key themes which support the Mayor's Vision of Fairer, Stronger, Safer. The three themes are:
  - **Business Imperatives** – Ensuring that the Council operates efficiently and effectively, so that Physical and Social Regeneration outcomes are maximised.
  - **Physical Regeneration** – Investing in Middlesbrough to provide and improve facilities which act to increase the town's reputation, create social opportunity, and improve the Council's finances.
  - **Social Regeneration** – Working with our communities and other public service organisations to improve the lives of Middlesbrough's residents.
5. The priorities which fall under these themes are listed in Appendix A of the report and views are sought from members, residents, business and other stakeholders.
6. The budget proposals are split into three categories:
  - Appendix B sets out proposals which have already been consulted on, or which have no direct impact on the public or for which there is no statutory duty to consult including updating previous assumptions on levels of inflation.
  - Appendix C sets out the proposals on which the Council is specifically planning to consult for inclusion in the 2018/19 budget
  - Appendix D includes initiatives for the period 2019-21 that require further work and clarification and may require separate future consultations and/or impact assessments in future years as proposals are further developed.

7. The Council will publish the strategic priorities and relevant savings proposals on its website, with an associated questionnaire, to seek feedback. Specifically in relation to the proposed strategic priorities, respondents will be asked to state whether they support the priorities, and if not why; and what other priorities they would propose for the Middlesbrough. The Council will seek to maximise participation in the consultation, publicising it through all media channels as part of a programme of public engagement.
8. The report is on the agenda for consideration at Council tonight. The next consultation event for members, prior to the meeting in March, is Tuesday 27<sup>th</sup> February at 5.30pm. There are no other consultation meetings planned for members on the budget.

### **Withdrawal of Government Funding and Business Rate Retention**

9. Members may recall from my earlier report to Council that the current government is committed to a staged removal of the Revenue Support Grant to local authorities and instead expecting local councils to generate income locally such as through Council Tax and Business Rates.
10. Plans were also announced in autumn 2015 to move from 50% to 100% business rate retention by local authorities by 2020 to partly compensate for the removal of central government grant. However, the legislation required to do this was dropped earlier this year in the Queen's Speech, leaving plans for business rates retention in limbo.
11. Following the Autumn Budget 2017, disappointingly this issue still has not been addressed and the LGA have stated that "The money local government has to deliver services is running out fast and councils face an overall £5.8 billion funding gap in just two years" and called upon the government to allow local government, as a whole, to be allowed to keep every penny collected in business rates.

### **Additional help with Council Tax for those most in need**

12. On 21<sup>st</sup> November, I took a report to the Executive in which changes to the Council Tax Relief scheme were agreed which means that those receiving help paying Council Tax will have the minimum amount they have to pay reduced from 20% to 15%.
13. Earlier this year Middlesbrough Council's Executive agreed to consult town-wide on a change in policy to reduce bills for those least able to pay, who since the Government slashed funding for benefits in 2013 have had to pay at least 20% towards their Council Tax. Many of these claimants previously paid nothing due to their very low incomes and were at the same time hit by the Bedroom Tax and other benefit cuts.
14. Middlesbrough Council currently provides support to those most in need through the Local Council Tax Support Scheme which can help people with up to 80% of their bill. The consultation has now concluded with 59% of respondents either agreeing or strongly agreeing with the proposal of increasing that level of support to 85%.
15. The new arrangements, which are subject to agreement under a separate report to full Council tonight, are also aimed at increasing local collection rates from 2018/19, which have fallen following the Government's slashing of funding for council tax benefits in April 2013.

16. A report taken to Executive in November 2017, reflects a projected end of year position of a variance of £42,000 or just 0.04% saving against the annual Revenue Budget.

| Department / Directorate                   | Full Year Budget<br>£'000s | Full Year Forecast<br>£'000s | Over/(under) spend<br>£'000s |
|--|----------------------------|------------------------------|------------------------------|
| Growth and Place                           | 27,409                     | 27,952                       | 543                          |
| Public Health and Public Protection        | (243)                      | (342)                        | (99)                         |
| Children's Services                        | 33,494                     | 33,783                       | 289                          |
| Adult Social Care and Health Integration   | 36,363                     | 36,334                       | (29)                         |
| Finance, Governance and Support            | 8,974                      | 8,735                        | (239)                        |
| <b>Total service outturn</b>               | <b>105,997</b>             | <b>106,462</b>               | <b>465</b>                   |
| Central costs and contribution to Reserves | 7,672                      | 7,165                        | (507)                        |
| <b>Revenue outturn</b>                     | <b>113,669</b>             | <b>113,627</b>               | <b>(42)</b>                  |

17. 95% of the £9.2million savings are forecast to be delivered

## Capital

18. In relation to Capital, where previous years has seen substantial slippage mainly due to delays in delivery of projects, projected capital expenditure is £36.552million against the revised 2017/18 budget of £34.881million, or 105% of the budget. This reflects accelerated delivery of the programme and some re-profiling across the Council's four-year Investment Strategy period, together with an increase in externally funded and revenue funded projects. This represents better than expected progress to date, reflecting the success of the Council's new Programme and Project Management Framework.

## Performance

19. Service performance has improved from Quarter One, with eight of nine Directorates, and the Council overall, exceeding the corporate standard of meeting 75% or more of targets, reflecting developing plans to promote social regeneration, and the impact of plans to address longer-term performance issues, showing that the Council is taking clear action to tackle performance issues.

## Risk

20. A key risk to the Council at present remains the potential impact on of Brexit on the national economy and economic growth locally. It is anticipated that the implementation of Council's Investment Prospectus and associated initiatives will positively impact on the probability of Middlesbrough being disproportionately affected by an economic downturn.

## HR

### HR Pay System - Phase 2:

21. The first system release to Middlesbrough Managers in October 2017 was successful, this included People Manager and the Staff Portal. Further release of the Staff Portal to existing Council network users is scheduled for mid-November, this will include the input of employee claims. The release to employees who currently do not have access to the Council's network is scheduled for December.

22. The ICT Service has built an infrastructure in which the Employee Self-Serve system can be used as a Staff Portal from which all council employees can access the council network over the internet. A significant amount of engagement with managers and employees has been carried out and will continue throughout Phase 2 to ensure that business change is managed appropriately.

### **Induction**

23. The second induction event took place on 13<sup>th</sup> November with approximately 55 new starters in attendance. HR reformatted the welcome event following feedback and this new format worked much better based on the excellent feedback received.

### **Recruitment**

24. HR continue to make progress with the recruitment project team who were set up to improve how we better attract talent into Middlesbrough Council. This project team has now been joined by and will be led by the Employee Engagement working group tasked with focusing on this area and will be supported by the Operational Development team, as necessary. This activity will be aligned with the HR system implementation to ensure the recruitment module is configured in line with business requirements.
25. A Recruitment eLearning module has been developed for managers on Middlesbrough Learns and is currently undergoing final testing to be released in December. This e-learning will be supported by a recruitment skills development session for managers which will be delivered by the OD team.

### **Management Development Academies**

26. HR successfully launched two pilot programmes in partnership with the Community Learning Service to commence development of our emerging talent whilst utilising our apprenticeship levy. Our First Line Manager Academy is underpinned by ILM3 Accreditation and our Leadership Academy is underpinned by ILM5 Accreditation.
27. Nominees for both of these programmes were identified through our workforce/succession planning activity where our entry criteria stipulated that nominees must have been identified as rising stars, strong or star performers. Initial feedback has been excellent and once HR are comfortable the content and level of training meets our high standards, they plan to roll out two intake cohorts a year from 2018.

### **Refreshed Middlesbrough Manager Profile**

28. HR are currently working on a proposal to refresh the standards and requirements of our Middlesbrough Manager population. This profile will provide all Managers and Leaders with clear expectations in relation to behaviours, skills and attributes. This will include identifying any development/training needs required to equip managers with the skills and tools needed.

### **360 Degree feedback**

29. HR are in the process of working with a supplier to create a 360 degree question bank and platform in order to conduct a 360 degree intervention for our Heads of Service population. The purpose of this intervention is to inform whether our senior managers are leading and behaving in a way to

support our cultural change agenda and we expect the outputs to provide a clear indication of where there are potential issues and/or development needs. This will allow us the tracking of cultural change progress year on year, inform where we need to focus our attention and move towards achieving our ambition to be listed in the Sunday Times Best Companies 2020.

### **Appraisal / Frequent Feedback Update**

30. Frequent feedback meetings were introduced as part of the annual appraisal process. Spot checks will be carried out by internal Audit to ensure that frequent feedback meetings are taking place. HR Business Partners will follow up with service managers who have a more fluid appraisal cycle to ensure that they are scheduling in appraisals and frequent feedback with their staff.

### **Scanning of Personnel Files**

31. A huge exercise has been undertaken to scan personnel files for all employees into the Council's document management system. This has involved a process of HR staff cleansing the files before scanning could be undertaken; the actual scanning of the files has been carried out by a small team of temporary staff. In total 3,500 files have been scanned. The scanning of the files not only makes accessibility easier for managers but also frees up valuable office space to assist with the accommodation rationalisation.

### **Flu Vaccinations**

32. As part of ongoing wellbeing initiatives the Council have once again facilitated flu vaccinations for staff. Vaccinations were made available initially to those staff delivering front line services working with children and vulnerable people, they were then opened up to the wider workforce. In total 350 appointments were facilitated for members of staff.

### **Staff Surveys:**

33. It is planned to carry out the annual staff survey at the end of January. In previous years a long survey and short survey was undertaken in alternate years. The Council has now signed up to the Extra Life initiative which requires a Health Needs Assessment of the organisation to be carried out. Therefore the agreed approach this year is to carry out a separate Health Needs Assessment and a separate staff survey. Both surveys will be managed and delivered in-house.

### **ICT**

#### **Disaster Avoidance and Resilience**

34. As reported previously, ICT Services have now completed the commissioning of the new data centre at Resolution House. Along with the data centre located at Melrose House the Council now enjoys high levels of resilience for the ICT infrastructure and over 300 applications that are currently being managed by the team. This mitigates a key corporate risk to the delivery of critical services across the authority
35. With the ICT infrastructure now separated across two sites the infrastructure team undertook testing the resilience of the data centres on the weekend of the 25<sup>th</sup> and 26<sup>th</sup> of November. This involves simulating a power supply failure in the town centre, allowing the team to test the performance of the data centres, their backup battery systems and generators. It is vitally important that now the appropriate investment has been made, the resilience of the ICT infrastructure is tested appropriately and regularly.

## **Improvements to the Network**

36. ICT services are constantly looking to respond to identified issues and how they can best support the needs of staff working across the town. Most recently they have become aware of issues from staff at Resolution House (Cargo Fleet) relating to poor network performance. Over the last couple of years the number of staff at the site has increase and in line with the recent Business Continuity Planning exercise “Operation Ironstone” Resolution House has been designated as a key recovery site. In response to this challenge ICT have upgraded the network at Resolution House, during the Disaster Avoidance work on the 25<sup>th</sup> and 26<sup>th</sup> of November.

## **Theatre Box Office**

37. As part of the Strategic approach to improve the use and availability of digital services, the new Theatre Box Office system went live in October. It greatly improves the accessibility to the public of its two major Theatre venues, Middlesbrough Theatre and the soon to be reopened Town Hall. Customers now experience a trouble free secure and user friendly online search facility that allows them to book and pay for their favourite shows in an efficient, safe and secure manner. ICT Services were instrumental in coordinating the delivery of this state of the art facility, one that will fit particularly well with the modernisation of the Town Hall itself.

## **Revenues & Benefits Upgrade**

38. One of the Councils most critical applications which underpins the Revenues and Benefits service underwent major upgrade during the weekend of the 18<sup>th</sup> and 19<sup>th</sup> of November. This involved building new servers and ensuring critical interfaces to other systems such worked afterwards. In order to minimise disruption to the service area, ICT staff worked with the software supplier - Northgate throughout the weekend. As a result, the upgrade was completed successfully and the Revenues and Benefits application was available for use by 9am with Customer portals back online by 10.30am on Monday morning. Despite the complexity of the work there was no disruption to the services provided by Kier or affect to the support provided to the people of Middlesbrough.

## **Public Service Network (PSN)**

39. ICT Services, like all other local authority IT departments, are currently undergoing eternal assessment in order to secure accreditation for PSN (Public Sector Network) compliance. Along with PCI (a security standard for the taking of card payments) PSN forms part of the main compliance activity that ICT Services undertake every year. This involves external auditing of our security controls and processes as well as identification and remediation of network and application vulnerabilities. PSN accreditation allows continued access to central government services and I expect to report next time that compliance has once again been awarded.

**NICKY WALKER**  
**EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE**

