

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	The Chief Executive, Director of Finance and Director of Legal and Governance Services
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<b>Relevant Executive Member:</b>	The Mayor, Chris Cooke
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<b>Submitted to:</b>	Audit Committee
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<b>Date:</b>	14 March 2024
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<b>Title:</b>	Best Value Notice - Update
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<b>Report for:</b>	Information
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Not applicable
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<b>Why:</b>	Report is for information only
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<b>Subject to call in?</b>	Not applicable
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<b>Why:</b>	Not applicable
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<b>Proposed decision(s)</b>	That the Audit Committee note the revised 'Best Value Notice' that has been issued by government, following the expiration of the previous notice that was issued in January 2023.
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<b>Executive summary</b>	This report sets out to committee, information on the revised 'Best Value Notice' issued by government on 30 January 2024. The progress acknowledged within the notice is set out within this report, along with the revised terms of the notice, which has been extended on a non-statutory footing for a further six months.
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## **1. Purpose**

- 1.1 This report sets out the content of the 'Best Value Notice' issued on 30 January 2024, following the expiry of the existing Notice which had been issued for a period of 12 months in January 2023.

## **2 Recommendations**

- 2.1 That Audit Committee note the revised 'Best Value Notice' that has been issued by government, following the expiration of the previous notice that was issued in January 2023.

## **3 Rationale for the recommended decision(s)**

- 3.1 The Council must continue to respond effectively and at pace to the deliver the improvements set out in both the Corporate Governance Improvement Plan and the Section 24 report if it is to effectively address the concerns around its culture, governance and financial challenges in order to provide Government with assurance that its corporate governance is fit for purpose.

## **4 Background and relevant information**

- 4.1 The plans were put in place in response to corporate governance concerns identified in 2022, which were also formally raised by the Council's External Auditors in a Section 24 report issued in August 2022.

- 4.2 Since September 2022, the Council has had both a Corporate Governance Improvement Plan and a Section 24 action plan in place to address the range of governance issues identified in both plans. In January 2023, government issued a 'Best Value Notice' on a non-statutory footing, which set out government's concerns in relation to the Council's governance. That notice was in place for 12 months, with clear expectations that should the Council fail to respond positively to it, intervention would be moved to a statutory footing.

- 4.3 Following the local and Mayoral Elections held in May 2023, the Council's approach to improvement was refreshed and in September 2023 that revised improvement plan was presented to Council, alongside the establishment of an Independent Improvement Advisory Board which has been put in place to provide guidance and support to the Council on its improvement journey, as well as provision of an independent view on progress made to date to Government. Alongside this, there has been regular engagement with government.

- 4.4 The above has resulted in the Council being able to work effectively with the Department for Levelling Up, Housing and Communities for the last 12 months to provide it with assurance around the range of improvement measures it has put in place. This progress has been acknowledged by government and reflected in the wording of the refreshed 'Best Value Notice' which will continue to operate on a non-statutory footing for the next 6 months. The notice sets out that government expects the Council to:

- ‘Continue to work with the Independent Improvement Board established in Middlesbrough to support the council to deliver the council’s locally lead improvement strategies, organisational transformation and to monitor progress of the application of the improvement board recommendations and delivery of improvements against the serious concerns highlighted by the external auditor, published in July 2022, around governance arrangements, and cultural and governance issues further investigated in the CIPFA review published in September 2022.
- Continue in your efforts to deliver against your agreed action plan, accepted at full Council on 30 November 2022, at pace and to meet the set milestones and success measures established.
- Continue in your efforts to implement cultural change, particularly in relation to the relationships between officers and members, and that this will be an important continuing focus of the Independent Improvement Board.
- Work with the Department as you deliver on your Best Value requirement to secure the financial recovery and return to financial sustainability through setting a balanced 3-year MTFP over the period to 2026/27.’

**9. Other potential alternative(s) and why these have not been recommended**

9.1 Not applicable.

**10. Impact(s) of the recommended decision(s)**

***Financial (including procurement and Social Value)***

10.1 Not applicable.

***Legal***

10.2 There are no direct legal implications as a result of this report as government has stated that it wishes to see the Council’s improvement journey continue to be on a non-statutory footing at this point of time. Should the Council fail to respond effectively to the challenges within the improvement journey and fail to meet government expectations, Government reserves the ability to exercise statutory powers and intervene formally in the authority’s governance.

***Risk***

10.3 If the Council fails to respond effectively to the expectations set out within the refreshed notice, that will impact negatively on the following risks within the Council’s Strategic Risk Register:

- Failure to meet a balanced budget.
- Risk of an unlawful decision by the Council.

- Corporate governance is not fit for purpose.

### ***Human Rights, Public Sector Equality Duty and Community Cohesion***

10.4 Not applicable.

### ***Climate Change / Environmental***

10.5 Not applicable.

### ***Children and Young People Cared for by the Authority and Care Leavers***

10.6 Not applicable.

### ***Data Protection / GDPR***

10.7 Not applicable.

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

10.8 Not applicable.

### **Appendices**

1	Letter from Max Soule to Middlesbrough Council Chief Executive issued 30 January 2024
2	Letter from Simon Hoare MP to Mayor Chris Cooke issued 30 January 2024

### **Background papers**

<b>Reporting body</b>	<b>Report title</b>	<b>Date</b>
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 Apr 2023
Corporate Affairs and Audit Committee	Auditor's Annual Report – Year Ended 31 March 2021	29 Jun 2023

Council	Corporate Governance Improvement Next Steps	5 Jul 2023
Council	Section 24 Statutory EY recommendations	18 Sep 2023
Council	Corporate Governance Improvement Plan	18 Sep 2023
Corporate Affairs and Audit Committee	Lessons Learnt: Best Value Inspection of Liverpool City Council	5 Aug 2021
Audit Committee	Section 24 Report – Delivery and oversight arrangements	5 Oct 2023
Council	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	25 Oct 2023
Council	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	29 Nov 2023
Audit committee	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	14 December 2023
Council	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	17 Jan 2024
Audit Committee	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	1 Feb 2024
Executive	Best Value Notice – update	14 Feb 2024

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