

MIDDLESBROUGH COUNCIL	
------------------------------	---

Report of:	Mayor and Chief Executive
-------------------	---------------------------

Submitted to:	Council
----------------------	---------

Date:	18 September 2023
--------------	-------------------

Title:	Corporate Governance Improvement Plan and Delivery Arrangements (Phase 3)
---------------	---

Report for:	Information
--------------------	-------------

Status:	Public
----------------	--------

Strategic priority:	All
----------------------------	-----

Key decision:	Not applicable
----------------------	----------------

Why:	Not applicable
-------------	----------------

Urgent:	Not applicable
----------------	----------------

Why:	Not applicable
-------------	----------------

Executive summary

The purpose of this report is to set out the detailed delivery plan for Phase Three of the Council’s Corporate Governance Improvement Plan and to set out the governance that will be put in place to oversee delivery of this plan.

Purpose

1. The purpose of this report is to set out the detailed delivery plan for Phase Three of the Council's Corporate Governance Improvement Plan and to set out the governance that will be put in place to oversee delivery of this plan.

Background and relevant information

2. During 2022/23 a series of reports were presented to full Council setting out the Phase 1 and 2 approaches to the Council's Corporate Governance Improvement plan. Further reports also provided updates on progress made on delivery of those plans to the previous administration of Councillors. Those plans were put in place, to address the corporate governance concerns identified by Ernst and Young (EY), the Council's External Auditor Audit Results Report, considered by Corporate Affairs and Audit Committee on 22 July 2022.
3. In July 2023, full Council considered a report that set out the background to this journey in more detail and how work would be taken forward into a third phase improvement, with headline principles set out. Since July 2023, work has been underway to develop the detailed delivery plan, which is attached to this report at Appendix 1 and to agree the governance that will be put in place to oversee delivery of the plan, to ensure successful delivery and to provide Department for Levelling Up Homes and Communities (DLUHC) and the Council's External Auditors with assurance of the Council's progress.

Refinement and Development of the Detailed delivery plan

4. Officers have engaged with EY and DLUHC, Council members and the Local Government Association to refine and develop Phase Three of the Corporate Governance Improvement Plan.
5. As a result of this engagement, the focus of the plan has been refined to remove Social Care and Regeneration as themes for governance improvement.
6. Whilst Children's Safeguarding functions are on an improvement journey, there is a separate and well-established governance oversight function in existence, Middlesbrough Council's Independent Improvement Advisory Board, with involvement from the Department of Education (DfE). It should also be noted that there is provision within the Corporate Governance Independent Improvement Advisory Board terms of reference, for the DfE representative to attend meetings of the Corporate Governance Improvement Board on issues of mutual interest.
7. Regeneration has been removed as a theme of governance improvement to ensure that the plan is fully focussed upon, and reflects, concerns of EY regarding the cultural and governance issues of the organisation and the need to ensure addressing them is appropriately prioritised.

8. Refining the focus of the governance improvement in this way, will support work underway to address the first of the formal recommendations made by the EY, considered as part of the statutory recommendations made under section 24 of the Local Audit and Accountability Act 2014, also presented to Council on the 18 September 2023 that states:

‘We recommend that the Council ensures the recent progress with development of the next phase of the Corporate Governance improvement Plan is progressed without further delay, and that appropriate prioritisation is given to actions which address the cultural and governance issues of the Council within the expanded scope of the revised Corporate Governance Improvement Plan’.

9. The detailed Corporate Governance Improvement Plan (Phase 3), attached at Appendix 1, sets out:

- The workstreams under each theme that will be put in place
- The activities required within each workstream and why they are needed
- Key deliverables for each workstream
- The objectives of each theme and how success will be measured
- Risks and how they will be managed
- The governance of the improvement plan
- How the plan will be resourced.

10. It is clear from the development work undertaken to date, that the Council will also need to re-establish a Transformation Programme that will deliver transformative activity, within a robust governance structure, to revise service delivery models to ensure that needs of the town’s residents can continue to be met in an affordable and financially sustainable way. Work is underway separately to develop this programme and set out how it will support delivery of both the ambitions within the Council’s Corporate Governance Improvement Plan as well as within the forthcoming refreshed Council Plan. Development of this work will be reported to Members in due course.

Governance of the Corporate Improvement Plan

Board composition and terms of reference

11. Engagement with potential members of the Independent Improvement Advisory Board (IIAB) to agree its terms of reference has taken place.

12. Membership of the Corporate Governance IIAB is as follows:

Name	Experience / speciality
Wallace Sampson OBE	Local authority CEO (Chair)
Ros Jones CBE	Unitary local authority Mayor / Leader
Suki Binjal	Unitary local authority Monitoring Officer
Chris Buss	London Borough and Unitary local authority Chief Finance Officer
Mark Edgell	LGA Regional Lead

13. It has been agreed that the Board will provide oversight, support and challenge to the Council’s improvement and transformation journey, with particular focus

on ensuring compliance with the Council’s Best Value Duty under the Local Government Act 1999, notably:

- Cultural and governance issues, including those identified through previous CIPFA and previous, and any future, external auditor reports.
- Financial sustainability, including a balanced medium-term financial strategy aligned to the Council’s Corporate Plan.

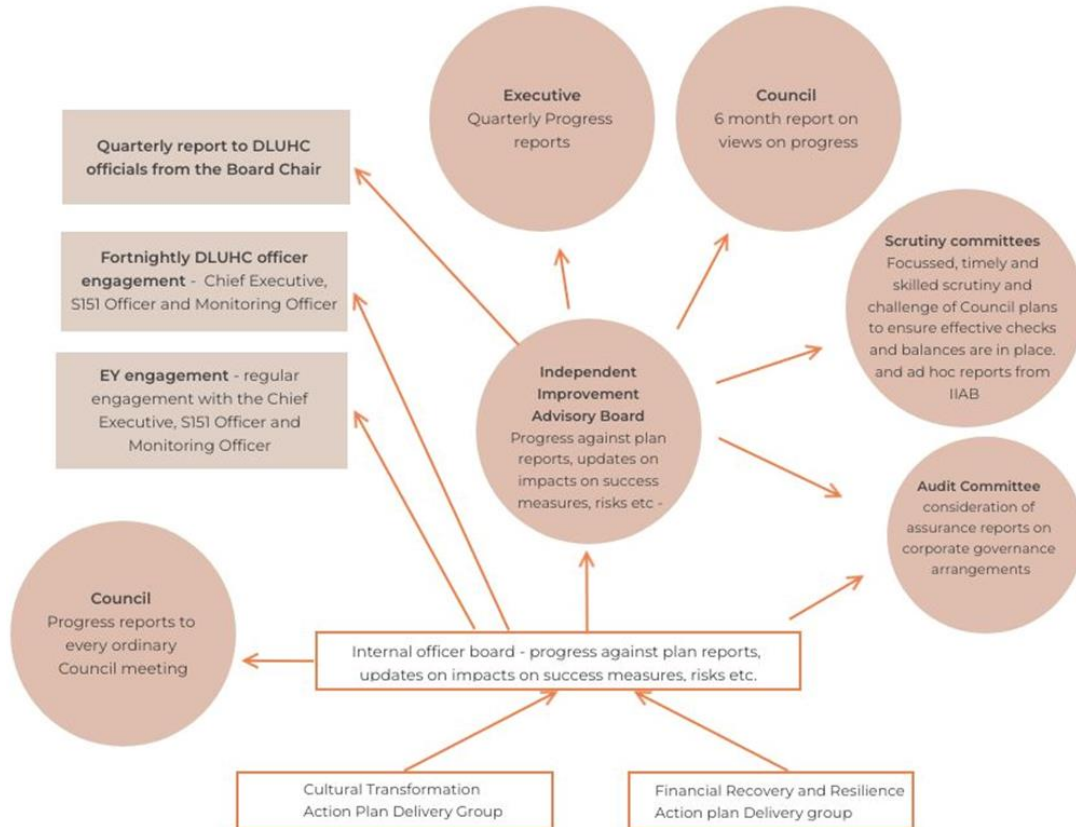
14. The Board will also oversee progress by the Council towards implementing the actions arising from the Section 24 Statutory Recommendations of the External Auditor, dated 21 August 2023 also presented to Council on the 18 September 2023

15. To ensure alignment between the work of the Corporate Governance and Children’s Improvement Advisory Boards, Stuart Smith; Chair of the Children’s Improvement Advisory Board, will have a standing invitation to the Corporate Governance IIAB on matters of mutual significance.

16. A full copy of the terms of reference for the Corporate Governance IIAB is attached to this report at Appendix 2.

Reporting arrangements

17. The diagram below sets out how the next phase of the Council’s Corporate Governance Improvement Plan will operate:



Next steps

18. Following Council noting of this report, the Chief Executive will formally confirm the appointment of the IIAB membership and associated costs through a delegated officer decision.
19. It is anticipated that the first meeting of the IIAB will take place in early October 2023, and that the duration of their work will take approximately twelve months, following which Middlesbrough Council will invite the LGA to undertake a Corporate Peer Challenge, 3-6 months after dissolution of the IIAB. A corporate peer challenge is free to Local Government Association (LGA) members, is delivered by a team of officer and Member peers from other local authorities, and will enable the Council to assess the progress it has made against the following themes:
- Local priorities and outcomes
 - Organisational and place leadership
 - Governance and culture
 - Financial planning and management
 - Capacity for improvement.

What decision(s) are being recommended?

20. That Council notes the progress made to date and endorses the refined focus of Phase Three plan.

Rationale for the recommended decision(s)

21. The Corporate Governance Improvement Plan ensures an inclusive approach to addressing the issues identified in the CIPFA diagnostic work and EY's Value for Money judgement as well as the wider issues set out in this report.

Other potential decision(s) and why these have not been recommended

22. Not applicable.

Impact(s) of the recommended decision(s)

Legal

23. There are no direct legal implications as a result of this report, however delivery of this report provides evidence of compliance with a recommendation that has been made by the Council's External Auditors under Section 24 of the Local Audit and Accountability Act 2014.

Strategic priorities and risks

24. This report and next steps demonstrate a continued positive impact on the strategic risk of 'failure to achieve good governance'.

Human Rights, Equality and Data Protection

25. Not applicable.

Financial

26. The cost of engaging the external Chair and three peers to the Board will be split between the Council and the Local Government Association (LGA). Following noting of this report, the Chief Executive will take an officer delegated decision to authorise the appointment of the Board. That decision will include information on the financial cost to the Council, excluding the costs that will be borne by the LGA, are estimated to be a maximum of £45,000, based on 1 to 2 days work by the board per month, over a period of up to 12 months.

27. Proactive addressing of these issues will support the Council to avoid further, statutory intervention, including appointment of commissioners by government, which would be of significantly higher cost.

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

The report is for information only however, the following actions are planned:

Action	Responsible Officer	Deadline
Officer delegated decision to appoint Board members	Chief Executive	20 September 2023
First Board meeting to be held	Chief Executive	6 October 2023
Report on progress of Phase 3 work programme and Board views on quarterly basis to Executive	Chief Executive	February 2024
Report on progress of Phase 3 work programme and Board views to Council meetings on a quarterly basis	Chief Executive	March 2024
LGA peer challenge arranged	Chief Executive	December 2024

Appendices

1	Middlesbrough Council Corporate Governance Improvement Plan (Phase 3)
2	Middlesbrough Council Independent Improvement Advisory Board Terms of Reference

Background papers

Body	Report title	Date
Corporate Affairs and Audit Committee	Lessons Learnt: Best Value Inspection of Liverpool City Council	5 Aug 2021
Corporate Affairs and Audit Committee	Boho X: Draft findings from internal audit and proposed management response	6 Apr 2022
Corporate Affairs and Audit Committee	Audit Results Report 2020/21	22 Jul 2022

Corporate Affairs and Audit Committee	Statement of Accounts 2020/21	22 Jul 2022
Corporate Affairs and Audit Committee	Lessons learned: Best Value and external assurance within other councils.	22 Jul 2022
Corporate Affairs and Audit Committee	Commencing a corporate governance improvement journey	22 Jul 2022
Council	Corporate Governance Improvement Journey: CIPFA findings and next steps	19 Oct 2022
Council	Corporate Governance Improvement Plan and progress update	30 Nov 2022
Corporate Affairs and Audit Committee	External Audit: Value for Money Governance Update	5 Dec 2022
Council	Corporate Governance Improvement Plan and progress update	18 Jan 2023
Corporate Affairs and Audit Committee	Statement of Accounts 2020/2021	28 April 2023
Corporate Affairs and Audit Committee	Auditor's Annual Report – Year Ended 31 March 2021	29 June 2023
Council	Corporate Governance Improvement next steps	5 July 2023

Contact: Mayor, Chris Cooke and Chief Executive, Clive Heaphy