

Appendix 1.

MIDDLESBROUGH COUNCIL	
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Report of:	Monitoring Officer / Director of Legal and Governance Services
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Submitted to:	Chief Officer Appointments Committee
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Date:	12 January 2024
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Title:	Senior Management Arrangements
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Report for:	Decision
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Status:	Not for publication by virtue of paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972
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Strategic priority:	All
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Key decision:	Not applicable
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Why:	Not applicable
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Urgent:	Not applicable
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Why:	
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Executive summary
Following the initial 12-month appointment of the current interim Chief Executive and the current interim arrangements for the Director of Finance (Section 151 Officer), Chief Officer Appointments Committee is asked to consider the future management arrangements.

Purpose

1. The purpose of this report is the committee is asked to consider the future management arrangements for Chief Executive and Director of Finance and make a recommendation to full Council.

Background and relevant information

2. We recognise the need to establish a road map towards permanent in the two statutory officer roles (Chief Executive and Director of Finance Section 151 Officer) that are currently covered by interim appointments. Equally we appreciate the current context being still in the early stages of positive change.
3. Chief Officer Appointments Committee was previously asked to consider the candidate for the role of Interim Chief Executive (Head of Paid Service) pending a full recruitment process to engage a permanent replacement. It was proposed the interim appointment should be made for up to 12 months so that the appointee has sufficient time to make relationships and build trust, to understand our culture and improvement journey and to take ownership of leading us forward.
4. Clive Heaphy had an established relationship with the Department for Levelling Up Housing and Communities, considerable experience of working in an improvement environment and had previously operated as a Chief Finance Officer/section 151 officer in a complex organisation therefore bringing a substantial financial background. These are key aspects of knowledge and experience that are required to meet the challenges currently faced by the organisation and Clive was selected by Chief Officer Appointments Committee on 14th March 2023 as an interim appointment up to 12 months, the appointment was confirmed by Council on 22nd March 2023.
5. Debbie Middleton was appointed Director of Finance (section 151 Officer) on 25th April 2023 by the Chief Executive in line with the terms of reference for Chief Officer Appointments Committee delegate authority to the Head of Paid Service to make interim appointments of Directors up to six months and the interim appointment was made by the Chief Executive pursuant to that delegation. The interim arrangement was originally planned to end on 24th October 2023, however on 25th July Chief Officer Appointment Committee approved an extension 30th June 2024 in order to provide ownership and accountability as well as stability and continuity in the Finance Service.
6. Significant progress has been made over the last 9 months against milestones following the Best Value Notice issued on 24th January 2023 and statutory recommendations issued on 18th August 2023 by the external auditor. This progress is recognised and underlined by External stakeholders (DLUHC, External Auditors and MIIAB). However, there is a need to maintain and even increase the pace of improvement which would be achieved by continuity of experienced leadership of the organisation.
7. There remains much still to do to tackle the scale of the financial challenge with a budget gap of £6.3m for 2024/25, and the risk of the Council issuing a Section 114 Notice still a possible outcome. Addressing this - as well as effectively implementing new strategies to embed positive cultures and behaviour changes - will be critical to ensure the Council's improvement journey is realised, sustainable and resilient.
8. Stable and sustainable leadership is a key component within the Corporate Governance Improvement Plan with the aim to ensure that arrangements are put in place for stable and sustainable leadership of the organisation. Whilst there are currently two interim arrangements for Chief Executive and Director of Finance, the longevity of these arrangements has had a stabilising influence to the organisation and it is important to maintain this whilst as a transition is made to more permanent arrangements.

Monitoring and review

9. Key milestones will be identified for which the Chief Executive will be accountable, and which will be critical to ongoing improvement over the next 12 months
10. Monitoring and review of the identified milestones will take place via the Chief Executive Appraisal process involving the Mayor, Chief Executive and an independent advisor from North East Regional Employers Organisation.

Timetable for Permanent recruitment

11. The following provides a recruitment timetable to secure permanent appointments to the roles of Chief Executive and Director of Finance.

Activity	Deadline	Responsible
Review Job Description	13 th September 2024	Monitoring Officer/Head of HR
Prepare Advert	20 th September 2024	Head of HR
Advertise role (3 weeks)	23 rd September 2024	Head of HR
Closing date	13 th October 2024	Noted
Shortlisting	w/c 21st October 2024	Chief Officer Appointment Committee
Interviews	w/c 11th November 2024	Chief Officer Appointment Committee
Expected Start Date	Up to February 2025 depending upon notice period	

12. The timescale outline is based on both posts being advertised at the same time but consideration may want to be given to advertise the Chief Executive first so that they can be involved in the recruitment process for the Director of Finance.

Next Steps

13. If Chief Officer Appointments Committee consider the extension to both posts to be appropriate, the Executive will be given the opportunity (3 days) to raise any well-founded or material objections to the appointment with the Mayor.
14. For both roles, clear performance targets and milestones will be agreed.
15. If no well-founded or material objections to the appointment have been received from Executive, full council will be asked to approve the appointments on 17th January 2023.

What decision(s) are being recommended?

16. That the Chief Officer Appointments Committee:
 - Consider the extension of the interim Chief Executive up to 31st March 2025 taking into account the milestones set out and potential timetable for permanent recruitment.
 - Consider the extension of the interim Director of Finance to 31st March 2025 taking into account the milestones set out and potential timetable for permanent recruitment.
 - Recommend the appointments to full council.

Rationale for the recommended decision(s)

17. It is recommended that an extension to the interim Chief Executive appointment is made in order that the council is not left in a position of not having a Head of Paid Service (currently allocated to the role of Chief Executive).

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

18. Council could reallocate the role of Head of Paid Service to an existing Director as an interim measure and not extend the interim Chief Executive until a permanent appointment is made. This is not recommended as it would create too much risk given the limited capacity of existing directors and the particular challenges that the council currently faces around governance, financial resilience and the children's services improvement journey.

19. The role of Section 151 officer could be reallocated to one of the current Deputy Section 151 Officer's however this would reduce current capacity and given the size of the financial challenges to be faced this is not recommended.

Impact(s) of the recommended decision(s)

Legal

20. The Head of Paid Service is a statutory post and is currently allocated to the Chief Executive.

21. The Section 151 Officer is a statutory post and currently allocated to the Director of Finance.

Strategic priorities and risks

22. Risk of not meeting the challenges we face, making the required improvements around governance improvement, producing a balanced budget and the transformational change required for future sustainability.

23. Risk of not having a Head of Paid Service in place.

Human Rights, Equality and Data Protection

24. No protected groups are affected by the decision.

Financial

25. The total Chief Executive's budget equates to approximately £240,800. It is likely an interim Chief Executive will cost approximately £243,000 for an interim appointment for 12 months would. The cost identified is the cost incurred to the Council paid to the third-party organisation and does not reflect the salary received by the individual.

26. The current Director of Finance salary budget on costs equates to £123,900. It is likely an interim Director of Finance will cost approximately £233,000 for 12 months. The cost identified is the cost incurred to the Council, paid to the third-party organisation and does not reflect the salary received by the individual.

27. The difference between the budgeted cost and the actual cost will be met from the recurring contingency budget outlined in the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report approved by Council on 27 February 2023. Both posts are fundamental to delivering the transformational change that is required to deliver better outcomes at lower cost. The difference will be considered for inclusion in the Flexible Use of Capital Receipts Strategy for 2024/25.

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

Action	Responsible Officer	Deadline
Report to council	Charlotte Benjamin, Monitoring Officer	

Appendices

None

Background papers

None

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