



Department for Levelling Up,
Housing & Communities

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30 January 2024

Middlesbrough Council Best Value Notice issued on 30 January 2024

The Department expects authorities to identify and implement arrangements to secure continuous improvement and acknowledges the steps you have taken to identify the serious issues at Middlesbrough including your timely and helpful engagement with the Department.

In January 2023 we set in place a Best Value Notice because of concerns about Middlesbrough's capacity to comply with its Best Value Duty under the Local Government Act 1999. That Best Value Notice ("Notice") was a formal notification that the Department has concerns regarding an authority and requested that the authority engages with the Department to provide assurance of improvement.

Since then, the Council has worked effectively with the Department setting out and implementing a range of improvement measures to effectively address the identified concerns. We thank the Council for this work. We are also aware that more work is still to be embedded to ensure sustained and material improvements particularly in relation to financial sustainability, delivery of transformation and effectively implementing new strategies to embed positive cultures.

The Minister for Local Government has therefore made the decision to issue a revised Best Value Notice for Middlesbrough Council. This Notice will remain in place for 6 months, after which time, should the Department deem it necessary to continue to seek assurance through such a Notice, the Notice will be reissued. The Notice may be withdrawn or escalated at any point based on the available evidence.

During that time, the Department expects the Council to:

1. 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.

2. 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.
3. 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.
4. 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.

If the Independent Improvement Board and external auditor recommendations are not met in full, with necessary improvements delivered at sufficient pace then the Department will consider whether statutory intervention is needed.

To complement existing engagement between the Authority and the Department, we expect that contact at working level should continue on a quarterly basis, recognising that this may change according to need over time. We expect any requests for information to be fully and promptly met. The Department will also look to the Independent Improvement Board for assurance on your Authority's plan and its delivery as part of our engagement on this matter.

Whilst your Authority may continue to receive and be awarded government funding whilst under this Notice, we would emphasise that receipt of funding does not indicate the Department's broader view of the performance of the Authority, nor would it indicate any change in the status of this Notice, with individual funding programmes being managed and assured independently by their respective departments.

This Notice is issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of Best Value failure and, separately, under section 230 of the Local Government Act 1972 to request information from local authorities. However, a failure to demonstrate continuous improvement may be judged to contribute to Best Value failure and the Secretary of State will consider using these powers as appropriate.

It is important to ensure transparency in relation to the challenges faced by local authorities and the Department's engagement on these issues. A copy of this 'Best Value Notice' will therefore be published on gov.uk. I encourage you to make a copy of this letter available on Middlesbrough's website, to the full Council and the Audit Committee.

In line with this, we will notify your external auditor of this action. Separately to this Notice, I would encourage you to continue your engagement with the Local Government Association, making use of the full range of support they have to offer. A member of my team will be in touch with you to arrange further engagement. I look forward to receiving updates on your progress.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Max Soule'. The signature is fluid and cursive, with a large initial 'M' and a distinct 'S'.

Max Soule
Deputy Director, Local Government Stewardship