

## EXECUTIVE

<b>Date:</b> Tuesday, 7 September 2021
<b>Time:</b> 1.00 p.m.
<b>Venue:</b> Council Chamber

## AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes - Executive - 10 August 2021 3 - 6

### **THE MAYOR AND LEAD MEMBER FOR CHILDREN'S SOCIAL CARE, ADULT SOCIAL CARE AND PUBLIC HEALTH**

4. Children's Services Improvement Programme: Overview of Progress February 2021 - July 2021 7 - 24
5. Corporate Performance Update: Quarter One 2021/22 25 - 42

### **EXECUTIVE MEMBER FOR ENVIRONMENT AND FINANCE & GOVERNANCE**

6. Community Environmental Initiatives  
To Follow
7. Revenue and Capital Budget - Projected Outturn Position as at Quarter One 2021/22 43 - 72
8. Supplier Incentive Programme 73 - 102

### **EXECUTIVE MEMBER FOR REGENERATION**

9. Middlesbrough Development Company (MDC): Empty Homes Partnership 103 - 120

### **OVERVIEW AND SCRUTINY BOARD**

10. Final Report of the Ad Hoc Scrutiny Panel - Members' Communications - Service Response 121 - 136

11. Any other urgent items which in the opinion of the Chair, may be considered.

11.1 Special Urgent Item: Audit to Excellence

137 - 176

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Friday, 27 August 2021

### MEMBERSHIP

Mayor A Preston (Chair) and Councillors B Cooper, S Hill, E Polano and M Smiles.

### **Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Chris Lunn / Georgina Moore, 01642 729742 / 01642 729711, [chris\\_lunn@middlesbrough.gov.uk](mailto:chris_lunn@middlesbrough.gov.uk) / [georgina\\_moore@middlesbrough.gov.uk](mailto:georgina_moore@middlesbrough.gov.uk)**

**EXECUTIVE**

A meeting of the Executive was held on Tuesday 10 August 2021.

**PRESENT:** A Preston (The Mayor) (Chair) and Councillors B Cooper, S Hill, E Polano and M Smiles

**ALSO IN ATTENDANCE:** E Craigie (Teesside Live)

**OFFICERS:** G Field, R Horniman, A Hoy and S Reynolds

21/35 **APOLOGIES FOR ABSENCE**

Apologies had been received from an Invited Member, Councillor M Saunders (Chair of the Overview and Scrutiny Board).

21/36 **DECLARATIONS OF INTEREST**

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

21/37 **MINUTES - EXECUTIVE - 13 JULY 2021**

The minutes of the Executive meeting, held on 13 July 2021, were submitted and approved as a correct record.

21/38 **ENGAGEMENT POLICY 2021-22**

The Deputy Mayor and Executive Member for Culture and Communities and the Director of Legal and Governance Services submitted a report for the Executive's consideration. The purpose of the report was to seek approval of a proposed corporate Engagement Policy for 2021-22.

The proposed revised engagement policy (see Appendix 1 of the submitted report) provided a framework further developing the Council's approach, building on work undertaken with communities prior to and during the pandemic, including the locality working pilots. It supported the 'Quality of Service' strategic priority of the Council's Strategic Plan and was aligned with the corporate value of collaboration.

The principal aim of the policy was for the Council's service to take an 'asset-based' approach to engagement, working with Middlesbrough's people and its communities and the Council's partners to recognise strengths and from those increase independence and self-reliance over time.

The policy planned to seek improvements, which were outlined at paragraph 8 of the submitted report.

**OPTIONS**

**Option 1: No policy - There was no legal requirement for a corporate policy on public engagement, however such a policy, its supporting procedures and guidance provided a clear framework under which the Council's officers could ensure that engagement was consistent, effective and complied with the law. As such, that option was not recommended.**

**Option 2: Status quo - The Council could have decided to retain the current policy and approach, which had been stated focused principally on formal consultations. That would have maintained the current robust approach to consultation, but would have seen more deliberative engagement activity evolve in an unplanned and unlinked manner, if at all. As such, that option was not recommended.**

**Option 3: Additional policy - The Council could have decided to retain the existing policy and develop an additional policy in respect of deliberative engagement approaches. That would have seen such approaches develop in a more planned manner, but would not have provided for a consistent or joined-up approach across engagement activity overall. As such, that option was not recommended.**

#### **ORDERED**

**That the proposed Engagement Policy for 2021-22 be approved.**

#### **REASON**

**To provide an enhanced framework for public engagement that was coherent and effective, built trust with communities, ensured that the voices of communities were heard in the Council's decision-making and that the Council complied with all legal duties relating to engagement and consultation.**

**That 'single policy' option provided the greatest level of assurance that the Council would continue to meet its statutory obligations, and achieve its own strategic ambitions in respect of public engagement, and was recommended on that basis.**

21/39

#### **NUNTHORPE GRANGE FARMHOUSE, YARD & BARN - PROPOSED FREEHOLD DISPOSAL**

The Executive Member for Environment and Finance & Governance, the Executive Member for Regeneration, the Director of Finance and the Director of Regeneration and Culture submitted a report for the Executive's consideration. The purpose of the report was to consider the proposal to dispose of the Council's freehold interest in Nunthorpe Grange Farmhouse, Yard & Barns.

Shown edged on the plan attached at Appendix A of the submitted report, the subject property was situated on Church Lane and occupied a rectangular shaped site measuring @ 2.37 Acres [0.959 Ha].

The property comprised a relatively modern farmhouse, yard and barns that formed part of a much larger, now defunct, agricultural holding that had sat vacant since being surrendered by the Council's former farm tenant in 2018.

The Council proposed to market the property in local, national and digital media prior to offering it for open market sale at an auction event during the current financial year 2021/2022.

From a valuation perspective, the property was listed on the Council's asset register at a value of £460,000. That value was predicated on the imposition of a restrictive covenant that would limit use of the property to a single residential dwelling only. Future use of the barns for commercial, recreation or leisure purposes would not be restricted, with the Council being able to control any proposals to do so via the statutory planning process.

The Council's nominated auctioneer had valued the property at a figure of £470,000 and advised that it should be presented for sale at the subject auction event with a guide price of £415,000 and a reserve price of £460,000 plus fees.

An Asset Disposal Business Case confirming the status of the subject property as surplus to operational Council requirements was attached at Appendix B of the submitted report.

#### **OPTIONS**

**Option 1: Re-use for operational purposes - No Council operational service requirement had been identified.**

**Option 2: Other uses - Although the property was capable of being used for other purposes, future use of the property as a single residential dwelling only was preferred.**

**Option 3: Do nothing - The property would have remained in its present state. Whilst the subject property would have been retained for potential Council use in the future, the liability and responsibility for maintaining and holding the property would have remained with the Council in the interim.**

**ORDERED**

**That the proposal to dispose of the property via auction, if the price exceeded the reserve sum of £460,000 plus fees, be approved.**

**REASON**

**In order to meet the Council's requirements to generate capital receipts, increase annually recurring revenue streams and to bring the subject property into a far more beneficial use in the future.**

**The disposal of the subject parcel of land as proposed supported delivery of the Council's Medium Term Financial Plan.**

**The decision(s) 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.**

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**MIDDLESBROUGH COUNCIL**

<b>Report of:</b>	Executive Director of Children’s Services: Sue Butcher The Mayor and Lead Member for Children’s Social Care, Adult Social Care and Public Health: Andy Preston
<b>Submitted to:</b>	Executive – 7 September 2021
<b>Subject:</b>	Children’s Services Improvement Programme: Overview of Progress February 2021 – July 2021.

**Summary**

<b>Proposed decision</b>
That Executive notes the overview of the strategic and operational work undertaken between February 2021 and July 2021 in line with the Children’s Services Improvement Action Plan 2020/21 and 2021/22.

Report for:	Key decision:	Confidential:	Is the report urgent? <sup>1</sup>
Information and discussion	No	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
<p>We will contribute to promote the welfare of our children, young people and vulnerable adults and protect them from harm, abuse and neglect.</p> <p>We will transform children’s services to allow more families to stay together where it is safe for them to do so and reduce the need for children to become looked after by our local authority.</p>		

<sup>1</sup> Remove for non-Executive reports

## Ward(s) affected

All wards affected as the need to improve services for children is across the whole of Middlesbrough

### What is the purpose of this report?

1. To provide members of the Executive with an overview of the work undertaken from February 2021 to July 2021 in line with the Children's Services Improvement Plan 2020/21 and 2021/22.

### Why does this report require a Member decision?

2. It is important that members have a line of sight into the improvement work being undertaken and the impact that it is having on family life in Middlesbrough. This will inform any challenges that they wish to make on the progress being made to improve outcomes for children and hold officers to account as appropriate.

### Report Background

3. This report provides a further update about the progress made against the Children's Services Improvement Plan from February 2021 to July 2021. These dates are significant because in February 2021 Vicky Ford MP, Parliamentary Under Secretary of State for Children and Families, accepted our Commissioner Peter Dwyer's recommendation that, as in his original report written in May 2020 'there was sufficient confidence in the changes being made to indicate that this was not a local authority where we should move to consider alternative delivery mechanisms' (e.g. a Children's Trust). In July 2021 the commissioner submitted his third report to the Department of Education (see below for further details) although it will not be presented to the minister until 8<sup>th</sup> September for her to make a decision by 15<sup>th</sup> September.
4. Due to the pandemic children's services staff have worked from home during the period represented by this report as have many staff across the council.

### Context

5. The most significant events to report are a focused visit from Ofsted on 26<sup>th</sup> and 27<sup>th</sup> May 2021 and a visit from our Commissioner Peter Dwyer during the week of 12<sup>th</sup> July. Both visits were carried out virtually by mutual agreement.
6. Ofsted's programme of focused visits was set up to assess how 'England's social care system has delivered child centered practice and care within the context of the restrictions placed on society during the pandemic'. There is a clear expectation that for authorities in Middlesbrough's position this actually means 'deliver **and continue to improve**' child care practice.
7. Middlesbrough's focused visit, carried out by four social care inspectors and one education inspector, took place on 26<sup>th</sup> and 27<sup>th</sup> May 2021 using the same methodology as for the last full inspection in 2019. The inspectors looked across the whole of Children's Services i.e. both the children's social care and education and partnerships areas of practice. The inspectors were only 'on site' for two days but



during the previous two weeks they required a significant amount of documentation including performance information and direct responses to their queries. They also interviewed key personnel such as our Chief Executive. Overall the visit was successful as there was praise for the way that the directorate worked through the pandemic managing to improve services in the face of increased demand. A selection of key points includes:

- Leaders appropriately prioritised recruitment and the development of the workforce strategy.
  - Workers are persistent and build good relationships with children so interventions are more effective.
  - Staff report feeling supported, liked working for Middlesbrough and understood the vision for change.
  - Caseloads are reducing but remain too high for some social workers
  - The quality of practice is variable and does not meet leader's expectations
  - Some children experience too many changes of social worker. Children told inspectors that they would like to have social workers who stayed with them for a long time.
  - There is a significant focus on Children Missing Education
  - A minority of Looked after Children are on reduced timetables or have had no education for too long.
8. We are proud that our response to the pandemic has been profiled by '*What Works for Children's Social Care*'.
9. The Inspectors made two recommendations in addition to those made at the time of the 2019 inspection namely
- To improve management oversight and actions to ensure that vulnerable children and children in care, including those with special needs and/or disabilities (SEND), receive their full educational entitlement
  - To improve the understanding of identity and the diverse needs of children and their families to inform assessment, planning and support.
10. In general terms Ofsted inspectors consider practice over the previous six months whilst a commissioner gathers evidence on an authority's progress and its potential to improve outcomes for children. Our commissioner spent time looking at a range of key strategic documents, undertook interviews with leaders including political leaders, held focus groups looking at key areas such as workforce development and met with front line staff and managers. He was joined in the meetings with staff and managers by Stuart Smith our Department of Education (DfE) Improvement Adviser. In the summary Peter states that 'considerable progress has been made and there is evidence of real impact'. Although Peter's style and support is greatly appreciated it is gratifying that he is recommending to the minister that 'no further direct engagement of an appointed commissioner is required and continued monitoring and support to improvement is afforded by the Improvement Adviser and the core DfE team'. The report and its recommendation to withdraw the Commissioner's intervention will be presented to the minister on 8<sup>th</sup> September for a decision to be made by 15<sup>th</sup> September. If she agrees Middlesbrough's statutory direction will still stand but will be amended to reference an ongoing relationship with our improvement adviser rather than with the Commissioner. This would be a significant milestone in Middlesbrough's improvement journey. The report cannot be shared in its entirety until the minister has made her decision.

11. The 'So What' question. What difference has Middlesbrough Council's Children's Services, working with partner agencies, made to the lives of Middleborough's children? Although there is no room for complacency as there is still a great deal of work to do, it is important to highlight the fact that significant progress has already been made as evidenced by feedback from Ofsted and from our Commissioner. This is a really significant achievement for everyone concerned.
12. The Improvement Plan is being revised to take account of the findings of both reports. The progress made against the plan is reported to every meeting of the Multi-Agency Strategic Improvement Board on an exceptions basis.
13. Appendix 1 sets out the progress made against the Local Government Association's 'Enablers for Improvement' and should be read in conjunction with this report.

#### **What decision is being asked for?**

14. That Executive notes the overview of the strategic and operational work undertaken between February 2021 and July 2021 in line with the Children's Services Improvement Action Plan 2020/21 and 2021/22

#### **Why is this being recommended?**

15. So Executive members are fully apprised of the work to improve outcomes for vulnerable children in Middlesbrough and can hold officers to account when progress is not made as planned.

#### **Other potential decisions and why these have not been recommended**

16. No other potential decision at this time.

#### **Impact of recommended decision**

##### ***Legal***

17. As this report does not ask for a decision but is written to give members of the Executive an overview of the work against the Children's Services improvement plan over the last four months there are no additional directly related legal implications. However, improving social work practice will improve compliance with The Children Act 1989, subsequent Children Act legislation and Working Together 2018

##### ***Financial***

18. As this report does not ask for a decision but is written to give members of the Executive an overview of the work against the Children's Services improvement plan over the last four months there are no additional directly related financial implications. The improvement budget is reported to the six weekly Multi-Agency Strategic Improvement Board.

##### ***Policy Framework***

19. This decision does not have any impact of the council's policy framework.

## ***Equality and Diversity***

20. The improvement of children's services should not result in policies and practices that impact inequitably on individual or groups because they hold one or more protected characteristics.
21. Ensuring that services to children and families are effective and appropriate for all including those who hold one or more protected characteristics is a key responsibility for the service and will be monitored at all times as part of the improvement journey.

## ***Risk***

22. Risks in relation to the Improvement Plan are reported to the six-weekly Multi-Agency Strategic Improvement Board

## **Actions to be taken to implement the decision(s)**

23. No additional actions as those in the Improvement Plan are already scheduled to take place.

## **Appendices**

24. Appendix 1: Enablers for Improvement to be read in conjunction with this report.

## **Background papers**

25. [50166338 \(ofsted.gov.uk\)](https://www.ofsted.gov.uk/inspections/50166338)

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Appendix 1.

No.	Improvement Enabler	Progress against Enabler.
1	<b>Strategic Approach</b>	<ul style="list-style-type: none"> <li>• <b>One Children’s Service:</b> There has been progress in working to improving outcomes for children as <b>one</b> service and not in separate silos i.e. one for children’s social care and one for education services. Significant elements of our work are inextricably linked such as education for looked after children overseen by the Virtual School.</li> <li>• <b>Corporate Working:</b> Children’s Services has developed closer working relationships with directorates across the council and is benefitting from this more corporate approach. Corporate colleagues comment positively on the accessibility of children’s services personnel and the transparency of discussions.</li> <li>• <b>The Corporate Reference Group:</b> This group has taken time to find its purpose but under the direction of the Chief Executive it has produced a strategic plan setting out the contribution that each directorate will make to the Children’s Services’ improvement journey. As an example a contribution from Public Health is ‘Implement the Home Environment Assessment Tool to be carried out at all mandated home visits to identify early neglect’.</li> <li>• <b>‘Middlesbrough Children Matter’ (MCM):</b> This represents the identity of Children’s Services’ identity developed with the support of children’s and young people’s voices and views. It is used on documentation, in organisational discussions and on social media. MCM and our vision <b>‘Our vision is showing Middlesbrough Children that they matter’</b> are recognisable and support our ‘one service’ approach. It will be presented for endorsement to the next available executive members. There are ambitious plans to engage partners in the promotion of the MCM identity.</li> <li>• <b>Multi-Agency Strategic improvement Board.</b> This board holds Children’s Services, but increasingly the partnership to account receiving reports on progress against the improvement plan by exception and also on audit and on performance indicators. The membership of this board has now widened to include colleagues from Housing, the</li> </ul>

		voluntary sector, Adult Services and the chair of the South Tees Safeguarding Children Partnership.
2	<b>Leadership and Governance</b>	<ul style="list-style-type: none"> <li>• <b>Stability of Leadership.</b> The Children's Services leadership team remains stable however there have been significant changes in Middlesbrough's political leadership and Mayor Preston is now the lead member for Children's Social Care. The Department of Education (DfE) is clear that this instability must be resolved within 3 months of the commissioner's visit.</li> <li>• <b>Ofsted</b> <ul style="list-style-type: none"> <li>○ <b>Focused visit</b> – see main report.</li> <li>○ <b>Annual Engagement Meeting</b> – This meeting is part of Ofsted's Children's Services inspection framework. It is designed as an opportunity for a mutual conversation about aspects of the authority's performance. Middlesbrough's next conversation is in November 2021.</li> </ul> </li> <li>• <b>Commissioner Involvement</b> – see main report.</li> </ul>
3	<b>Engaging and Supporting the Workforce</b>	<ul style="list-style-type: none"> <li>• <b>The Practice Model.</b> Our Practice Model, 'Children and Relationships First' has evolved since our full inspection and is our overarching practice guide. The model is supported by a set of non-negotiable Practice Standards for example 'Assessments will be jargon free, using language that is clear and easy to read'.</li> <li>• <b>Learning and Development.</b> We have created a Learning and Development Offer encompassing a wide variety of training opportunities to ensure that employees are equipped with the skills and knowledge to meet the demands of their roles. This a central component of our recruitment campaign.</li> <li>• <b>Supervision Policy:</b> Performance information evidences that supervision is taking place however, Ofsted reported that 'management oversight and supervision are not sufficiently</li> </ul>

		<p>evaluative of children’s progress’. This revised policy has been launched to support this aspect of practice development.</p> <ul style="list-style-type: none"> <li>• <b>Mind your Ps and Q.</b> This is an internal campaign highlighting the importance of <ul style="list-style-type: none"> <li>○ <b>People</b> - Staff matter. We need provide the tools for staff to work effectively.</li> <li>○ <b>Participation</b> – Showing Middlesbrough Children that they Matter by engaging our young people, consulting with them and shaping services together.</li> <li>○ <b>Partnership</b> – We are more effective together and will work collaboratively to drive positive change within our organisation</li> <li>○ <b>Practice</b> – Our learning culture accepts and provides professional challenge, collaboration and support</li> <li>○ <b>Permanency</b> – We will ensure children understand where their forever home is and professionals will support the best options to support their life chances.</li> <li>○ <b>Quality</b> – underpins everything we do.</li> </ul> </li> <li>• <b>Centre for Practice Excellence:</b> This is central to defining the Middlesbrough Children Matter workforce as a community in which children matter. It includes our Principal Social Worker and our bespoke Audit for Excellence programme. The latter has been commended by both Ofsted and the Commissioner.</li> <li>• <b>Practice Week:</b> This was a very successful virtual event held in March with a range of developmental opportunities for staff and colleagues from partner agencies. There was over 1000 ‘touch points’ and complimentary feedback.</li> <li>• <b>Engagement</b> is promoted through the executive director’s weekly briefing and directors newsletters in line with corporate expectations.</li> </ul>
4	<b>Engaging Partners</b>	<ul style="list-style-type: none"> <li>• <b>COVID Effect:</b> COVID has brought unprecedented challenges but also benefits in terms of partnership engagement for example some schools report a better and more informed relationship with Children’s Services. It is crucial that this momentum is sustained. Schools must be commended for their work in supporting pupils, particularly their vulnerable children,</li> </ul>

		<p>going forward. Discussions are taking place about a pilot project to place a social worker in one of our larger maintained primary schools.</p> <ul style="list-style-type: none"><li>• <b>South Tees Safeguarding Children’s Partnership:</b> The partnership covers both Middlesbrough and Redcar &amp; Cleveland although it is hosted by Middlesbrough. The key partners are the two local authorities, health and the police. Although partnership meetings were taking place the arrangements were not compliant with statutory guidance. An Independent Chair/Scrutineer has now been recruited to energise the partnership and hold it to account. A recent and positive development is that the partnership itself is now held to account by a Chief Executive level governance group.</li><li>• <b>Multi-Agency Strategic Improvement Board:</b> The board has widened partnership representation to include adult services, housing, a representative of the voluntary sector and the chair of the Safeguarding Partnership. This will bring a greater depth to multi-agency discussions about improving outcomes for children and families.</li><li>• <b>Children’s Trust:</b> This multi-agency board has three agreed priorities and tracks the progress being made to develop them by partner agencies. They are<ul style="list-style-type: none"><li>○ Locality Working</li><li>○ Emotional Health and Well-being</li><li>○ Children with Special Educational Needs and Disabilities (SEND).</li></ul></li><li>• <b>Early Help:</b> The Partnership and Prevention board: Representatives of 23 organisations working with children and young people in Middlesbrough have signed off a revised version of the Early Help Strategy and Action Plan (2021 -2024). This strategy sets out the actions being taken as a partnership to ensure that there are robust and effective Early Help arrangements in place for children and their families across all of our communities.</li><li>• <b>Learning and Education Strategy (2021 -2024):</b> The vision for this strategy is that every child and young person in Middlesbrough has equal access to high quality education that increases life chances, through achievement of the best possible outcomes at every stage of their improvement journey. The vision was ‘soft launched’ with head teachers at the end of</li></ul>
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		<p>the summer term and will be rolled out in the new school year. It has been endorsed by Steve Munby – Chair of Middlesbrough’s Strategic Improvement Board.</p>
5	Building the Support Apparatus	<ul style="list-style-type: none"> <li>• <b>Fostering Service:</b> The Partnership in Practice (PiP) programme has been paused as North Yorkshire has identified a lack of management capacity as the main issue. Financial modelling has been completed for both a new team structure and payments and bandings for foster carers. If the modelling is agreed then the PiP programme will be resumed.</li> <li>• <b>Digital Equipment:</b> Schools received additional funding to purchase additional devices and WIFI accessibility to ensure that every pupil had access to remote learning. This funding was targeted at children in families who were struggling to purchase the appropriate equipment but did not meet the criteria for funding from other sources for example where siblings had to share one piece of equipment which meant that they could not access remote learning at the same time.</li> <li>• <b>Enrichment Activities:</b> Children’s Services worked with Public Health to provide such activities during the school holidays</li> <li>• <b>Communication with Stakeholders:</b> There has been considerable amount of communication with both internal and external stakeholders however future activity needs to be part of an overarching strategic plan. The Communication Board has been re-instated to oversee the development of this plan and map future opportunities for communication and publicity.</li> </ul>
6	Fostering Innovation	<ul style="list-style-type: none"> <li>• <b>Futures For Families (FFF):</b> Middlesbrough is a trail blazer for North Yorkshire’s ‘No Wrong Door’ initiative which is known in Middlesbrough as Futures For Families but its development and the use of the No Wrong Door practice model is overseen by North Yorkshire. It works with young people who are on the edge of coming to the care of the local authority and has made a significant contribution to reducing the number of Middlesbrough’s looked after children. The ‘What Works for Children’ Centre are currently evaluating FFF. Their report is due toward the end of this year.</li> </ul>

		<ul style="list-style-type: none"> <li>• <b>Vulnerable Children Attendance Project (VCAP):</b> The attendance of vulnerable children (those children allocated to a social worker) at school has been monitored since the beginning of the pandemic however the system for doing so relatively cumbersome and was not as robust as required. The attendance of looked after children is tracked by the Virtual School. Middlesbrough has worked with an organisation called 'Welfare Call' to track the attendance of children in need and children in need of protection. The information is gathered on the same day as the absence so that immediate action can be taken to prevent longer term absence.</li> </ul>
7	Judicious Use of Resources.	<ul style="list-style-type: none"> <li>• A comprehensive piece of work has been undertaken to forecast the demand for children's services. The Commissioner's report comments that 'the work on understanding demand and future projections is of a very impressive nature, sophisticated enough to incorporate the challenges of analysing legacy issues whilst also incorporating ongoing COVID related issues. The quality of this analysis and forecasting work enhances leadership credibility and corporate support and engagement in improvement activity. The work has considerable potential to meet the ambition of joining improvement and financial strategies in a comprehensive Medium-Term Financial Forecast for Children's Services'.</li> <li>• Ofsted noted that 'Leaders have appropriately prioritised recruitment and the development of a workforce strategy'. This was launched in April 2021.</li> <li>• Seven proxy indicators have been identified with indicative targets to track the high spend on agency social workers, external residential placements, and children placed with independent fostering agencies.</li> </ul>

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15 July 2021

Sue Butcher  
Director of Children's Services  
Middlesbrough Council  
PO Box 505, 3rd Floor  
Civic Centre  
Middlesbrough  
TS1 9FZ

Dear Ms Butcher

### **Focused visit to Middlesbrough children's services**

Her Majesty's Chief Inspector of Education, Children's Services and Skills is leading Ofsted's work into how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on society during the COVID-19 (coronavirus) pandemic.

This letter summarises the findings of a focused visit to Middlesbrough children's services on 26 and 27 May 2021. Her Majesty's Inspectors were Jan Edwards, Victoria Horsefield, Alison Smale, Kathryn Grindrod and Michele Costello.

The methodology for this visit was in line with the inspection of local authority children's services (ILACS) framework. However, the delivery model was adapted to reflect the COVID-19 context. This visit was carried out remotely. Inspectors used video calls for discussions with local authority staff, carers, key stakeholders and young people. The lead inspector and the director of children's services agreed arrangements to deliver this visit effectively while working within national and local guidelines for responding to COVID-19.

### **What needs to improve in this area of social work practice**

In addition to the serious and widespread weaknesses identified at the December 2019 inspection, the following areas for improvement were identified at this visit:

- Management oversight and actions to ensure that vulnerable children and children in care, including those with special educational needs and/or disabilities (SEND), receive their full educational entitlement.

- The understanding of identity and the diverse needs of children and their families to inform assessment, planning and support.

## **Findings**

- Middlesbrough leaders invoked their major incident plan swiftly and effectively at the outset of the COVID-19 pandemic. This established a framework for the identification and monitoring of vulnerable children in their local communities. The pandemic has brought opportunities for a different way of working across the whole council, which has revitalised partnerships. The director of children's care and director of education held weekly communication meetings with strategic partners to develop effective multi-agency pathways, such as weekly meetings with school networks, and the domestic abuse pathway which is being nationally evaluated.
- Since the inspection in December 2019, senior leaders have been positively engaged in a comprehensive programme of improvement. Leaders have a good understanding of what they have achieved and of what more there is to do. While they have been able to successfully progress much of their programme of improvement during the pandemic, the pace of change of some elements of the programme has been impacted by COVID-19. These elements have been incorporated into the year two plan for improvement. The director of children's services and the leadership team know that there remains significant variability in practice, confirmed by this visit.
- Leaders have introduced and built on a comprehensive audit to excellence programme, enhanced performance management, and demand forecasting. There are also new practice standards to provide clearer expectations or 'non-negotiables' about the quality of social work practice. An analysis of thresholds for intervention and capacity has led to an increase in children's cases that are now appropriately held at early help. This is beginning to have an impact on workloads but capacity remains a challenge across the service. Senior leaders know, through their own audits, that too much work remains of variable quality and is still being evaluated as poor and not meeting their own expectations regarding the quality of practice. The audit to excellence framework successfully builds in learning from audit, with clear links to individual team planning, wider service improvements and performance clinics. Social workers and early help practitioners provided inspectors with examples of how they had made positive changes to their practice as a result of their learning from audit.
- Demand for a children's social care service has steadily increased over the last year. Referrals from the police account for just under half of all referrals to children's social care, although only half of these lead to the need for a service. This means that too many families are being referred by the police when they do not meet the threshold for a statutory service. This is exacerbated by a lack of an internal police system for determining thresholds of need. Senior leaders are now working with the police to adopt a new early triage, although the police have been slow to engage in this development.

- The multi-agency children's hub (MACH) has continued to strengthen and build on the improvements that had been identified at the monitoring visit in August 2020. Children's risks and needs are identified through a thorough screening process that is timely and proportionate. An increase in repeat referrals which lead to a need for a service is adding to the demand. This is as a result of a legacy of poor practice and children's assessments and interventions failing to address all the presenting concerns and risks the first time that children are referred.
- When risks to children increase, strategy meetings in the MACH are well attended. The meetings consider information from all partner agencies, who jointly rate the risk to children to support appropriate decision-making about next steps. However, when risks to children who are already known to the service escalate, there is a less robust process for strategy meetings. Decision-making is not always informed by all the available information from key partners, such as health professionals, as well as the historical information known to children's social care.
- There is effective management oversight when children's cases are stepped down to early help, and clear direction for the early help practitioner at the start of their intervention.
- Children are seen regularly, and throughout the pandemic social workers have taken into account specific COVID-19 safety plans when planning their visits. Some social workers are creative and persistent in their engagement with children, despite the restrictions imposed by lockdown measures. This direct work with children is demonstrably making a difference to their lives.
- The quality of social workers' assessments of children's needs varies. The better assessments articulate children's wishes and feelings well and consider the changes needed to improve their circumstances. In the poorer assessments, the direct work with children is not contributing to a clear understanding of what life is like for them. The child's identity and diverse needs are not given sufficient consideration to add to an understanding of their lived experience, and do not help to inform decisions that are made about them.
- Plans for children that are made following an assessment of need also vary in quality. Children-in-need plans are not regularly updated and lack clear timescales, which hinders the monitoring of children's progress. The lack of contingency planning in some children's cases means that social work practice is crisis-driven, leading to unnecessary escalation of risks for children. Child protection plans are generally of better quality than children-in-need plans, although they are not always specific to each child in the family. Multi-agency core group meetings do not always proactively ensure that the plan is progressed to achieve timely improvements to children's circumstances. Management oversight and supervision are not sufficiently evaluative of children's progress to ensure that plans and interventions are making a difference for children.

- Legal gateway meetings have been strengthened and are evidencing tighter management oversight and monitoring of pre-proceedings work under the Public Law Outline. However, some of these changes are very recent and are not yet demonstrating impact. Decisions for ending pre-proceedings are sometimes made without the benefit of an updated assessment or without clear contingency planning. This can lead to the risk that these children will re-enter the same processes quickly or that they are not diverted effectively from the need for care proceedings.
- Social workers are increasingly working with children who have multiple and complex needs. This is as a result of a legacy of poor practice, including a failure to intervene quickly when children are experiencing cumulative neglect and deprivation, and the impact of drift and delay in planning. The judiciary and the Children and Family Court Advisory and Support Service are positive about the engagement of senior leaders in addressing the poor practice that they have raised with them. This includes the poor quality of social work in legal planning, the evidence submitted and the legal advice provided. Senior leaders have responded to the challenges of the quality of work in pre-proceedings and court proceedings through the recent appointment of a court progression manager. However, this initiative is too new to demonstrate impact.
- The number of children who are electively home educated (EHE) and missing education has significantly increased during the pandemic. Leaders have effective systems in place to monitor EHE children. These children are visited quickly, with a follow-up visit by the education welfare officer if the plan for the child's education is not good enough. However, senior leaders do not have a sufficient understanding of the circumstances of vulnerable children who are currently missing education. For instance, a minority of children in care have been on reduced timetables or have had no educational provision for too long. Some of these are children with SEND and additional vulnerabilities and risks and therefore their needs are not met; some of these children do not receive a school place within the recommended 20-day timescale; and a very small number of these children attend unregistered provision on a part-time basis for their sole education provision.
- Strategic and operational partners work together effectively to identify exploitation risks and trends for children in their communities. The tracking of children who are at risk of or who are being exploited continues until the risk is sufficiently reduced. There are clear and comprehensive procedures in place for children who are missing from home or care. Workers are persistent and build good relationships with children, which ensures that the interventions provided are effective in reducing risk and episodes of children being missing from home or care.
- The small number of children inspectors looked at who had recently come into care did so when they needed to be looked after, and included young people who were homeless. However, for some children, there is delay in finding the right home for them. This is in part due to the lack of availability of suitable foster and

children's homes, and insufficient scrutiny of the longer-term appropriateness of placements with connected carers. As a result, some children experience disruption when they are initially placed with family carers and this adds to their experience of loss and instability.

- Some children experience drift and delay in being found a permanent home and in having their more complex needs met. Children's care plans and the review of these plans are not sufficiently detailed to ensure that children's needs are met as quickly as they should be. Furthermore, children's needs arising from their identity and culture are not fully considered in planning the support that they receive, and this is a significant gap.
- While children's physical health needs are well met, their emotional well-being and mental health needs are not always understood well enough. Services are identified but interventions are not tailored to individual need and this limits their effectiveness. This means that some older children continue to experience an escalation in trauma and anxiety, which impacts on their relationships, placement stability and education.
- It is positive that the number of vulnerable children living in unregistered children's homes has reduced in the last six months. There is robust senior management oversight for the small number of children and care leavers in unregulated placements.
- Personal advisers maintain regular contact with care leavers. They are creative in how they engage with care leavers if face-to-face visiting is not possible. However, pathway plans for care leavers are too vague and lack ambition in planning for their future. Plans to help them address their health issues can sometimes take too long to action. The location of a child and adolescent mental health services worker within the pathways service is having a positive impact on the mental and emotional health of the young people who access that support.
- Leaders acknowledge that there are still too many care leavers who are not in education, employment or training (NEET). The recent introduction of a NEET clinic is starting to have an impact for care leavers. Care leavers who spoke to inspectors said that they appreciated the opportunities that their local authority apprenticeships have given them.
- Leaders have appropriately prioritised recruitment and the development of the workforce strategy. Although social workers' workloads are reducing, they remain too high for some social workers, particularly in the safeguarding and care planning and pathway teams. In addition, some children experience too many changes of social worker. Children told inspectors that, if they could change anything, they would like to have social workers who stayed with them for a long time. Too many changes of social worker affects relationship-building, as well as an understanding of children's circumstances and needs and the progression of children's plans.
- Staff have benefited from COVID-19 safe-working practices and the deployment of technology to maintain their engagement with children and families. Despite

the challenges of the last year, staff reported feeling well supported, and that they liked working for Middlesbrough and understood the vision for change.

Ofsted will take the findings from this focused visit into account when planning your next inspection or visit. I am copying this letter to the Department for Education.

Yours sincerely

Jan Edwards  
Her Majesty's Inspector



<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Chief Executive: Tony Parkinson The Mayor and Lead Member for Children’s Social Care, Adult Social Care and Public Health: Andy Preston
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<b>Submitted to:</b>	Executive - 7 September 2021
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<b>Subject:</b>	Corporate Performance Update: Quarter One 2021/22
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**Summary**

**Proposed decision(s)**

- That the Executive approves the proposed amendments to Executive actions outlined at Appendix 1.
- That the Executive notes progress in implementing the Strategic Plan 2021-24 at Quarter One 2021/22 and approves the revised deadlines for the action at paragraph 23.
- That in light of the position outlined in the report, the Executive notes the Council’s updated Strategic Risk Register at Appendix 2.
- That the Executive notes progress in implementing 2021/22 Directorate priorities, which are set out at Appendix 3.

Report for:	Key decision:	Confidential:	Is the report urgent?
Decision	No	No	No

**Contribution to delivery of the 2021-24 Strategic Plan**

People	Place	Business
Quarterly monitoring, review and action planning plays a central role in ensuring that the Strategic Plan and associated activity is delivered effectively.		

**Ward(s) affected**

None.

## **What is the purpose of this report?**

1. This report advises the Executive of corporate performance at the end of Quarter One 2021/22 and where appropriate seeks approval of changes, where these lie within the authority of the Executive.

## **Why does this report require a member decision?**

2. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance, together with associated action.
3. This report provides the necessary information to enable the Executive to discharge its performance management responsibilities, setting out progress against Executive action, the Strategic Plan and other key associated items, together with actions to be taken to address any issued identified.
4. The projected 2021/22 financial outturns for Quarter One are presented separately to this meeting of the Executive, and so not repeated here. Where performance has had a significant impact on finances this is highlighted in both reports.

## **Report Background**

5. As part of continuous improvement in performance and risk management, the Council's Leadership Management Team (LMT) has implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard drawing data from a range of performance systems.
6. The output from these sessions will henceforth be reflected in quarterly updates to the Executive and Overview and Scrutiny Board, broadening where appropriate the content of these reports from the past focus on the Strategic Plan and Strategic Risk Register (SRR) and covering in addition progress in delivering actions agreed by the Executive, key Directorate performance issues and other performance-related matters.

## **Overall progress at Quarter One 2021/22**

7. The Council's performance overall at the end of Quarter One was positive, with expected performance standards (as set out in the Council's risk appetite) being achieved in the majority of areas. Further work is required in respect of plans to achieve some Strategic Plan outcome targets, and a review of risk registers in line with the Council's new strategic priorities will be completed in Quarter Two.

## **Progress in delivering Executive actions**

8. Actions agreed by the Executive to deliver approved decisions are tracked, monitored and reported on corporately. If, subsequent to the Executive's approval, any action is found to be no longer feasible or appropriate, or cannot be delivered within the approved timescales, this report will be used to advise the Executive of this and seek approval of alternative actions or amended timescales.

9. At Quarter One 58 of 59 live actions (98%) were on target to be delivered by the agreed timescales (exceeding the 90% standard of achievement of actions), with one proposed amendment for Executive approval set out at Appendix 1.
10. The amendment relates to the provision of more local detox beds and was part of the Health Scrutiny Panel Action Plan 'Opioid Dependency: What Happens Next?'. As it has not been possible to purchase the proposed site for beds within Middlesbrough, the Council is now exploring a partnership approach with nine other local authorities in the region. This may result in the development of a regional facility or the purchase of beds at an existing facility. This decision will be made by March 2022 to allow the dedicated funding to be committed by end June 2022.

### **Progress in delivering the Strategic Plan 2021-24**

11. On 24 February 2021, full Council approved a Strategic Plan for 2021-24, setting out nine strategic priorities for this period. At its meeting of 11 May 2021, the Executive agreed an associated set of outcome measures linked to these priorities and a supporting workplan to deliver sustained improvement up to and beyond 2024.

### **Outcomes**

12. At the end of Quarter One, 15 of 24 (62.5%) of Strategic Plan outcomes were on target against the corporate standard of 75%, as set out below.

<b>Outcomes</b>	<b>Q1 21/22</b>	<b>Q4 20/21</b>	<b>Expected standard</b>	<b>Standard achieved</b>	<b>Trend</b>
Number (%) GREEN	15/24 (62.5%)	N/A	75%	No	N/A
Number (%) AMBER	3/24 (12.5%)	N/A	N/A	N/A	N/A
Number (%) RED	6/24 (25%)	N/A	N/A	N/A	N/A

13. It should however be noted that performance is likely to be subject to significant variation initially as more trend data becomes available. Current short-term trend performance is set out below.

<b>Trend</b>	<b>Improving</b>	<b>Static</b>	<b>Worsening</b>	<b>No trend data</b>
Of GREEN	5/15 (33%)	1/5 (7%)	0%	9/15 (60%)
Of AMBER	0%	1/3 (33%)	0%	2/3 (67%)
Of RED	1/6 (17%)	0%	3/6 (50%)	2/6 (33%)

14. At the end of Quarter One, there were three 'Red Red' outcomes i.e. those not currently projected to meet target and with performance worsening. Further information on these outcomes are set out in the following paragraphs.

#### *Crime and anti-social behaviour*

15. The combined crime and anti-social behaviour rate per 1,000 people increased very significantly in Quarter One to 55.07, up from the Quarter Four 2020/21 baseline of 44.1, taking performance well away from the 2024 target of 43.6. The crime rate in June 2021 was the town's second highest in the past five years, driven by acquisitive crime in Central ward as retail reopened following the relaxation of COVID-19 restrictions. At the same time, the quarterly anti-social behaviour rate was the lowest

for four years. Analysis of these changes and resulting mitigating actions will be considered with partners during Quarter Two.

#### *Town centre vacancies*

16. The current estimated vacancy rate is 17.8%, some way from the 2024 target of 13.25%. There were 12 closures of major high street brands / retailers in the town centre in the year to July 2021, with more anticipated in future months. A new vacancy survey is scheduled for September 2021.
17. Such closures reflect the national trend. Vacancies are unlikely to be filled by new retail activity, and further retail space is likely to be vacated once the impact of removing Government support measures such as furlough impacts upon struggling businesses. A more fundamental change is required to achieve greater occupancy in the town centre, such as the conversion of space for leisure, office and housing, and an evolution of the wider role of the centre of town.
18. This diversification is one of the core elements of the £14.1m Future High Streets Fund programme and targeted investment in Captain Cook Square, as the Council seeks to intervene to stimulate the necessary changes. However, such changes will not be achievable quickly, and as such performance on this indicator may decline further before these changes start to impact positively on occupancy.

#### *Household waste recycling*

19. The household recycling rate dropped to 28.6% at the end 2020/21 from 33.1% in 2019/20 (and 33.7% in 2018/19), some way from the 2024 target of 35%.
20. Performance during 2020/21 was affected by COVID-19, both in terms of increased homeworking (resulting in some poor household recycling practice) and suspensions of green waste collection, reflecting the national trend. However it must be noted that recycling in the town has never exceeded 2018/19 performance, and new approaches will need to be adopted if the town is to achieve its 35%+ target. These approaches will involve local education and enforcement and are likely to involve national changes to recycling in the coming years, with a high likelihood that households will be required to separate recyclables for collection.

#### **Workplan**

21. Current workplan activity in respect of the outcomes set out above will be reviewed and assessed to consider whether it is sufficient to recover performance to agreed target. If not, additional activity will be brought forward for approval within future quarterly updates to the Executive.
22. At the end of Quarter One, performance against Strategic Plan workplan was as set out below, meeting the corporate target of 90%.

Workplan	Q1 21/22	Q4 20/21	Expected standard	Standard achieved	Trend
GREEN / COMPLETED	91% / 4.5%	N/A	90%	Yes	N/A
AMBER	0%	N/A	N/A	N/A	N/A
RED	4.5%	N/A	N/A	N/A	N/A

23. As agreed by the Executive at its June 2021 meeting, COVID-19 recovery initiatives have now been subsumed within the workplan where appropriate. Two of these initiatives were off target at the end of Quarter One, as set out below. The Executive is asked to approve revised deadlines where specified.

Action	Owner	Agreed Due Date	Reason for (R) / Impact (I) of delay	Proposed Revised Due Date
Increase the uptake of flu vaccinations across Middlesbrough from 43.3% to 55%.	Public Health	30/03/21	(R) Complete but only 52.4% achieved. (I) Limited as low flu incidence in 2020/21 due to social distancing.	N/A
Maintain sufficient domiciliary care capacity to meet local demand.	Adult Social Care	30/06/21	(R) Evolving pressure of mandatory vaccinations.	31/03/22

### Strategic Risk Register

24. Issues raised within this report which impact on the risk profile of the Council are reflected within the Council's Strategic Risk Register (SRR), which was reviewed in the quarter in line with the Council's policy and is set out at Appendix 2. In summary:
- the total number of risks on the SRR remained at 35, comprising 20 high risks, 14 medium and one low risk, with no risks added or closed off during the quarter;
  - one risk increased in severity, this being retail market distress impacting on the town centre, as set out at paragraphs 16-18;
  - one risk reduced in severity, this being the risk of UK / EU Trade and Security Deal adversely affecting Council operations, as result of the European Commission adopting two data adequacy decisions for the UK on 28 June 2021, meaning that data can now flow freely from the EU to the UK; and
  - performance in delivering mitigating actions associated with high or medium risks on the SRR was above the expected performance standard of 90%.
25. Strategic risks are currently subject to a fundamental review to reflect revisions to the Council's strategic priorities outlined in the Strategic Plan 2021-24. The outcome of this review will be reflected in the Quarter Two update report, which will see new risks added to the SRR to address internal audit findings on CCTV, delivery of the Urban Farm at Middlehaven and local uptake of COVID-19 vaccinations.

### Progress in delivering Directorate Priorities for 2021/22 and risk mitigations

26. Directorates are accountable for a number of Directorate-specific actions each year to ensure ongoing compliance with legal duties and best practice and that business change is well managed. Directorate Priorities for 2021/22 are set out at Appendix 3.
27. At the end of Quarter One, with 100% of Directorate priorities were rated either Green or Amber (i.e. some milestone slippage but still expected to be delivered in-year), in line with the expected standard of 90%. Performance in delivering mitigating actions associated with high or medium risks on Directorate risk registers was above the expected performance standard of 90%.

## **Progress in delivering Programmes and Projects**

28. The Council maintains a portfolio of programmes and projects in support of achievement of the Council's strategic and directorate priorities. At the end of Quarter One, 20 of 27 programmes were rated Green and the remaining seven Amber, together meeting the expected standard of 90%. While some projects require updated milestones due to the impact of COVID-19, no significant issues were escalated at the end of Quarter One.

## **Progress in other corporate performance matters**

29. In addition to the above performance and risk issues, LMT reviews a range of other performance measures on a monthly basis, including compliance with agreed actions from internal audits, responsiveness to statutory information requests, information security incidents and complaints.
30. At Quarter One the key points of note were:
- Performance in responding to Subject Access Requests (requests by individuals for data that the Council holds about them) has improved significantly, with all requests received during the quarter responded to within statutory timescales. The mitigation plan put in place to clear the backlog of overdue requests (mainly within Children's Services) is working and is expected to be successful over time.
  - Performance in responding to other major statutory information requests (under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004) is recovering post-COVID but further mitigation will be required to improve the handling and timeliness of responses longer-term, and LMT will consider a business case for investment in Quarter Two.
  - Complaints have now been moved under the remit of Corporate Affairs and Audit Committee and this committee will receive an annual report before the end of the financial year.

## **What decisions are being asked for?**

31. That the Executive approves the proposed amendments to Executive actions outlined at Appendix 1.
32. That the Executive notes progress in implementing the Strategic Plan 2021-24 at Quarter One 2021/22 and approves the revised deadlines for the action at paragraph 23.
33. That in light of the position outlined in the report, the Executive notes the Council's updated Strategic Risk Register at Appendix 2.
34. That the Executive notes progress in implementing 2021/22 Directorate priorities, which are set out at Appendix 3.

## **Why is this being recommended?**

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

## **Other potential decisions and why these have not been recommended**

36. Not applicable.

## **Impact(s) of recommended decision(s)**

### **Legal**

37. The proposed recommendations are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

### **Financial**

38. Any financial implications relating to issues set out in this report, are summarised in the Revenue and Capital Budget – Projected Outturn Position at Quarter One 2020/21 report considered by Executive at this meeting.

### **Policy framework**

39. The Strategic Plan and associated budgets form part of the Council's Policy Framework.

### **Equality and diversity**

40. As reported to Council in February 2021, no negative differential impact on diverse groups and communities is anticipated from the direction of travel set out in the Strategic Plan 2021-24.

### **Risk**

41. Risk implications are set out in the main body of the report.

## **Actions to be taken to implement the decision(s)**

42. Mitigating activity set out in the main body of the report will continue to be applied by Directorates as stated and monitored by LMT as part of monthly Performance Dashboard reviews.

## **Appendices**

- 1 Proposed amendments to Executive actions at Quarter One 2021/22
- 2 Summary Strategic Risk Register at Quarter One 2021/22
- 3 Directorate priorities 2021/22 and progress at Quarter One 2021/22

## **Background papers**

- |          |           |                                                       |
|----------|-----------|-------------------------------------------------------|
| 24/02/21 | Council   | Strategic Plan 2021-24                                |
| 11/05/21 | Executive | Strategic Plan 2021-24: approach to delivery          |
| 15/06/21 | Executive | Strategic Plan 2020-23 – Progress at Year End 2020/21 |

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## Appendix 1: Proposed amendments to Executive actions at Quarter One 2021/22

Executive of	Report	Action	Owner	Agreed Due Date	Proposed Revised Due Date
27/05/21	Health Scrutiny Panel, Opioid Dependency: What Happens Next? – Action Plan	Alternative detox provision is being explored regionally and dedicated funding secured from PHE to enhance detox capacity in 2021/22. Regional pilot to be carried out in 21/22 to inform future approach.	Public Health	30/06/21	31/03/22

## Appendix 2: Summary Strategic Risk Register at Quarter One 2021/22

The table below sets out high and medium risks to the achievement of the Council's strategic priorities at Quarter One 2021/22 in order of severity, with impacts ranging from insignificant to extreme, and likelihood ranging from rare to almost certain to happen.

In line with its Risk and Opportunity Management Policy, the Council aims (where possible) to manage down High risks to the lowest practicable level immediately and Medium risks to the lowest practicable level within three months.

Risk Level	Risk	Likelihood	Impact	Trend
High	Failure to control expenditure within Children's Services (MFTP pressure).	Likely	Extreme	➔
High	Retail market distress impacting Middlesbrough town centre.	Almost Certain	Major	⬆️
High	Failure to achieve full reimbursement from Government for costs incurred in responding to COVID-19 to date and risks of further costs being incurred as a result of local outbreaks (MFTP pressure).	Possible	Extreme	➔
High	Insufficient funding to meet increased expenditure that might be incurred from increased demand as a result of COVID-19 (MFTP pressure).	Possible	Extreme	➔
High	Breach of data rights due to untimely response to information requests.	Likely	Major	➔
High	Inadequate safeguarding practices lead to children and young people being at risk.	Likely	Major	➔
High	Insufficient year 7 school places available to meet demand over the next 5 years	Possible	Major	➔
High	Failure of Boho X to deliver anticipated benefits and financial returns.	Possible	Major	➔
High	High residential voids / low sale values within Middlesbrough.	Possible	Major	➔
High	Historical investigations requiring changes to social work practice.	Possible	Major	➔
High	Inaccurate MTFP resulting in funding gap requiring further savings.	Possible	Major	➔
High	Children impacted by social care transformation.	Possible	Major	➔
High	New historic child abuse claims.	Possible	Major	➔
High	Failure to maintain adequate corporate governance.	Possible	Major	➔
High	Failure to align operations and culture within strategic objectives.	Possible	Major	➔
High	Decline in new housebuilding impact on Council income.	Possible	Major	➔
High	External factors (e.g. Brexit, COVID-19) impacting Middlesbrough's economy.	Possible	Major	➔

Risk Level	Risk	Likelihood	Impact	Trend
High	Future waste disposal contract costs (MTFP pressure).	Possible	Major	→
High	Failure to adequately plan for new COVID-19 wave or subsequent pandemics.	Unlikely	Extreme	→
High	Disruption from national / local elections.	Likely	Moderate	→
Medium	UK / EU Trade and Security Deal adversely affecting Council operations.	Unlikely	Major	↓
Medium	Failure to develop effective partnerships.	Unlikely	Major	→
Medium	National Waste Review (MTFP pressure).	Unlikely	Major	→
Medium	Reduction in frontline policing impacting on crime / community resilience.	Possible	Moderate	→
Medium	Failure to recruit and / or retain key staff.	Possible	Moderate	→
Medium	Limited or no partnership involvement due to COVID-19 with the Children's Service Safeguarding Improvement Plan.	Possible	Moderate	→
Medium	Failure to adhere to corporate procurement policies.	Possible	Moderate	→
Medium	Terrorist incident (reflects National Threat Level).	Rare	Extreme	→
Medium	Failure to comply with statutory duties.	Rare	Extreme	→
Medium	Failure to adapt service delivery to COVID-19 Secure guidelines.	Rare	Extreme	→
Medium	Poor skills profile of school leavers.	Unlikely	Moderate	→
Medium	Inward migration increasing demand for services.	Unlikely	Moderate	→
Medium	Insufficient primary school places in central Middlesbrough.	Unlikely	Moderate	→
Medium	Poor quality of services provided by health partners impacting / increasing demand for Council services.	Possible	Minor	→
Low	Data protection law breach – failure of staff to complete training.	Rare	Major	→

## Appendix 3: Directorate priorities for 2021/22

### Environment and Community Services

Priority	Due Date	RAG at Q1
Submit Expression of Interest and then subsequent funding bid for A66 improvements in conjunction with the TVCA and neighbouring authorities.	31/10/21	Green
Complete works in respect of Column 22b.	31/10/21	Amber
Update 'Flooding and Severe Weather Plan' (Flood Action Plan) for Middlesbrough.	31/03/22	Amber
Undertake immediate works to allow Transporter Bridge mitigation measures to be removed.	30/11/21	Amber
Implement Hostile Vehicle Mitigation scheme in Centre Square and at MFC.	16/07/21	Amber
Undertake inspection of all bridges and structures and joint procurement with RCBC.	31/03/22	Amber
Complete five-year highways asset investment plan and report to Executive.	31/03/22	Green
Undertake year-one HIAP investment.	31/03/22	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green
Launch staff volunteering scheme allowing employees to support local voluntary groups during working hours.	30/09/21	Green

### Regeneration and Culture

Priority	Due Date	RAG at Q1
Develop site infrastructure at Middlehaven through the Brownfield Housing Fund.	31/03/22	Green
Work with Thirteen Group to deliver development at Gresham.	31/12/21	Green
Improve Middlesbrough Rail Station and the areas around it.	28/02/22	Green
Deliver transport schemes to improve efficiency and capacity of the network.	31/03/22	Green
Market the premium housing sites at Nunthorpe Grange and Newham Hall.	31/03/22	Green

Priority	Due Date	RAG at Q1
Deliver 450 new homes across Middlesbrough.	31/03/22	Green
Prepare a new balanced Local Plan for adoption, based on greater community engagement.	31/03/22	Green
Deliver new location for Teesside Archives.	31/12/21	Green
Deliver Future High Streets Fund programme.	31/07/21	Green
Deliver Town's Fund programme.	31/08/21	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green

## Finance

Priority	Due Date	RAG at Q1
Set a balanced budget for the Council and maintain an accurate and timely Medium Term Financial Plan (MTFP).	31/03/22	Amber
Monitor the financial position of the Council including close working with Directorates ensuring correct allocation/maximising use of grants received, e.g. Covid, and the monitoring of the Investment Strategy and the effects on the Council's MTFP.	31/03/22	Amber
Analyse impacts of Fair Funding Review / Comprehensive Spending review and the provision of information to support the Council's position and representations to Government.	31/03/22	Amber
To support Children's Services in the improvement journey and in making reductions in costs.	31/03/22	Amber
Improved working and integration between services provided by Financial Planning & Support and Financial Governance & Revenues to maximise available resources and improve the overall service provided.	31/03/22	Amber
Achieve an unqualified set of accounts for the 2020/21 financial year.	31/03/22	Amber
Implement the new accounting regulations in relation to leasing.	31/03/22	Green
Implement the insurance service review and tender insurance contract arrangements to commence from 1st April 2022.	31/03/22	Amber
Corporate Welfare Solution.	31/03/22	Green
Corporate Voicescape Solution.	31/03/22	Green
Improving collection activities.	31/03/22	Green

Priority	Due Date	RAG at Q1
Re-procure pensions administration contract.	31/03/22	Amber
Pension Fund Actuary procurement and on-boarding.	31/12/21	Amber
Preparation for 31/03/2022 Pension Fund triennial valuation.	31/03/22	Green
Review procurement policy and practice in preparation for the outcome of the procurement green paper, including the opportunity for transformation and innovation.	31/10/21	Amber
Lead on the green strategy theme for sustainable procurement.	31/10/21	Green
Support COVID recovery ensuring that markets remain sustainable and continue to meet the needs of our vulnerable population.	31/03/22	Amber
Undertake a review of valuation and estates to ensure that both the development function and commercial management of assets are resourced and have clear strategic plans	31/03/22	Amber
Support the children's improvement journey through the improved relationship with local providers to ensure local provision maps to local need.	31/03/22	Amber
Renegotiate the section 75 arrangement with health to ensure services delivered are funded and fully accountable.	31/10/21	Amber
Roll out training in a number of areas of financial governance, including: Business World e-learning modules, treasury management training for Members, counter-fraud awareness and training for staff and VAT training for DMT's & SMT's on relevant topics.	28/02/22	Amber
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green

## Adult Social Care and Health Integration

Priority	Due Date	RAG at Q1
Complete review of the Occupational Therapy service and implement an improved service model to ensure that provision is in line with demand.	30/09/21	Amber
Embed Making Every Adult Matter (MEAM) guidance to ensure improved support to adults with multiple disadvantages.	30/11/21	Amber
Implement the requirements of the Domestic Abuse Act.	31/08/21	Amber
Prepare for 01/04/22 implementation of the Liberty Protection Safeguards (LPS).	31/03/22	Amber
Review ASC senior management structure and implement changes as required.	31/07/21	Amber
Review of Direct Payments system to ensure consistency and equitability.	31/03/22	Amber

Priority	Due Date	RAG at Q1
Review autism provision and implement improved service model.	31/03/22	Amber
Review Levick House provision.	28/02/22	Amber
Deliver 2021/22 Better Care Fund.	31/03/22	Amber
Develop Clean Air Strategy.	31/12/21	Amber
Review of Gambling Act Policy.	31/01/22	Green
Review Licensing Act Statement of Licensing Policies.	31/03/22	Green
Implement Newport 2 Selective Landlord Licensing scheme.	31/01/22	Green
Embed our values within Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium Term Financial Plan.	31/03/22	Green
Ensure equality improvement actions are based on data that is complete and accurate as possible.	31/03/22	Green

## Public Health

Priority	Due Date	RAG at Q1
Complete review of the Pharmaceutical Needs Assessment.	31/03/22	Green
Publish DPH Annual Report.	31/12/21	Green
Complete health protection assurance report.	31/03/22	Green
Completion of sexual health procurement.	30/09/21	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green

## Children's Care

Priority	Due Date	RAG at Q1
Deliver the Participation Strategy to support our service users to develop the services they receive in partnership with the Children and Young People's partnership	31/03/22	Amber
Deliver the Quality Assurance and Performance Strategy	31/03/22	Amber
Develop and deliver a workforce strategy to support a stable, skilled and focussed leadership at all levels and stable permanent skilled frontline workforce.	31/03/22	Amber
Deliver the Multi-agency Early Help and Prevention Strategy to support a commitment to intervening at the earliest stage possible.	31/03/22	Amber
Strengthen the way the Children and Young People partnership work together and challenge the quality of practice through the delivery of the Safeguarding Partnership plan	31/03/22	Amber
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green

## Education and Partnerships

Priority	Due Date	RAG at Q1
Deliver the Inclusion and Specialist Support Strategic Plan to remove barriers to learning and wellbeing for children and young people and reduce exclusions and out-of-area educational placements.	30/11/21	Green
Deliver the Access to Education strategy, to ensure sufficient appropriate, high-quality places are available for children and young people now and in the future.	31/03/22	Amber
Facilitate the delivery of the local area SEND plan for the Partnership to improve outcomes for children and young people with SEND.	31/03/22	Amber
Deliver the Middlesbrough Community Learning Strategy to deliver more learning opportunities in Middlesbrough	31/03/22	Green
Deliver the Achievement Plan to deliver school improvement and improve educational outcomes in Middlesbrough	31/12/21	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green



## Legal and Governance Services

Priority	Due Date	RAG at Q1
Ensure continued implementation of the ICT Strategy to underpin the delivery of all strategic objectives.	31/03/22	Amber
To ensure the continued provision of legal advice and support to the wider authority to contribute to the implementation and delivery of the strategic objectives.	31/07/21	Green
Conduct Local planning Referendums	31/03/22	Green
Conduct Community Governance review parish and community councils.	31/03/22	Green
Conduct Combined Elections PCC and TCVA.	31/05/2021	Complete
Build capability and embed the Values to support the achievement of the Council's Strategic Aims through recruitment, recognition, performance management and employee engagement.	30/11/21	Green
Launch and embed the revised corporate Information Governance Framework, completing outstanding actions from the ICO Data Protection Audit.	30/09/21	Green
Develop and implement an overarching surveillance policy for the Council, communicating the approach to members, employees and customers.	31/07/21	Green
Update the business intelligence dashboard plan to reflect revisions to performance management arrangements and roll-out learning from work within Children's Services	31/10/21	Amber
Continue the implementation of corporate health and safety policy, procedures and applications to ensure that the Council has a fully auditable system in place.	31/12/21	Amber
Manage projects and initiatives relating to outstanding digital targets within the MTFP.	31/03/22	Green
Embed our Values within the Directorate and make staff feel more valued.	31/03/22	Green
Improve staff communication within the Directorate so that staff feel more engaged and understand organisational priorities.	31/03/22	Green
Deliver all budgeted savings initiatives and maintain spend within the limits provided for in our Medium-Term Financial Plan.	31/03/22	Green
Continue proactive promotion of vacancies within communities that are under-represented in the Council's workforce.	31/03/22	Green
Explore means of comparing the diversity of applicants with the diversity of subsequently successful candidates.	31/03/22	Green
Deliver a programme of training to all elected members, senior managers and recruiting managers on the history of diverse communities in the UK, issues of bias how they manifest themselves in society.	31/03/22	Green
Encourage all staff to update their equality information.	31/03/22	Green
Ensure staff equality monitoring includes all protected characteristics.	31/03/22	Green

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance: Ian Wright Executive Member for Environment and Finance & Governance: Cllr Barrie Cooper
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<b>Submitted to:</b>	Executive - 7 September 2021
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<b>Subject:</b>	Revenue and Capital Budget - Projected Outturn Position as at Quarter One 2021/22
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**Summary**

<b>Proposed decision(s)</b>
<ul style="list-style-type: none"> <li>• That the Executive notes the 2021/22 revenue budget Quarter One total projected outturn of £3.753m, representing a £1.717m (1.5%) overspend on non-Covid-19 elements, and the estimated financial effect of Covid-19 in 2021/22 of £2.036m, and the proposed actions to address this.</li> <li>• That the Executive notes the proposed use of the following Reserves to fund the total projected overspend of £3.753m in 2021/22 :             <ul style="list-style-type: none"> <li>- Social Care Demand Reserve (£0.5m)</li> <li>- Children’s Services Demand Reserve (£0.732m)</li> <li>- Covid Recovery Reserve (£2.521m)</li> </ul> </li> <li>• That the Executive approves the proposed revenue budget virements over £150,000 (Appendix 1).</li> <li>• That the Executive notes the 2021/22 capital budget Quarter One predicted outturn of £82.029m against a budget of £93.716m, and approves the proposed revised Investment Strategy to 2023/24 at Appendix 2.</li> </ul>

Report for:	Key decision:	Confidential:	Is the report urgent?
Decision	Yes – over the financial threshold (£150,000)	No	No

<b>Contribution to delivery of the 2021-24 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
Quarterly monitoring, review and action planning plays a central role in ensuring that the Strategic Plan is delivered effectively.		

<b>Ward(s) affected</b>
None.

## **What is the purpose of this report?**

1. This report advises the Executive of the Council's financial position at Quarter One 2021/22, including the projected effect of Covid-19 on the Council's finances.

## **Why does this report require a member decision?**

2. The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated action. Standing Orders and Financial Procedures require the Executive's approval for major virements between revenue budgets, and in-year changes to the Council's capital Investment Strategy.
3. This report provides the necessary information to enable the Executive to discharge its financial management responsibilities, setting out:
  - projected revenue and capital budget outturns as at Quarter One 2021/22;
  - position statements in relation to the Council's borrowing and prudential indicators, and its reserves and provisions; and
  - actions that the Council has taken and plans to address the issues raised.
4. Standing Orders and Financial Procedures require the Executive's approval of the proposed revenue budget virements over £150,000 (Appendix 1).
5. A revised Investment Strategy for the period to 2023/24 is attached at Appendix 2 for the Executive's consideration and approval.

## **Report Background**

### **Revenue Budget Quarter One Outturn 2021/22**

6. As reported in previous reports, the Covid-19 pandemic is having a significant impact on the Council's financial position. This has made the management of the Council's finances more difficult due to the constantly evolving situation and also the level of uncertainty regarding the financial effects of Covid-19 in 2021/22 and future years. Covid-19 financial pressures are being monitored separately from the normal non-Covid-19 financial position, and these are reported separately in paragraphs 45 to 73 below.
7. The 2021/22 Revenue budget for the Council is £116,492,035. During Quarter One there have been a number of transfers of services between Directorates due to managerial changes, and the financial position is reported against the new Directorate budgets. The Council's outturn position for 2021/22 for non-Covid-19 elements is projected to be an overspend of £1.717m (1.5%). The split by Directorate is shown in the table below:

Directorate	2021/22 Full Year Budget  £'000s	2021/22 Projected Outturn (excluding Covid-19) £'000s	2021/22 Projected Over / (under) spend (excluding Covid-19) £'000s
Regeneration and Culture	3,140	2,230	(910)
Environment and Community Services	18,762	19,798	1,036
Public Health	(2,799)	(3,258)	(459)
Education & Partnerships	204	215	11
Children's Care	38,434	45,477	7,043
Adult Social Care and Health Integration	41,324	41,339	15
Legal and Governance Services	9,041	9,168	127
Finance	297	(328)	(625)
Central Budgets	8,089	3,568	(4,521)
<b>Revenue Outturn</b>	<b>116,492</b>	<b>118,209</b>	<b>1,717</b>

8. This when added to the estimated Covid-19 pressures of £2.036m detailed in paragraphs 45 to 73 results in a total projected outturn pressure at year-end 2021/22 of £3.753m.
9. It is proposed that the total projected overspend in 2021/22 will be covered by the full utilisation of the Social Care Demand Reserve of £0.5m and the Children's Services Demand Reserve of £0.732m, which were created at the end of 2020/21. It is proposed that the remaining £2.521m of the total projected outturn pressure is funded from the £4.512m Covid Recovery Reserve, which was created during 2020/21 to cover the potential costs arising from the Covid-19 recovery in 2021/22 and future years.
10. The level of Reserves remaining after the use of these Reserves is shown in the Reserves and Provisions Section of this report (paragraph 108) and in Appendix 3.

### ***Progress against budget savings***

11. £1.9m of additional budget efficiency savings were approved by Council on 24 February 2021 as part of the 2021/22 budget setting. There were also approximately £1m of savings approved in previous years relating to 2021/22.
12. It has not been possible to achieve one of the budget savings due to Covid-19 and this is detailed in paragraph 61 below.
13. In addition, there are £1,094,000 of planned Digital project savings and a £180,000 saving to reduce staff mileage rates across the Council, which are likely to not be fully achieved in 2021/22, due to delays in implementing the projects partly caused by the effects of Covid-19. These savings were approved in previous years and are part of the budget set for 2021/22. These savings have been allocated to Directorates. A total

of £265,000 of the Digital project and mileage savings are projected to be achieved in 2021/22. The remaining £1,009,000 of the savings required will be fully covered by temporary one-off efficiency savings for 2021/22 that have been proposed by Directorates. These savings do not have a material effect on service delivery, and include the following main areas:

- Keeping posts vacant / delaying recruitment to vacant posts
- Further reducing the use of agency staff within Children's Care
- Reducing discretionary supplies and services and exam and courses fees expenditure
- Reviewing the amounts charged to grants in line with grant conditions
- Maximising the amounts that are charged to corporate Ofsted Improvement Fund and Change Fund funding within Children's Services
- Utilising surpluses held in joint arrangements budgets
- Savings arising from predicted reduced demand for services during 2021/22 following further analysis
- Deferring expenditure relating to Streetworks permit set up costs until 2022/23, where they can be covered by income to be received
- Utilising up to £233,000 of the Adult Social Care Recovery Reserve, which was created at year end 2020/21 for the potential effects of increased service demand, as it is currently predicted that the full amount will no longer be required

14. The above temporary one-off efficiency savings for 2021/22 will mean that there is no financial effect on the projected outturns for Directorates in 2021/22 due to the unachieved Digital and mileage savings.
15. It should be noted that it is expected that the full amount of savings relating to Digital and Mileage will be fully achieved from 1 April 2022 as per the original intended methods.

### ***Directorate variances***

16. The detail of the variances contained in the table in paragraph 7 are set out below. At Quarter One, 25 areas are projected to be spent +/- £150,000 of the agreed budget. Where appropriate, the on-going effects of variances will be considered as part of future updates of the Council's Medium Term Financial Plan.

### ***Regeneration and Culture***

17. Car parking income is projected to be below budget in 2021/22 due to the effects of Covid-19 lockdown and the recovery period throughout the rest of the year following the removal of lockdown restrictions. The pressure arising from this in 2021/22 is shown in the Covid-19 Reduction of Income section of the report (paragraph 58).
18. Grant income of £850,000 is predicted to be received from the Tees Valley Combined Authority (TVCA) in 2021/22 for the provision of 2 to 3 hour free parking across the Tees Valley. £68,000 of the TVCA grant relating to the Captain Cook Car Park, where the Council provides 3 hour free parking, has been used, as per the scheme guidance, to mitigate the effects of the lost income for the first quarter of 2021/22 to be reported under the Covid-19 Sales, Fees and Charges lost income scheme.

19. The Tees Advanced Manufacturing Park (TAMP) budget has previously been reported under Regeneration. For consistency of reporting income from Council owned properties, it has been decided that this budget will now be reported under the Commercial Rents budget within the Finance Directorate. A virement is included in Appendix 1 of this report to formally transfer this budget between Directorates. The performance against this budget is reported in this report under Finance.

#### *Environment and Community Services*

20. The Property Services budget is currently projected to be overspent by £433,000 at year-end. Within this budget there is an anticipated pressure against the Running Costs budget of £125,000, primarily due to the rising costs of electricity. This is subject to change and the final pressure at year-end will be funded from the Central Pay and Prices Contingency budget. A shortfall in income due to a decrease in the number of cremations following the opening of a crematorium in Stockton is expected to result in a pressure totalling £200,000. In addition, an overspend of £60,000 is currently predicted against the Integrated Transport Unit. This could increase or decrease once the service demand for the forthcoming school year has been ascertained.
21. The Environment Services budget is currently showing an anticipated pressure totalling £591,000. This is mainly as a result of the need to secure an alternative contractor to process kerbside recycling material following the previous contractor entering into administration. Currently, the increased cost is predicted to be £577,000 in this financial year, but this may change following the tender process for a new contractor, which is planned to be completed by the end of October 2021. The final pressure at year-end will be funded from the Central Pay and Prices Contingency budget.

#### *Public Health*

22. There are projected savings on Public Health budgets totalling £459,000, with £255,000 of the projected savings being due to reduced activity for some demand led services, such as Stop Smoking, NHS Healthcheck programme, rehabilitation, and prescribing costs as a result of Covid-19, and the remainder being due to staff and supplies and services savings.

#### *Children's Care*

23. The external residential agency placements budget is projected to be £1,642,000 (17%) overspent at year-end. The number of external residential placements has reduced to 57 at the end of Quarter One from 65 at the end of 2020/21, due to initiatives such as the Innovate Team, the Futures for Families Programme, and Daniel Court, which is currently fully occupied. Also in the summer Rosecroft (which can hold up to 5 young people) will re-open which could potentially further improve the position. Phase 2 of the Innovate programme has started, but it will take time to fully progress the placement moves of the complex young people and achieve further financial savings.
24. The above has however been partly offset by projected additional income from the Clinical Commissioning Group (CCG) of £152,000 (12%) above the budget for the

contribution from health towards the increased cost of placements due to the complex needs of the young people.

25. The in-house fostering services budget is currently projected to be £967,000 (33%) overspent at year-end. There has been an increased number of placements/cases by 4 in Quarter One 2021/22 (from 164 to 168). An increase in this budget should be positive as a whole as the cost per child is less expensive than other demand budgets, and the Service are working to further increase capacity over the next few years.
26. The Independent Fostering Agency (IFA) placements budget is projected to be £1,163,000 (22%) overspent at year-end. The number of placements / cases has reduced to be currently at 160, but this is still significantly above the budget. Whilst capacity has been maximised within the internal in-house fostering service, an overspend will still exist on this budget to ensure that higher cost external residential placements are minimised. Without the increase in places in in-house fostering provision, the Independent Fostering Agency budget pressure would have increased significantly more than it has.
27. Demand on the Family and Friends Allowances budget continues to grow and this budget is currently projected to have a significant overspend of £1,132,000 (49%) in 2021/22. The demand on this budget will increase in the next few years as the Council continue to improve outcomes for Middlesbrough young people. A working group is continuing to investigate processes and payments, and there is a plan to increase benefit claim checks in order to attempt to mitigate this pressure.
28. There is a predicted overspend of £1,375,000 (24%) on the Safeguarding, Care Planning and Referral and Assessment teams budget. Despite charging some costs to Covid-19, the projected overspend is mainly due to staff agency costs in 2021/22 to cover sickness and vacant posts. It remains a challenge to recruit and retain social workers, and a strategy for this is included within the Ofsted Improvement Plan, and supported by the Council's management team. The recruitment of permanent Social work staff is a major challenge to the Council, with the continued reliance on the use of significant levels of agency staff being a significant risk to long term finances of the Council.
29. There is a projected overspend of £359,000 (53%) on the Review and Development budget, due to increased staffing costs to support the reduction in caseloads of social workers to more manageable levels, and the recruitment of agency staff to fill vacant posts due to challenges in recruiting to social worker positions across Children's Services.
30. Children Looked After teams are projecting a £432,000 (18%) overspend at year end. Similar to Safeguarding, Care Planning and Referral and Assessment teams budget, this is mainly due to agency staffing costs to fill vacancies and cover absences, and to support the Ofsted Improvement Plan. As stated in paragraph 28 the reliance on agency staff, is a significant risk to the Council in the medium to longer term.
31. The Internal Residential Services budget is projecting an overspend of £178,000 (6%) at year-end, due to increased staffing costs required to staff the Fir Tree extension for a complex young person. This will avoid a significant external residential cost for this young person.



32. It should be noted that the pressures reported on the Directorate's management budgets in previous years have now been removed following senior staff moving from agency contracts to permanent contracts.

#### *Adult Social Care and Health Integration*

33. There are projected staff savings across the Service totalling £317,000 mainly due to staff turnover and delayed recruitment to vacancies.
34. Quarter One of 2021/22 has seen a net growth in purchased care (mainly residential care) of £484,000, with further growth of £543,000 forecast to the year-end. It should be noted that this forecast could vary significantly as Covid-19 restrictions ease and overdue reviews of care packages are undertaken during the remainder of the financial year. This pressure is offset by a corresponding increase in service user's contributions to care of £536,000 in excess of budgeted income. Other projected savings of £200,000, including additional health income and reductions in the cost of some care packages, are predicted to reduce the total overall pressure on the purchasing budget to £291,000.
35. In addition, there are a number of budget areas within Adult Social Care which have variances below £150,000, including an increase to the Service's bad debt provision of £50,000, and these account for the overall £15,000 total projected overspend on the Adult Social Care budget.

#### *Legal and Governance Services*

36. An overspend of £151,000 is expected against the budget for Middlesbrough's contribution to the Coroner's Service. This is due to a rise in the number of cases, and also an increase in pathology and post-mortem costs.

#### *Finance*

37. Continued successful lettings at Tees Advanced Manufacturing Park (TAMP) during Quarter One resulted in unbudgeted net additional revenue income of £339,000. As noted in paragraph 19 this is now to be reported under the Commercial Rents income budget which, following the inclusion of the additional income from TAMP, is projecting an overall pressure of £39,000 at year-end.
38. There is additional unbudgeted income of £300,000 estimated to be received by year-end due to rental income from the recent purchase of the Captain Cook Shopping Centre.
39. The Revenues and Benefits budget is projected to be underspent by £380,000 at year-end, due mainly to an increase in unbudgeted new burdens grant funding from the Government for additional work arising from the distribution of Covid-19 grants to business and individuals.

#### *Central Budgets*

40. As part of the budget for 2021/22 approved by Council on 24 February 2021 a central contingency budget of £3m was created in 2021/22 only, to provide for the potential continuing effect of Covid-19 and recovery in 2021/22 above the funding provided by

the Government. Pressures have been reported against individual Directorates and within the Covid-19 costs, and therefore the £3m is reported as a projected saving in Central Budgets.

41. The central contingency budget for Pay and Prices is projected to underspend by £931,000 at year-end based on the current expected calls on the budget during 2021/22. It should be noted that currently no saving has been assumed for the estimated cost of the staff pay award in 2021/22, for which 2% (equating to £1.8m) has been provided in 2021/22, where negotiations between employers and the trade unions are continuing.
42. The Capital financing budget is currently projected to be underspent by £120,000 at year-end, due to expected delays on projects and reduced interest rates. This budget will be closely monitored during the remainder of 2021/22 and updates will be provided in future reports.
43. There is predicted rental income of £351,000 above the budget for Centre Square Buildings 1 and 2 following the successful lettings of these buildings. However, there are non-rent pressures of £64,000 predicted in 2021/22 relating to business rates and service charges for Centre Square Buildings 1 and 2, which the Council will have to incur in 2021/22 whilst tenants are not in place. The total net excess rental income on Centre Square Buildings 1 and 2 is therefore currently projected to be £287,000 in 2021/22, based on confirmed tenants for the buildings. Tenants who have signed contracts but have not yet occupied the buildings will do so throughout the remainder of the financial year following fit out of the buildings.
44. There is a potential £183,000 saving on the remaining £322,000 ongoing contingency pressures budget in 2021/22, due to Legal Services not requiring all the available funding in 2021/22 allocated for increased childcare cases demand. This budget will be fully utilised in 2022/23.

### **Covid-19**

45. As reported during 2020/21 in the quarterly budget monitoring and year-end reports and the Medium Term Financial Plan Update and Budget reports to Executive and Council, the Covid-19 pandemic has had and will continue to have a significant impact on the financial position of all local authorities, including Middlesbrough. The ongoing pandemic continues to pose a number of challenges and uncertainties for local authorities going forwards. Whilst the service and financial risk is not fully known and it could be potentially be severe for the country and local government sector, the Council is well prepared for these risks as part of its financial planning over the medium term.
46. The paragraphs below provide an update of the position as at Quarter One 2021/22 detailing the current estimated costs of Covid-19 and the grant funding provided by the Government in 2021/22. Paragraph 71 summarises the overall projected financial position for 2021/22, along with a breakdown of the funding split between the Government grant funding and the Council. It should be noted that this is a constantly changing position and therefore estimates are subject to change, and are dependent on any potential further outbreaks and the impact of any potential further local and/or national lockdowns which currently are not expected to occur but will further increase the Covid-19 costs if they occur.

### *Government funding*

47. As reported previously the financial impact of Covid-19 on local authorities has been recognised by the government and they have responded by making a number of announcements about supporting local authorities financially.
48. The Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22 report to Council on 24 February 2021 detailed the funding likely to be available to Middlesbrough in 2021/22 relating to the Covid-19 pandemic. This is summarised below:
  - Covid-19 Expenditure Pressure Grant, which provides general support funding totalling £5.310m for 2021/22.
  - Sales, fees and charges (SFC) – the SFC compensation scheme for lost income is to be continued for the first three months of 2021/22, using 2020/21 budgeted income as the baseline. It is currently estimated that Middlesbrough will receive funding of approximately £733,000 in 2021/22 from the scheme. It should be noted that the SFC scheme does not cover commercial income lost from investment activities and rental income.
  - A further allocation of Contain Outbreak Management Fund (COMF) funding of £1.370m in 2021/22 to provide funding to local authorities to support public health activities, such as local enforcement and contact tracing.
  - Local Tax Income Guarantee – the Government also confirmed that Government funding would be provided to compensate councils for an element of the Collection Fund deficit, based on a methodology which was provided to councils that 75% of any losses below a pre-determined level would be funded. However, due to improved collection rates later in 2020/21, under the method of the calculation Middlesbrough Council will not qualify for any compensation funding from this in 2021/22.
  - Local Council Tax Support Grant – The allocation for Middlesbrough is £2.592 million in 2021/22. In the Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22 report to Council on 24 February 2021 it was approved that this funding would be used over the MTFP period to mitigate pressures on the council tax base.

### *Costs*

49. It is currently estimated that there will be approximately £4.9m of additional costs associated with Covid-19 in 2021/22 and these cover a wide range of areas and services. It should be noted that this is a constantly changing position and therefore estimates are subject to change, and are dependent on any potential further outbreaks and the impact of any potential further local and/or national lockdowns which currently are not expected to occur but will further increase the Covid-19 costs if they occur.
50. Adult Social Care – there are total projected additional costs of approximately £0.3m, mainly due to the additional staffing that is required in Social Care to deal with the effects of the Covid-19 recovery on services provided.

51. Children's Social Care Costs – there are currently estimated to be approximately £2m of total additional costs within Children's Social Care, mainly due to delays in placements of children (approximately £0.2m) and increased staffing and agency staffing costs (approximately £1.6m) to deal with an increased number of cases and case backlogs caused by Covid-19. There is also some emerging evidence that following the end of restrictions there may be further increases in numbers of children requiring support, but these are currently not known and will be updated in future reports.
52. Other expenditure relating to Children's Services is predicted, in particular around Legal Childcare case backlogs (estimated to be £0.03m) and costs within Education & Partnerships (estimated to total £0.4m) which mainly relate to additional Education Psychologists that are required to provide additional capacity for mental health support to young people and various additional costs relating to early years support.
53. Public Health – there are additional costs of £0.25m predicted relating to an enhanced Healthy Child Programme.
54. Environment and Community Services – there are projected total additional costs estimated to be approximately £0.3m for a wide range of areas, including estimated increased costs of £0.1m relating to increased costs of waste collection and disposal due to increased tonnages of waste.
55. Direct Covid-19 Costs - a number of direct costs associated with the current situation are predicted in 2021/22, such as the procurement of various expenditure within marketing and communications relating to additional signage and leaflets in order to provide messages to the public relating to the Covid-19 pandemic (currently estimated to be £0.07m), and other costs relating to the storage of Personal Protective Equipment (PPE).
56. Other Covid-19 costs –Additional staff costs of approximately £0.12m are estimated within Legal Services due to the need to recruit agency staff to help with backlogs in cases and difficulties in recruiting permanent staff caused by the Covid-19 pandemic. Additional staff costs of approximately £0.11m are predicted within HR for additional counselling and Health and Wellbeing services for staff following the Covid-19 pandemic. There is also additional IT expenditure for additional equipment and licences, currently estimated to be approximately £0.065m.
57. SLM Leisure Trust – As detailed in 2020/21 in previous quarterly and year-end reports, significant payments have been made to SLM, the Council's provider of leisure facilities. Following the reopening of leisure facilities SLM have not been able to operate to their normal subsidy, with the effects of a restricted operation following the end of lockdown restrictions and the post Covid-19 recovery period impacting on their current levels of income. It is currently estimated that payments to SLM will total approximately £1m in 2021/22. The Department of Culture, Media and Sport (DCMS) announced the "National Leisure Recovery Fund" to which the Council were awarded a grant of £305,542. £164,473 of the grant was utilised in 2020/21 and therefore £141,069 of grant is remaining for use in 2021/22 to offset any payments to be made to SLM, meaning that currently there is predicted to be a net pressure of approximately £859,000 in 2021/22. Detailed discussions are currently taking place with SLM in order to reduce as far as possible the financial pressure to the Council in

2021/22 and any potential pressures in future years, and updates will be provided in future reports regarding this.

#### *Reduction in income*

58. The impact of the lockdown and closure of facilities and services and the recovery period following the end of restrictions has resulted in for the first quarter of 2021/22 and will result in for the rest of 2021/22, a loss of income across a broad range of areas. The following list shows the main areas and the estimated loss for each main area in 2021/22:
- Car Parking (£1.1m)
  - Cultural activities (Town Hall, Middlesbrough Theatre, Museums, Newham Grange Country Park, Parks) (£0.5m)
  - Catering income from schools (£0.1m)
  - Adult Social Care - In house day centre care provision (£0.5m)
  - Libraries and Community Hubs – room hire, book sales, and fines (£0.1m)
  - Education Services income from schools (£0.2m)
  - Council run Nurseries (£0.2m)
  - Commercial Rents – business units, industrial estates, shops and bus station (£0.1m)
  - Capital Finance – Rent and Interest (£0.2m)
59. The overall pressure due to a reduction of income will be linked to the recovery of Council services, and in some areas economic activity, and it is currently estimated to total approximately £3.1m in 2021/22.
60. As mentioned in paragraph 48 it is currently estimated that the Council will receive approximately £0.7m from the SFC scheme in 2021/22.

#### *Unachievable savings*

61. It has not been possible to fully achieve a budget saving of £313,000 relating to a review of cleaning, caretaking, security and facilities management (ECS02), due to the inability to reduce cleaning hours and standards and additional cleaning required because of Covid-19. It is currently projected that £82,000 of the saving is at risk of not being achieved, and it is proposed that this be charged to Covid-19 costs in 2021/22.

#### *Council Tax and Business Rates Income*

62. Income from Council Tax and Business Rates (NNDR) is accounted for within the Collection Fund. Because of the way that this works in relation to the General Fund, the financial impact of any reduction in income does not immediately affect this year's financial position, it is effectively a shortfall to be resolved next year and will need to be reflected in an updated Budget and Medium Term Financial Plan (MTFP) at the appropriate time.
63. During 2020/21, there were a number of issues, which resulted in significant pressures on Council Tax and Business Rates income. Within the Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22 report to Council on 24 February 2021 it was noted that the overall financial impact of Covid-19 on Council Tax and Business Rates income to the Council in 2020/21 was

estimated to be £3.696m. It is normal practice that any arising deficit would need to be fully funded in 2021/22. However, the Government announced that this could be spread over the next three years meaning that it was estimated that there would be an effect of £1.232m p.a. in 2021/22, 2022/23, and 2023/24. The final outturn positions for Council Tax and Business Rates were much improved from the statutory amounts incorporated into the budget setting in February 2021 by approximately £0.4m per year over the 3-year spread period to 2023/24. The improved amounts will be incorporated into the next refresh of the Council's Medium Term Financial Plan.

64. As mentioned in paragraph 48 Government funding was provided to compensate councils for an element of the 2020/21 deficit, based on a methodology which was provided to councils that 75% of any losses below a pre-determined level would be funded. However, due to improved collection rates later in 2020/21, under the method of the calculation Middlesbrough Council will not qualify for any compensation funding from this in 2021/22.
65. Whilst full complete information is not yet available this financial year it is already clear that there are a number of issues which may result in pressures continuing on Council Tax and Business Rates income during 2021/22 and potentially in future years.
66. The phasing out of the furloughing scheme from the start of July 2021 and the expected ending at the end of September 2021 may mean that there are a number of residents who will struggle to pay their Council Tax bills in the future. This may mean that there will be an increase in people claiming Local Council Tax Support (LCTS) as the economic impact of the pandemic increases the number of households eligible for LCTS support. This will lead to a reduction in the overall amount of Council Tax assessed/collected compared to the level budgeted. This will be closely monitored through 2021/22.
67. Our budgeted Council Tax base includes assumptions on housing growth. If there is reduced growth in housing numbers, this will impact on income levels.
68. The Government provided support for businesses through increased business rates reliefs and grants in 2020/21. These largely remained in place during the first quarter of 2021/22 but will reduce throughout the remainder of 2021/22. Following the reduction in the level of this support, businesses may struggle to pay their business rates, and therefore there is a risk that Business Rates revenue reduces if businesses fail or are unable to pay.
69. In addition, the level of outstanding Council Tax and Business Rates debt is likely to rise and the Council will need to review the potential to collect that debt.
70. The position relating to Council Tax and Business Rates income for 2021/22 and the effects on the Collection Fund are being closely monitored, and updates will be provided in future budget monitoring reports.

#### *Summary of Covid-19 Financial Pressures*

71. The projected financial impact of the Covid-19 pandemic in 2021/22, based on experience in the first three months of the financial year, is summarised below along with a breakdown of the estimated funding split between the Government grant

funding and the Council, based on assumptions made following the Government announcements detailed in paragraph 48:

see also note on Other Covid Grants below

	<u>Grant Allocation 21/22</u>	<u>Projected 21/22</u>	<u>Projected Council Cost</u> <u>21/22</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Extraordinary costs incurred		4.948	
Commercial income losses		0.080	
Non-SFC income losses		0.175	
Unachievable Change Programme savings		0.082	
<b>Total Covid-19 Main grant (2021/22)</b>	<b>5.310</b>	<b>5.285</b>	<b>-0.025</b>
<b>Sales, Fees and Charges (SFC) income loss grant (2021/22)</b> (note only receive grant for 1st quarter of 2021/22)	<b>0.733</b>	<b>2.794</b>	<b>2.061</b>
<b>DRAFT PROJECTED NET COST OF COVID TO COUNCIL 2021/22</b>			<b>2.036</b>

NOTE - Other COVID grants

	<u>Grant Allocation</u>	<u>Projected 21/22</u>	<u>Projected Grant Remaining</u> <u>21/22</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Clinically Extremely Vulnerable (CEV) - see Note 1	0.198	0.198	0.000
Test And Trace - see Note 2	0.341	0.341	0.000
Contain Outbreak Management Fund (COMF)	1.370	1.370	0.000
<b>Total Other Covid Grants</b>	<b>1.909</b>	<b>1.909</b>	<b>0.000</b>

NOTE 1  
For CEV Grant - no new allocation in 2021/22, but £198k of remaining grant from 2020/21 was carried forward for use in 2021/22.

NOTE 2  
For Test & Trace - no new allocation for 2021/22 but £687k of remaining grant from 2020/21 was carried forward for use in 2021/22 (£341k) and 2022/23 (£346k).

72. The overall financial position is being regularly reviewed to assess impact across all areas and it is likely that this will identify additional pressures and also some potential savings. It should also be noted that this is a constantly changing position and therefore estimates are subject to change, and are dependent on any potential further outbreaks and the impact of any potential further local and/or national lockdowns which currently are not expected to occur but will further increase the Covid-19 costs if they occur.
73. The above table indicates that there will be a potential financial pressure due to Covid-19 of £2.036m in 2021/22. It is intended that this pressure will be funded from the Covid Recovery Reserve of £4.512m set aside for this.

## Revenue budget spending controls

74. As previously reported to the Executive, a number of controls were implemented from 2019/20 to minimise overspending across the Council in-year and these remain in place for 2021/22, specifically:
- a vacancy control process overseen by the Leadership Management Team;
  - checks against proposed expenditure of over £5,000 by the procurement team; and
  - strong controls over staff travel, the ordering of stationery and use of first class post.
75. The Council is continuing to minimise the use of agency staff where it is appropriate to do so, but it is acknowledged that currently there will be a need for the use of agency staff within Children's Care, principally to support the Ofsted Improvement Plan and also due to the impact of Covid-19. The use of additional recruitment and retention packages to support the reduction of use of agency staff in future years. Monthly reports on agency costs are reported to senior managers for consideration.
76. A number of plans have been put in place for 2021/22 to mitigate overspending within Children's Services. These are outlined below :
- Subjecting cases of children looked after by the Council to ongoing audit, consistent decision making processes and a solutions panel chaired by the Director of Children's Care.
  - Development of Stronger Families teams within Early Help and Prevention to increase skills to support additional work and complexity at this level to prevent future young people entering care.
  - Development of the Middlesbrough Multi Agency Children's Hub to secure the consistency of thresholds and increasing step-downs to early help and more timely support for children and young people.
  - Utilising two specialist project teams to support referral and assessments at the front door of Children's Care.
  - Continuing to keep internal residential places at a high occupancy level. Re-opening Rosecroft in late summer, once registered, will produce a further 5 places. Plans to increase Fir Tree by 1 place later in 2021/22. Other Internal Residential opportunities are to be reviewed as invest to save models when identified and assessed. Potential sale of any spare places that are not occupied with Middlesbrough young people to neighbouring Tees Valley Local Authorities.
  - All external residential placements are being reviewed by a specialist project team set up by the Director of Children's Services to ensure that no children are in residential care who can be fostered or safely returned to their families or the care of relatives. In addition this team will look at all cases that are nearing requirement for residential care with the aim of making sure that all alternative options for support are fully explored before residential provision is approved.
  - Work continues to build on increasing the number of internal foster placements achieved over the past 2 years, allowing children to be placed in high quality, local authority foster care as an alternative to more expensive agency placements.
  - An in depth review is taking place of the processes around the placement of children with friends and family to ensure that these are only made where necessary and that financial support represents value for money.



- Maximising, where appropriate, health contributions from Clinical Commissioning Group (CCG) and education contributions from the Dedicated Schools Grant.
77. While the mitigations above will be progressed, the experience in 2020/21 suggests that whilst efficiencies may have been made in placement methods these will not have a positive effect on the bottom line position unless the overall numbers of children in care are brought under control.
78. The position around our numbers of children in care has been specifically referenced by the DfE Commissioner, and it is clear that for both quality of practice and financial reasons the number needs to be safely reduced. This will entail improvement of edge of care provision to support families and prevent children needing to become looked after and crucially improving practice and care planning to allow those children who are able to return home, be placed with family or friends or be adopted in as timely a manner as possible. This work is interdependent on our overall improvement journey and will not be a short term fix, however prioritisation in these areas is crucial to ensuring that our resources, both human and financial, are sufficient to deliver improvement. The position is constantly monitored and in future MTFP reviews an informed and prudent view will be taken of the length of time that will need to be allowed for this work to deliver results as well as the monitoring arrangements required.
79. As mentioned in the budget report to Council of 24 February 2021 the Council has set aside approximately £1.6m of Council funding for 2021/22, to support the Ofsted improvement plan. This will be combined with £188,000 of unspent funding carried forward from 2020/21, and funding from a separate Childrens Services Improvement Reserve of £175,000 created at the end of 2020/21 to further improve Childrens Services. A further progress against the plan is being monitored by the Multi Agency Strategic Improvement Board, and any variances from the budgets contained in the Ofsted improvement plan will be detailed in future budget monitoring reports.

### **Capital budget Quarter One Outturn 2021/22**

80. As part of the Revenue and Capital Budget – Year End Outturn Position report of 15 June 2021, Executive approved a revised capital budget for 2021/22 of £93,716,000. Following a further review and the inclusion of new additional schemes, increases to existing schemes, and reductions to existing schemes (as detailed in paragraphs 82 to 84), it is currently predicted at Quarter One that the Council will spend £82,029,000 in 2021/22 at year-end.
81. The revised Investment Strategy to 2023/24 is included at Appendix 2 for approval. It should be noted that capital receipts assumptions have been re-evaluated in light of Covid-19 and the Revised Investment Strategy takes accounts of this.
82. One scheme is proposed to be removed from the Investment Strategy, with the funding being redirected to an alternative scheme. Details of the scheme are as follows:
- Parklands Intermediate Care Centre – The building has been assessed and requires extensive works in order to bring it to a suitable standard. The works will cost significantly more than the available budget of £254,000 and therefore

the funding will be redirected to a more cost effective solution (see paragraph 83 for further details of the replacement scheme).

83. It is proposed to add the following five schemes above £150,000, to the revised Investment Strategy, set out at Appendix 2 for consideration and approval :

- The Council has successfully bid for £1,091,161 of funds from the Department for Business, Energy and Industrial Strategy (BEIS) Local Authority Delivery 2 Green Homes Grant. The grant, mainly aimed at home owners in fuel poverty will provide funds of up to £10,000 per property to enable works such as new energy efficient windows and both external wall and loft insulation. There is some scope for landlords to benefit from the grant with a maximum of £5,000 available per property, of which the landlord must contribute a third of the costs.
- On 16 March 2021, Executive approved £250,000 of funds for improvements to Teessaurus Park. The improvements include enhanced lighting throughout the park to illuminate the dinosaur sculptures, improved footpaths, a children's zip wire and embankment slide, accessible children's play equipment for children with disabilities, motion and sound sensors to make dinosaur sounds, large outdoor fixed dinosaur themed jigsaw puzzles, large dinosaur footprints, improved signage including educational information on each dinosaur, refreshment facilities and CCTV.
- On 13 July 2021, Executive approved £200,000 of funding for the delivery of the strategic priority "Installation of a town wide lighting scheme, highlighting key buildings and landmarks to improve the physical appearance of the town".
- A bungalow at Park End Primary School will be converted to a multi-purpose school resource area. The total cost of £197,000 will be funded by the school but the delivery of the scheme will be managed by the Council.
- As a replacement for the Parklands Intermediate Care Centre scheme (as mentioned in paragraph 82 above) £254,000 of funds have been allocated for the conversion of a unit within the town centre bus station into a contact centre for Children's Care.

84. The following additions to schemes in the current Investment Strategy which have been recently approved by Executive are also to be included in the revised Investment Strategy, set out at Appendix 2 for consideration and approval :

- Middlesbrough Development Company – On 1 September 2020, Executive approved borrowing of up to £24,000,000 for the construction of an apartment development on the former CSI site in the town centre and the Boho village development at Middlehaven, subject to further sign off from the Council's Section 151 Officer. The apartment development on the former CSI site is expected to cost a total of £17,000,000. The Director of Finance (Section 151 Officer) has approved a loan of £9,500,000 to Middlesbrough Development Company. In order for the scheme to progress the remaining £7,500,000 is required as match funding, £2,500,000 of which is allocated from the Town's Fund grant, subject to sign off from the Towns Fund Board.

A bid to Homes England will be submitted for the remaining £5,000,000. The Boho village development has previously been approved and funded within the Investment Strategy.

- Middlesbrough Development Company – In addition to the Council investment stated above, on 15 June 2021 Homes England provided official confirmation that the Council has been awarded a grant of £936,000 in relation to the Tollesby Shops scheme. The grant is specifically awarded for the provision of affordable housing on the site.
- Highways Infrastructure Development Section 106 – £280,000 of Section 106 contributions received from housing developers have been added to the Investment Strategy.
- On 21 April 2021 the Department for Education announced the 2021/22 allocations for School Conditions Allocations (SCA) and Devolved Formula Capital (DFC). Middlesbrough Council will receive a total of £768,813, of which £654,174 is SCA and £114,639 DFC.
- On 4 May 2021, the Ministry for Housing, Communities and Local Government (MHCLG) announced that the Department of Health and Social Care had confirmed a national allocation of £578,000,000 for Disabled Facilities Grants. Middlesbrough Council will receive £2,268,123, which is £269,000 more than had been previously assumed with the Investment Strategy, and this has therefore been added as part of this refresh.

85. There were no schemes within the current investment strategy that were reduced by over £150,000.

86. The split by Directorate is shown in the table below, which also shows the “real” projected outturn variance if all of the additional new schemes, increased schemes, reduced schemes, and transfers between directorates are excluded. Explanations for variances of +/- £150,000 across fourteen schemes are set out in the following paragraphs. These variances require movement within the Council’s four-year Investment Strategy, but do not affect the overall investment or cost of borrowing.

Directorate	2021/22 Investment Strategy Budget (as per 20/21 outturn report to £'000	2021/22 Projected Investment Strategy Outturn £'000	2021/22 Projected Investment Strategy Outturn Variance £'000
Regeneration and Culture	55,731	46,145	(9,586)
Environment and Community Services	11,533	11,823	290
Public Health	756	0	(756)
Education & Partnerships	13,049	12,224	(825)
Children’s Care	699	690	(9)
Adult Social Care and Health Integration	4,227	3,621	(606)
Legal and Governance Services	3,685	3,685	0
Finance	4,036	3,841	(195)
<b>Total</b>	<b>93,716</b>	<b>82,029</b>	<b>(11,687)</b>

MEMO	
New, increased & reduced Schemes / transfers £'000	Real outturn variance excluding new, increased, & reduced schemes / transfers £'000
1,341	(10,927)
200	90
0	(756)
801	(1,626)
(17)	8
269	(875)
0	0
0	(195)
<b>2,594</b>	<b>(14,281)</b>

## *Regeneration and Culture*

87. Middlesbrough Development Company - The Development Company has assessed its funding requirements for construction works at the Bright Ideas and Tollesby Shops projects. As a consequence £3,500,000 of planned loans to the company have been re-profiled into 2022/23 and future years. This is on the assumption that the actual construction works for the apartments at the former CSI site will not commence within this financial year.
88. Boho X – Due to rising projected costs, after working with the preferred bidder the Council took the decision to re-tender for the project. The tender process has caused delays with respect to the commencement of construction, resulting in £2,689,000 of anticipated costs being transferred into 2022/23. The project timetable has been reviewed and whilst the start is delayed, there will be no impact on the delivery, with completion still anticipated to be December 2022.
89. Brownfield Housing Fund - £1,882,000 of planned grant expenditure has been redirected into 2022/23 and future years, this is primarily due to a change in delivery partner at one of the sites, a delay at the former Jap Euro site due to nesting birds, and the need for the housing element of works at the Bright Ideas site to be undertaken before the highways element can commence.
90. Housing Growth – A total of £961,000 of anticipated expenditure has been re-profiled into 2022/23. The majority of the re-profiling is with regard to the following two sites
  - Nunthorpe Grange – The Council is in negotiations with the Housing Developers to agree a single point of access to the site and to share the construction costs of the roundabout and access road. An agreement has been reached in principle but discussions are continuing regarding the share of the costs. It is anticipated that works will commence this financial year but will not conclude until 2022/23, resulting in the need to transfer £713,000 of funds.
  - Stainton Way Western Extension – On 28 June 2021 Executive deferred the decision to approve the adoption of the Stainsby Country Park and Masterplan as it is unconvinced about the need for the spine road. £200,000 of funds were expected to be expended in 2021/22, this has been transferred into 2022/23 and is available should it be decided that the spine road is required.
91. Future High Streets Fund – On 4 June 2021, the Council received confirmation from MHCLG of the £14,170,000 Future High Street Funds grant. £8,170,000 has been confirmed as available for this financial year with the remaining £6,000,000 being provided in 2022/23, subject to the Governments spending review in autumn. In order to ensure spending does not exceed the year 1 allocation, a review has been undertaken to ascertain which schemes can progress. This has resulted in £500,000 of assumed grant expenditure being re-profiled into 2022/23. MHCLG have however indicated that there may be a national under programming of the grant in year 1, and officers are exploring with MHCLG whether grant programmed for year 2 can therefore be brought forward for delivery of schemes in 2021/22.
92. Town Centre Accommodation Strategy – Delays have been encountered due to post purchase surveys, resulting in re-profiling of £500,000 into 2022/23. The Council has

started an early commission with architects and it's appointed contractor to carry out an overview of costs and the programme. A contract should be available for signature in December 2021 with building works and the internal fit out programme expected to conclude in July 2022.

93. Local Transport Plan – Due to the change in Executive, the Transport and Infrastructure Capital Programme report was not approved by the Executive Member of Regeneration until 13 July 2021. The delay in approval has resulted in a number of relatively small scale delays within the whole Local Transport Plan (LTP) programme which has resulted in the need to transfer £298,000 of planned expenditure into 2022/23.
94. City Centre Public Realm – £200,000 of funds have been re-profiled into 2022/23 as the detailed programme of works is still to be determined.
95. Replacement of Pay and Display Parking Meters – This scheme was originally linked to a pay on exit proposal at Zetland car park. However, the financial analysis concluded that the costs of the proposal outweighed the benefits. A number of parking meters still require replacing and are being prioritised. It is not envisaged that the funds will be required this financial year and have therefore been transferred into 2022/23.

#### *Adult Social Care and Health Integration*

96. Disabled Facilities Grant – The impact of Covid-19 continues to restrict capacity available within the building sector, resulting in a projected £999,000 of works being deferred until 2022/23.

#### *Education and Partnerships*

97. Schemes in Special Schools – The distribution heating pipework replacement scheme at Priory Woods is now not expected to conclude until the summer of 2022, and £165,000 of funds have been transferred into 2022/23 accordingly.
98. Contribution To New School At Middlehaven - The funds are a contribution to abnormal and remediation costs on the site, which will be required when the contract for the physical works is signed. This is now envisaged to be in the summer of 2022, and £1,700,000 has been transferred to 2022/23 accordingly.

#### *Public Health and Public Protection*

99. Health and Wellbeing Hub – As part of the wider accommodation strategy the Council has deferred the decision to expand the Live Well Centre. Should the expansion go ahead it would not do so within this financial year, resulting in £756,000 being re-profiled into 2022/23.

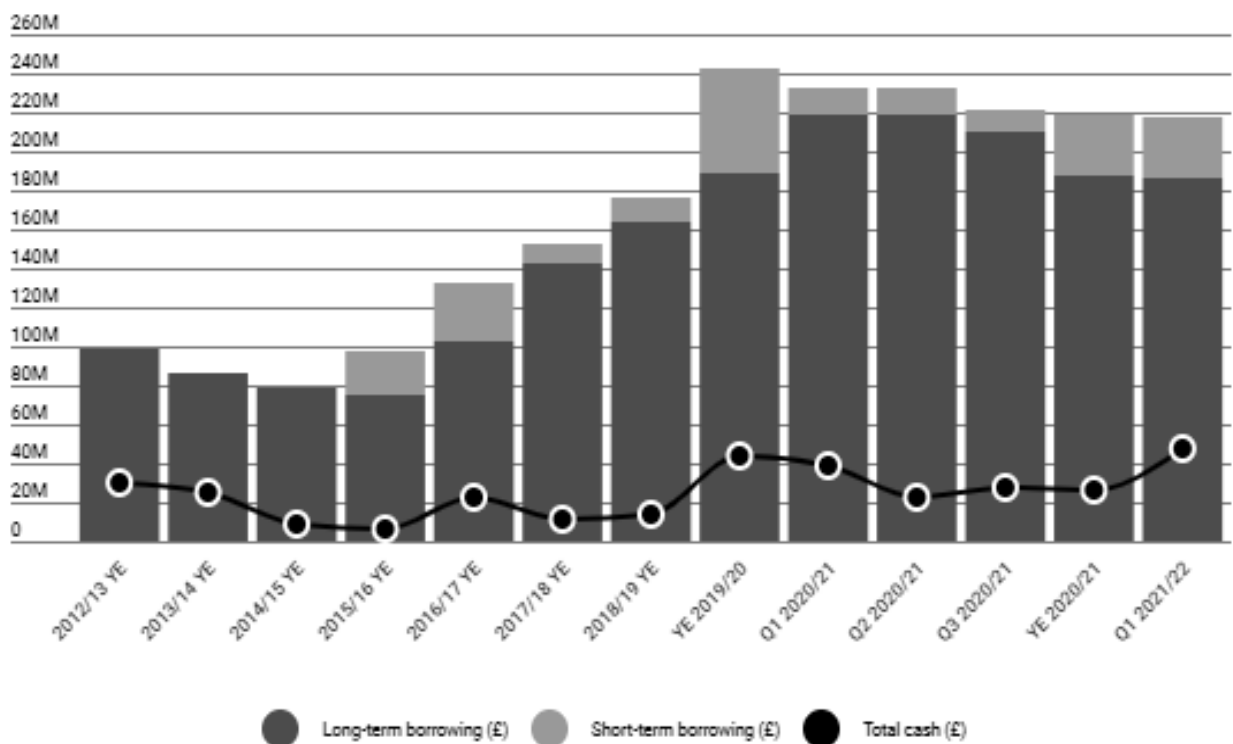
#### *Finance*

100. Former Partnership Investment (ICT Infrastructure Revenues & Benefits) – Due to demands placed on the service throughout Covid-19, planned activities were suspended as service priorities were re-assigned to the administration of grants. As

such, capital improvements and planned expenditure of £195,000 have been deferred until 2022/23.

### Borrowing and prudential indicators

101. The Council's total borrowing decreased from £218.8m at 31<sup>st</sup> March 2021 to £217.8m at 30 June 2021. This decrease of £1.0m reflects the repayment of principal amounts on existing annuity loans held by the Council. No external borrowing was required for the Investment Strategy or cash flow purposes during the quarter. This is due to cash balances being healthy with residual Covid-19 funding being used plus other reserve balances yet to be spent during the financial year. In addition, there is always an element of cash received in advance of need for normal revenue and capital purposes in the first quarter of each year and therefore borrowing needs tend to be low.
102. The ratio of short-term to long-term borrowing has stayed broadly the same during the quarter given the lack of borrowing activity undertaken. There are £10m of short-term loans due to be repaid on 31 July 2021 plus some other loan maturities later in the year, which will eliminate most of this short-term element from the debt portfolio.



103. The affordability and sustainability of the Investment Strategy and its total level of external borrowing and capital financing costs is self-regulated by the Council through a set of prudential indicators. These are threshold levels that are set as part of the integrated annual budget setting process in late February. CIPFA and MHCLG view this as approach as best practice in ensuring resources are allocated prudently to capital schemes.

104. The table below gives a summary comparison of the budget against the actual position as at Quarter One 2021/22 on each of the prudential indicators adopted by the Council.

<u>Prudential Indicators - 2021/22 Quarter 1</u>		
	<u>Budget</u> <u>(£M)</u>	<u>Actual</u> <u>(£M)</u>
Capital Expenditure	93.716	82.029
<u>Financing</u>		
External Sources	57.114	51.648
Own Resources	12.103	15.598
Debt	24.499	14.783
Capital Financing Requirement	255.164	255.758
External Debt	248.100	217.818
Investments	15.000	47.567
Capital Financing	9.518	9.398
Cost as a % of Revenue Budget	8.2%	8.1%

105. The total capital spend & level of financing has reduced by £11.7m since the original budget was set for 2021/22. This is explained in more detail in the Investment Strategy section of the report but essentially reflects reprofiling of scheme requirements to later years due to the ongoing impact of the pandemic, changing needs on individual schemes and low contractor availability. The reduction is a mix of borrowing and grant funding being deferred into future years.
106. The Council's total under borrowed position (external debt compared to the capital-financing requirement – or underlying need to borrow) is £37.9m at 30<sup>th</sup> June 2021. As cash balances reduce during the remainder of the financial year, with Covid-19 amounts and reserves planned to be spent, plus the borrowing requirements within the Investment Strategy. Around £30m of this under borrowing will be required to ensure the Council has enough liquidity to meet its cash commitments.
107. The amount of external debt at £217.8m and the total underlying need to borrow of £255.8m are both well below the Council's authorised limit of £320m. This is the threshold above which any borrowing would be illegal. The cost of capital financing to the Council is slightly lower than set as part of the budget process as interest rates continue to remain at low levels. The levels of borrowing continue to be in line with the original budget assumptions.

## Reserves and Provisions

108. The table below sets out a summary of the balance of reserves and provisions at the start of 2021/22 and the projection as at year-end and further detail is provided in Appendix 3. The projected year-end balance assumes the use of Reserves (as detailed in paragraphs 9 and 110) to cover the projected total 2021/22 revenue budget overspend.

Reserves and Provisions	Opening Balance	Proposed Use in Year	Additional Contributions	Transfers between reserves	Transfers from General Fund	Proposed Transfers to fund projected outturn	Projected Balance at Year End
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Reserve	10,500	0	695	0	0	0	11,195
Covid Recovery Reserve	4,512	0	0	0	0	(2,521)	1,991
Earmarked Reserves	28,970	(11,463)	230	0	0	(1,232)	16,505
Earmarked Reserve - Dedicated Schools Grant (DSG)	(3,291)	0	0	0	0	0	(3,291)
School balances	4,864	0	0	0	0	0	4,864
Provisions	2,555	0	0	0	0	0	2,555
<b>TOTAL</b>	<b>48,110</b>	<b>(11,463)</b>	<b>925</b>	<b>0</b>	<b>0</b>	<b>(3,753)</b>	<b>33,819</b>

### What decisions are being asked for?

109. That the Executive notes the 2021/22 revenue budget Quarter One total projected outturn of £3.753m, representing a £1.717m (1.5%) overspend on non-Covid-19 elements, and the estimated financial effect of Covid-19 in 2021/22 of £2.036m, and the proposed actions to address this.
110. That the Executive notes the proposed use of the following Reserves to fund the total projected overspend of £3.753m in 2021/22 :
- Social Care Demand Reserve (£0.5m)
  - Children's Services Demand Reserve (£0.732m)
  - Covid Recovery Reserve (£2.521m)
111. That the Executive approves the proposed revenue budget virements over £150,000 (Appendix 1).
112. That the Executive notes the 2021/22 capital budget Quarter One predicted outturn of £82.029m against a budget of £93.716m, and approves the proposed revised Investment Strategy to 2023/24 at Appendix 2.

### Why is this being recommended?

113. 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.



## **Other potential decisions and why these have not been recommended**

114. Not applicable.

## **Impact(s) of recommended decision(s)**

### **Legal**

115. The proposed recommendations are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

### **Financial**

116. The Council's revenue outturn position for 2021/22 for non-Covid-19 elements is projected to be an overspend of £1.717m (1.5%). This, when added to the estimated Covid-19 pressures of £2.036m, detailed in paragraphs 45 to 73 results in a total projected outturn pressure at year end 2021/22 of £3.753m. It is proposed that the total projected overspend in 2021/22 will be covered by the full utilisation of the Social Care Demand Reserve of £0.5m and the Children's Services Demand Reserve of £0.732m, which were created at the end of 2020/21. It is proposed that the remaining £2.521m of the total projected outturn pressure is funded from the £4.512m Covid Recovery Reserve, which was created during 2020/21 to cover the potential costs arising from the Covid-19 recovery in 2021/22 and future years.

117. The predicted 2021/22 capital budget outturn at Quarter One is £82.029m, which if approved will become the revised Investment Strategy budget.

### **Policy framework**

118. The revenue and capital budgets form part of the Council's Policy Framework. All proposed variations set out in this report are in line with authority delegated to the Executive.

### **Equality and diversity**

119. As reported to Council on 24 February 2021, no negative differential impact on diverse groups and communities are anticipated from the Council's planned budgetary expenditure.

### **Risk**

120. In line with the Council's Risk Management Policy, the corporate Strategic Risk Register will be reported to this Executive as part of the Strategic Plan 2021-24 – Progress at Quarter One 2021/22 report.

## **Actions to be taken to implement the decision(s)**

121. Mitigating activity set out in the main body of the report will continue to be applied by Directorates as stated.

122. The actions outlined within the body of the report in relation to overspending within Children's Services will continue to be implemented.

123. The virements detailed in Appendix 1 will be actioned in the Council's accounts following approval by Executive.

124. If approved the revised Investment Strategy included at Appendix 2 will be adopted.

### Appendices

1. Proposed revenue budget virements over £150,000 at Quarter One 2021/22
2. Proposed revised Investment Strategy to 2023/24
3. Detail of projected reserves and provisions as at Quarter One 2021/22

### Background papers

24/02/21	Council	Strategic Plan 2021-24
24/02/21	Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2021/22

**Contact:** Andrew Humble, Head of Financial Planning & Support

**Email:** [andrew\\_humble@middlesbrough.gov.uk](mailto:andrew_humble@middlesbrough.gov.uk)

## Appendix 1 : Proposed virements over £150,000 at Quarter One 2021/22

<i>Proposed Virement Request</i>	<b>Regeneration &amp; Culture</b>	<b>Environment &amp; Community Services</b>	<b>Public Health</b>	<b>Education &amp; Partnerships</b>	<b>Children's Care</b>	<b>Adult Social Care and Health Integration</b>	<b>Legal &amp; Governance Services</b>	<b>Finance</b>	<b>Central Budgets</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b><i>Permanent</i></b>									
Digital - RPA (admin) Cross Cutting Saving split across Directorates (£717,000 total saving)	(29)	(154)	0	(25)	(251)	(144)	616	(13)	
Digital - Agile (Mileage) Cross Cutting Saving split across Directorates (£210,000 total saving)	(3)	(21)	0	(25)	(104)	(48)	206	(5)	
Mileage Rate Reduction Saving split across Directorates (£180,000 total saving)	(3)	(18)	0	(21)	(89)	(41)	177	(5)	
Due to managerial changes, transfer of Public Protection from Public Health to Adult Social Care			(569)			569			
Due to managerial changes, transfer of a number of Prevention services from Education & Partnerships to Children's Care				(2,016)	2,016				
Following a review, transfer back to Education & Partnerships from Children's Care of some Prevention services				188	(188)				
Transfer of Teesside Advanced Manufacturing Park (TAMP) budgets from Regeneration & Culture to Commercial Rents budget within Finance	406							(406)	
<b><i>Total Virement</i></b>	<b>371</b>	<b>(193)</b>	<b>(569)</b>	<b>(1,899)</b>	<b>1,384</b>	<b>336</b>	<b>999</b>	<b>(429)</b>	<b>0</b>
								<b>Total:</b>	<b>(0)</b>

## Appendix 2: Proposed revised Investment Strategy to 2023/24

	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>Regeneration and Culture</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Town Centre Related Projects	592	1,872	836	204	3,504	2,625	879
Middlehaven Related Projects	139	65	500	-	704	704	-
Housing Growth	91	1,524	2,144	-	3,759	3,708	51
BOHO X	1,112	8,724	16,111	-	25,947	1,362	24,585
BOHO 8	2,428	34	-	-	2,462	-	2,462
Brownfield Housing Fund	-	3,320	3,972	630	7,922	-	7,922
Towns Fund	-	3,525	17,875	500	21,900	-	21,900
Future High Streets Fund	-	8,170	6,000	-	14,170	-	14,170
Acquisition of Town Centre Properties	9,619	6	1,000	-	10,625	10,625	-
Town Centre Accommodation Strategy	1,863	2,075	500	-	4,438	4,438	-
Middlesbrough Development Company	865	9,369	13,936	-	24,170	19,203	4,967
Teesside Advanced Manufacturing Park	1,533	855	-	-	2,388	2,005	383
Local Authority Delivery 2 Green Homes Grant	-	1,091	-	-	1,091	-	1,091
Capitalisation Of Major Schemes Salaries	530	530	530	530	2,120	2,120	-
Capitalisation Of Planning Services Surveys	-	40	40	40	120	120	-
Affordable Housing Via Section 106	-	-	1,339	-	1,339	830	509
Highways Infrastructure Development Section 106	-	-	2,010	-	2,010	-	2,010
Stainton Way Dixon Bank Junction - Section 106	15	-	-	-	15	15	-
The Big Screen	-	20	-	-	20	20	-
A66 Throughabout	2,630	2	-	-	2,632	-	2,632
Mandale Interchange	397	62	-	-	459	-	459
Tees Amp Footway / Cycleway	293	-	-	-	293	-	293
Linthorpe Road Cycleway	-	1,994	-	-	1,994	-	1,994
Replacement of Ticket Machines	-	-	189	-	189	189	-
LED Street Lighting Upgrade (Phase 2)	348	69	-	-	417	417	-
Joint Air Quality Unit (JAQU) - All schemes	529	-	-	-	529	-	529
Members Small Schemes	26	38	-	-	64	29	35
Grove Hill Joint Venture Projects	-	14	-	-	14	-	14
Gresham Projects	779	16	-	-	795	795	-
North Ormesby Housing Joint Venture - Section 106 funded	66	355	-	-	421	-	421
Empty Homes 2015 To 2018	-	281	-	-	281	-	281
Local Transport Plan	900	1,561	298	-	2,759	-	2,759
Town Hall Venue Development	48	59	-	-	107	107	-
Cultural Transformation	-	8	13	-	21	21	-
Theatre Winches / Lifts	4	20	19	-	43	43	-
Dorman Museum	2	19	-	-	21	21	-
Contribution To Public Arts Projects	-	17	-	-	17	17	-
Public Art Work	23	35	-	-	58	58	-
Newham Grange Leisure Farm	113	-	-	-	113	113	-
Leisure Trust Investment - Equipment	-	75	-	-	75	75	-
Town Hall Telephone Kiosks Upgrade	15	-	-	-	15	15	-
Stewart Park Section 106	-	-	45	-	45	-	45
Investment In Parks	-	50	50	-	100	100	-
Teessaurus Park	-	250	-	-	250	250	-
					-		
<b>Total Regeneration and Culture</b>	<b>24,960</b>	<b>46,145</b>	<b>67,407</b>	<b>1,904</b>	<b>140,416</b>	<b>50,025</b>	<b>90,391</b>

	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment and Community Services</b>							
Purchase Of New Vehicles	298	930	1,000	1,200	3,428	3,428	-
Capitalisation Of Wheeled Bin Replacement	100	100	100	100	400	400	-
Capitalisation Of Street Furniture/Dog Fouling & Litter Bins	55	55	55	55	220	220	-
Capitalisation of Highways Maintenance	575	575	575	575	2,300	2,300	-
Property Services Building Investment	340	340	340	340	1,360	1,360	-
Parks Improvement	-	83	-	-	83	83	-
Nunthorpe Playing Fields Section 106	57	-	-	-	57	-	57
Local Transport Plan - Highways Maintenance	1,412	3,447	-	-	4,859	-	4,859
Street Lighting-Maintenance	401	645	468	468	1,982	1,982	-
Urban Traffic Management Control	202	291	-	-	493	-	493
Flood Prevention	237	11	-	-	248	-	248
Department For Transport Pothole Fund	1,100	-	-	-	1,100	-	1,100
Members Small Schemes	2	139	60	60	261	261	-
Property Asset Investment Strategy	1,177	729	829	1,200	3,935	3,870	65
Nunthorpe Sports Facilities	-	100	-	-	100	-	100
East Middlesbrough Community Hub	178	851	-	-	1,029	1,029	-
Christmas Lights	350	-	-	-	350	350	-
Section 106 Ormesby Beck	-	15	-	-	15	-	15
Section 106 Cypress Road	-	20	-	-	20	-	20
Hostile Vehicle Mitigation	196	374	-	-	570	570	-
Transporter Bridge	476	179	-	-	655	328	327
Bridges & Structures (Non Local Transport Plan)	-	2,098	-	-	2,098	2,098	-
Henry Street	-	13	-	-	13	-	13
CCTV	-	50	-	-	50	50	-
Captain Cook Public House	-	538	-	-	538	538	-
Outer Area Shopping Centres	-	40	-	-	40	40	-
Waste Procurement Project	368	-	-	-	368	368	-
Lighting up the Town	-	200	-	-	200	200	-
<b>Total Environment and Community Services</b>	<b>7,524</b>	<b>11,823</b>	<b>3,427</b>	<b>3,998</b>	<b>26,772</b>	<b>19,475</b>	<b>7,297</b>

	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Public Health</b>							
Health & Wellbeing Hub	-	-	756	-	756	679	77
<b>Total Public Health</b>	<b>-</b>	<b>-</b>	<b>756</b>	<b>-</b>	<b>756</b>	<b>679</b>	<b>77</b>

	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Education and Partnerships</b>							
Block Budget (Grant) Devolved Formula Capital - Various Schools	-	157	-	-	157	-	157
Block Budget (Grant) Section 106 Avant Low Gill	-	35	-	-	35	-	35
Block Budget (Grant) School Condition Allocation	-	686	-	-	686	-	686
Block Budget (Grant) Basic Needs	-	5,883	1,645	-	7,528	-	7,528
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	-	1,060	-	-	1,060	-	1,060
Schemes in Maintained Primary Schools	2,387	1,505	176	-	4,068	835	3,233
Schemes in Primary Academies	195	395	-	400	990	-	990
Schemes in Secondary Academies	865	1,786	607	-	3,258	-	3,258
Schemes in Special Schools	544	606	171	-	1,321	430	891
Capitalisation of Salary Costs	102	104	-	-	206	-	206
Contribution to New School at Middlehaven	-	-	1,700	-	1,700	700	1,000
Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project)	-	7	-	-	7	-	7
<b>Total Education and Partnerships</b>	<b>4,093</b>	<b>12,224</b>	<b>4,299</b>	<b>400</b>	<b>21,016</b>	<b>1,965</b>	<b>19,051</b>

	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>Children's Care</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Edge Of Care Project (Hub)	347	35	-	-	382	382	-
Edge Of Care Project (Spencerfield 117-120)	18	-	-	-	18	18	-
Edge Of Care Project (3 Broadwell)	10	-	-	-	10	10	-
Rosecroft Renovations	35	150	20	-	205	205	-
34 Marton Avenue, Fir Tree - Garage Conversion	1	249	25	-	275	275	-
Contact Centre - Bus Station Unit 1	3	234	17	-	254	254	-
Bathroom Refurbishment	-	22	-	-	22	22	-
<b>Total Children's Care</b>	<b>414</b>	<b>690</b>	<b>62</b>	<b>-</b>	<b>1,166</b>	<b>1,166</b>	<b>-</b>
	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>Adult Social Care and Health Integration</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chronically Sick & Disabled Persons Act - All Schemes	533	832	610	610	2,585	2,513	72
Disabled Facilities Grant - All Schemes	2,285	2,419	999	-	5,703	816	4,887
Capitalisation of Staying Put Salaries	50	50	50	50	200	200	-
Home Loans Partnership (Formerly 5 Lamps)	29	54	-	-	83	-	83
Small Schemes	15	128	-	-	143	-	143
Connect / Telecare IP Digital Switchover	100	138	-	-	238	238	-
<b>Total Adult Social Care and Health Integration</b>	<b>3,012</b>	<b>3,621</b>	<b>1,659</b>	<b>660</b>	<b>8,952</b>	<b>3,767</b>	<b>5,185</b>
	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>Legal &amp; Governance Services</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Desktop Strategy / Device Refresh	307	153	-	-	460	460	-
Enterprise Agreements	353	353	-	-	706	706	-
Customer Relationship Management	19	96	-	-	115	115	-
IT Refresh - Network Refresh	4	159	-	-	163	163	-
IT Refresh - Lights On	241	60	-	-	301	301	-
IT Refresh - LCS Development Capture	7	18	-	-	25	25	-
IT Refresh - Business Intelligence	-	3	-	-	3	3	-
ICT Essential Refresh & Licensing	233	2,447	2,185	2,185	7,050	7,050	-
ICT Innovation Budget	326	160	-	-	486	468	18
GIS Replacement	38	129	-	-	167	167	-
Civic Centre Device Refresh	8	-	-	-	8	8	-
Prevention & Partnership Tablets	-	70	-	-	70	70	-
HR Pay	-	37	-	-	37	37	-
Dashboards	60	-	-	-	60	60	-
<b>Total Legal &amp; Governance Services</b>	<b>1,596</b>	<b>3,685</b>	<b>2,185</b>	<b>2,185</b>	<b>9,651</b>	<b>9,633</b>	<b>18</b>

	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>Finance</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	37	202	195	-	434	434	-
Business World Upgrade	30	35	-	-	65	65	-
Derisking Sites	412	104	1,042	900	2,458	2,458	-
Capitalisation of Property Finance Lease Arrangements	-	3,500	500	500	4,500	4,500	-
					-		
<b>Total Finance</b>	<b>479</b>	<b>3,841</b>	<b>1,737</b>	<b>1,400</b>	<b>7,457</b>	<b>7,457</b>	<b>-</b>
	Total Funding Required					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>ALL DIRECTORATES</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Total ALL DIRECTORATES</b>	<b>42,078</b>	<b>82,029</b>	<b>81,532</b>	<b>10,547</b>	<b>216,186</b>	<b>94,167</b>	<b>122,019</b>
	Total Funding					Council Funding	External Funding
	2020/21	2021/22	2022/23	2023/24	TOTAL		
<b>FUNDED BY:</b>	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Borrowing	18,228	11,283	26,852	1,573	57,936	57,936	-
Finance Leases	-	3,500	500	500	4,500	4,500	-
Capital Receipts	6,374	15,077	2,749	6,895	31,095	31,095	-
Grants	16,418	46,577	47,758	1,179	111,932	-	111,932
Contributions	1,052	5,071	3,564	400	10,087	-	10,087
Revenue Resources	6	521	109	-	636	636	-
Funding from Reserves	-	-	-	-	-	-	-
<b>Total FUNDING</b>	<b>42,078</b>	<b>82,029</b>	<b>81,532</b>	<b>10,547</b>	<b>216,186</b>	<b>94,167</b>	<b>122,019</b>

## Appendix 3: Detail of projected reserves and provisions as at Quarter One 2021/22

Reserves and Provisions	Opening Balance	Proposed Use in Year	Additional Contributions	Transfers between reserves	Transfers from General Fund	Proposed Transfers to fund projected outturn	Projected Balance at Year End
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>General Fund Reserve</b>	<b>10,500</b>		695				<b>11,195</b>
<b>Covid Recovery Reserve</b>	<b>4,512</b>					(2,521)	<b>1,991</b>
<b>Earmarked for specific purposes</b>							
Public Health Reserves	438						438
Adult Social Care Covid Recovery Reserve	1,598	(233)					1,365
Ofsted Support Reserve	188						188
Children's Services Improvement Reserve	175						175
Children's Services Demand Reserve	732					(732)	0
Social Care Demand Risk Reserve	500					(500)	0
Business Rates Deficit Reserve	10,555	(10,555)					0
Business Rates Risk Reserve	1,670						1,670
Business Rates Relief Reserve	49						49
Change Fund	445	(675)	230				(0)
Investment Fund	0						0
Insurance Fund (MBC)	270						270
CCC Insurance Fund	35						35
Insurance Fund (Fire)	0						0
Capital Refinancing Reserve	175						175
Other Reserves & Provisions	12,140						12,140
<b>Earmarked Reserves</b>	<b>28,970</b>	<b>(11,463)</b>	<b>230</b>	<b>0</b>	<b>0</b>	<b>(1,232)</b>	<b>16,505</b>
<b>Earmarked Reserve - Dedicated Schools Grant (DSG) Reserve</b>	<b>(3,291)</b>						<b>(3,291)</b>
<b>School balances</b>	<b>4,864</b>						<b>4,864</b>
<b>Provisions</b>	<b>2,555</b>					<b>0</b>	<b>2,555</b>
<b>TOTAL</b>	<b>48,110</b>	<b>(11,463)</b>	<b>925</b>	<b>0</b>	<b>0</b>	<b>(3,753)</b>	<b>33,819</b>



<b>Report of:</b>	Director of Finance: Ian Wright Executive Member for Environment and Finance & Governance: Cllr Barrie Cooper
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<b>Submitted to:</b>	Executive - 7 September 2021
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<b>Subject:</b>	Supplier Incentive Programme
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**Summary**

Proposed decision(s)
That Executive approves: <ul style="list-style-type: none"> <li>i) the Council reverting back to the Statutory payment term of 30 days</li> <li>ii) the procurement and implementation of a Supplier Incentive Programme ('SIP') with Oxygen Finance Ltd ('Oxygen') via the NEPO 521 Early Payment Services Framework</li> <li>iii) utilising the E-Invoicing format to ensure compliance with Public Contract Regulations 2015 (PCR)</li> </ul>

Report for:	Key decision:	Confidential:	Is the report urgent? <sup>1</sup>
Decision	Yes	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The implementation of the SIP will support sustainability of local businesses.	Supporting the local business community through access to early payment for services within terms they deem acceptable.	Offering local suppliers the opportunity for significantly early payment which will increase cash flow which can assist in sustainability and recovery from COVID.

Ward(s) affected
This would affect all wards as suppliers are located all over Middlesbrough as well as outside of our borough. Due to the nature of this contract individual ward members were not consulted but the Executive Member for Finance and Governance was due to the business being under her remit.

<sup>1</sup> Remove for non-Executive reports

## **What is the purpose of this report?**

1. To seek Executive approval of the procurement and implementation of a SIP for Middlesbrough Council.

## **Why does this report require a Member decision?**

2. In line with the scheme of delegation a contract award over £150k and internal policy changes require Executive approval.

## **Report Background**

### **What decision(s) are being asked for?**

3. That Executive approves:
  - a. the Council reverting back to the Statutory payment term of 30 days
  - b. the procurement and implementation of a Supplier Incentive Programme ('SIP') with Oxygen Finance Ltd ('Oxygen') via the NEPO 521 Early Payment Services Framework
  - c. utilising the E-Invoicing format to ensure compliance with Public Contract Regulations 2015 (PCR)

### **Why is this being recommended?**

4. As part of a drive to improve commercialisation an opportunity has been identified which will allow the Council to continue to support the local economy and suppliers but also create an income stream which is not currently being achieved.
5. The Council spends circa £170m annually on goods and services and implementing SIP will benefit the Council financially but also offer even shorter payment terms for all suppliers' particularly local small businesses through improved cash flow which will also support them in COVID recovery.
6. Middlesbrough Council does have in place an early payment term for all invoices of 20 days, which is 10 days earlier than our statutory obligation. The 20 days was approved in 2007 to support Small to Medium Enterprises (SMEs) when the recession hit. There is little detail available providing the reasons and anticipated timescale for this approach and instruction provided to the Strategic Delivery partner at the time was that this was a standard approach for all suppliers and not just SMEs and came at no cost to the supplier.
7. Whilst introducing an early payment term was a positive move to support the economy and suppliers at the time it was not a commercially astute approach and means that the Council is sacrificing cash flow to the benefit of all suppliers regardless of size or status, which in the current climate is not a sustainable option.
8. The SIP offers the Council the ability to continue to support the local economy and suppliers but also make a commercial return of approximately £150k per annum over the next 5 years.

9. In April 2021 the Council was achieving 97.50% of invoices being paid within the 20 days which is a fantastic achievement but paying suppliers 10 days earlier with no financial benefit is not commercially viable for the future and the time feels right to review and improve practices to further strengthen our sustainability for the future as well as the economy.

10. Middlesbrough Council Strategic Plan 21-24 has three interrelated strategic aims:

People	Working with communities and other public services in Middlesbrough to improve the lives of local people.
Place	Securing improvements in Middlesbrough’s housing, infrastructure and attractiveness, improving the town’s reputation, creating opportunities for local people and improving our finances.
Business	Promoting investment in Middlesbrough’s economy and making sure we work as effectively as possible to support our ambitions for People and Place.

11. The need to create a prosperous local economy, supporting people and the local business community and creating an environment in which they can flourish, has never been greater following the impact of the COVID-19 pandemic. The Council must support local businesses and job creation through embedding social value in commissioning and procurement, including managing and monitoring delivery of social value activities, and through the prompt payment of invoices.

12. The Council has been considering the implementation of the SIP programme for some time and hopes that this solution will further enable electronic receipt, matching and payment of supplier invoices thereby improving processes and cash flow for all suppliers as well as providing the functionality for an optional three way incentive programme to deliver even earlier payments (e.g. even earlier than the 20 days).

13. With enhanced checks and controls in place as part of the SIP programme, it should also reduce the risk of duplicate and fraudulent payments, which presents a heightened risk in the current economic climate. The SIP could enable thousands of invoices to be processed early, injecting millions of pounds of liquidity into the economy, with the additional revenue generated from the SIP Programme being channelled into frontline services for the benefit of local residents. The SIP works on the following principles:

- E-invoicing
- Supplier payment terms are set at standard 30 days
- No supplier is compelled to sign-up to or participate in the programme

14. A description of the **key** objectives of the project needs to achieve are shown below:

- To procure and implement a SIP to suppliers
- To on board at least 40% of our in-scope suppliers (3<sup>rd</sup> party Trade spend)
- To improve P2P processes to maximise invoice acceleration
- To improve cash flow for suppliers which could assist in recovery from COVID 19 and generate additional funds that can be reinvested into frontline services (on a free of charge basis for Small Local suppliers – “Freepay”)

15. As stated earlier there are financial benefits that will be achieved over the contract term as well as bringing internal efficiencies, reducing risk for the Council and continuing to support suppliers and the local economy, ensuring that they are paid in as early as possible and within terms that they are happy to agree.
16. There is an estimated £750k bottom line rebate return that could be achieved over the 5 year and in light of continued financial pressures faced by the public sector this seems the right time to re-set our policy and procedures in order to achieve this return.
17. It is recognised that in agreeing to implement SIP it will require changes that could be consider negative from a suppliers point of view, however, working with Oxygen and using their experiences from other Local Authorities that have introduced this we will have a number of flexibilities to ensure that the impact on suppliers is a neutral as possible.
18. As part of the Middlesbrough SIP we will be able to set parameters for certain suppliers to still receive early payment at no cost (this is referred to as 'Freepay' and is something other Local Authorities have implemented).
19. It is also important to remember that this is completely at supplier discretion, e.g. if they do not wish to provide a rebate then the payment term will simply revert to contractual term of 30 days. Please note that any change to a suppliers payment terms will be managed with them and reflective of ensuring least disruption for the suppliers.
20. On the opposite scale providers may wish to secure an even quicker payment term and be happy to pay a small rebate for that.
21. Please note that Oxygen will also provide us with full support in relation to implementation of the project which will ensure a partnership approach and have in place a fully signed of work plan and communication plan to ensure a smooth and efficient transition for all parties. There will be a number of suppliers that are already signed up to SIP programmes with other Local Authorities and will provide an initial quick win which will likely be identified during implementation.
22. In addition to the rebate there are also other non-cashable benefits that we feel could be realised through the implementation of this system:

#### **Benefits to the Supplier / Economy**

- Suppliers could secure even quicker payment terms which would further improve liquidity and cash flow
- Local small and micro businesses will be able to benefit from 'Freepay' at no cost
- Deliver Social Value contributing to the development and post Covid-19 recovery of the local economy through the earlier payment of invoices

#### **Benefits to the Council**

- There are legislative drivers that may be partially addressed through a properly implemented SIP
  - The Public Contracts Regulations 2015 - liabilities paid within 30 days (increased compliance to target)
  - The Public Procurement (Electronic Invoices etc.) Regulations 2019 - Electronic Invoicing Directive contains provisions relating to the processing

of electronic invoices (ability to comply through implementation of eInvoicing)

- The Late Payments Directive - automatic entitlement to interest for late payment (reduction in late payment liability)
  - Improved Council performance in terms of Accounts Payable.
  - Improved strategic engagement with suppliers who choose to sign up.
  - Encourages suppliers to help drive best practice (e.g. e-invoicing) and compliance (e.g. no PO/ no pay).
  - Contributes toward social value goals by improving cash flow for local businesses and creating added social value in Middlesbrough.
  - Over the medium term the programme will generate a net return (after implementation costs and lost interest on balances held) that can be reinvested into the delivery of front line services.
23. The Public Contracts Regulations 2015 requires local authorities to ensure that every public contract which they award contains suitable provisions to require “**that any payment due from the contracting authority to the contractor under the contract is to be made no later than the end of a period of 30 days from the date on which the relevant invoice is regarded as valid and undisputed**” and report on the number of invoices paid within these terms. This is particularly important for many of the small local businesses that provide services to the Council.
24. Middlesbrough Council has in place a reduced payment timescale of 20 days and in implementing this project the Council will need to revert back to the statutory 30 days payment term. This is already reflected in Council contractual terms however as part of the programme implementation we would work with Oxygen to agree a change management and communications plan to support the move from 20 to 30 days. Oxygen have experience of similar changes in payment practice with several other Local Authorities.
25. The implementation of a SIP will assist with embedding the Council’s ‘no PO no pay policy’, ensuring that goods and services are purchased from the right supplier at the correct price. With enhanced checks and controls in place as part of the SIP programme, it should also reduce the risk of duplicate and fraudulent payments, which presents a heightened risk in the current economic climate.
26. This project will be managed via the Council’s Programme Management Officer (PMO) process and a small Project Group has been established which will be responsible for implementation of this project and is made up of:
- Head of Finance & Investments
  - Specialist Commissioning & Procurement Senior Manager
  - Team Leader – Invoice & Debt Recovery Team
  - VAT Officer
  - ICT Business Partner
  - Business Partner – Programme & Project Management
  - Manager – Oxygen Finance Ltd
27. The Project Group will meet regularly during the implementation phase to ensure a smooth transition into go live.

## **Other potential decisions and why these have not been recommended**

28. Implementing this internally has been considered however, the cost associated would be significantly more than the cost of procuring it via the NEPO Framework.
29. Oxygen Finance are working with over 30 other Local Authorities and have proven experience in implementation and delivery that the Council could not duplicate without significant additional resources.
30. Oxygen has over 10 years experience in running Early Payment Programmes and have developed a tried and tested methodology. This includes templates and a fully resourced team to minimise the effort required by the Council.
31. The Oxygen solution is VAT compliant and has been subject to legal guidance to ensure compliance to various relating legislative requirements including the Construction Act.

## **Impact(s) of recommended decision(s)**

### ***Legal***

32. There are no legal implications as the procurement would be via the NEPO Framework which is a compliant procurement route and suppliers would not be mandated to sign up to the system and would still be paid within the statutory 30 day period.

### ***Financial***

33. We are proposing to utilise the 50/50 Rebate split option via the NEPO Framework which means that there are no upfront costs for the implementation of the SIP.
34. After 6 months there is a monthly Service Charge of £2.5k, however by this time it is anticipated that the rebate received will be in excess and as such this cost will be covered by the rebates received.

### ***Policy Framework***

35. This decision will not amend an existing policy framework document.

### ***Equality and Diversity***

36. An Impact Assessment has been completed and found no concerns that the SIP could have any adverse effects and the assessment is attached as Appendix B.

## Risk

37. This project will assist in mitigating the following risks:

Risk No	Risk Description	
O8-055	If the Council doesn't respond effectively and efficiently to legislative changes it could be in breach of statutory duties in relation to service delivery and fail to make the most of opportunities.	The Council will be addressing legislative drivers through implementing the Supplier Incentive Programme. Also the process will implement enhanced check and reduce the risk of duplicated and fraudulent payments which will protect the public purse. The proposal will have a positive impact on this risk.
O8-036	If <b>performance standards fall to unacceptable levels</b> , due to cuts to funding, service or a failure to successfully implement the Change Programme, then loss of reputation and reduced outcomes for local people will follow.	This programme will improve the Council's performance in terms of its Accounts Payable Function. The proposal will have a positive impact on this risk.
O1-005	If poor economic growth occurs, then this will reduce public and private sector investment in the town, including town centre retail, housing development and business.	This process seeks to improve cashflow for suppliers and if they are in the local economy this may help keep businesses who are struggling going to sustain our local economy in these Covid-19 times. By implementing the programme the Council is trying to support local suppliers so this will have a positive impact on this risk.
O8-059	If incorrect assumptions are made in the MTFP this will result in a funding gap requiring further savings to be made.	Although not the driver for the programme over the medium term the programme will generate a return which can be factored into the MTFP and can be reinvested into front line services and therefore it will have a positive impact on this risk.

## **Actions to be taken to implement the decision(s)**

- Award contract to Oxygen via the NEPO Framework
- Implementation Plan to be developed (Oxygen template to be updated for Middlesbrough Council by Oxygen and approved)
- Project Group will manage implementation in partnership with Oxygen
- Policy and Procedures amended to reflect the removal of 20 days to statutory 30 day payment terms (Contracts do not need amending as it only refers to statutory limits)
- Agreement to include the programme in all future tenders on an evaluated basis

## **Appendices**

Appendix A – Oxygen Finance – Middlesbrough Council – October 2020

Appendix B – Equality Impact Assessment SIP

## **Background papers**

No background papers were used in the preparation of this report.

**Contact:** Claire Walker

**Email:** Claire\_walker@middlesbrough.gov.uk





# Middlesbrough Council

August 2021

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# About Oxygen Finance

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Oxygen's Payment and Insight Solutions help public sector organisations improve their supply chain management, creating and delivering economic and social value to the local economies and communities they serve.

Expertise in P2P, technology and finance

Approaching 100 clients, including NHS Wales & FTSE 100 Corporate

- **Early Payment for Local Government**

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- > £22bn of Procurement spend
- 9 London Boroughs
- County Councils – Cumbria, West Sussex, Warwickshire, Lancashire, Essex, Flintshire, Worcestershire
- City Councils – Aberdeen, Cardiff, Sheffield, Wakefield, Coventry, Bristol, Newcastle
- 100% renewal record
- National Framework via NEPO
- Winner of Public Finance 2019 Award

- **Insight solutions**

- A database of over 128 million invoices across >£1trn spend
- Tracking tender notices and key decisions from 1100 public sector buyers
- Trusted by NAO & LGA



# What is Oxygen Finance's Early Payment Programme?



Invoices paid early attract a discount which is dynamically calculated and deducted from the settlement value. Participation by suppliers is solely at their discretion.

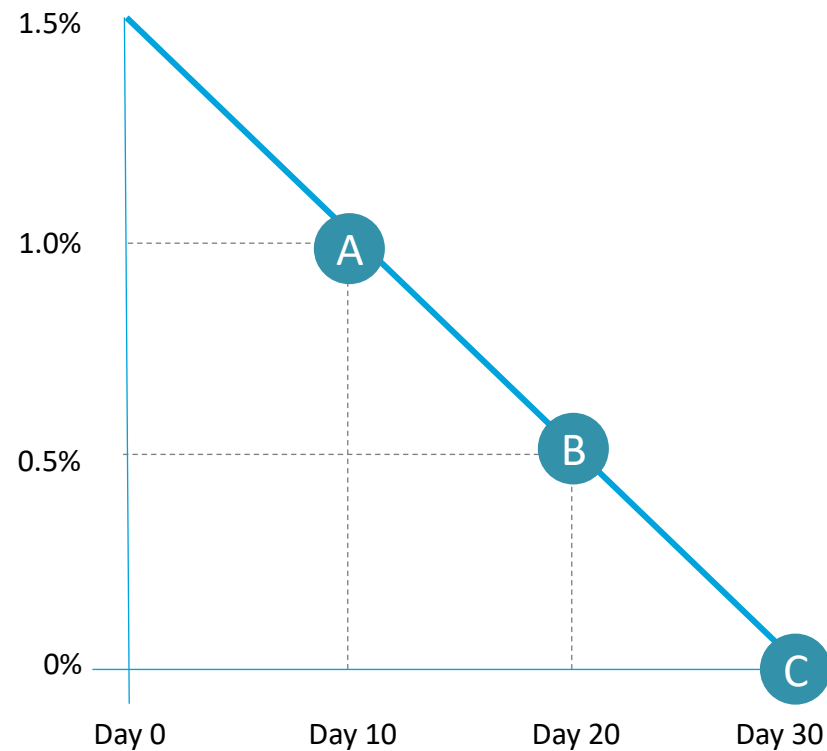
E.g. on a £200k invoice with a 30 day term

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**A** Payment made on day 10 @ 1% discount = £2k





**B** Payment made on day 20 @ 0.5% discount = £1k

**C** Payment made on day 30 @ 0% discount = £0



Clients have the choice to operate a FreePay product dependent on their specific social value agenda and commissioning requirements.

Our pioneering FreePay product is focused exclusively on supporting small and micro suppliers, by getting them paid early without any charge; it's simply early payment for free! The fully automated solution dramatically reduces time and administrative effort, while facilitating much-needed cash flow into local economies. Oxygen provides a complete solution; improving the Council's ability to digitally receive invoices and pay them ahead of term.

-  Designed to support Micro & Small Local Businesses
-  Addressing the c£50bn in late payments
-  Oxygen support the definition & identification of this group of suppliers
-  No charge to suppliers

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Thousands of suppliers are enjoying early payment for free across our programmes, with invoices totalling over **£6m** paid early through FreePay

“Paying early makes a real difference to the supply chain and makes it sustainable. The buyer wins, the supplier wins, and the economy wins.”  
**Philip King, Small Business Commissioner**

“FastTrack provides significant benefits to our suppliers with hundreds of firms receiving payments quickly and efficiently. This shows how well the process works. We are seeing more firms signing up all the time as they realise that getting paid fast can be a lifeline”  
**Councillor Paul Johnson, Flintshire’s Cabinet Member for Finance, Social Value and Procurement**

# Why adopt an Oxygen Early Payment Programme?

A true win/win solution for [Middlesbrough Council](#) and your suppliers.

## Middlesbrough Council



Contributes to **social value** agenda



P2P **efficiencies** and reduced cost



New, predictable bottom line / **savings**



Adhere to government legislation, support transition from PPN04

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## Your Suppliers (big and small)



Improved cashflow



Can be replicated down each tier of the supply chain



Improved relationship with their customers



Hands free and fully automated

“In delivering the programme, Oxygen Finance has enabled us to generate much-needed new savings, whilst improving the efficiency of our processes. Our payment programmes deliver real financial benefits without impacting services, whilst supporting social value goals by injecting liquidity into the local economy.

Chief Executive, Cumbria County Council

# How do we do this?

The implementation process is built around four fully resourced workstreams. Clients also receive proactive service management for the lifetime of the contract.



## Process Improvement

Deploying lasting improvements to optimise the P2P processes, ensuring invoices are paid at the earliest point in the process



## Supplier onboarding

40% + adopted through robust, class-leading methodology and a suite of supporting tools, maximising income, leveraging insight services



## Technology

Unobtrusive seamless integration with Finance systems, lights out fully automated. E-Invoicing & KPI dashboards bundled



## Communications

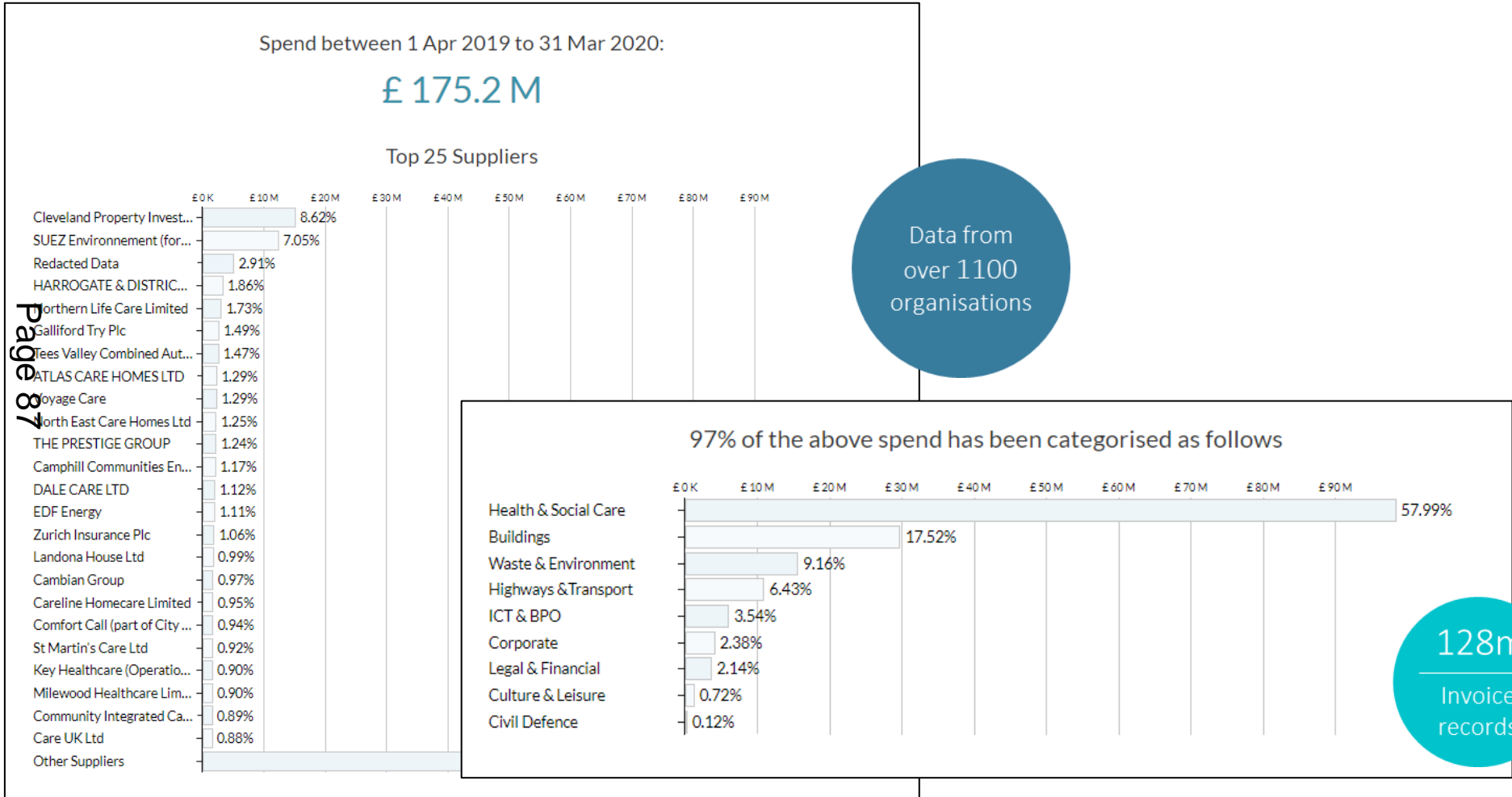
Internal & external comms, so staff and suppliers understand the scheme as appropriate to their needs



## Service Management (5 years)

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A number of Middlesbrough suppliers are signed up to Oxygen programmes elsewhere.



Data sourced from Illuminator an Oxygen Insight Product.

# Why now?

There has never been a better time to proceed:



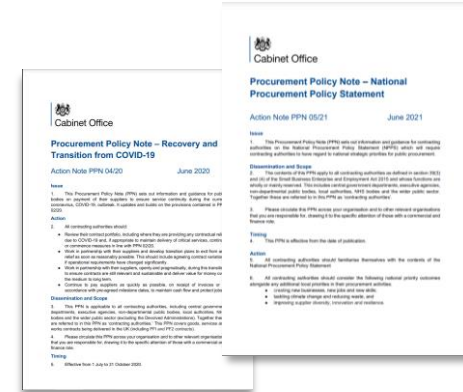
Green paper

- Changed the way Public sector bodies manage their procurement
- Oxygen's Early Payment programmes compliment the overriding theme of the paper:
  1. Simplicity
  2. Transparency
  3. Technology
  4. Contract management
  5. Strengthening payment term regulations



Covid response & recovery

- Oxygen has been at the forefront of creating long term sustainable models that provide buyers with the supply chain stability they need, and suppliers with genuine support.



Procurement Policy Notices

- Moving focus away from traditional payment approaches can support both the buyer and their suppliers
- PPN04 ended in Oct.2020: It is crucial that capital flows effectively through supply chains to ensure suppliers can operate and buyers can obtain the goods and services they need.

“Oxygen’s support was invaluable during the summer of 2020, supporting Warwickshire in our Covid response and quickly complying with the PPNs, this resulted in over £250m being paid to 1,000s of suppliers when they needed it most.”

**Rob Powell, Strategic Director of resources, Warwickshire County Council**



# Executive summary

Oxygen is a proven, value-based solution to addressing today’s payment challenges and opportunities, delivered using proven processes, robust technology and expert resource.

- Number one provider in Local Government with 10 years experience
- c50 Local Authority clients
- Approaching 5000 suppliers onboarded onto our programmes
- Process £6m rebates a year on behalf of our clients
- 4.4m Invoices transacted over Oxygen infrastructure last year
- Selected successfully through 4 separate OJEU processes
- 100% Renewal record with clients
- Multiple awards and endorsements from Public Sector professional bodies
- Local Govt. P2P and Procurement Best Practice Forums established

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Oxygen Finance’s Early Payment Programme generates bottom line social value, as well as efficiency and savings benefits.



# Next steps

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Oxygen has been awarded a NEPO Framework Agreement for the Implementation and Operation of a Supplier Early Payment Scheme. This framework is available for any UK local authority to call-off.

Step 1: Issue draft Call-Off order form for review

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Step 2: Arrange Practicalities of Implementation Workshop

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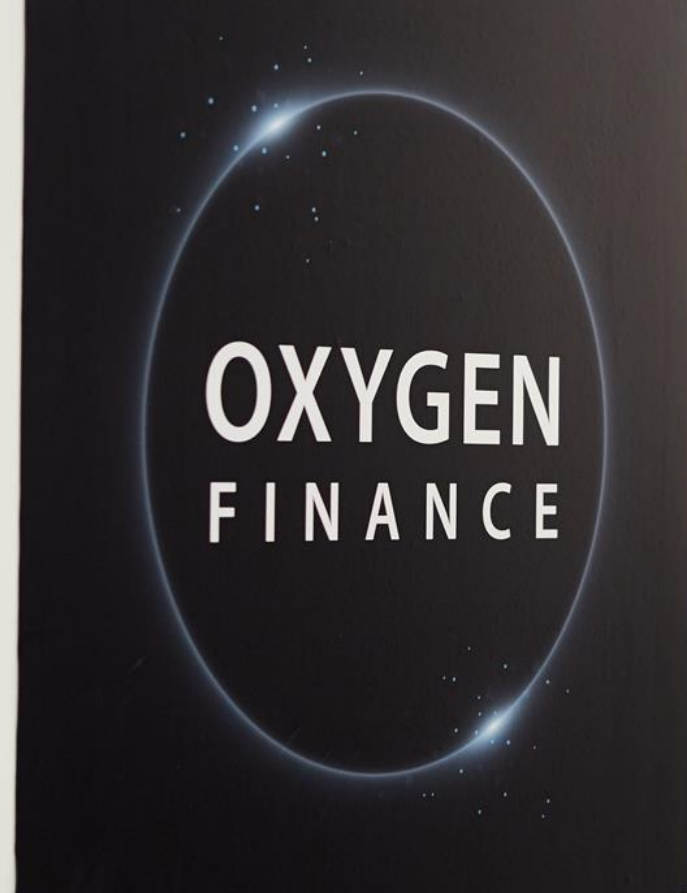
Step 3: Execute Contract

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## Appendices

# Insight & Resilience Services



## Illuminator

Illuminator helps public sector procurement teams understand how their own spend ranks against their peers by Supplier, Market and Organisation.



## Collaborator

Helps commissioners identify opportunities for procurement collaboration, providing intelligence on proposed procurements, alternative delivery methods and transformation initiatives.

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## Monitor

Allows councils to continuously observe their supply base and a notification will be issued should any supplier become insolvent or have a CCJ registered against them.



## Survey

A solution that periodically polls a supply base gathering early insight into a health of the supply chain, especially when combined with Monitor.



## Supplier Review

A short data driven activity that rapidly analyses the council's supply base establishing those suppliers who are active and then enriching the data to overlay company locations, size (SME) and category.

'Oxygen's Insight services have proved an invaluable tool, particularly during the Covid-19 pandemic, to help focus our support offer to relevant councils with in-depth analysis on cross cutting supplier related issues'

**Tina Holland, Procurement Lead**



# What do our Clients say?



“Through working with Oxygen Finance, we’ve been able to enhance our efficiency and effectiveness and also enhance the cashflow of our suppliers”

**Monica Fogarty**  
Chief Executive  
Warwickshire County Council



“It’s helping Halton Borough Council generate an income stream that will be very useful to Safeguard frontline services”

**Eve Turkington**  
Lead Supplier Incentive  
Programme Officer  
Halton Borough Council



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“it’s very much a joint initiative, coming together to be able to really understand how we can deliver value to our suppliers”

**Martin Reeves**  
Chief Executive  
Coventry City Council



“There are real benefits, both in terms of our improved systems and processes, a really strong focus on the value of early payment”

**Katherine Fairclough**  
Chief Executive  
Cumbria County Council

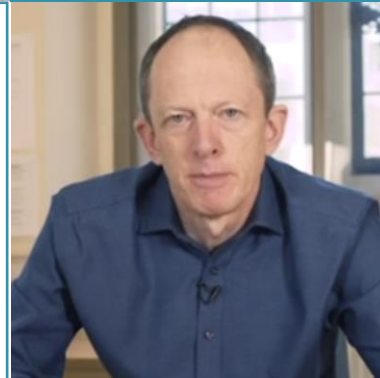


Watch the video:  
[vimeo.com/335098370](https://vimeo.com/335098370)



“Oxygen have a wealth of experience, as they’ve been working nationally with some of the biggest Councils in the UK”

**Nicole Wood**  
Executive Director of Finance &  
Technology  
Essex County Council



“ It allows us to give something back to our suppliers. So we see this as using our procurement power to support that economic growth”

**Eugene Walker**  
Director of Resources  
Sheffield City Council

# ...and our Suppliers and Industry Partners?



“The programme allows me to forget about cash flow. We get paid on average 5-8 days after we submit an invoice, we can now concentrate on what we do best”

**Andrew Hubbard**  
Managing Director  
Under My Roof



“Paying early makes a real difference to the supply chain and makes it sustainable. The buyer wins, the supplier wins, and the economy wins.”

**Philip King**  
Small Business Commissioner



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“We have a complex supply chain to manage and this service means you can rely on being paid early, usually within as little as six days”

**Gary Adshead**  
Director  
Burngreave Building Company



“We are now being paid within two days of our invoice being raised. Being part of the programme has enabled us to focus on growth.”

**Ram Mahendran**  
Director and Owner  
Bromson Hill Nursing Home



“Trevors Food Service have a great business relationship with Halton Borough Council, which is strengthened by the Supplier Incentive Programme”

**Steven Lightowlers**  
Credit Control Manager  
Trevors Food Service



Watch the video:  
[vimeo.com/333561329](https://vimeo.com/333561329)



# Disclaimer & Confidentiality Notice

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This document has been prepared by Oxygen using sources believed to be reliable and accurate but without further investigation the information contained herein cannot be warranted as to its accuracy or completeness.

The information and opinions in this document are subject to change without notice and it is intended for discussion purposes only.

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Middlesbrough Council is advised to independently review and/or obtain independent professional advice and draw their own conclusions regarding the economic benefit and risks of EPP and the legal, regulatory, credit, tax and accounting aspects in relation to

their particular circumstances.

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This disclaimer and confidentiality notice is not intended to override the terms of any Non-Disclosure Agreement, Letter of Engagement, Operational Services Contract or other formal contractual agreement between Oxygen and Middlesbrough Council (each a "Contractual Agreement") and in the event of any conflict, such Contractual Agreement shall take precedence.

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Template for Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Supplier Incentive Programme			
Coverage:	Crosscutting			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input checked="" type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function
	<input checked="" type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input checked="" type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input checked="" type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<ul style="list-style-type: none"> <li>Key aims, objectives and activities</li> </ul> <p>To revert back to the statutory 30 day payment term for all invoices and procure an early payment system that will allow the local economy and suppliers to voluntarily sign up to receive earlier payment terms in return for a small rebate which will enhance our commercialisation and secure a financial return for the Council in the future.</p> <ul style="list-style-type: none"> <li>Statutory drivers (set out exact reference)</li> </ul> <p>The Council has a statutory requirement to pay invoices received in 30 days, however, we currently do this within 20 days but this is not set out in our contractual terms which remains as the statutory requirement. In aligning all payments back to 30 days statutory we can then identify suppliers who would like to be paid earlier in return for an agreed rebate payment, this will be totally voluntary and should they not wish to pay a rebate then they will simply be paid in line with our statutory requirement.</p> <ul style="list-style-type: none"> <li>Differences from any previous approach</li> </ul> <p>In 2007 Middlesbrough Council introduced a 20 day payment term, this was not statutorily required and is not reflected in our contractual terms and whilst this was for SME suppliers it was a blanket approach. The introduction of SIP will allow suppliers to continue to be paid early (if not earlier than 20 days) but in return for a negotiated rebate payment. In the event they do not wish to pay the rebate then invoices will be paid in line with our statutory requirement of 30 days.</p> <ul style="list-style-type: none"> <li>Key stakeholders and intended beneficiaries (internal and external as appropriate)</li> </ul> <p>The Council, residents of Middlesbrough, local suppliers and supply chains</p> <ul style="list-style-type: none"> <li>Intended outcomes</li> </ul> <p>To strengthen our internal processes and achieve efficiencies as well as offering the local economy and suppliers the opportunity to be paid early if they are able to agree a rebate return, noting that this could be as early as 1 day which is significantly quicker than the current 20 day not statutory term.</p>			

<b>Live date:</b>	<a href="#">Jan-March 2022</a>
<b>Lifespan:</b>	<a href="#">January 2022 – December 2027</a>
<b>Date of next review:</b>	<a href="#">January 2023</a>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b>            Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	X	<input type="checkbox"/>	<input type="checkbox"/>	<p>It is not envisioned that the implementation of SIP or the reverting back to the contractual and statutory 30 day payment term would negatively impact on individual Human Rights as enshrined in UK Legislation. Evidence includes analysis of performance against legislative requirements. The SIP is not compulsory and any supplier that cannot agree a rebate will still be paid within statutory payment terms. There will be an agreed and transparently managed process for suppliers reverting back to the statutory payment term in order to ensure a smooth transition and allow for any changes that may be required in their business.</p>

\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<p>x</p>	<p><input type="checkbox"/></p>	<p><input type="checkbox"/></p>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that these changes could result in adverse differential impacts on groups or individuals. Evidence includes analysis of performance against legislative requirements. The implementation of SIP will be formally managed and will include communication with suppliers and an implementation process for any transition back to the statutory payment term, the SIP is not compulsory and only suppliers that wish to benefit from early payment and able to agree the terms will be paid this way.</p>

Screening questions	Response			Evidence
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	X	☐	☐	There are no concerns that the proposal could have an adverse impact on community cohesion. Evidence includes analysis of performance against legislative requirements. The SIP will be available to all suppliers and only those who are able to agree the terms will be paid via this system and it is not compulsory.
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➡ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

<b>Assessment completed by:</b>	Claire Walker	<b>Head of Service:</b>	Louise Grabham
<b>Date:</b>	6 <sup>th</sup> August 2021	<b>Date:</b>	6 <sup>th</sup> August 2021

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<b>Report of:</b>	Director of Regeneration and Culture: Richard Horniman Director of Finance: Ian Wright Executive Member for Regeneration: Cllr Eric Polano Executive Member for Environment and Finance & Governance: Cllr Barrie Cooper
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<b>Submitted to:</b>	Executive - 7 September 2021
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<b>Subject:</b>	Middlesbrough Development Company (MDC): Empty Homes Partnership
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**Summary**

Proposed decision(s)
That Executive approves: <ul style="list-style-type: none"> <li>a) the provision of up to £1,000,000 to MDC to establish a partnership to invest in the refurbishment of empty and poor quality properties within the key target areas of Middlesbrough. The funding will be provided in the form of a commercial loan (subject to sign off from the Council’s Section 151 Officer) and will be taken from the approved Investment Strategy allocation to MDC; and,</li> <li>b) delegated authority for the Director of Finance and the Director of Regeneration and Culture to agree the terms of the loan to MDC and</li> <li>c) MDC are given approval that where appropriate, MDC can acquire properties directly, prior to the establishment of a partnership.</li> </ul>

Report for:	Key decision:	Confidential:	Is the report urgent? <sup>1</sup>
Decision	Yes	N/A	Non urgent

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The refurbishment of empty and poor quality homes will assist in the redevelopment of Middlesbrough’s disadvantaged estates.	The proposal will assist with the priority to make Middlesbrough look and feel amazing by revitalising unused buildings.	The proposal will create construction training opportunities.

<sup>1</sup> Remove for non-Executive reports

## **Ward(s) affected**

The key target areas include some, or all, of the following Wards: Ayresome, Berwick Hills & Pallister, Brambles & Thorntree, Central, Linthorpe, Newport, North Ormesby, Park, Parkend & Beckfield.

### **What is the purpose of this report?**

1. The purpose of the report is to seek Executive approval for funding to enable MDC to establish a partnership to invest in the refurbishment of empty and poor quality homes.

### **Why does this report require a Member decision?**

2. The proposal seeks approval for an investment of up to £1,000,000, which would constitute a key decision.

### **Report Background**

3. In December 2019 the Executive approved a report, which sought to proactively address the rising number of empty properties across Middlesbrough through a number of actions, including investing in the reduction of empty homes in Newport and North Ormesby. In late 2020, MDC were requested to explore how this could be achieved.
4. The Council asking MDC to explore the delivery of an Empty Homes Partnership is seen as an obvious approach. MDC already have delivered partnership development work with the Bright Ideas housing scheme currently on site at Middlehaven, as well as developing other schemes with Chaloner Group and exploring opportunities with Registered Providers across the Town.
5. The MDC Board has recently approved a Project Plan that recommends the establishment of a partnership to invest in the refurbishment of empty and poor quality properties within the key target areas of Middlesbrough (and take a legal stake in these properties equivalent to the value of investment made). The Project Plan is attached as Appendix 1 to this report.

### **Delivery Model**

6. If the recommendations of this report are approved, MDC will undertake a selection process based upon potential partner's ability to demonstrate compliance with criteria stated in the attached Project Plan. In order to simplify management and governance, MDC's preference is to appoint a single partner but if this is not possible multiple partners may be considered. The proposed selection criteria are summarised below.
  - a) Socially responsible landlords, who provide low cost rental accommodation.
  - b) Robust governance and management systems.
  - c) Business Plan to acquire properties at scale.
  - d) Track record of delivery in Teesside.
  - e) Established systems to identify, acquire, refurbish and undertake property / tenant management functions.
  - f) Added value derived from the use of local labour or community/voluntary groups.



7. If approval is given to the recommendations, MDC will be entitled to acquire properties with the intention that any partner(s) can subsequently purchase and develop. In the interim MDC could choose to redevelop the acquisitions prior to a partner(s) being appointed.
8. MDC and its appointed partner(s) will identify potential residential properties in the TS1 and TS3 areas, which could be targeted for acquisition, refurbishment and re-letting.
9. The method by which properties will be identified and assessed for acquisition will be based on an agreed criteria and investment model, backed up by independent valuations. Only properties that satisfy these criteria will be considered for purchase.
10. MDC and its partner(s) will engage with property owners to establish potential for acquisition and will produce an appraisal which covers all costs of purchase, refurbishment and estimated rental income. If a property is accepted for acquisition, the partner(s) will manage the process and fund all costs associated with the purchase. MDC will provide funding via a secured loan to the partner(s) to carry out the refurbishment works.
11. Once the refurbishment works are complete, the partner(s) will let the improved properties on an affordable rent, using agreed letting criteria. The partner(s) will apply robust management systems to ensure all tenancy and property services are delivered to high standards.
12. The proposed life of the project is for 20 years.

#### MDC Investment

13. This report will recommend that the Executive approves the provision of up to £1m to MDC in the form of a commercial loan, (subject to sign off from the Council's Section 151 Officer), which will be taken from the approved Investment Strategy allocation to MDC.
14. MDC will then enter into a loan agreement with the partner(s) for a maximum term of 20 years. The loan will incur a cost charged by MDC, which is negotiable. The partner(s) will be required to state how this cost will be covered, such as through the payment of interest on the loan.
15. The commercial loan from the Council to MDC, will be on the same terms as the loan from MDC to the delivery partner(s).
16. The partner(s) will fund the refurbishment works in the first instance but will reclaim these costs from MDC through draw-downs from the loan. Once a property is fully refurbished and ready to be let, the partner(s) will request a payment, based on the previously agreed refurbishment costs of each property. This draw-down is anticipated to be on a monthly or quarterly basis.
17. Funds loaned to the partner(s) from MDC will be secured via a first charge on each property acquired, which will be registered by the partner(s) once the refurbishment loan costs are drawn-down. As the Council own 100% of the shares of MDC, MBC will have a secure legal interest in these properties. A company debenture may also be considered as an alternative form of security to legal charges on each property.

18. Any charges on the loan from MDC to the partner(s) will be invoiced and recovered on an annual basis. The charges will be incurred for all funds drawn down via the loan from the first letting of the property and then continuing until repayment of the proportion of the loan relating to that particular property.
19. The loan to the partner(s) for each property will be repaid in full upon disposal or no later than the projected end date of 2041.
20. Although the financial arrangements of the investment proposal would be a matter for the MDC Board rather than the Council, the Council's Section 151 officer would need to be satisfied that the funding is being used appropriately and in line with the Company's objectives, and that it represents an appropriate use of the Council's resources.

### **What decision(s) are being asked for?**

21. That Executive approves
  - a) the provision of up to £1,000,000 to MDC to establish a partnership to invest in the refurbishment of empty and poor quality properties within the key target areas of Middlesbrough. The funding will be provided in the form of a commercial loan (subject to sign off from the Council's Section 151 Officer) and will be taken from the approved Investment Strategy allocation to MDC; and,
  - b) delegated authority for the Director of Finance and the Director of Regeneration and Culture to agree the terms of the loan to MDC and
  - c) MDC are given approval that where appropriate, MDC can acquire properties directly prior to the establishment of a partnership.

### **Why is this being recommended?**

22. Investing in this project enables MDC, and therefore the Council, to deliver tangible Environmental, Social and Governance benefits to the targeted areas within Middlesbrough.
  - a) Environmental benefit is delivered by bringing between 100 and 125 properties up to decent homes and legally required environmental standards, based on an average expenditure of between £8k and £10k per property.
  - b) Social benefit is delivered as every property is let to a person or family in housing need, including those facing homelessness, with tenant support provided where required.
  - c) The partner organisation will be a well governed socially responsible company, which, combined with MDC's resources and expertise, will make the project sustainable and meaningful.

### **Other potential decisions and why these have not been recommended**

23. In respect of the recommendation for the Council to invest £1m to enable MDC to enter into an Empty Homes Partnership, the other options are set out below:

#### Do nothing

Would not realise any of the benefits outlined above.

### MBC partner with another organisation

The Council does not have the staffing capacity to deliver the scheme.

### **Impact(s) of recommended decision(s)**

#### ***Legal***

24. The Council can rely upon the general power of competence within the Localism Act 2011 for its own purpose, for a commercial purpose and/or for the benefit of others i.e. this includes the role of Middlesbrough Development Company Limited. The proposed Council led interventions involve carrying out a commercial activity and must therefore be done through a Company
25. MDC is a local authority trading company limited by shares and operates in accordance with its Memorandum and Articles of Association, Shareholder Agreement, Strategic and Project Plans, and, Loan Agreement.
26. MDC's contractual commitment to the partnership will be via the loan agreement with the delivery partner(s).
27. As the Council own 100% of the shares in MDC, it means that MBC have a secure legal interest in these properties via either an individual first charge on the properties or a company debenture.

#### ***Financial***

28. On the 18th December 2018 Executive approved: the creation of a Housing Delivery Vehicle in the form of a Wholly Owned Company (by Middlesbrough Council) limited by shares; the associated business plan and a funding package of up to £10m.
29. The funding requested is already allocated within the Investment Strategy and will be deducted from the amount provided as Loan.
30. The commercial loan from the Council to MDC, will be on the same terms as the loan from MDC to the delivery partner(s).

#### ***Policy Framework***

31. The decision will not amend the Council's policy framework.
32. The decision is aligned with the Strategic Plan 2020 to 2023 priorities to revitalise unused buildings and to work with local communities to redevelop Middlesbrough's disadvantaged estates, and introduce locality working with our partners, placing services at the heart of communities.

#### ***Equality and Diversity***

33. The Impact Assessment, attached as Appendix 1, has concluded that the decision would not have any disproportionately negative impacts.

## **Risk**

34. The following high level risk identified in the Strategic and Directorate Risk Registers, will be reduced as a consequence of the development of the Empty Homes Partnership enabled by the recommended decision:

O1-052 - Substantial areas of the town have high residential voids/low sales values and high population churn, effectively creating market failure resulting in significant social consequences which in turn have implications for Council resources and service delivery. Such an approach is unsustainable and will result in the need for significant market invention at great cost to the Council.

35. The main risk directly associated with the decision to allocate £1m to MDC, is the ability of MDC to repay the commercial loan. The risk has been minimised as the commercial loan from the Council to MDC will be on the same terms as the loan from MDC to the delivery partner(s).

36. The risks associated with the proposal from MDC's perspective are given in Section 9 of the Project Plan, attached as Appendix 1.

### **Actions to be taken to implement the decision(s)**

37. The Council's Section 151 Officer will be asked to sign off whether the use of the funding required for MDC to establish the Empty Homes Partnership represents an appropriate use of the Council's resources.

38. MDC will agree Heads of Terms with the delivery partner(s) and establish the Empty Homes Partnership.

## **Appendices**

Appendix 1: MDC Project Plan

Appendix 2: Impact Assessment.

## **Background papers**

<b>Body</b>	<b>Report title</b>	<b>Date</b>
Executive	Housing Delivery Vehicle (HDV) – Preferred Delivery Model	18 December 2018

## Appendix 1 - Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	MDC Finance – The allocation of funding of up to £1,000,000 to MDC to establish a partnership to invest in the refurbishment of empty and poor quality properties within the key target areas of Middlesbrough.			
<b>Coverage:</b>	Service specific.			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state)</b> Asset management		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b>Key aims, objectives and activities</b> To assess the impact of the proposal to allocate funding for MDC to establish an empty homes partnership.</p> <p><b>Statutory drivers (set out exact reference)</b> The Local Government Act 1972 Section 123, as amended by the Local Government Planning and Land Act 1980 Section 118 Schedule 23 Part V.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The Council, MDC and the local community.</p> <p><b>Intended outcomes</b> The approval of the funding will enable MDC and therefore the Council to deliver tangible Environmental, Social and Governance benefits to the targeted areas within Middlesbrough.</p> <p>a) Environmental benefit is delivered by bringing between 50 and 100 properties up to decent and (at least) legally required environmental standards.</p> <p>b) Social benefit is delivered as every property is let to a person or family in housing need, including those facing homelessness, with tenant support provided where required.</p> <p>c) The partner organisation will be a well governed socially responsible company, which, combined with MDC’s resources and expertise, will make the project sustainable and meaningful.</p>			
	September 2021			
<b>Lifespan:</b>	20 years			
<b>Date of next review:</b>	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	☒	☐	☐	It is considered that the allocation of funding establish an empty homes partnership will not impact negatively on individual human rights as the proposal represents a significant and positive enhancement for the local and wider area. This assessment has been made taking into account that the decision will: <ul style="list-style-type: none"> <li>enable MDC to refurbish empty and poor quality properties to a high standard.</li> <li>support local residents by tackling problem properties.</li> </ul>
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	☒	☐	☐	The Council has a duty to consider the impact of the proposed decision on relevant protected characteristics, to ensure it has due regard to the public sector equality duty. Therefore, in the process of taking decisions, the duty requires the Council to have due regard to the need to: <ol style="list-style-type: none"> <li>eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and</li> <li>foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ol> It is considered that the proposal to allocate funding to establish an empty homes partnership will not have a disproportionate adverse impact on a group, or individuals, because they hold a protected characteristic.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	There are no concerns that the proposal could have an adverse impact on community cohesion.  The decision to allocate funding to establish an empty homes partnership will not impact negatively on relationships between different groups. The decision would ensure a steady supply of affordable housing to meet the needs of its emerging and aspiring population.

\*Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
<p><b>The Mayor's Vision For Middlesbrough</b>            Could the decision impact negatively on the achievement of the vision for Middlesbrough?*</p>	☒	☐	☐	The allocation of funding to establish an empty homes partnership accords with the priority for Place, set out in the Strategic Plan 2020-23, to revitalise unused buildings and to work with local communities to redevelop Middlesbrough's disadvantaged estates, and introduce locality working with our partners, placing services at the heart of communities.
<p><b>Organisational management / Change Programme</b>            Could the decision impact negatively on organisational management or the transformation of the Council's services as set out in its Change Programme?*</p>	☒	☐	☐	The decision would not have any negative implications for the Council's transformation programme.
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➡ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

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<b>PROJECT PLAN:</b>	<b>Empty Homes Investment</b>
<b>DATE:</b>	<b>23<sup>rd</sup> August 2021</b>

### **1) Objective:**

To achieve the improvement and re-use of empty and poor quality residential properties within key target areas of Middlesbrough.

### **2) Reason for Project:**

The Council resolved in December 2019 to allocate £1.5m of Sec 106 funding toward bringing back empty homes into beneficial use in the Newport and North Ormesby wards. This proposal is a suggested way forward to deliver that goal albeit with some of the parameters now slightly varied.

MDC is an appropriate vehicle for the Council to deliver the project as it is commercial in nature and deals with property matters. MDC have the resources and expertise to effectively deliver this Council goal.

### **3) Council Resolution:**

The Council Cabinet are requested to provide MDC with a £1m loan which will allow it to deliver empty and poor quality homes acquisition and refurbishment. This may be directly or through similar arrangements with suitable partner organisations

### **4) Background:**

Empty and poor quality homes affect all areas of Middlesbrough and are detrimental to the wider regeneration goals of the Council. Their presence blights communities and directly counteracts other Council initiatives.

This problem was recognised by the Council and a proposal made in 2019 to invest in the acquisition, refurbishment and re-letting of homes in two key areas particularly affected by the problem.

Since then the funding allocated to the project (sec 106) has been committed elsewhere but the need for the project remains. In late 2020 MDC were requested to explore ways in which this goal could still be achieved.

MDC in conjunction with Thirteen Group set up a working party to consider the problem for one such area – Gresham, in Newport Ward. This was a complimentary strategy to work on looking at improving poor quality properties in and around the proposed Gresham new build scheme currently be proposed by the Council and Thirteen.

In tandem with this MDC looked at a pilot scheme in North Ormesby on Cadogan Street where a significant number of houses in this small area were empty and dilapidated. The street had become a source of antisocial and criminal behaviour and Council resources were being heavily expended in the area to try and improve the situation.

Ultimately the pilot scheme in Cadogan Street was initially unsuccessful, mainly due to the unwillingness of landlords to engage at all with efforts to discuss the condition and future of their properties. Efforts continue in this regard but a complimentary approach is also required.

The empty properties working group however continues to meet and attendance at the meetings has been expanded as knowledge and strategies are exchanged. Additional attendees from various Councils departments are now present along with other companies and organisations who have property assets or interests in the area.

The potential exists for MDC to deliver Council goals directly or via partnerships with one or more third parties. Such organisations would be:-

- Socially responsible landlords set up to provide low cost rental accommodation across Teesside.
- Companies with Funding and a Business Plan to acquire properties at scale in the key target areas.
- Possessing the systems and infrastructure to deliver the identification, acquisition, refurbishment, letting and tenant / property management functions.

## **5) Objective Delivery**

Middlesbrough postcodes TS1 and TS3, (incorporating Newport and North Ormesby wards), are the proposed target areas.

MDC and its partner(s) will identify potential residential properties in these areas with the support of the Council which could be targeted for acquisition, refurbishment and re-letting.

The method by which properties will be identified and assessed for acquisition will be based on an agreed criteria and investment model backed up by independent valuations. Only properties that satisfy these criteria will be considered for purchase.

MDC and its partner(s) will engage with property owners to establish potential for acquisition producing an appraisal which covers all costs of purchase, refurbishment and potential income.

If a property is accepted for acquisition the MDC and the partner(s) will manage the process and fund all costs associated with purchase and the refurbishment works.

Once refurbishment is complete the properties will be let by MDC or the partner(s). Properties will be let on an affordable basis using agreed letting criteria and managed intensively to ensure all tenancy and property services are delivered to high standards.

The proposed project life is 20 years.

### **6) Objective Delivery Alternatives:**

#### **Do nothing:**

The TS1 and TS3 postcodes have a high percentage of empty and dilapidated properties which will remain in that condition. Dubious landlords may target these properties re-letting them in very poor condition and to undesirable tenants. This will not improve the local environment or help local communities.

Council initiatives such as the Gresham urban renewal scheme or similar area based strategies such as selective landlord licensing will be impacted detrimentally.

Organisations may still acquire and improve some properties in these postcodes but they will not necessarily focus resources on these key Council target areas or to the scale required to have a meaningful impact.

The objective will not be achieved.

### **7) Project Timescales:**

The following project delivery timescale is suggested:

- |                                    |                |
|------------------------------------|----------------|
| • Council Approval –               | September 2021 |
| • Partner Procurement -            | October 2021   |
| • Start Assessing Properties -     | October 2021   |
| • Partner Agreements signed –      | November 2021  |
| • Commence purchases –             | January 2022   |
| • First properties ready to let –  | April 2022     |
| • End of project and loan repaid - | 2042           |

## **8) Partner Procurement:**

MDC will carry out a partner selection process based upon the following criteria:-

- Organisations will need to be established socially responsible landlords set up to provide low cost rental accommodation.
- They will need to have robust and established governance and management systems.
- They will need to demonstrate a secure funding line and a Business Plan to acquire properties at scale in the key target areas.
- They will need to show a successful track record of carrying out the activities outlined in this project in Teesside and have an excellent corporate reputation to match.
- Partner(s) will be expected to cover MDC's cost of providing the loan and so financial proposals for this will be required as part of any bid.
- They will need to have established systems and infrastructure in place to deliver the identification, acquisition, refurbishment, letting and tenant / property management functions.
- They will need to demonstrate added value to the project such through the use of local labour or businesses, community / voluntary groups.
- They will be expected to follow the approach adopted in this Project Plan.
- For simplicity of management and governance MDC will look to appoint a single partner as its preference but where this is not possible multiple partners may be considered.

## **9) Financial Matters:**

### **Project Funding MDC to the Partner(s):**

£1m is proposed as the initial tranche of funding to be made available for the project. This will be in the form of a loan to the partner(s) from MDC which is used for initial capital refurbishment works post acquisition and pre first letting.

The level of spend anticipated on each property will be a function of the amount of work required. It is likely to be in the range of a few thousand pounds up to say £25,000 for very bad condition units. The average is likely to be in the £10,000 - £15,000 range meaning that it may be possible for the £1m funding to enable around 70 -100 properties to be brought back into beneficial use.

Property purchase will be a partner(s) responsibility and they will be funding all costs associated with this including registering the MDC first charge once refurbishment loan costs are drawn down. A company debenture as security for the loan may be considered as an alternative to charges on each property.

They will also fund these capital refurbishment works initially and reclaim this from MDC through draw downs from the loan. Once a property is fully refurbished and ready to let the partner(s) will request a payment based on the pre-agreed refurbishment cost of each property. As these are pre-agreed costs

these are translated into actual costs once the works are carried out. This cost draw down from MDC is likely to be on a monthly basis or quarterly basis.

The loan to the partner(s) will incur a cost charged by MDC which is negotiable. The partner(s) will need to outline how this cost is covered such as through the payment of an interest rate on the loan.

The cost will be incurred for all funds drawn down via the loan from the first letting of the property and then continuing until repayment of the proportion of the loan relating to that particular property.

The loan to the partner(s) for each property will be repaid in full upon disposal or no later than the project end date, (2042).

All other lifetime costs associated with properties acquired as part of this relationship between MDC and its partner(s) will be covered by the partner(s). This includes ongoing maintenance, tenant related fees, vacant property Council tax and utilities costs etc.

#### **Council to MDC Loan:**

MDC in turn will have a loan facility with the Council itself to cover the costs of direct acquisitions or loan to its partner(s). ie. also for up to £1m. This will likely be drawn down monthly.

The Council will make a charge for providing the funds to MDC, rate to be agreed.

#### **10) Risk Assessment:**

A simple SWOT analysis has been undertaken for the project as follows. Funds loaned to the partner(s) from MDC will be secured via a registered first charge on each property acquired, (or similar security mechanism). As MBC own 100% of the shares of MDC this means MBC also have a secure legal interest in these properties.

#### **Strengths**

- Loan amounts secured against property or property company
- Tangible and immediate results from property improvements
- May use local community / volunteer groups to do refurbishment works
- Supports other Council initiatives

#### **Weaknesses**

- Need to have willing property sellers
- Property market variations may make some properties too expensive
- Partner loan cost offer not covering Council loan provision costs
- Long term loan repayment cycle

#### **Opportunities**

- Could be extended if successful

- Improving market may allow early property disposal and loan repayment
- Targeting low refurb cost empties will spread loan over more units
- Demonstrating MBC commitment to existing communities

### **Threats**

- Competition for property acquisition
- Refurb costs higher than expected so lower unit numbers acquired
- Unforeseen costs arise during refurbishment
- Unable to find tenants

In response to some of the weaknesses and threats identified above the following mitigation is suggested:-

- Lack of willing sellers – undoubtedly there will be unwilling sellers but there are sufficient suitable properties in TS1 and TS3 to give ample opportunities to locate alternatives.
- Market variations – The property market post Covid has rebounded but TS1 and TS3 still have many low value units suitable for this project.
- Interest rates – These are historically low with forecasts remaining so in the short term. The Council borrowing costs will be calculated over the loan availability period which is also relatively short term. Any deficit should be very small compared to the overall benefits of the scheme.
- Repayment cycle – The long stop date for the project is necessary to support long term benefits to these areas. This is a long stop however and properties may be disposed of before this date or refinanced by the partner(s) as their business plan develops.
- Market Competition – This is thought to be minimal and there are a high number of properties which could form part of this project.
- Higher Refurb costs – This may occur but the benefits of bringing these significantly dilapidated properties back into use will have a disproportionately higher impact on local communities.
- Unforeseen costs – The partner(s) will need to demonstrate a robust system for cost control and that they are an experienced company for this type of work. Buildings will be surveyed prior to acquisition and a fixed price refurbishment contract is used.
- Tenant Unavailability – The partner(s) will be asked to price their rents below affordable levels for the type of property meaning tenant sourcing is never a problem.

## **11) Benefits:**

The risk to MDC and the Council is negligible on all levels. Financially, the costs are low, with the added benefit of being able to recoup borrowed monies in any future property sale.

Delivery of goals is as close to guaranteed as possible, given that the partner organisations should be well-established and run. Reputationally, MDC and the Council can only benefit from such a partnership as tangible results will be delivered to the targeted areas within Middlesbrough.

Social benefit is delivered as every property is let to a person or family in housing need, including those facing homelessness, with tenant support provided where required.

Environmental benefit is delivered by bringing properties up to decent and (at least) legally required environmental standards.

Partner(s) will need to be well governed companies, backed by established investment requiring high levels of governance and due diligence. Together, the project is therefore sustainable and meaningful.

The project will be managed by MDC which has the resources and expertise to ensure its successful delivery.

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<b>Report of:</b>	<p>The Mayor - Executive Member for Children's Safeguarding and Adult Social Care and Public Protection</p> <p>Councillor Barrie Cooper - Executive Member for Environment and Finance &amp; Governance</p> <p>Director of Legal and Governance Services: Charlotte Benjamin</p>
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<b>Submitted to:</b>	Executive - 7 September 2021
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<b>Subject:</b>	Final Report of the Ad Hoc Scrutiny Panel – Members’ Communications – Service Response
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**Summary**

<b>Proposed decision(s)</b>
<p>That the Executive</p> <p>a. Notes the content of the Scrutiny Report and the recommendations of the Scrutiny Panel (attached as Appendix A)</p> <p>b. Approves the Service Response - Action Plan (attached as Appendix B).</p>

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?</b>
Decision	No	No	No

<b>Contribution to delivery of the 2021-24 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
<p>Communications via various mediums (including social media) are a vital strategic function which supports members, senior officers and the wider organisation and partnerships to improve outcomes for communities and the town.</p>		

<b>Ward(s) affected</b>
N/A

**What is the purpose of this report?**

1. The purpose of this report is provide an overview of the Ad Hoc Scrutiny Panel's scrutiny into Members’ Communications and to ask Executive members to consider the service response (Action Plan), to the Ad Hoc Scrutiny panel's recommendations on Members Communications.

## Why does this report require a Member decision?

2. The Scrutiny Panel have recommended that a report is submitted to the Executive in order that an informed decision is made.

## Report Background

3. The Ad Hoc Scrutiny Panel undertook a scrutiny review in order to understand the Council's current position with regard to Members' Communications and the role social media plays in Members' Communications.
4. As a result of the information received, and based on the conclusions above, the Ad Hoc Scrutiny Panel's recommendations for consideration are as follows:
  - I. **That a communications plan be implemented that aligns with the refreshed Strategic Plan 2021-2024 to ensure consistency and direction of council communications.**
  - II. **To ensure Members are well versed on social media etiquette; a training package be delivered to Members on the appropriate use of social media. Training should be carried out as a mandatory requirement on an annual basis (minimum).**
  - III. **That the principles of proper behaviour on social media be reflected in the revised Member Code of Conduct; and**
  - IV. **As a corollary of recommendations one and two; a framework be developed to provide clarity to all Members on the appropriate use of social media.**
5. Effective communication is not just about the delivery or quality of the communication itself – it is about creating the right environment and conditions – or culture - to enable good communication.
6. It is important that the Executive examines the report and the findings and amongst others themes highlighted, considers:
  - The importance of understanding our Culture – how it affects us, our wellbeing, our success and our productivity; what our culture is and what we want and need it to be
  - How we engage and promote effective communications with all members to deliver news and key messages at the right time and in the most appropriate way.
  - Inappropriate use of social media and mobile devices could be used as grounds to challenge a contentious decision or result in breaches of the Members' Code of Conduct.
  - The importance of internal communications and the style of our communications, including the ability to listen, communicate with kindness and challenge with respect.

- Effective communication and engagement is not just a function of one department, but is part of everyone's role across every part of the Council.
  - The importance of Leadership which carries the vision and values of the organisation.
7. A marketing and communications delivery plan that is aligned with the Strategic Plan 2021-24 has previously been approved by LMT and informal Executive and was presented to the Ad Hoc Scrutiny Panel. The Communications Team is now working with directorates to implement it.
  8. Following the meeting of the Ad Hoc Scrutiny Panel an initial social media training session was arranged for members in May 2021. However, that session was poorly attended by elected members. The recommendation for such training to be mandatory will be put forward to the next Constitution and Members' Development Committee for consideration, although social media training is a regular event on the Member Development Programme.
  9. The conduct and activities of councillors is underpinned by the council's Members' Code of Conduct, which sets out the obligations placed upon councillors in their general communication with officers, colleagues and residents. The Members' Code of Conduct was updated to reflect the use of social media and was considered and approved by Council on 28 July 2021.
  10. All Members were advised that the Code applies to all forms of member communication and interaction, including written, non-verbal, electronic and via social media, including where members could be deemed to be representing the Council or if there are potential implications for the Council's reputation.
  11. It is recognised that social media can be an effective tool for elected officials who want to engage with and convey important messages to their communities and members' use of social media is welcomed; however there is a wide recognition that there are potential issues which the use of social media raises.
  12. To help support and facilitate members in the use of social media it is agreed that a protocol should be developed to provide guidance and a summary of the main issues for Members to consider, some 'Do's and Don'ts' and further more detailed information about the legal framework and examples of how social media activity might fall within the scope of the Members' Code of Conduct.
  13. Marketing and Communications will work with Democratic Services to develop a social media framework/ protocol. This framework can then be used as the basis for an annual training session. In the meantime Local Government Association guidance on social media has been circulated to all Councillors.
  14. The Executive is asked to:
    - a. Note the content of the Scrutiny Report and the recommendations of the Scrutiny Panel (attached as appendix A)
    - b. Approve the Service Response - Action Plan (attached as appendix B.)

## **Why is this being recommended?**

15. Politically, there will inevitably be differences of opinion between members and they should be free to avail themselves of media platforms to promote Middlesbrough where possible. However, a mechanism should be implemented that all Members are bound by, which ensures the quality and equity of the messages being transmitted.

## **Other potential decisions and why these have not been recommended**

16. N/A

## **Impact(s) of recommended decision(s)**

17. Having a social media protocol and guidance in place for using social media effectively will also indicate how any risks or pitfalls can be minimised or mitigated.

## ***Legal***

18. In the same way as anyone else publishing material, members will need to be aware of the laws that may apply to published material. Some of the main ones include:

- **Defamation:** if you publish an untrue statement about a person that is damaging to their reputation you may be liable to pay damages;
- **Copyright:** publishing information that is not yours, without permission, may also result in an award of damages against you;
- **Harassment:** it is an offence to repeatedly pursue a campaign against a person that is likely to cause alarm, harassment or distress;
- **Data protection:** do not publish personal data of other people, including photographs, without their express permission to do so;
- **Incitement:** it is an offence to incite any criminal act;
- **Discrimination** and 'protected characteristics': it is an offence to discriminate against anyone based on protected characteristics (as defined in the Equality Act 2010);
- **Malicious and obscene communications:** it is an offence to send malicious or obscene communications.
- **Freedom of information:** any information held on or behalf of the local authority may be subject to a disclosure request under the Freedom of Information Act 2000.

## ***Financial***

19. There are no financial implications for this report

## ***Policy Framework***

20. This report is supported by the Member Development Policy and Skills Framework

## ***Equality and Diversity***

21. The proposed protocol and framework affects all member equally.

**Risk**

22. The basic challenge for elected members is to move with the times, embrace the social media, harness its power and use social media to benefit the lives of the electorate. As the popularity of social media grows at a rapid rate, local government cannot afford to get left behind. Elected members have to use social media wisely and in a way that leads to positive engagement. Having a Members social media framework in place will help mitigate those risks

**Actions to be taken to implement the decision(s)**

23. Marketing and Communications will work with Democratic Services to develop an elected Members Social Media framework.

**Appendices**

- A Final Report of the Ad Hoc Scrutiny Panel – Members’ Communications –
- B. Service Area response - Action Plan

Body	Report title	Date

**Contact:**

- Andrew Glover – Head of Marketing and Communications
- Sylvia Reynolds – Head of Democratic Services

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# MIDDLESBROUGH COUNCIL

## FINAL REPORT OF THE AD HOC SCRUTINY PANEL – MEMBERS' COMMUNICATIONS

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## **PURPOSE OF THE REPORT**

1. To present the draft final report of the Ad Hoc Scrutiny Panel following its review into Members' media communications.

## **AIMS OF THE REVIEW**

2. The Ad Hoc Scrutiny Panel sought to understand how Members receive and transmit media communications, and what support is available from the Council's Marketing and Communications team in this regard.

## **STRATEGIC PLAN 2021-2024**

3. The scrutiny of this topic aligns with the Council's three core aims as detailed in the Strategic Plan 2021-2024<sup>1</sup>:
  - People - Working with communities and other public services in Middlesbrough to improve the lives of local people.
  - Place - Securing improvements in Middlesbrough's housing, infrastructure and attractiveness, improving the town's reputation, creating opportunities for local people and improving our finances.
  - Business - Promoting investment in Middlesbrough's economy and making sure we work as effectively as possible to support our ambitions for People and Place.

Specifically, this topic contributes to the delivery of the Strategic Plan 2021-2024 as follows:

- People - Working with communities and other public services in Middlesbrough to improve the lives of local people.

## **TERMS OF REFERENCE**

4. The terms of reference for the scrutiny panel's investigation were as follows:

- A) To understand the Council's current position with regard to Members' communications; and
- B) To explore what role social media plays in Members' communications.

## **BACKGROUND INFORMATION**

5. Communication is a critical function of everyday life and, increasingly, the ability to communicate effectively is held to a premium. The pitfalls of poor or malicious communication are well rehearsed and can have significant detrimental consequences. The ability to communicate effectively brings many advantages, with many leading organisations citing that effective communication can:
  - Mitigate conflict;
  - Increase engagement;

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<sup>1</sup> Middlesbrough Council's Strategic Plan 2021-2024



- Improve productivity;
  - Improve client relations;
  - Promote healthy workplace cultures;
  - Improve direction;
  - Boost satisfaction;
  - Increase motivation;
  - Strengthen teams; and
  - Improve public impressions.<sup>2</sup>
6. While these benefits are directed towards businesses, their ethos can easily be applied to local government politics. For example: the Local Government Association (LGA) sees strategic communication acting as "...a trusted advisor, navigator and leader."<sup>3</sup> It is also recognised that councils not recognising the importance of strategic communications are likely to have ineffective links with their respective communities and stakeholders.
7. Politically, Middlesbrough Council has experienced a fractious political landscape since the elections of 2019 and it is undeniable that communication, specifically on social media, has played a role in that experience.
8. It was with these themes in mind that the Ad Hoc Scrutiny Panel was keen to understand what plans and procedures the Council had in place for Members' communications. In particular, the Panel aimed to understand what roles such procedures played in Members' presence on social media.

## **TERM OF REFERENCE A**

### **To understand the Council's current position with regard to Members' Communications**

9. Effective communication for councils is becoming more important, with the LGA finding during the course of peer reviews that "communications without strategy does not work." The importance and significance of communications within Middlesbrough Council is highlighted with the marketing team reporting directly to the Chief Executive.
10. The Council does not have a single strategic communications plan in place at present, however, one is likely to be implemented in the near future. It is intended that such a communications plan will complement the Council's Strategic Plan 2021-2024, align with the Council's strategic objectives and provide for how Members shape and receive Council communications.
11. Ordinarily, the Marketing and Communications Team receives requests that are reactive in nature, often requiring them to respond to matters quickly. This approach means that the team finds it difficult to shape messages that fully align with wider Council priorities. This reactive approach sometimes affects the team's ability to effectively communicate important work carried out by the Council, and the progress it is making against its strategic priorities.
12. While the Marketing and Communications team are sometimes perceived as the Council's Public Relations department, this has not officially been the case. However, the implementation of a communications plan, which would enable messages to be focused and directed, may allow this role to be realised, for the Council and Middlesbrough as a whole.

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<sup>2</sup> [10 Benefits of Effective Communication in the Workplace | Indeed.com](#)

<sup>3</sup> [Strategic communications in local government – the challenges and opportunities | Local Government Association](#)

13. The implementation of a communications plan would not only direct and guide communications, but would also allow the team to utilise key stakeholders (including Elected Members and staff groups) to create and spread positive perceptions of the Town. By employing an interactive model of communication based on the hub and spoke system, the plan would enable effective transmission and receipt of an effective message, and facilitate feedback on that message for continual improvement.

## TERM OF REFERENCE B

### Explore what role social media plays in Members' Communications

14. Social media use has grown significantly in recent years and is, for a large number of people, a normal part of everyday life. As of 2020, there were 45 million active social media users in the UK, accounting for 66% of the population.<sup>4</sup>
15. While no definitive data demonstrates comparative usage, it would be fair to assume that national trends are reflected in Middlesbrough.
16. Social media is no longer simply a means of keeping in touch with friends and family, it now provides the standard by which people form and maintain social groups, and provides a key source for news consumption.
17. As such, social media can be an effective tool for elected officials that want to engage with and convey important messages to their respective communities. This is recognised by the LGA, which has published several guides and toolkits in this area.<sup>5</sup>
18. However, while social media can be advantageous for mass communication purposes it can also be used for nefarious purposes, with high-profile cases being so-called "fake news". Indeed, internet users today are generally less likely than in 2018 to validate online information sources, and one in ten do not consider the truthfulness of factual information they find online.<sup>6</sup>
19. The recent COVID-19 pandemic is an example of how an unwillingness or unpreparedness to analyse information on social media can lead to negative outcomes. The World Health Organization (WHO) has previously said that the,  
  
*"...infodemic" surrounding Covid-19 spread just as quickly as the virus itself, with conspiracy theories, rumours and cultural stigma all contributing to deaths and injuries."*<sup>7</sup>
20. Although television remains the most popular platform for accessing news and information (75%), the internet is used by 65% of people. Further, whilst the use of social media as a source of news and information has recently declined, a significant proportion (35%) of people actively do so<sup>8</sup>.
21. Regardless of usage statistics, however, it is an unavoidable fact that digital means of communication is now a common, everyday, feature of most people's lives.

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<sup>4</sup> [Updated: The Latest UK Social Media Statistics for 2019 - Avocado Social](#)

<sup>5</sup> [Councillors and social media | Local Government Association](#)

<sup>6</sup> [Adults' Media Use & Attitudes report 2020 \(ofcom.org.uk\)](#)

<sup>7</sup> ['Hundreds dead' because of Covid-19 misinformation - BBC News](#)

<sup>8</sup> [Fewer people getting news from social media - Ofcom](#)

22. Communications, whether from Council employees or Elected Members, can also provide a mechanism for behavioural change. For example, Bath and North East Somerset Councils ran a communications campaign to target hard to reach areas in order to increase recycling usage. Results of this campaign showed a 28% increase in reported usage of mini recycling centres, which was supported by tonnage data.<sup>9</sup>
23. Whilst the growth of, and reliance upon, digital platforms is an inescapable feature of modern life, it is crucial that the content of those platforms is accurate, reliable and relatable. As has been demonstrated with recent events, it has never been more important to avoid “fake news”.
24. Naturally, improving the message, whether through tone and/or content needs to be replicated on other mechanisms, such as fit-for-purpose web infrastructure, that can facilitate the actions espoused on the social media message.
25. Controlling the message via communication plans is one facet of a wider issue; there is little point in controlling the message if the message itself is not fit-for-purpose. As previously described, it is recognised that more people have access, and pay attention to, information delivered via electronic means.
26. As a result, there needs to be a quality in its content that conveys an effective message. Different organisations will adopt different styles to suit their audiences and subject matter, whether this be through appealing illustrations or humour. For example, the Museum of English Rural Life social media account, when edited by Adam Koszary, posted content appropriate material in relatable language in order to appeal to a wider audience via shares and re-tweets outside of its core demographic:



27. Appropriate content for Members’ communications has been raised previously and, whilst training for Members has been explored, it is important that such training is not only refreshed,

<sup>9</sup> [Improving recycling through effective communications \(zerowastescotland.org.uk\)](http://zerowastescotland.org.uk)

but delivered regularly. This is particularly pertinent given the availability of digital platforms, and to ensure that Members are kept as up to date as possible. Assurance of high-quality communications by Members would complement the marketing team's wider approach.

28. The Panel heard that concerns had been raised by Members regarding the transmission of important communications, sometimes affecting Members' wards, without prior consultation. Some Members had commented they had read about initiatives on social media before being formally told, including Boho X; the new campus for the Northern School of Art; and Urban Park. It was felt that communicating in such a way degraded transparency and left the decision making process open to criticism.
29. There has been a notable shift in communications emanating from outside the Council's formal communications arrangements.
30. Whilst publicity about the Council and the work it carries out are welcome, Members are concerned that without a formal and consistent approach to communications there is a risk information is driven by the few not the many. The introduction of a formal communication structure for Elected Members (to complement the above mentioned communications plan) would not inhibit communications, but instead ensure consistency and equity of the message.
31. Whilst the communications plan would direct and structure messages, it is equally important that all Members adhere to communication best practice principles, as well as Member behaviour in accordance with the Code of Conduct.
32. Ensuring direction, consistency and appropriateness of Members' communications will require entrenchment within the Council's existing constitutional framework. Doing so will complement other mechanisms which, when combined, will provide flexibility and security for all Members and staff in the communications process.
33. The Council has both a Social Media Policy and IT Use Policy, both of which contain important information about proper conduct via electronic means. The Council is currently revising its Member Code of Conduct in line with the LGA's Model Code of Conduct, which was released in May 2021. As such, the Panel is keen to ensure the principles of these existing policies are reflected in the revised Code.

## **CONCLUSIONS**

34. The Scrutiny Panel reached the following conclusions in respect of its investigation:
35. It is undeniable that we live in an information age where competing voices struggle to have their message heard. It is therefore critical that the Council takes appropriate action to ensure that its communications resonate with its residents.
36. From an operational perspective, the introduction of a communications plan that aligns with the Council's strategic priorities will help keep the message relevant and informative.
37. Politically, there will always be a difference of opinion between Members and they should be free to avail themselves of media platforms to promote Middlesbrough where possible. However, a mechanism should be implemented that all Members are bound by, which ensures the quality and equity of the messages being transmitted.

## RECOMMENDATIONS

38. As a result of the information received, and based on the conclusions above, the Ad Hoc Scrutiny Panel's recommendations for consideration are as follows:
1. That a communications plan be implemented that aligns with the refreshed Strategic Plan 2021-2024 to ensure consistency and direction of council communications.
  2. To ensure Members are well versed on social media etiquette; a training package be delivered to Members on the appropriate use of social media. Training should be carried out as a mandatory requirement on an annual basis (minimum).
  3. That the principles of proper behaviour on social media be reflected in the revised Member Code of Conduct; and
  4. As a corollary of recommendations one and two; a framework be developed to provide clarity to all Members on the appropriate use of social media.

## ACKNOWLEDGEMENTS

39. The Ad Hoc Scrutiny Panel would like to thank the following for their assistance with its work:
- Andrew Glover – Head of Marketing and Communications, Middlesbrough Council; and
  - Tony Parkinson – Chief Executive, Middlesbrough Council.

## ACRONYMS

40. A-Z listing of acronyms used in the report:
- LGA – Local Government Association

## BACKGROUND PAPERS

[Councillors and social media | Local Government Association](#)

[Strategic communications in local government – the challenges and opportunities | Local Government Association](#)

[How fake news has exploited COVID-19 \(pwc.co.uk\)](#)

[Checklist for councillors | Local Government Association](#)

[Adults' Media Use & Attitudes report 2020 \(ofcom.org.uk\)](#)

**COUNCILLOR JANET THOMPSON  
CHAIR OF THE AD HOC SCRUTINY PANEL – 2020/2021**

**COUNCILLOR MICHAEL SAUNDERS  
CHAIR OF AD HOC SCRUTINY PANEL – 2021/2022**

The membership of the Scrutiny Panel over the course of the review was as follows:

Ad Hoc Scrutiny Panel 2021/22

Councillors; D Coupe, C Dodds, T Higgins, J Hobson, J McTigue, D Rooney and M Storey.

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**AD HOC SCRUTINY PANEL  
MEMBERS' COMMUNICATIONS - ACTION PLAN**

**7 SEPTEMBER 2021**

SCRUTINY RECOMMENDATION	PROPOSED ACTION	POST TITLE	BUDGET COST	TIMESCALE
1. That a communications plan be implemented that aligns with the refreshed Strategic Plan 2021-2024 to ensure consistency and direction of council communications.	A marketing and communications delivery plan that is aligned with the Strategic Plan 2021-24 has previously been approved by LMT and informal Executive and was presented to the Ad Hoc Scrutiny Panel. The team is now working with directorates to implement it.	Head of Marketing and Communications	N/A	Complete
2. To ensure Members are well versed on social media etiquette; a training package be delivered to Members on the appropriate use of social media. Training should be carried out as a mandatory requirement on an annual basis (minimum).	Following the meeting of the Ad Hoc Scrutiny Panel an initial social media training session was arranged for members in May 2021 (poorly attended). The recommendation for such training to be mandatory will be put forward to the next Constitution and Members' Development Committee for consideration. Although social media training is a regular event on the Member Development programme.	Head of Marketing and Communications  Head of Democratic Services	N/A	January 2022
3. That the principles of proper behaviour on social media be reflected in the revised Members' Code of Conduct.	The Code of Conduct has been updated to reflect this and was approved by Council on 28/7/2021.	Head of Democratic Services	N/A	Complete

<p>4. As a corollary of recommendations one and two; a framework be developed to provide clarity to all Members on the appropriate use of social media.</p>	<p>Marketing and Communications will work with Democratic Services to develop a framework. This framework can then be used as the basis for the first annual session. The LGA guidance on social media has also been circulated to all Councillors</p>	<p>Head of Marketing and Communications and Head of Democratic Services</p>	<p>N/A</p>	<p>November 2021</p>
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<b>Report of:</b>	Sue Butcher: Executive Director of Children’s Services  Andy Preston: The Mayor and Lead Member for Children’s Social Care, Adult Social Care and Public Health
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<b>Submitted to:</b>	Executive - 7 September 2021
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<b>Subject:</b>	Commissioning a bespoke service called ‘Audit to Excellence’ to continue to lead a comprehensive audit programme, including developing audit expertise across children’s services. This is an essential element of Middlesbrough Children’s Services improvement programme.
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**Summary**

<b>Proposed decision(s)</b>
That Executive approves the content of this report and agrees that the required commissioning can take place.

Report for:	Key decision:	Confidential:	Is the report urgent? <sup>1</sup>
Decision	Yes as it is over the financial threshold.	Not Confidential.	This is an urgent report and therefore cannot be called in.

.Contribution to delivery of the 2021-24 Strategic Plan		
People	Place	Business
‘Audit to Excellence’ is a crucial element of the Children’s Services improvement programme and therefor relates to the strategic priority ‘We will show Middlesbrough’s children that they matter and work to make our town safe and welcoming and to improve outcome’s for all		

<sup>1</sup> Remove for non-Executive reports

children'.		
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<b>Ward(s) affected</b>
All wards as it is a whole Children's Services' improvement plan.

### **What is the purpose of this report?**

1. The purpose of this report is to request agreement to commission 'Audit to Excellence' at a cost of £216k so that Children's Services can continue with the Audit to Excellence programme until March 2022 the end of the current financial year. This is not a request for additional finances as the programme can be funded from current budgets namely the Improvement or Change funds.

### **Why does this report require a Member decision?**

2. This report requires a Member decision because the cost of commissioning Audit for Excellence at £216k is over the financial threshold of £150k.

### **Report Background**

3. Ofsted rated Middlesbrough Children's Services as inadequate in Nov/December 2019. In order to improve practice and therefore outcomes for children it is crucial to 'know yourself, how well (or not) the service performing and the progress that is being made. This was not then the case in Middlesbrough as evidenced by the following quote from Ofsted's report of the inspection published in Jan 2020.
4. 'Risks to children and young people, including those who are being exploited, are not appropriately recognised and insufficient action is taken to help and protect children'.
5. The auditing cycle is a crucial element of any children's services' improvement programme. Work with children is examined and assessed, trends are identified, changes supported by learning and development are made to improve practice and subsequent audits identify if the improvements have been made. In Middlesbrough, an audit programme was put in place as a top priority after the inspection and experienced agency auditors were brought in to put it into practice. This was necessary because there was insufficient knowledge of what good practice looks like in the service and a skills deficit in terms of carrying out a good quality audit. Therefore, Middlesbrough's auditors have also been charged with improving the skills of members of staff to improve their audit expertise although this is the next step in the process. 'Audit to Excellence' is an ambitious programme built around Middlesbrough's specific needs in conjunction with Middlesbrough's staff. It has been commended by both Ofsted and Peter Dwyer, Middlesbrough's Commissioner appointed by the Department of Education to report back to the Parliamentary Under Secretary of State for Children and Families on the progress being made. In July 2021 the Commissioner wrote
6. 'The 'Audit to Excellence' programme has now been rolled out across the whole service with team plans/performance clinics and non-negotiables in place with strong endorsement of the approach across the service'.
7. (Please note that the Commissioner's report will not be presented to the Minister until 8<sup>th</sup> September with a decision expected before 15<sup>th</sup> September).

8. Ofsted commented:

‘The ‘Audit to Excellence’ framework successfully builds in learning from audit, with clear links to individual team planning, wider service improvements and performance clinics. Social workers and early help practitioners provided inspectors with examples of how they had made positive changes to their practice as a result of their learning from audit.’ (Focussed visit in May and published in July 2021.)

**The Decision Requested**

9. That Executive approves the content of this report and agrees that the required commissioning can take place at a cost of £216k.

**Reason for Recommendation**

10. The finances allocated for auditing purposes ceased in March 2021 and the agency auditors have formed their own business called ‘Audit to Excellence’ with the aim of working with other authorities to develop similar bespoke approaches. However, there is still a significant amount of work to be carried out in Middlesbrough to fully embed the ‘Audit to Excellence’ approach and in particular equipping the workforce with the skills to carry out internal audits to a good standard. Therefore, it would be detrimental to Middlesbrough’s improvement programme if we cannot retain the auditors’ skills and experience. Sufficient funds have been identified to commission them for nine months until March 2022 at a cost of £216K which compares well with the auditors previous daily rate as agency workers. A commissioning arrangement would give Middlesbrough more security as agency workers can leave an authority in two weeks, which would again be detrimental to the improvement programme.
11. The Overview and Scrutiny Board have not examined this report or a Scrutiny Panel as there is an urgent need to secure the necessary resources needed to consistently improve outcomes for Middlesbrough’s vulnerable children. However the fundamental aspects have been discussed and agreed by Mayor Preston in his role as lead member for children
12. It is important to note that the ‘Audit for Excellence’ programme is for the whole of Children’s Services i.e. for children’s social care and education and partnerships not just the former. Education services play a significant role in improving outcomes for vulnerable children, indeed all children in Middlesbrough.

**Other potential decisions and why these have not been recommended**

13. This report sets out the reasons why ‘Audit for Excellence’ cannot be delivered in house.
14. Securing different auditors is not an option because it would take a significant period for them to become familiar with the ‘Audit to Excellence’ approach and it is important to maintain the pace of the improvement programme.

## **Impact of the Recommended Decision**

### ***Legal***

15. However, improving social work practice will improve compliance with The Children Act 1989, subsequent Children Act legislation and Working Together 2018
16. In order to maintain continuity Audit to Excellence commenced work in August 2021 following the submission of a proposal to commission them directly rather than through the GRI Neutral Vendor Agency Framework. This work directly continued that of the agency workers undertaking the role. The contract value of £216k is above the Public Contract Regulations 2015 financial threshold and would require a formal tender, however, Children's Services have confirmed this is a unique service developed specifically by this company and as such, there would be no market to procure from. In line with Regulation 32 of the Public Contract Regulations 2015, it is proposed to directly award this contract and following Executive approval a formal contract award notice will be published.

### ***Financial***

17. The finances to commission the 'Audit to Excellence' service has been identified from the improvement budget originally agreed by full council in February 2020 £3.3 million over two years from April 2020 to March 2022 and the Change Fund.

### ***Policy Framework***

18. This decision if made will not impact on the Council's policy framework.

### ***Equality and Diversity***

19. The improvement of children's services should not result in policies and practices that impact inequitably on individual or groups because they hold one or more protected characteristics.
20. Ensuring that services to children and families are effective and appropriate for all including those who hold one or more protected characteristics is a key responsibility for the service and will be monitored at all times as part of the improvement journey.

### ***Risk***

21. Inadequate safeguarding practices lead to children and young people being at risk of significant harm resulting in organisational reputational damage. Risks are reported to the Multi-Agency Strategic Improvement Board, which takes place on a six weekly basis.

### **Actions to be taken to implement the decision**

22. If the decision is made to approve the commissioning of 'Audit to Excellence' then the normal commissioning protocols will be followed. The auditing work is already underway.

## Appendices

23. No appendices

## Background papers

24. Ofsted Inspection of children's social care services. Inspection dates 25<sup>th</sup> November 2019 to 6<sup>th</sup> December 2019. Published Jan 2020

25. Ofsted focussed visit. Letter published July 2021

26. Commissioner's Report to the Department of Education July 2021

Body	Report title	Date
Ofsted	Inspection of children's social care services. Inspection dates 25 <sup>th</sup> November 2019 to 6 <sup>th</sup> December 2019	Published Jan 2020
Ofsted	Letter following focussed visit 26 <sup>th</sup> and 27 <sup>th</sup> May.	Published July 2021
Dept. of Education	Commissioner's report @ 12 months	July 2021

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# Middlesbrough Borough Council

## Inspection of children’s social care services

**Inspection dates: 25 November 2019 to 6 December 2019**

**Lead inspector: Jan Edwards, Her Majesty’s Inspector**

<b>Judgement</b>	<b>Grade</b>
The impact of leaders on social work practice with children and families	Inadequate
The experiences and progress of children who need help and protection	Inadequate
The experiences and progress of children in care and care leavers	Inadequate
Overall effectiveness	Inadequate

Since the last inspection in 2015, the quality of children’s services in Middlesbrough has deteriorated and services are now inadequate. There are serious and widespread failures that leave children in harmful situations for too long. Risks to children and young people, including those who are being exploited, are not appropriately recognised, and insufficient action is taken to help and protect children. Leaders had recognised that significant improvements still need to be made, but had not fully identified the extent of the inadequacy at the point of inspection.

Children experiencing longstanding neglect come into care too late, and decisions for them to do so are made in response to a crisis. Senior leaders have recognised that there are serious delays in achieving permanence for most children in care. However, the action taken by the service to address this has not shown an impact on reducing delays for children. Management oversight in this regard is not sufficiently robust. Insufficient attention is given to ensuring timely care planning, particularly for very young children. This creates instability for children and hinders them in forming secure attachments.

A new senior leadership team from 2017 recognised that the quality of social work practice was too inconsistent and, in some areas, inadequate. They led improvements, including increasing social work capacity and introducing a new performance and quality assurance framework, but these have not been enough to

make a positive impact for all children. Partnerships are under-developed and this has posed significant challenges for the service. Partnerships have been recently strengthened with the creation of a jointly commissioned multi-agency children's hub (MACH) and the extension of early help services. However, progress in raising the quality of practice has not been sustained, and leaders have not sufficiently focused on the significant areas of weakness to ensure that the needs of children and care leavers are properly met.

## **What needs to improve**

- The identification of and response to risk, particularly in relation to long-standing concerns of chronic neglect and wider exploitation.
- The understanding by partner agencies of threshold decisions for social work support and the quality of referrals.
- The quality and screening of referrals so that history is well understood, and appropriate information is sought to inform decision-making.
- The quality of social work assessments and plans and the extent to which they reflect the child's history and risks to children.
- The response to children who go missing from home, care and education.
- The response to children with specific vulnerabilities, including children aged 16 to 17 years who present as homeless, disabled children and children held overnight in police custody.
- The oversight and monitoring of and response to allegations against professionals working with children.
- The timeliness and effectiveness of pre-proceedings and care proceedings work, including the quality of contingency planning.
- The availability of sufficient, suitable local homes to meet the needs of children in care and care leavers.
- The quality and timeliness of permanence planning, including the appropriate use of early permanence.
- The provision of life-story work for all children in care.
- The access to emotional and mental health support for children in care and care leavers.
- The educational outcomes for children in care and the proportion of care leavers who are engaged in employment, education or training.



- The effectiveness of management direction and challenge by leaders and managers at all levels, including the effectiveness of oversight from independent reviewing officers.
- The effectiveness of strategic partnerships to work together to improve outcomes and protect children.

### **The experiences and progress of children who need help and protection: inadequate**

1. Services for children who need help and protection in Middlesbrough are inadequate because there are serious and widespread failures that do not protect children, and that leave them in harmful situations for too long. Not all children with specific vulnerabilities, such as those who receive a short break service and homeless young people, receive a social work assessment of their needs. Thresholds to access a social care response are too high, and, as a result, some children do not get the right help when they need it. Risks for children vulnerable to exploitation are insufficiently explored and poorly understood. There is a high tolerance to risk, and, as a result, most safety planning is weak. Children live in situations of chronic neglect for too long before action is taken to improve their circumstances.
2. Since the focused visit to the front door in August 2018, which raised concerns about the quality of initial responses to children, a recently commissioned MACH now provides an improved, accessible single point of contact for all concerns. However, most referrals about children do not provide sufficient information to inform decision-making. There are delays, mainly from the police, in referring children quickly, even when concerns are serious. The quality of screening and decision-making in the MACH is not consistently effective. Managers prioritise contacts that need a quick response, but a lack of management direction leads to inconsistencies in information-gathering by social workers. Screening does not sufficiently consider or analyse family history, and too often lacks professional curiosity in verifying and seeking additional information to have a good enough understanding of children's experiences to inform decision-making. Consequently, some children experience repeated referrals to children's social care because they do not receive the right level of support when concerns first emerge. The local authority monitors repeat referrals, but does not identify the numbers of concerns made about children that do not progress to referral.
3. When significant concerns of harm are received, the MACH quickly and effectively responds with timely strategy meetings and good information-sharing in order to understand risk and identify next steps. However, for children already receiving social work support, partners do not consistently attend strategy meetings, and this inhibits effective information-sharing and joint decision-making. A specialist coordinator for domestic abuse cases facilitates immediate

responses by contacting victims to identify dedicated specialist services at the earliest opportunity.

4. The quality of assessments, including some child protection enquiries, is not good enough. Children needing a social work assessment are quickly transferred to Middlesbrough's assessment teams. Although assessments are timely, and children are promptly seen, most fail to understand children's experiences, lack clear analysis of cumulative harm, and rely on parental self-reporting to consider parents' capacity to make and sustain change. This leads to overoptimistic decision-making for children. Thresholds to access social care support are too high, and some children are inappropriately stepped down to early help when they need a social work response to meet their needs.
5. Some disabled children do not have the benefit of sufficient social work oversight in order to ensure that their needs are assessed, identified and met. A significant number of children receiving a short break service have not had their current needs assessed by social workers as they are regarded to be below the child in need threshold. When there are concerns for these highly vulnerable children, social workers rely too heavily on parental self-reporting without verifying information. Inspectors identified two children who did not receive a timely and effective response when they had suffered clear and significant harm.
6. Early help services are well established in Middlesbrough. More families are benefiting from services, and an increasing number of partner agencies are becoming more confident in leading this level of support. A broad range of services are delivered through a multi-agency family-based approach, which, for some families, is effective in meeting their needs. If concerns escalate, the dedicated early help coordinator provides advice and guidance for partners, and appropriate services are identified.
7. Senior managers are aware that the quality of social work practice is inconsistent. More effective practice was seen in the safeguarding and care planning teams as a result of the implementation of a back-to-basics training programme. Children are seen regularly and alone by social workers, who mostly know their children very well, and understand their needs through age-appropriate direct work. Children's plans are regularly reviewed, and critical meetings are well attended by partner agencies. Children and families benefit from a broad range of specialist services. When families are well engaged, children's situations improve.
8. The quality of children's plans is too inconsistent. Some plans are too broad to identify children's unique needs. Others lack timescales, limiting their usefulness in identifying the right support and measuring change and progress, particularly in response to the cumulative impact of neglect. This lack of focus on measurable change leads to delays in recognising when children's situations do not improve. Contingency planning is weak and not specific enough for parents

to understand actions to be taken should change not be achieved. There are a significant number of children experiencing multiple child protection enquiries as risks are not adequately understood or effectively addressed. The vast majority of these children are already receiving social care help. Senior managers have not sufficiently explored why risks remain for these children who are already benefiting from social work support.

9. Timely authoritative action is not always taken to improve children's circumstances. This includes both escalation into pre-proceedings and into court proceedings. Letters before proceedings are adequate for parents and carers in detailing local authority concerns and identify the actions that need to be taken to prevent escalation. However, actions are too task-based and do not identify what needs to improve for children, to facilitate effective monitoring of their progress. Although children's progress is regularly reviewed through legal planning processes, there is insufficient focus on their experiences. Plans lack clear timescales for changes to be achieved and are too optimistic about parents' capacity to sustain improvements. This leaves some children in seriously neglectful and harmful situations for too long, because supporting children in their family homes is pursued even when this is no longer in their best interests. During the inspection, the local authority took action on cases referred to them by inspectors and they were assured that no children required immediate action to remove them from harmful situations.
10. Safety planning for children who go missing from home and care and those vulnerable to exploitation is mostly ineffective. Some social workers do not have a good enough understanding of the vulnerabilities of children who go missing from home and care and the complex nature of exploitation, and, therefore of how to tackle concerns. Children are too often seen to be making choices and placing themselves at risk, and this leads to a culture in which harm is tolerated, rather than one in which there is a focus on how to protect children. When children go missing outside of normal working hours, the response is ineffective and does not focus on immediate risk reduction. Return home interviews for children who go missing are well conducted, and effective support from a dedicated team is having a positive impact on reducing missing episodes for some children. The multi-agency vulnerable, exploited, missing and trafficked (VEMT) group shares intelligence and effectively coordinates targeted disruption activity for those children up to the age of 18 who come to their attention, but is not fully used for all children and young people who may be at risk of exploitation. The local authority recognises the need to strengthen its systems to regularly monitor children missing education for long periods of time, and the number of children affected is increasing.
11. Young people who present as homeless do not always have their needs assessed, nor are they consistently provided with suitable accommodation when needed. As a result, a small number of 16- and 17-year-olds live in potentially unsafe, inappropriate accommodation, including bed and breakfast accommodation. These children are not consistently informed of their right to

become looked after and are referred to early help services rather than receiving a social work assessment of need. The local authority was not aware of the number of children held overnight in police custody and recognises the need to strengthen systems and processes for managing this with the police.

12. There have been gaps in overseeing the management of allegations against professionals. Senior managers recognised that this has not been effective for a number of months, and only recently have taken action to address this. Risks are not always fully considered, and the response is not always timely. The recording of allegations is not sufficiently robust. Consequently, senior managers in Middlesbrough do not have enough assurance that actions to manage allegations against professionals are sufficient. The designated officer role is now delivered by another local authority.

### **The experiences and progress of children in care and care leavers: inadequate**

13. Services for children in care and care leavers have deteriorated. Most children come into care in an unplanned way following a crisis, which means that planning is overly focused on the immediate needs of children. Initial care planning is ineffective, and insufficient attention is paid to the need to achieve stability and permanence for children. Crisis management and an overly persistent focus on seeking connected carers leaves children vulnerable to poor planning and instability. The lack of effective parallel planning creates delay for most children in achieving permanence.
14. Middlesbrough has a particularly high rate of children in care against national comparators, and this level is increasing. The local authority recognises that edge of care services, which are to prevent children from coming into care, are under-developed and there is more to do to ensure early, timely planning for children to avoid crisis responses. The local authority has been successful in attracting funding as a trailblazer to roll out the 'no wrong door' initiative led by North Yorkshire, but this work has yet to commence with families. Family group conferences have recently been introduced, and there has been some limited positive impact. They are not currently fully used at the earliest opportunity in order to prevent children from coming into care. The large number of older children and adolescents in care has reduced placement choice.
15. Early permanence is not prioritised for children in Middlesbrough, and there is a lack of parallel planning, which creates delay in achieving stability. Missed opportunities to place children early for fostering for adoption means that babies experience unnecessary moves, and this does not promote secure attachments. Family arrangements are pursued sequentially, and for too long, when children cannot live at home. This is at the expense of exploring broader options and undertaking parallel planning to secure future permanence within children's own timescales. Children's individual needs and ages are not well considered in their care planning, and very young children wait far too long for their permanence

plan to be determined. In addition, children experience delay in having their foster homes ratified as long-term matches, which creates unnecessary uncertainty for them. There are delays in securing special guardianship orders for connected carers, although the support provided to many of these arrangements is good. Over-optimistic assessments of family and connected carers have resulted in placement breakdowns for children, as well as avoidable placement moves that create instability and distress for children who cannot live at home.

16. Senior management panels and inconsistent legal advice provide insufficient scrutiny for understanding children's experiences and to ensure that their needs are met in a timely way. Some children subject to care orders have lived at home for several years, without timely and purposeful review of whether the care order is still required. Not all decisions to return children home are informed by up-to-date assessments to understand their needs and ensure that carers have the support to meet them. Independent reviewing officers provide inadequate scrutiny to ensure that children's planning is proportionate and that they are not subject to social work involvement unnecessarily. Some children, particularly those affected by long-term neglect, have waited too long for protective action.
17. Social work assessments of children in care and care leavers are of a poor quality. Although most children in care are seen regularly by social workers and have timely care planning and review meetings, most care plans are not good enough. There are insufficient risk assessments to ensure that children's circumstances consistently improve. Poor quality plans contribute to delays in care proceedings and create more instability for children. Many care plans lack sufficient detail to understand children's needs and how they will be met. They do not always show effective or timely parallel planning for children. Too many changes in social workers also affect the quality of decision-making because new workers do not know children well enough to be confident about the plans that are proposed and agree to changes at short notice. There is insufficient communication with children's guardians to ensure that changes are agreed for children to safely return home.
18. Family networks and family time are carefully considered and promoted for children in care, which helps children to retain their important relationships, including with their brothers and sisters.
19. Children benefit from opportunities to meet with their independent reviewing officers, with whom they develop good relationships over time. Their care planning and review meetings are well attended by professionals, but delays in achieving permanence are not sufficiently challenged by these professionals. Life-story work is not prioritised, and direct work with children is not consistently undertaken to ensure their experiences are understood by those responsible for them. Minutes from reviews are not written for children to help them understand their plans in a child-centred way. Advocacy is routinely offered to children, but

there is very low take-up of this service as children have good relationships with their social workers, who advocate on their behalf.

20. Opportunities are provided for children in care to give their views and provide feedback on the help and support they receive. The development of the Mind of My Own App has helped to provide an opportunity for children to express their thoughts and feelings independently when they otherwise might not feel able. The local authority has recently revived its children in care council for younger children. Although the membership is very limited, they are a lively group who enjoy the opportunity to meet and play a part in the council's running of services. Older children in care have not been meeting and do not have the opportunity for their voices to be heard in a forum.
21. The virtual school is not effective in ensuring that all children in care and care leavers access education opportunities or benefit from enhanced activities to develop their skills and confidence. Children in care make reasonable progress in their education from their starting points in key areas of learning. Too many children are fixed-term excluded from school, are not attending school or are frequently absent from school. There is insufficient challenge of this by leaders. Systems are not robust enough to get children back into school in a timely manner. The quality of children's personal education plans remains variable. Targets are not clear, and there is not enough clarity about what support should be provided to ensure that children's needs are met. There has not been enough done to improve on this, despite it being identified as an area for improvement at the last inspection.
22. Children benefit from timely health assessments, but wait too long to have their emotional health and well-being needs met by the specialist child and adolescent mental health service (CAMHS). The needs of vulnerable children and adolescents are not well prioritised in Middlesbrough, and there is a lack of specialist and dedicated services to meet the needs of vulnerable care leavers. For instance, when young people turn 19, the specialist looked after children's health nurse is no longer able to provide support, and care leavers have to use adult services to access specialist support.
23. Although, too often, children come into care in a crisis, placement matching decisions are effective for most who require foster or residential care. This helps provide stability for children. Local foster carers are successfully recruited and trained and report feeling valued. However, not all foster carers receive training that will help them to identify risks of exploitation so that they can help protect children from harm. When children's placements become fragile, there is a lack of coordinated support for both children and their carers to prevent disruption. Some children, including very young children, have experienced too many changes in placement before their permanent placement is identified. For these children, disruption meetings are not well used in order to understand and identify lessons learned to inform children's future planning, or training issues for carers and learning for the wider service.

24. Children live out of the local area when it is appropriate for their needs. Therapeutic placements are commissioned for children who need specialist and intensive support, and, as a result, many children do well, and their risks are reduced. However, for a small group of children with more complex needs, there are insufficient placements, and these children experience far too many moves. When vulnerable adolescents are living in situations of high risk, assessments do not clearly identify all risk factors to ensure that their needs are met, and that risk is well managed.
25. Children experience significant delay in securing permanence through adoption. Middlesbrough is one of five partners of the Adoption Tees Valley regional adoption agency that recruits, assesses and trains adopters. Currently, there are not enough adopters for the children who are waiting. Several children in Middlesbrough have been waiting too long for adoption. The local authority does not have clear plans to show how they will ensure that these children's permanence needs are addressed. Middlesbrough has a high proportion of relatively inexperienced social workers with limited knowledge of adoption work who do not receive the right training and support to ensure that children's adoption plans are progressed. Social workers wait too long for family options to be exhausted before adoption activity and family finding begins. There is insufficient management oversight of the timely progression of later life letters, life-story work and adoption introductions, to ensure that children's needs are met, that they understand their stories and that they are properly prepared for their next move.
26. Care leaving services have deteriorated. High caseloads limit personal advisers' ability to see care leavers regularly and to ensure that they have meaningful contact. Pathway plans are not updated when young people's circumstances change, which means they do not always reflect young people's current needs. Too often, these important documents are completed without young people's input. They do not adequately capture the risks and support needs of care leavers, and, therefore, have no meaningful purpose to the young people.
27. Young people leaving care receive a variable quality of service. For those care leavers who are encouraged to continue living in their foster carer arrangements, experiences are positive, and they benefit from enduring relationships with former carers who provide them with stability and a network of support. Vulnerable care leavers whose needs are complex do not always receive the right support. Not all risks to young people are recognised and too often care leavers are treated as independent adults who will seek support if needed. This results in a culture of seeing young people making 'lifestyle choices' despite the associated risks, including exploitation, and does not evidence a good understanding of young people's vulnerabilities. For young people who experience housing crises, there is little evidence of specialist interventions to support them. The housing service does not sufficiently prioritise the needs of care leavers. A majority of care leavers live in suitable housing accommodation,

although there are still some young people who live in unsuitable accommodation, including bed and breakfast, that fails to meet their needs. The absence of risk assessments has left young people at risk of harm.

28. Disabled children in care do not have the benefit of early transition planning into adulthood. This means that these young people and their families are unprepared for a significant change, and the delay in planning limits their choices.
29. Not all young people are familiar with the leaving care offer, and there is confusion about how they access their entitlements. Young people do not routinely get all the documents they need. Care leavers are provided with one form of identification, either passport or driving licence, and have to fund additional documents themselves. Health records are not consistently provided, and these documents are not stored should they become lost or damaged.

### **The impact of leaders on social work practice with children and families: inadequate**

30. Leaders across the council and safeguarding partnership have not sufficiently addressed the serious and widespread weaknesses seen across children's services, and this has left children at risk of significant harm. During this inspection, the local authority took immediate action on cases referred by inspectors to ensure that children were safeguarded. Managers did not always demonstrate a good understanding of the concerns and risks identified by inspectors.
31. Senior leaders and an experienced DCS, appointed in 2017, quickly identified the deterioration of services for children in Middlesbrough and commenced improvement activity. The improvement plan was strengthened following the focused visit in August 2018, and there followed a period where some improvements began to have a positive impact on children's experiences. The focused visit in April 2019 identified improving compliance, the positive impact of a revised performance management and quality assurance framework, as well as increased social worker capacity to support reductions in caseloads, and thereby improving services for children.
32. However, the local authority experienced a further setback after investing in a service to respond to high levels of care proceedings. Following feedback from partners about the quality of social work, senior managers terminated the contract in July 2019, but this created more change for social work teams and had a detrimental impact on case management. From May 2019, the service experienced staff turnover in middle management which has limited the pace of improvement. Very recently, the DCS has strengthened the senior management for children's services.



33. Scrutiny and performance management have not sufficiently focused on priority areas, and insufficient critical challenge has resulted in poor improvement work, an inaccurate self-assessment and inadequate management of services for children. The extent of the weaknesses, and therefore of the scale of improvement required was not fully understood by senior leaders before the inspection. Insufficient prioritisation of critical areas to improve outcomes for children has led to a lack of progress to improve important areas affecting children's experiences. This includes improving the sufficiency of placements to support the most vulnerable children in care and care leavers, achieving timely permanence for children in care to provide them with the stability they need, and ensuring that all children have access to timely mental health and emotional well-being services.
34. Some strategic partnerships within Middlesbrough are now better established, and there has been some positive recent impact with the expansion of early help provision and the jointly commissioned MACH. However, the main safeguarding partners are not members of the Middlesbrough improvement board, and this limits effective challenge and shared accountability from the local area to support continued improvements. Insufficient challenge and limited performance reporting have meant that leaders are not sighted on the poor-quality services that children receive. Limited communication and escalation by the police and local authority of the numbers of children held overnight in police custody mean that leaders were unaware of this weakness in practice. Responses to vulnerable children have not been sufficiently understood by senior leaders, and this demonstrates the limited impact of safeguarding partnerships on addressing weak social work practice for children.
35. Corporate parenting is under-developed. Aspirations for children in care and care leavers are not good enough. The recently appointed lead member has not had the time to understand the issues for children and young people in Middlesbrough. The action taken to meet the collective responsibility of the council, elected members, employees, and partner agencies, for the need to prioritise housing, education and employment for children in care is not good enough.
36. While there have been improvements in performance management and quality assurance, performance monitoring is not sufficiently focused to provide managers and leaders with a good enough understanding of the quality of social work practice and the experiences of children and care leavers. There is a culture of high support, but challenge is hindered as leaders and managers do not have a sufficient understanding of some areas of practice. For example, leaders have not sought to understand some areas of performance management information, in particular about repeat child protection investigations and repeat contacts, in order to help them identify whether risk to children is being effectively managed.

37. Quality assurance is not sufficiently effective at identifying all risks to children or at raising the quality of social work practice. The local authority continues to rate a high proportion of audited cases as inadequate, and inspectors found that some managers did not adequately explore children's experiences and progress when auditing cases. Audits do not consistently lead to effective actions to address weaknesses. Recent audits of contacts at the MACH clearly show that concerns about some children are screened inappropriately, but no changes have been made to address this high-risk area. There are missed opportunities to explore weaker practice issues and identify learning themes, and good practice is not always identified. This was replicated in the local authority's response to some of the cases referred back to them by inspectors, and in management challenge and direction seen through the inspection.
38. Management oversight and supervision at all levels is not consistently challenging or directive, nor is it ensuring effective decision-making for all children. Managers are not sufficiently sighted on children's experiences, and there is a poor understanding of risk management and safety planning to ensure that children's circumstances improve.
39. Middlesbrough has a workforce characterised by a significant number of newly qualified staff, and with minimal use of agency staff. Additionally, there has been improvement in staff turnover and in vacancy and sickness rates. Staff are positive about working for Middlesbrough and feel well supported. Leaders are targeting the recruitment and retention of more experienced staff and are developing a 'grow your own' approach to ensure they have the staff with the right skills to deliver better practice. Pockets of better social work practice demonstrated positive signs of impact of the new strengthening core practice programme. More widely, responses to children are not sufficiently strong, and although Middlesbrough has introduced an established social work model of practice, the application of the model by social workers is not sufficiently focused on risk assessment and is therefore not used to its full potential.



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15 July 2021

Sue Butcher  
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Dear Ms Butcher

### **Focused visit to Middlesbrough children's services**

Her Majesty's Chief Inspector of Education, Children's Services and Skills is leading Ofsted's work into how England's social care system has delivered child-centred practice and care within the context of the restrictions placed on society during the COVID-19 (coronavirus) pandemic.

This letter summarises the findings of a focused visit to Middlesbrough children's services on 26 and 27 May 2021. Her Majesty's Inspectors were Jan Edwards, Victoria Horsefield, Alison Smale, Kathryn Grindrod and Michele Costello.

The methodology for this visit was in line with the inspection of local authority children's services (ILACS) framework. However, the delivery model was adapted to reflect the COVID-19 context. This visit was carried out remotely. Inspectors used video calls for discussions with local authority staff, carers, key stakeholders and young people. The lead inspector and the director of children's services agreed arrangements to deliver this visit effectively while working within national and local guidelines for responding to COVID-19.

### **What needs to improve in this area of social work practice**

In addition to the serious and widespread weaknesses identified at the December 2019 inspection, the following areas for improvement were identified at this visit:

- Management oversight and actions to ensure that vulnerable children and children in care, including those with special educational needs and/or disabilities (SEND), receive their full educational entitlement.

- The understanding of identity and the diverse needs of children and their families to inform assessment, planning and support.

## Findings

- Middlesbrough leaders invoked their major incident plan swiftly and effectively at the outset of the COVID-19 pandemic. This established a framework for the identification and monitoring of vulnerable children in their local communities. The pandemic has brought opportunities for a different way of working across the whole council, which has revitalised partnerships. The director of children's care and director of education held weekly communication meetings with strategic partners to develop effective multi-agency pathways, such as weekly meetings with school networks, and the domestic abuse pathway which is being nationally evaluated.
- Since the inspection in December 2019, senior leaders have been positively engaged in a comprehensive programme of improvement. Leaders have a good understanding of what they have achieved and of what more there is to do. While they have been able to successfully progress much of their programme of improvement during the pandemic, the pace of change of some elements of the programme has been impacted by COVID-19. These elements have been incorporated into the year two plan for improvement. The director of children's services and the leadership team know that there remains significant variability in practice, confirmed by this visit.
- Leaders have introduced and built on a comprehensive audit to excellence programme, enhanced performance management, and demand forecasting. There are also new practice standards to provide clearer expectations or 'non-negotiables' about the quality of social work practice. An analysis of thresholds for intervention and capacity has led to an increase in children's cases that are now appropriately held at early help. This is beginning to have an impact on workloads but capacity remains a challenge across the service. Senior leaders know, through their own audits, that too much work remains of variable quality and is still being evaluated as poor and not meeting their own expectations regarding the quality of practice. The audit to excellence framework successfully builds in learning from audit, with clear links to individual team planning, wider service improvements and performance clinics. Social workers and early help practitioners provided inspectors with examples of how they had made positive changes to their practice as a result of their learning from audit.
- Demand for a children's social care service has steadily increased over the last year. Referrals from the police account for just under half of all referrals to children's social care, although only half of these lead to the need for a service. This means that too many families are being referred by the police when they do not meet the threshold for a statutory service. This is exacerbated by a lack of an internal police system for determining thresholds of need. Senior leaders are now working with the police to adopt a new early triage, although the police have been slow to engage in this development.

- The multi-agency children's hub (MACH) has continued to strengthen and build on the improvements that had been identified at the monitoring visit in August 2020. Children's risks and needs are identified through a thorough screening process that is timely and proportionate. An increase in repeat referrals which lead to a need for a service is adding to the demand. This is as a result of a legacy of poor practice and children's assessments and interventions failing to address all the presenting concerns and risks the first time that children are referred.
- When risks to children increase, strategy meetings in the MACH are well attended. The meetings consider information from all partner agencies, who jointly rate the risk to children to support appropriate decision-making about next steps. However, when risks to children who are already known to the service escalate, there is a less robust process for strategy meetings. Decision-making is not always informed by all the available information from key partners, such as health professionals, as well as the historical information known to children's social care.
- There is effective management oversight when children's cases are stepped down to early help, and clear direction for the early help practitioner at the start of their intervention.
- Children are seen regularly, and throughout the pandemic social workers have taken into account specific COVID-19 safety plans when planning their visits. Some social workers are creative and persistent in their engagement with children, despite the restrictions imposed by lockdown measures. This direct work with children is demonstrably making a difference to their lives.
- The quality of social workers' assessments of children's needs varies. The better assessments articulate children's wishes and feelings well and consider the changes needed to improve their circumstances. In the poorer assessments, the direct work with children is not contributing to a clear understanding of what life is like for them. The child's identity and diverse needs are not given sufficient consideration to add to an understanding of their lived experience, and do not help to inform decisions that are made about them.
- Plans for children that are made following an assessment of need also vary in quality. Children-in-need plans are not regularly updated and lack clear timescales, which hinders the monitoring of children's progress. The lack of contingency planning in some children's cases means that social work practice is crisis-driven, leading to unnecessary escalation of risks for children. Child protection plans are generally of better quality than children-in-need plans, although they are not always specific to each child in the family. Multi-agency core group meetings do not always proactively ensure that the plan is progressed to achieve timely improvements to children's circumstances. Management oversight and supervision are not sufficiently evaluative of children's progress to ensure that plans and interventions are making a difference for children.

- Legal gateway meetings have been strengthened and are evidencing tighter management oversight and monitoring of pre-proceedings work under the Public Law Outline. However, some of these changes are very recent and are not yet demonstrating impact. Decisions for ending pre-proceedings are sometimes made without the benefit of an updated assessment or without clear contingency planning. This can lead to the risk that these children will re-enter the same processes quickly or that they are not diverted effectively from the need for care proceedings.
- Social workers are increasingly working with children who have multiple and complex needs. This is as a result of a legacy of poor practice, including a failure to intervene quickly when children are experiencing cumulative neglect and deprivation, and the impact of drift and delay in planning. The judiciary and the Children and Family Court Advisory and Support Service are positive about the engagement of senior leaders in addressing the poor practice that they have raised with them. This includes the poor quality of social work in legal planning, the evidence submitted and the legal advice provided. Senior leaders have responded to the challenges of the quality of work in pre-proceedings and court proceedings through the recent appointment of a court progression manager. However, this initiative is too new to demonstrate impact.
- The number of children who are electively home educated (EHE) and missing education has significantly increased during the pandemic. Leaders have effective systems in place to monitor EHE children. These children are visited quickly, with a follow-up visit by the education welfare officer if the plan for the child's education is not good enough. However, senior leaders do not have a sufficient understanding of the circumstances of vulnerable children who are currently missing education. For instance, a minority of children in care have been on reduced timetables or have had no educational provision for too long. Some of these are children with SEND and additional vulnerabilities and risks and therefore their needs are not met; some of these children do not receive a school place within the recommended 20-day timescale; and a very small number of these children attend unregistered provision on a part-time basis for their sole education provision.
- Strategic and operational partners work together effectively to identify exploitation risks and trends for children in their communities. The tracking of children who are at risk of or who are being exploited continues until the risk is sufficiently reduced. There are clear and comprehensive procedures in place for children who are missing from home or care. Workers are persistent and build good relationships with children, which ensures that the interventions provided are effective in reducing risk and episodes of children being missing from home or care.
- The small number of children inspectors looked at who had recently come into care did so when they needed to be looked after, and included young people who were homeless. However, for some children, there is delay in finding the right home for them. This is in part due to the lack of availability of suitable foster and



children's homes, and insufficient scrutiny of the longer-term appropriateness of placements with connected carers. As a result, some children experience disruption when they are initially placed with family carers and this adds to their experience of loss and instability.

- Some children experience drift and delay in being found a permanent home and in having their more complex needs met. Children's care plans and the review of these plans are not sufficiently detailed to ensure that children's needs are met as quickly as they should be. Furthermore, children's needs arising from their identity and culture are not fully considered in planning the support that they receive, and this is a significant gap.
- While children's physical health needs are well met, their emotional well-being and mental health needs are not always understood well enough. Services are identified but interventions are not tailored to individual need and this limits their effectiveness. This means that some older children continue to experience an escalation in trauma and anxiety, which impacts on their relationships, placement stability and education.
- It is positive that the number of vulnerable children living in unregistered children's homes has reduced in the last six months. There is robust senior management oversight for the small number of children and care leavers in unregulated placements.
- Personal advisers maintain regular contact with care leavers. They are creative in how they engage with care leavers if face-to-face visiting is not possible. However, pathway plans for care leavers are too vague and lack ambition in planning for their future. Plans to help them address their health issues can sometimes take too long to action. The location of a child and adolescent mental health services worker within the pathways service is having a positive impact on the mental and emotional health of the young people who access that support.
- Leaders acknowledge that there are still too many care leavers who are not in education, employment or training (NEET). The recent introduction of a NEET clinic is starting to have an impact for care leavers. Care leavers who spoke to inspectors said that they appreciated the opportunities that their local authority apprenticeships have given them.
- Leaders have appropriately prioritised recruitment and the development of the workforce strategy. Although social workers' workloads are reducing, they remain too high for some social workers, particularly in the safeguarding and care planning and pathway teams. In addition, some children experience too many changes of social worker. Children told inspectors that, if they could change anything, they would like to have social workers who stayed with them for a long time. Too many changes of social worker affects relationship-building, as well as an understanding of children's circumstances and needs and the progression of children's plans.
- Staff have benefited from COVID-19 safe-working practices and the deployment of technology to maintain their engagement with children and families. Despite

the challenges of the last year, staff reported feeling well supported, and that they liked working for Middlesbrough and understood the vision for change.

Ofsted will take the findings from this focused visit into account when planning your next inspection or visit. I am copying this letter to the Department for Education.

Yours sincerely

Jan Edwards  
Her Majesty's Inspector

# **12 month review report into Children's Services in Middlesbrough**

**Peter Dwyer CBE: DfE  
Commissioner for Children's  
Services**

**July 2021**

## **Middlesbrough Children and Young People’s Services: Commissioner 12 month follow-up report**

### **1. Context:**

1.1 This report provides further summary analysis of progress being made at Middlesbrough in addressing the significant weaknesses in practice identified through an Ofsted inspection of their services published in January 2020. At that point, the LA and its partners were assessed, in respect of childrens services, to be “inadequate” against all judgements. The full report is accessible at <https://files.ofsted.gov.uk/v1/file/50143726>.

1.2 This systemic failure necessitated the statutory appointment by the DfE of a Commissioner. In my original report, I recognised the strengths in the response made by new senior leaders both political and managerial across the LA and its partners. I therefore recommended in May 2020, that the introduction of an alternative delivery model could serve only to disrupt the improvement programme which was firmly in place. This recommendation was accepted, with the usual expectations of a 6 and 12 month review by the Commissioner and that the independent Chair of the Improvement Board would provide regular updates to the Minister. It was also agreed in May 2020, that I would retain some ongoing involvement through to the 6 month review stage given the complexity faced of delivering improvement through COVID.

1.3 In my 6 month review report of November 2020 whilst highlighting areas for further improvement, I also confirmed that:

“A calmer focused systematic and informed approach is being taken based on good, trusted analysis and by leaders working better together on a partnership basis. Delivery against the improvement plan has been good but the delivery of marked improvements in the consistent quality of local practice remains a significant challenge”.

1.4 This 12 month review report was deferred, with the agreement of all parties, by 2 months as the original timing clashed with an Ofsted assurance visit. The short delay has also enabled this report to incorporate key feedback arising from that Ofsted activity. This report and its findings have also benefitted greatly from the insights of the DfE appointed Improvement Advisor Stuart Smith who has been working closely and effectively with the LA and partners over the past 6 month period.

### **2. Further updates by others since the November Commissioner report:**

2.1 In his most recent update on 1 May 2021 to the Minister, the Chair of the Improvement Board (John Pearce DCS Durham) described how in his assessment: “Middlesbrough has put in place the foundations required for an effective improvement programme”.

2.2 He highlighted, in particular, the establishment of a permanent leadership team well supported politically and corporately, a good performance and planning infrastructure enabling a detailed understanding of progress and the issues facing

the area and an improvement plan covering all key areas with governance in place to track progress and challenges through to the Improvement Board.

2.3 At the same time he described how Middlesbrough continues to face a number of challenges due to starting from such a low base and the added challenge of delivery through Covid. He was keen to see still further impact of partnership work, better understanding and management of high levels of demand and the impact that has on capacity and quality and a further embedding and sustaining of the improvements made to date.

2.4 Across the country **Ofsted** have been undertaking COVID related assurance visits to all LAs where performance concerns exist. These assurance visits look at practice through a wider lens than is usually the case when Ofsted conduct monitoring visits. In that context, Ofsted conducted a remote assurance visit of Middlesbrough on the 26 and 27 May 2021. Their conclusions included the following strengths amongst others:

“Since the inspection in December 2019, senior leaders have been engaged in a comprehensive programme of improvement. Leaders have a good understanding of what they have achieved and of what more there is to do.

The multi-agency children’s hub (MACH) has continued to build on the improvements that had been identified at the monitoring visit in August 2020. Children’s risks and needs are identified through a thorough screening process that is timely and proportionate.

Children are seen regularly, and throughout the pandemic social workers have taken into account specific COVID-19 safety plans when planning their visits. Some social workers are creative and persistent in their engagement with children, despite the restrictions imposed by lockdown measures. This direct work with children is demonstrably making a difference to their lives.

Strategic and operational partners work together effectively to identify exploitation risks and trends for children in their communities. The tracking of children who are at risk of or who are being exploited continues until the risk is sufficiently reduced. There are clear and comprehensive procedures in place for children who are missing from home or care.”

2.5 At the same time Ofsted highlighted a number of agreed areas for improvement including:

“Senior leaders know, through their own audits, that too much work is still being evaluated as poor and not meeting their own expectations regarding the quality of practice.

The quality of social workers’ assessments of children’s needs varies. In the poorer assessments, the direct work with children is not contributing to a clear understanding of what life is like for them. Plans for children that are made following an assessment of need also vary in quality.

Management oversight and actions to ensure that vulnerable children and children in care, including those with special educational needs and/or disabilities (SEND), receive their full educational entitlement.

The understanding of identity and the diverse needs of children and their families to inform assessment, planning and support.”

Importantly the areas for development identified by Ofsted matched the self-assessment of the LA.

### **3. July 2021 Commissioner 12 Month Review: Process:**

3.1 For this 12-month review, I have had well organised access to a range of key strategic documentation and performance reports including all papers for recent meetings of the Improvement Board. I have also undertaken a number of individual interviews with key leaders including political leaders and have held focus groups looking at key areas including QA and Performance; Workforce Development and Practice; and Partnership working.

3.2 In addition, I have held (with Stuart Smith DfE Advisor) focus groups with front line social work staff and a separate session with frontline managers. I have benefitted greatly from discussions with Stuart Smith (DfE Advisor), John Pearce (Independent Chair of the Improvement Board); Edwina Harrison (current Chair of Multi Agency Safeguarding Arrangements); Sam Morrison (DfE) and with LGA staff supporting the LA.

3.3 Headline feedback from this 12 month review was provided to the LA on Friday 16 July 2021.

### **4. July 2021 Commissioner 12 Month Review: Analysis**

I have structured this feedback, as previously, broadly against elements of the “enablers for improvement” commonly recognised and used by the DfE.

#### **4.1 Leadership and Management**

In the November Commissioner review report we said:

Whilst political and managerial leadership has been secured and enhanced this progress needs to be both maintained and extended. The maturity of member engagement needs ongoing support including from the LGA and greater stability is now essential at all levels of the LA leadership structure.

The recent period has witnessed significant political leadership change. Resignations of key cabinet members including the Deputy Mayor/Executive Member for Children has disrupted considerable work undertaken over the past year in equipping already inexperienced cabinet members who have now departed.

The resulting political arrangements have since changed again, which now sees a new Executive Member for Education, the Mayor taking direct responsibility for childrens social care and a new Chair of the Corporate Parenting Board. Good political leadership of the childrens agenda matters and the work to establish that in Middlesbrough has been significantly disrupted. In the short-term there is nothing to suggest the current position will impact on the leadership and financial commitment to the service and indeed the Mayor’s direct involvement could create new championing opportunities. The current arrangements if allowed to continue could

destabilise the progress made, reduce the level of engagement by members, confuse political accountability and weaken the support to the service provided by elected members. The Mayor is aware of this and is taking steps to get the right person into the Executive Member for children role. New members for children and education would also benefit from the LGA development and mentoring programme.

A stable credible leadership team within the LA and with partners have made further significant strides in enhancing the quality of their analysis, their shared understanding of their communities and their response to the children and families of those communities. This is then leading to activity including enhancing the provision of early help activity particularly in areas of greatest need.

The work on understanding demand and future projections is of a very impressive nature, sophisticated enough to incorporate the challenges of analysing legacy issues whilst also incorporating ongoing COVID related impacts. The quality and clarity of this analysis and forecasting work enhances leadership credibility and corporate support and engagement in improvement activity. The work has considerable potential to meet the ambition of joining improvement and financial strategies in a comprehensive Medium-Term Financial Forecast for childrens services.

The “Middlesbrough Children Matter” branding developed through young people’s voice activity, is at the heart of key strategic documentation, organisational conversations and is used creatively via social media. It appears to be proving an engaging ambitious and unifying catalyst for change.

Key strategic documents are in place which combine a rich and systematic use of data analysis with a consistent style and narrative underpinned by shared principles and some great graphics. This strategic coherence must support effective delivery.

Within the directorate we continue to see a far greater sense of a single children and young people’s service operating collectively and without the historic silos. There continues to be a similar and important sense of a one council approach and a greater language about place rather than organisation. The Chief Executive is directly chairing a corporate reference group charged with ensuring full cross council engagement and understanding of the childrens improvement agenda. The group also has ambitions to widen that engagement into a wider pledge/commitment for all children – such a “child friendly city” style approach is welcomed but will require full engagement of members and the wider partnership via the Childrens Trust.

Leaders of Childrens services are more open in engaging with external sources than previously. They are more visibly engaged in regional and sub regional activity and keen to continue working with others e.g. North Yorkshire in the interests of improvement. Plans for a LGA peer review of the Virtual School is another example of this. It is encouraging to see local practice around the COVID response also being profiled by key national organisations like the What Works Centre.

## **4.2 Strategic Partnership Approach**

In the November Commissioner review report, we said:

1. Significant progress has been made in partnership working and operational improvement has been recognised. Perhaps more could be done to ensure that delivery of the improvement plan does not simply revert to LA led improvement activity observed by others.
2. In the complexity of strategic partnership working the links between the children and young people's agenda and the local Health and Wellbeing board appears underdeveloped. Similarly, new Multi-Agency Safeguarding Arrangements (MASA) across South Tees appear in their infancy and proposals for a new independent scrutineer role needs to complement rather than duplicate the current improvement board agenda.
3. Whilst communication routes within the LA have been enhanced the opportunities to improve communication across the wider childrens workforce on a partnership basis appears less developed.
4. As described above exciting opportunities are at hand but must be operationalised to further enhance the MACH through the injection of additional capacity most notably through the police. Given the significance of domestic violence this is particularly welcomed but must be delivered.

The Improvement Board continues to prove highly effective. It is well chaired, well attended and accesses focused and high-quality analysis on progress against the improvement plan. Exception report and rag rating of actions is well established. Its agenda enables deep dive activity into areas of particular concern or interest to the Board without losing its primary focus on delivery against the Improvement Plan.

There are welcome and advanced plans to enhance the Improvement Board through the engagement of additional members including the DASS, the Chair/Independent Scrutineer from MASA, housing and the VCS.

A chair/ independent scrutineer has been appointed into the Multi Agency Safeguarding Arrangements (MASA) (South Tees Safeguarding Children Partnership) and this is bringing real energy, expertise and optimism that greater strategic alignment of the key strategic forums work can be delivered. Greater confidence that improved partnership focus and governance is possible regardless of the geographic areas covered by bodies.

Under this new leadership the MASA has already held 2 major conferences and this may provide a useful model with the Improvement Board for further enhancing engagement and understanding on a partnership basis of improvement activity.

A combination of new leadership culture and possibly COVID requirements have had the impact of bringing partners closer together and many examples of much improved relationships were described for example between LA and the local school



community with the voice of education said to be more regularly heard and schools better supported to embrace wider responsibilities for vulnerable learners. Partners frequently described to me the openness and accessibility of known leaders who respond and deliver. One headteacher said she believed all others would agree that “our voice is valued” by leaders who “always get back” and who now “listen and engage”. At the same time this high support to partners was matched by “high challenge” with agencies described as being appropriately “held to account more”.

Leaders within childrens services in the LA are said to have also played a key role in enhancing the profile, practice standards and improving outcomes through their engagement with external bodies eg Adoption Agency and MARAC.

Frontline staff and their managers in LA services describe positive partnership working in many areas – much improved school engagement; excellent strategy meeting attendance; great housing and NEET pathways for care leavers; good engagement with police and creative ways to frequently monitor young people on the edge of school/missing have been created.

It does feel that opportunities are at hand to even further change the language of partnership working across the local authority area. A chance to move beyond the historic narrative around inward focused organisations, to put to one side frustrations that some may hold about earlier decision making eg MACH disaggregation or chair appointments and move to more mature and lived partnership behaviours where openness, transparency and trust can be ever more consistently rekindled. There is an incredible appetite for this and plenty of excellent examples of collaborative operational practice from which to build.

The partnership front door MACH continues to receive positive endorsement from both external inspection and internal audit processes. The police have followed through on committing additional capacity within the service and a triage system for the high volume of domestic abuse notifications has now been established. An ongoing debate on whether all such notifications need to enter this route may benefit from external support. Shared language around police domestic abuse notifications and whether they are contacts or referrals is urgently required.

### **4.3 Workforce**

In the November Commissioner review report, we said:

1. Whilst there have been discrete areas of activity against the workforce development agenda the need for a comprehensive Workforce Strategy is now fully recognised.
2. The ambition for this to incorporate a consolidated staff offer, a rich learning and development package, a comprehensive approach to recruitment and retention, a greater understanding of demand and therefore required skills/structure is really welcome and progress must be prioritised.

3. This work should also see the needed clarity on the local Practice Model and associated practice toolkits being delivered. The LA is also keen to review elements of its work around the voice of the child to see greater engagement in key planning and support forums.

The LA has provided the required stability and quality of senior and middle leadership during the recent period. There is clear evidence of trusted high-quality relationships between LA leaders essential to further progress improvements within children's services.

There is now an approved, impressive Strategic Workforce Development Strategy with themes covering organisational design, recruitment and retention and workforce training and development. The sophistication and ambition displayed in the modelling work is really exceptional. The strategy is clearly aligned with other strategic activity and has impressively sequenced ambitions and desired outcomes. Work is advanced on finalising the approach and determining the financial implications of the approach to enhance recruitment and retention in key roles.

The new Learning and Development Programme contained within the above is providing more consistent induction, a clear ASYE offer, core training linked to improvement priorities, a multiagency offer around Early Help and thresholds and additional development training plus discrete managers programme. The learning and development approach now includes flexibility to respond to team specific needs arising from audit and, identified needs can be promptly responded to through "hot topic" style briefings. The offer and its responsive nature is positively described by frontline staff and managers with the only barrier to engagement apparently that of time in some areas. A call for some "hot topic" spots to be moved to the mandatory list will be welcomed in some quarters and may help prioritisation. It was also excellent to hear staff using the experience of apprentices in the service to reshape approaches and language eg on missing education.

The LA has made some progress in reducing the use of agency social work staff including agency managers but there is still too many and the quality of agency staffing available is recognised as one of the barriers to more consistent improvements in practice. The LA continues to use managed teams as an alternative model and investments made currently in the assessment function has proved effective in reducing caseloads without increasing throughput to other parts of the service. The timeline for moving to a "steady state" in resourcing is under development and will require finalising, approval and clear communication.

To enhance recruitment and retention the Workforce Development Strategy workstream has developed innovative options for an enhanced recruitment offer through welcome and retention payment scheme. At the same time a new specialist recruitment process and new website is about to be launched.

The outcomes from last years Annual Health check of the views of social workers made mixed reading albeit understandable in the context of the improvement journey. Whilst scoring highly for being cared for by managers and the organisation,

comparisons with others saw lower feedback scores around workload, access to regular and reflective supervision and understanding of the practice model. At that stage only half of social workers would recommend the organisation as a social work employer. Impressively the feedback has not been hidden but used and, at the Practice Week clear open messages were given about what actions were being taken to address the challenges made.

Whilst for many areas caseloads have now reduced, there are still areas (20%) where individual caseloads are above desired levels. An understandable focus on key pathways and Ofsted recommendations has inevitably meant that other teams eg children with disability are perhaps behind the pace of elsewhere in the organisation. Reductions in the numbers of children in care and on plans has enabled the IRO service to have manageable caseloads in line with national guidance and enhance their engagement in all key decision-making processes.

When we met social workers and frontline managers we heard positive feedback on the organisation culture and visible credible leadership. They positively recognised that enhanced management capacity and smaller teams has led to improvements in the levels of supervision, support and case management oversight at all tiers of the organisation. Staff also recognise the priority given to retention with additional career opportunities being created through, for example Practice Champion roles and through expansion of the frontline programme. Whilst supervision procedures have been updated and frequency is good, further work to increase reflective supervision and supervision around the quality of practice rather than pure compliance is now needed.

#### **4.4 Practice Improvement and Innovation:**

In the November Commissioner review report, we said:

1. Leaders have been rightly cautious about committing additional resources into a service where deficits in practice and management of that practice exist. They have been keen to have a sharper sense of genuine demand and subsequent capacity needed. Whilst legacy issues and COVID implications may still blur that analysis, there is sufficient evidence now available to fully justify further investment to enhance capacity. Caseloads are too high and must be reduced. At the same time developed work to better understand the nature of demand in an attempt to reshape the profile of interventions should be maintained.

2 The LA have clear opportunities with the further investment described above but must ensure the extra resources are targeted wisely. Used to reshape the workforce structure in the direction not always of current demand but in a way which creates capacity which matches the preferred practice model and philosophy. Additional targeted investment will also remain welcomed to address historic practice deficiencies ie out of authority placements and creativity should be possible to enable bespoke practice expertise to be mainstreamed over time.

3. Too many children are in care and too many are placed inappropriately elsewhere. The new approved strategy needs to be supported by detailed

implementation plans which ensure that such a statement is of historic rather than current relevance. The proposed further investment in the Innovate team on out of authority placements; the further embedding of the opportunities through Future for Families and the potential for further work with North Yorkshire on reviewing the local fostering offer are all welcome and require follow through.

Practice Weeks are used creatively by the organisation. In March 2021, a rich menu of short presentations by external speakers were alongside internal inputs. The programme was aligned with improvement priorities and saw very high engagement (over 1000 attendances) and strong feedback was received.

The integrated line management of Early Help within the same portfolio is adding real value. A historically stable reflective and effective service has enhanced its role and brings strong evidence of impact. Step down is used effectively as cases come from childrens social care and good handover arrangements are in place. There are also new innovative developments within early help funded creatively with the VCS eg Seen Heard Believed (trauma informed practice)

Progress has now been made in finalising the Corporate Parenting Strategy (which incorporates permanence and sufficiency); in developing and launching a comprehensive Early Help strategy and action plan; in jointly drafting an impressive and coherent Learning and Education Strategy which goes out to consultation this month, and a detailed comprehensive Learning and Development Programme which is now in place.

Within the permanency strategy considerable progress has been made in the tracking and oversight of children within the care system. This has led to impressive performance in timely moves for more children into adoptive placements and a significant increase in the use of special guardianship etc. We also see evidence of more appropriate use of PLO, a reduction in emergency hearings and a stronger relationship of trust is described with CAFCASS.

The Audit to Excellence programme has now been rolled out across the whole service with team plans/performance clinics and non-negotiables in place with strong endorsement of the approach across the service. Audit completion are 100% in some areas eg early help and, whilst more progress is needed in some areas the Audit to Excellence capacity has been extended for a further 12 month period to support embedding and extension of this highly impressive model.

It is encouraging to see further innovation and investment in challenging times. 2006-14 had seen the closure of much youth service provision in Middlesbrough and whilst some targeted activity continued, it was short term funded and lacked a strategic and aligned approach. April 2021 saw the new Youth Service go live with innovative commissioned services providing universal, targeted and transition provision. All contracts are closely aligned with Middlesbrough Childrens Matter principles and priorities and with clear organisational links to MACH and early help arrangements. Governance of new provision is through the Partnership and Prevention Board. April

also saw the launch of new trauma informed therapeutic service for 4-18 year olds who have witnessed traumatising Domestic Abuse.

Under the governance of the Childrens Trust, the LA is cautiously exploring models for enhancing and integrating provision at a local level. Ambitions to develop locality teams around targeted communities (Newport and N Ormesby); local pilots of school based social work staff (Park End) and ideas around direct supervision of designated school safeguarding leads are under discussion. This is welcome with recognised care needed that pilot activity does not result in fragmentation and confusion.

The Practice Model (Children and Relationships First) is clear, well communicated and increasingly well understood. It has been introduced through open and engaging dialogue and its profile is maintained in a number of innovative ways eg use of audit and champions. Behind the high level principles of the model sit developed practice standards and a rich raft of direct work tools. The dialogue on practice is ongoing with clear links back from practitioners via the PSW to the DCS and a really creative “courageous conversations” model of exchange between senior leaders with operational managers.

The service continues to work with North Yorkshire and a current workstream around the fostering service is clearly needed. The service is needing to resolve legacy issues whilst at the same time developing a new offer to attract new carers. In the interim the service has a reduced number of net carers. Care is also needed that the ambitious advanced plans for enhancing the residential care offer are also matched with the ability to resource and recruit high quality staffing. With these issues combined, the LA runs the risk of seeing children continuing to live in more costly IFA placements and in at least local residential care but in provision less well prepared to meet need.

It was suggested to us that progress in developing a wider range of commissioned services to support core social work activity whilst welcomed, may be at risk of leading to a plethora of referral processes and subsequently unnecessary delay and duplication. There are models of resource panels etc being used elsewhere to streamline and enhance access to the right service for the right child which could be considered.

#### **4.5 What difference is being made?**

In looking at recent performance report and analysis it is impressive to see that :

- Assessment timeliness has significantly improved from 76% in September 2020 to 95% currently and some evidence from audit of improved quality.
- 95% of child in need cases have been reviewed within timescale.
- 15% reduction of numbers of children on child protection plans with a 28% reduction of ICPCs in the past 6 months.
- The care population is down from a peak of 702 (August 2020) to 539 currently – in the last 6 months there have been 66 admissions and 172 have left care.
- Connected carer figures are down from 210 Sept 2020 to 119 currently.

- 34% reduction in children Placed with Parents.
- 40% of closed social care involvements result in step down to early help.
- 42% increase in cases in early help and the service able to evidence 78% of early help cases closed with positive outcomes.
- Targets for the Supporting Families/Troubled Families programme have been fully met 1027 attached to the programme and £312K reward funding claimed.
- Work to safely return children from external foster and residential care is delivering – including 4 children returned home from residential care with support at a saving of £1.4M annually. 34 of 40 children in community supported by Futures for Families remained at home.
- Good accommodation offer for care leavers and dedicated CAMHS worker and independence programme in leaving care.
- Good attendance reported at strategy meetings.
- Improved performance in children seen in assessments.
- Evidence that supervision levels have improved.
- Audit is evidencing and some evidence of very strong practice on voice of child and management oversight.

### **Performance concerns**

- Inadequate practice is reducing although still at 22%
- Although improving from a low base, rereferral rates are too high
- Dental checks are too low (covid related issue)
- Family Group Conference numbers not where desired and model not embedded
- Pathway plans in place are low and audit says quality not good enough
- The timeliness of ICPCs
- Whilst average caseloads are fine at 19 some staff are said to be in high 20s – 19% have 26-30
- Early Help caseloads too high at 28
- Quality of PEPs is variable
- Quality of life story work variable
- Private fostering low numbers
- ICPCs – actions not SMART enough
- Single agency lead professionals have improved but more needed
- Agency staffing is too high and it creates too many changes of worker

### **5. Recommendations**

1. The high quality of forecasting, analysis and service redesign work should provide the necessary confidence to move into an ambitious Medium Term Financial Plan which will fund activity where needed and desired rather than the historic use of funding on reactive activity which was neither desired nor consistently effective. This work however must be further progressed, finalised and the approach and financial implications approved.

2. Further reductions in the numbers of inadequate cases are needed. This will be achieved by maintaining and embedding existing high-quality activity. The potential for distraction through too many further new initiatives should be avoided. Progress will be made by doing even more of the same - consistent credible leaders leading a joined-up organisation supported well corporately, which prioritises a practice model, understood and delivered by permanent practitioners operating with great managerial support and manageable workloads.

3. There are many improvements in partnership working evident in the LA and, a further enhancement of the Improvement Board including improved engagement and leadership of MASA arrangements should help strengthen links between the key statutory agencies. Planned new members of the Improvement Board and increased joint activity between the Improvement Board and MASA must be implemented. The partnership tension surrounding triage of domestic abuse cases must be resolved and LA leaders must move into a style of partnership engagement which is more inclusive and consultative.

4. As described earlier the current political leadership arrangements need to be enhanced with additional capacity introduced and training for key roles identified. As the statutory guidance says

*“The DCS and Lead Member Children’s Services (LMCS) roles provide a clear and unambiguous line of political and professional accountability for children’s well-being. The DCS and LMCS should report to the Chief Executive and to the Council Leader or Mayor”. And whilst no specific reference is made to the Lead member role the guidance is clear that “it is not appropriate for the Chief Executive also to hold the statutory role of DCS (except possibly as a temporary measure)”*

Whilst I am fully reassured that the current arrangements do not present any immediate risk to further progress, a recommendation will be made to the Minister for the Mayor to provide an update within a 3 month period on progress in establishing the required informed political leadership in line with this statutory guidance.

5. The need for less reliance on agency staffing and managed teams is recognised and the work on the Medium Term Financial Plan must create a detailed timeline for progress. The plan must be underpinned by effective delivery against the Workforce Development Strategy.

6. Whilst supervision procedures have been updated and frequency is good, further work to increase reflective supervision and supervision around the quality of practice rather than pure compliance is now needed.

7. It is encouraging to see a prioritisation in improvement of the local fostering service but externally supported work is required. More local high quality placements are needed, equipped to provide greater placement choice and to support the appropriate return of children placed elsewhere to the local

authority area. At the same time planned enhancements to residential care placements locally must be matched by skilled, stable staffing to care for those with most complex needs.

8. The LA should seek to reduce complexity in frontline staff accessing new services whether directly delivered or commissioned from others. Ease of speedy access for the right service for the right child should be the aim.

9. Whilst much progress has been made, the performance challenges highlighted at section at Section 4.5 of this report must be prioritised.

10. The impressive ambition to locate improvements in childrens social care in the context of wider improvements in outcomes and choices for all children, young people and their families will need translation into effective delivery routes.

## **6. Summary**

Considerable progress has been made and there is evidence of real impact. Most impressively in the face of significant demand and need, the LA has tackled legacy issues which had inflated the volume of cases in higher tiers of provision. Significant reductions in the care population have been achieved through a focus on permanency and supporting families locally and important reductions in children on child protection plans and within social care generally have taken place. The LA knows itself well and has clearly moved beyond having “the necessary building blocks” in place to an organisation impacting on outcomes and progressing impressively on their improvement journey.

On this basis, I would recommend to the Minister that no further direct engagement of an appointed Commissioner is required and continued monitoring and support to improvement is afforded by the Advisor and core DfE team.

Peter Dwyer CBE

DfE Commissioner

Middlesbrough