

MIDDLESBROUGH COUNCIL



Report of: Chief Executive, Director of Finance and Director of Legal and Governance Services

Relevant Executive Member: The Mayor, Chris Cooke

Submitted to: Council

Date: 27 March 2024

Title: Corporate Governance Improvement Plan and Section 24 Action Plan progress report

Report for: Decision

Status: Public

Strategic priority: All

Key decision: Not applicable

Why: Not applicable

Subject to call in? Not applicable

Why: Not applicable

Proposed decision(s)

That Council notes the progress against the Corporate Governance Improvement Plan and Section 24 Action Plan and agrees the proposed changes to milestones and activity in relation to the Section 24 Action Plan as outlined at paragraphs 6.7 to 6.10.

Executive summary

This report sets out the key activities, progress and impact of the Corporate Governance Improvement Plan and activity in response to the Section 24 recommendations made by the Council's External Auditors, since last reported to Council on 17 January 2024.

1. Purpose

1.1 This report sets out the key activities and progress since an update was last provided to Council on 17 January 2024, in response to the Section 24 recommendations made by the Council’s External Auditors and the Council’s Corporate Governance Improvement Plan.

2 Recommendations

2.1 That Council notes the progress against the Corporate Governance Improvement Plan and Section 24 Action Plan and agrees the proposed changes to milestones and activity in relation to the Section 24 Action Plan as outlined at paragraphs 6.7 to 6.10.

3 Rationale for the recommended decision(s)

3.1 The Council must 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.

3.2 Member oversight is crucial in delivery of these actions and also provision of assurance that intended impacts to address the governance weaknesses identified by the Council’s External Auditors are being realised.

4 Background and relevant information

4.1 On 18 September 2023, Council received a report that set out the activities of Phase Three of the proposed Corporate Governance Improvement Plan, alongside the associated governance arrangements providing oversight of delivery. It also received a report from the Council’s External Auditors which made statutory recommendations in relation to the Council’s governance. This report provides an update on delivery against the action plan that was put in place in response to that report, as well as an update on delivery against the Corporate Governance Improvement Plan.

4.2 The activities in the improvement plan comprise ten workstreams, each with a milestone delivery plan which is monitored and reported monthly to the Leadership Team, the Independent Improvement Advisory Board and at each full Council.

5. Performance management methodology

5.1 The Council’s and Programme and Project Management policy set out the methodology used to assess and report on progress against delivery, which is applied across the Corporate Governance Improvement and Section 24 delivery plans.

| | |
|---------------------------|--|
| KEY: | |
| BLUE - COMPLETE | Activity delivered in full |
| GREEN – ON TRACK | Delivery plan activities are on track and / or a or above standard |
| AMBER – OFF TRACK | Delivery plan activities are < 5% below standard |
| RED – OFF TRACK | Delivery plan activities are > 5% below standard |
| IMPACT - NO CHANGE | The measures of success used to assess impact, refresh on differing time periods. Some are annual, others are more frequent. If it says no change, either the data has stayed the same or is not due to be refreshed |

| | |
|-------------------------------------|---|
| IMPACT MET – NO (AMBER) | Performance measures for this workstream are within 5% of the target |
| IMPACT MET – NO (RED) | Performance measures for this workstream are below target by more than 5% |
| IMPACT TREND – MIXED CHANGES | Of the range of performance measures that are against the workstream, some have improved and others have worsened |

5.2 Overall performance in relation to delivery of activity across the two improvement plans is as follows (excluding activity not yet planned to start and not due to be delivered yet):

| Activity | STATUS AT 11/03/2024 | | | |
|--|----------------------|-------------|-------------|---------------------------------|
| | % On-track | % Off-track | % Delivered | Overall % on track or delivered |
| Corporate Governance Improvement Plan | 37% (34/93) | 6% (6/93) | 57% (53/93) | 94% |
| Section 24 Action plan | 31% (15/48) | 8% (4/48) | 61% (29/48) | 92% |

5.3 The above table shows that 94% of planned activity has either been delivered or is on-track for delivery in relation to the Corporate Governance Improvement Plan, with six planned activities across the 10 workstreams measuring as off-track.

5.4 92% of activity in relation to the Section 24 delivery plan is on-track or has been delivered, with four activities showing as off-track.

5.5 The remainder of this report sets out the detail of the delivery plan activity, alongside supporting measures of success that are in place to assess the impact of activity.

6. Corporate Governance Improvement Plan: progress status

6.1 For the current reporting period, seven of the workstreams are on target in terms of activity, as per timescales set out in the corporate Governance Improvement Plan, with three being off target currently in the Cultural Transformation plan, which are outlined below:

- *Ensure stable and sustainable leadership for the organisation* – two milestones relating to a senior management review are off-track, however it is proposed to remove these milestones from the plan – please see section 6.11 below.
- *Development and implementation of an improved focus on employee performance and accountability* – a milestone relating to the target of 95% of all staff to have had an appraisal by end of March at risk of not being achieved by that date. Additional activity is being undertaken to communicate to all managers to ensure appraisals take place and are recorded on the People Manager system.
- *Review the Council's approach to Member enquiries and engagement* – a milestone relating to the design of the new system and processes is delayed however no change control is required as the overall system go live date is not expected to be delayed.

6.2 Following a review of the current content of plans to assess where additional measures can now be added in as a result of progress. Additional milestones will now be included within future reporting to provide more detail on the delivery of the Transformation Programme, People Strategy and the Communications plan.

6.3 Summary of proposed changes to milestones and Measures of Success:

| Change | Rationale |
|---|--|
| Four additional milestones to capture in more detail launch and delivery of the People Strategy | There is now increased certainty around the launch and delivery plan which has enabled these milestones to be mapped |
| Expansion of the communications plan milestones to include communication plans around transformation | Expansion of planned work to capture the need to communicate the transformation vision to all staff, members and residents |
| Two additional milestones in relation to establishing the governance of the Transformation Programme | Following significant development work, the Council is now in a position to capture additional key milestones around the launch of the Transformation Programme |
| Measure of Success – split out Agency staff measure to capture BAU staff who are agency and those who have been recruited to support transformation | Measure changes will enable a more nuanced assessment of the stability of the workforce by separating out where additional short term capacity has been brought in to drive transformative activity. |

Measures of success

6.4 The Council, in identifying the data sources to measure success, has set a baseline against which it will judge ongoing performance. Frequencies in updating these measures vary and are detailed in Appendix 1. Some measures are ad hoc, some annual, while others are refreshed on a quarterly or monthly basis.

6.5 Where there has been an update to measures, this is set out in full in the appendices.

Key activities

6.6 The following activities within the governance improvement plan have been delivered since progress was last reported to Council:

| THEME | WORKSTREAM | COMPLETED ACTIVITIES WITHIN REPORTING PERIOD |
|-------------------------|---|---|
| Cultural Transformation | Development and implementation of a People Strategy | Commenced with delivery / implementation of the Strategy against the underpinning delivery plan, feeding into corporate performance reporting cycle. Workshop was delivered to the HR service to explore the Corporate Plan and how it links into the daily work of staff and aligns to the People Strategy. |
| | Development and implementation of a corporate governance training programme | The majority of staff (96%) have undertaken mandatory e-learning on the constitution, corporate values and codes of conduct. Chief Officers, Heads of Service and Budget Managers have undertaken face to face budget management training. |

| | | |
|-----------------------------------|--|--|
| | Ensure stable and sustainable leadership for the organisation | A recruitment plan / process has been developed for all interim appointments in a Leadership and Management position. |
| | Development and implementation of an improved focus on employee performance and accountability | The appraisal window was opened with communication to all Managers and staff. |
| | Review the Council's approach to Member enquiries and engagement | A review of effectiveness of short-term improvements with Members was undertaken and work has commenced to design the new system / processes. |
| | Develop and implement communications and engagement plan to support cultural transformation | Launch of regular CGIP newsletter communications to all staff and members from the Chief Executive, aligned to the meeting schedule of the Board. |
| Financial Recovery and Resilience | Setting a balanced budget for 2024/25 to 2026/27 | <p>Implementation of a savings programme.</p> <p>Completion of reviews of fees and charges and the Capital Programme.</p> <p>Development of set of budget management tools for use by Chief Officers, Heads of Service and Budget Managers.</p> <p>Deliver training in Financial Procedure Rules and Contract Procedure Rules.</p> |

Changes to delivery dates

- 6.7 Detailed delivery milestone plans have been developed to underpin all workstream activities within the improvement plan.
- 6.8 Where slippage occurs to individual milestones but the overarching end date for the workstream activity is not impacted, no escalation or change control will be required and it can be assumed that any required mitigated will be put in play at an operational level.
- 6.9 Where there is impact on achieving the intended measure of success or overarching end date of workstream activity, a change control will be proposed for noting and transparency.
- 6.10 The change controls since last reported to Council are described below and summarised in the following table:
 - *Cultural Transformation:*
 - *CT3.04:* Delivery of mandatory e-learning for all staff on the constitution, corporate values and codes of conduct was delayed as not all staff completed the training prior to deadline. Toolbox Talk sessions for staff who do not access ICT were scheduled for staff throughout January and February. Change control confirmed by LMT and IIAB to extend deadline from 31/12/2023 to 29/02/2024. Current staff completion rate is at 96% and tool box talks are scheduled with remaining staff to take place during March.

- **CT4.01:** Draft of a Senior Management Review including review of spans and layers within the organisation to be reviewed by LMT and **CT4.03:** Implementation (Completion) of a Senior Management Review including review of spans and layers within the organisation - The milestones relating to 'Senior Management Review' continue to show slippage, however this was a legacy action, from the initial delivery phase of the Governance Improvement Plan, to achieve stability in the workforce at a senior level. The ambition in this workstream has now been achieved through the recruitment of permanent staff to senior leadership posts in Children’s Services and the securing services of the Section 151 officer and Chief Executive in the medium-term, to March 2025 and the planned implementation of a governance protocol. Whilst wider reorganisation is still planned, this will be done as part of the Transformation Programme to ensure the management structure aligns with the future operating model of the organisation. As a result, the senior management review milestones will be removed from this workstream. This will be replaced with an alternative milestone that tracks permanent recruitment to the Section 151 officer and Chief Executive post by March 2025, in line with the timeline set out in the January 2024 Senior Management Arrangements report to Council.

- **CT4.06:** Implementation and completion of recruitment plan / process for all interim appointments in a Leadership and Management position - Change control to March 2025 to reflect the revised timeline agreed by Council in the Senior Management Arrangements report on 17 January 2024.

| Theme | Key tasks / milestones | Original target date | Revised target date |
|--|--|---|--|
| Cultural Transformation | CT3.04: Delivery of mandatory e-learning for all staff on the constitution, corporate values and codes of conduct. | 31/12/2023 | 29/02/2024 |
| | CT3.05: Mandatory face to face training on Budget Management and Financial and Contract Procedure Rules for Chief Officers, Heads of Service and Budget Managers | 31/12/2023 | 29/02/2024 |
| | CT4.01: Draft of a Senior Management Review including review of spans and layers within the organisation to be reviewed by LMT | Start date: 01/10/2023 | Remove from the scope of this workstream |
| | CT4.03: Implementation (Completion) of a Senior Management Review including review of spans and layers within the organisation | Completion date: 30/9/2024 | |
| CT4.06: Implementation and completion of recruitment plan / process for all interim appointments in a Leadership and Management position | Start date: 01/02/2024 Completion date: 31/03/2024 | Start date: 01/09/2024 Completion date: 31/03/2025 | |

Summary of progress against plan and measures of success

6.11 The following tables set out a summary position against planned activity and progress against the measures of success that have been agreed to track the long-term impact of this plan. This table reflects the current status – as per the above change controls that have been considered by LMT and IIAB.

| CULTURAL TRANSFORMATION | ACTIVITY TRACKING | | OUTCOME IMPACT | | LMT LEAD | EXEC MEMBER |
|---|-------------------|--------------|----------------|--------------------|-----------------------|---------------|
| | CURRENT STATUS | PREV. STATUS | IMPACT TREND | IMPACT TARGET MET? | | |
| Development / implementation of People and Cultural Transformation Strategy | Green | Green | Improved | No | C Benjamin | Cllr N Walker |
| Development / implementation of Member Development Strategy and Programme | Green | Green | No change | No | C Benjamin | Cllr N Walker |
| Development / implementation of a corporate governance training programme | Green | Green | No change | No | C Benjamin | Cllr N Walker |
| Ensure stable and sustainable leadership for the organisation | Red | Red | Improved | No | C Heaphy / C Benjamin | Mayor Cooke |
| Development / implementation of improved focus on employee performance and accountability | Red | Green | No change | No | C Heaphy | Cllr N Walker |
| Review Council's approach to Member enquiries and engagement | Red | Green | No change | No change | C Benjamin | Cllr N Walker |
| Develop / implement communications and engagement plan to support cultural transformation | Green | Green | No change | No | C Heaphy | Mayor Cooke |

| FINANCIAL RECOVERY AND RESILIENCE | ACTIVITY TRACKING | | OUTCOME IMPACT | | LMT LEAD | EXEC MEMBER |
|--|-------------------|--------------|----------------|--------------------|-------------|---------------|
| | CURRENT STATUS | PREV. STATUS | IMPACT TREND | IMPACT TARGET MET? | | |
| Controlling 2023/24 expenditure to within approved budgets | Green | Green | No change | No | D Middleton | Cllr N Walker |
| Setting a balanced budget for 2024/25 to 2026/27 | Green | Green | No change | No change | D Middleton | Cllr N Walker |
| Improvements to financial governance, spending controls and monitoring through more effective financial management | Green | Amber | No change | No | D Middleton | Cllr N Walker |

7. Independent Improvement Advisory Board

7.1 Since the previous progress report, the Board met formally on 5 February 2024. The Board considered reports and presentations on the following:

- in-year budget position and the development of the 2024/25 update
- an update on work to develop a transformation programme
- an update on progress against the improvement plan and Section 24 report.

7.2 The Chief Executive invited all staff who were interested, to participate in a series of focus group sessions with the Board. Three groups met with Board members, covering frontline staff, middle managers and Heads of Service. The Board also met with the Trade union representatives.

7.3 This information was shared with all staff and members following the meeting.

7.4 The Board also met on 5 March 2024 to continue to oversee the Council’s progress against its improvement plan and section 24 action plan. This meeting focussed on:

- initial feedback from the Board on the development of their progress report to Council which will be presented to Council on 27th March,
- a further update on the transformation programme development and timeline – there are reports to Executive and Council this month to set out the governance and launch of the transformation programme as well as a range of briefings on this, and
- an Overview of the Council’s approach to Cultural Transformation.

7.5 Action points arising from formal Improvement Board meetings, excluding admin related tasks, e.g. facilitation of meetings, are set out at Appendix 3, alongside a summary of information requested by the Board.

8. Section 24: progress update

8.1 The table below sets out the current status of activity in response to the Section 24 recommendations, along with a summary of the impact these activities are having on the longer-term measures of success that have been set in order to enable the Council to be able to assess whether the activities are having the intended impact.

8.2 Since the last report a further two actions have been completed and the measure of success for another has been achieved:

| S24 ACTIONS | ACTIVITY TRACKING | | OUTCOME IMPACT | |
|--|-------------------|--------------|----------------|--------------------|
| | CURRENT STATUS | PREV. STATUS | IMPACT TREND | IMPACT TARGET MET? |
| 1. Progression of next phase of Corporate Governance Improvement Plan, prioritising actions to address cultural and governance issues. | Complete | Complete | N/A | N/A |

| | | | | |
|--|----------|----------|---------------|----------|
| 2. Development of contingency and succession governance protocols to mitigate potential impact of any future changes in senior leadership. | Red | Red | Improved | No |
| 3. Conclusion of Constitution review and provision of officer / member training ensuring changes are understood and implemented. | Green | Green | Improved | Yes |
| 4. Identification of deliverable short-term savings, protecting limited remaining reserves, considering statutory responsibilities and delivery of services. | Green | Red | N/A | N/A* |
| 5. Review service delivery models to ensure that they are efficient, represent value for money and achieves the outcomes required. | Red | Red | N/A * | N/A* |
| 6. Review of financial forecasting processes to understand emergence of significant financial pressures, in both 22/23 and 23/24. | Green | Green | Mixed changes | No |
| 7. Conclusion of Financial and Contract Procedure rules review to ensure they are fit for purpose. | Complete | Complete | Complete | Complete |
| 8. Provision of training on Financial and Contract Procedure rules to all officers involved in contracting, procurement or financial decisions. | Green | Green | Complete | Complete |
| 9. Completion of contract review to ensure compliance with Public Contracts Regulations 2015. | Green | Red | No change | Yes |
| 10. Review oversight arrangements for Middlesbrough Development Company to assure value for money. | Complete | Green | Complete | Complete |
| 11. Develop action plan for the demise of Middlesbrough Development Company setting out benefit realisation. | Amber | Green | No change | Yes |

*No baseline set

8.4 Across all S24 workstreams, three are reporting activity which is off-target:

- *Recommendation 2, Contingency and succession planning:*
 - *S2.02:* The milestones relating to 'Senior Management Review' continues to show slippage, however this was a legacy approach agreed in the initial delivery phase of the Governance Improvement Plan, to achieve stability in the workforce at a senior level. The milestone had been included in this workstream to ensure any review did not undo the work to improve contingency and success planning through the creation of a governance protocol. As a result of changes set out in the approach to this review earlier in this report, it is proposed that the milestone will be removed from this workstream.
 - *S2.03:* Implementation and completion of recruitment plan / process for all interim appointments in a Leadership and Management position - Children's Services positions recruited to permanently. Director of Finance and Chief Exec positions extended to March 2025. Recruitment plan has been developed and will commence / be implemented in September. Change control required to change start date to September 2024 and completion date to March 2025.

- *Recommendation 5, S5.01: The Council’s strategic planning and budget development process for setting a balanced budget for 2024/25 and over the period of the MTFP to 2026/27 to consider opportunities for managing service demand, service redesign and transformation, reduced levels and stopping services* - a balanced budget has been set due to exceptional financial support funding and service delivery models now need to be reviewed, which will feed into transformation work, however Council hasn't yet approved the transformation programme or funding - due to go to Council in April. Change control required to extend completion date to end of April 2024.
- *Recommendation 11, S11.01: Develop an action plan for the demise of MDC* - an action plan is in place and a closure report was due to be considered by Executive in March 2024. While the work to close the company will be concluded by 31 March 2024 and an instruction issued to the external specialists to commence closure of the Company on behalf of the Council. Reporting on that will not be possible within the current deadline of 31 March 2024. There is a change control in place to ensure this occurs by 30 May 2024.

Section 24: key activities

8.5 Progress against the Section 24 action plan agreed by full Council on 18 September 2023 since last presented to Council is set out below:

| REC | ACTIVITY |
|-------|--|
| S4.09 | Relaunch of use of Purchasing Cards, for essential users only and subject to mandatory training. |
| S5.02 | Development of a first stage transformation programme (2024/25 to 2026/27) to review service delivery models to maintain / improve service outcomes from an affordable and sustainable cost base. |
| S8.03 | Chief Officers, Heads of Service, all budget managers, and Finance Directorate, to undertake mandatory face to face training on Financial and Contract Procedure rules. |
| S9.06 | Submission to Audit Committee of final report regarding review of all ongoing contracts which were initially awarded under an exemption but have been subject to subsequent amendment (including extension) to identify whether they are compliant with The Public Contracts Regulations 2015. |

Changes to delivery dates

8.6 Since last reported to Council, 6 minor change controls are presented below to workstream activities for full Council to note. They reflect adjustments in prioritisation and chronology of activities:

| Key tasks / milestones | Original target date | Revised target date |
|---|--|---|
| S2.02 Implementation of a senior Management Review including review of spans and layers within the organisation | Start date: 01/10/2023 Completion date: 30/9/2024 | Remove from the scope of this workstream. |

| | | |
|---|--|--|
| <p>S2.03: Complete recruitment process for all interim appointments in a Leadership Management Team position</p> | <p>Original start date 01/02/2024</p> <p>Original target date 31/03/2024</p> | <p>Revised start date 01/09/2024</p> <p>Revised target date 31/03/2025</p> |
| <p>S5.01: The Council's strategic planning and budget development process for setting a balanced budget for 2024/25 and over the period of the MTFP to 2026/27 to consider opportunities for managing service demand, service redesign and transformation, reduced levels and stopping services</p> | <p>28/02/2024</p> | <p>30/04/2024</p> |
| <p>S11.01: Provision of a closure report on Middlesbrough Development Company to Executive</p> | <p>31/03/2024</p> | <p>31/05/2024</p> |

Section 24: measures of success

8.7 Of the 17 measures of success in place to assess the impact of activity within the Section 24 action plan:

- Four are now complete
- Two are on or above target
- Four cannot yet be measured
- Of the remaining measures which are all below target, four have improved performance while two have worsened and there is no change in one.

8.8 As part of the review of measures of success, future reporting will include a slight amendment, replacing the proxy measure of success in relation to recommendation 9, with an indicator that more closely links to the recommendation – number of contract extensions that do not comply with Public Contract Regulations 2015, of which there were zero in 2022/23. This will be tracked quarterly.

8.9 As set out in section 8.4, following a revision to the reporting timelines for closure of the Middlesbrough Development Company, the impact measure has been amended to reflect that this is an ongoing process until closure which is now planned for May 2024.

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, however delivery of this plan provides evidence of compliance with a number of recommendations that have been made by the Council’s External Auditors under Section 24 of the Local Audit and Accountability Act 2014.

Risk

10.3 If the Council fails to respond effectively to the improvement plan, this will have a negative impact on the following strategic risks:

- 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 | Corporate Governance Improvement Plan: measures of success |
| 2 | Section 24 Plan: Measures of success |
| 3 | Key activities update from the Board |

Background papers

| Reporting 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 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 |
| Audit Committee | Corporate Governance Improvement Plan and Section 24 Action Plan progress report | 1 February 2024 |
| Audit Committee | Corporate Governance Improvement Plan and Section 24 Action Plan progress report | 14 March 2024 |

Contact:

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Appendix 1: Corporate Governance Improvement Plan: measures of success

| | Outcome | Measure of Success | Track against which workstream | Current performance | Previous performance | Target | Status against target | Frequency of data refresh | Source | Current performance data | Current performance period | Previous performance data | Previous performance period |
|---|---|--|--------------------------------|----------------------|------------------------|---|-----------------------|---------------------------|--|--|----------------------------|--|-----------------------------|
| Cultural Transformation | Improved understanding of corporate governance policies and process and improved adherence to them | Reduce the number of audits that have limited or no assurance | CT3 | Worse | No change | 0 | Below target | every 2 months | Internal audit progress reports to Audit Committee | 2 out of 12 complete audits | December 2023 report | 1 out of 8 complete audits | October 2023 report |
| | | Improve the percentage of priority One and Priority Two actions from Internal Audits that are delivered within original timescales | CT3 | Improved | n/a baseline | 80% or higher | Below target | Quarterly | Internal Audit | 20% of P1 actions and 13% of P2 actions were complete within original timescales | Nov-23 | 20% of P1 actions and 10% of P2 actions were complete within original timescales | 2022/23 |
| | | Reduce / Upheld whistleblowing reports on non-compliance with corporate governance processes. | CT3 | No change | No change | 0 | At target | Annual | Internal Audit | 0 | 2022/23 | n/a | n/a |
| | Improved relationships between officers and members | Staff and Member surveys to assess health of relationships and direction of travel | CT1, CT2 | Improved | n/a baseline | 50% of staff and 80% of councillors or higher | Below target | Ad hoc | Staff surveys | 77% of heads of service and directors now view relationships with Executive members as positive or very positive (22 | Dec-23 | 26.6% of staff think relationships are somewhat or very positive, compared to 69% of Councillors | August 2023 Survey |
| | Improved retention of staff | Staff turnover rates – number of leavers | CT1, CT4, CT5 | No change | Improved | 5% | Below target | Quarterly | HR - Kerry Rowe | 5.60% | Quarter 3 2023/24 | 5.64% | Quarter 2 2023/24 |
| | Improved staff satisfaction | 1-10 Score of how valued staff feel as an employee of the Council | CT1 | Worse | n/a baseline | 6.2 or higher | Below target | Ad hoc | Staff surveys | 5.9 | August 2023 Survey | 6.22 | Nov-22 |
| | Reduced need to use agency staff | Number of agency staff working for Middlesbrough Council – total | CT4 | Improved | Worse | 75 | Below target | Monthly | Procurement - Claire Walker | 116 | Feb-24 | 121 | Jan-24 |
| | Improved ability to recruit to key roles. | Number of roles at Head of Service and above that are vacant / occupied by Agency or interim staff | CT4 | Improved | No change | 3 | Below target | Monthly | Procurement - Claire Walker | 5 | Feb-24 | 8 | Jan-24 |
| | Improved outcomes for our community by ensuring that staff have the skills needed to deliver excellent services and that the behaviours increase trust in the Council | Number of complaints – total | CT1 | Improved | Improved | Less than 150 | Above target | Monthly | Monthly compliance report to LMT | 101 | Jan-24 | 133 | Dec-23 |
| | | % of complaints upheld or partially upheld by the central team | CT1 | Improved | Worse | Less than 40% | Below target | Monthly | Complaints dashboard | 43% | Jan-24 | 54% | Dec-23 |
| | Members have a Member development programme that meets their needs and is well used | Percentage of members completing all mandatory training | CT2 | Complete | Complete | 100% | At target | Annual | Member training data | 100% | Oct-23 | 100% | Oct-22 |
| | | Percentage of Members attending wider skills | CT2 | n/a baseline | n/a baseline | 95% | Above target | Annual | Member training data | 98% | Oct-23 | Data not available | Oct-22 |
| | | Member satisfaction with the Member development programme | CT2 | n/a baseline | n/a baseline | 90% | Below target | Annual | Member training data | 87.5% this is based on 21 responses out of 24 | Oct-23 | 71% this is based on 5 responses out of 7 | Oct-22 |
| | Performance is effectively managed within the organisation | Completion of appraisal process | CT1 | not yet measured | not yet measured | 95% | not yet measured | Annual | OD - Nicky Spencer | n/a | n/a | n/a | n/a |
| | Improved Member behaviour | Number of member on member complaints received | CT1 | Worse | Worse | 2 or fewer per quarter | Below target | Quarterly | Ann-Marie Wilson | 6 complaints received member on member | Q3 2023/2024 | 3 complaints received member on member | Q2 2023/2024 |
| Residents are increasingly satisfied with the way the Council is ran and with the Council overall | Questions within the 2023 Resident survey currently underway | CT7 | 45% | n/a baseline | 61% (NE average 21/22) | Below target | TBD | Vickie Holmes | 40% | Nov-23 | 64% | Previous survey was in 2017 | |
| Residents increasingly agree that the Council acts on their concerns | Questions within the 2023 Resident survey currently underway | CT7 | 43% | Not previously asked | 55% (NE average 21/22) | Below target | TBD | Vickie Holmes | 43% | Nov-23 | n/a | Not previously asked | |

| | Outcome | Measure of Success | Track against which CGIP workstream | Track against which S24 recommendations | Current Performance | Previous Performance | Target | Status Against Target | Frequency of data refresh | Source: | Current performance data: | Current performance period: | Previous performance data: | Previous performance period: |
|-----------------------------------|---|---|-------------------------------------|---|---------------------|----------------------|--|-----------------------|-------------------------------|--|---|-----------------------------|----------------------------|------------------------------|
| Financial Recovery and Resilience | Expenditure for 2023/24 is completed within the approved 2023/24 budget | Actual expenditure and Forecast revenue outturn within the approved budget | FRR1 | 6 | Improved | Improved | £0 | Below target | Quarterly report to Executive | Finance quarterly report to Executive | £7.023m | Period 8 2023/24 | £7.438m | Period 7 2023/24 |
| | Set a balanced budget for 2024/25 and adhered to during 2024/25 | 2024/25 revenue budget is balanced and maintained during 2024/25 | FRR2 | 4 | n/a | n/a | Balanced budget set | n/a | Annual - One Time | Finance quarterly report to Executive | n/a | n/a | n/a | n/a |
| | Set a sustainable Medium Term Financial Plan in place for the period 2024/5 to 2026/27 | Balanced MTFP to 2026/27 | FRR2 | 6 | n/a | n/a | Balanced MTFP set | n/a | Annually | Finance quarterly report to Executive | n/a | n/a | n/a | n/a |
| | Maintain General Fund balance and usable revenue reserves at 31/3/23 levels | Maintain GF balance at £12m at 31/3/24 | FRR2 | 6 | Improved | Worse | £12m or more | Below target | Annually | Finance quarterly report to Executive | £7.806m | Period 8 2023/24 | £6.273m | Q2 2023/24 |
| | | Maintain unrestricted usable revenue reserves at a minimum of £4m at 31/3/24. | FRR2 | 6 | Worse | Worse | £4m or more | Below target | Annually | Finance quarterly report to Executive | £0.0m | Period 8 2023/24 | £1.171m | Q2 2023/24 |
| | Establish Medium Term Plan to rebuild GF Balance and revenue reserves | Section 151 Officer assessment of adequacy of reserves | FRR2 | | n/a | n/a | n/a | n/a | Feb-24 | Section 25 Report to Council | n/a sufficient resources in place - judgement of S151 officer | Feb 2023 report to Council | n/a | n/a |
| | Financial Procedure Rules and Contract Procedure Rules training delivered | LMT, WLMT, all Budget Holders trained by 31 December 2023 | FRR3 | 7, 8 | Complete | Improved | 95% or higher | Complete | Monthly | E-Learning training data reporting dashboard | 80.10% | Feb-24 | 76.88% | Jan-01 |
| | Corporate finance training programme established | Quarterly programme of finance training established | FRR3 | | 100% | n/a baseline | One training session delivered per quarter | Complete | Quarterly | E-Learning training data reporting dashboard | 100% | Feb-24 | n/a | n/a |
| | Budget management and purchase to pay dashboards developed to improve management information and compliance | Budget management dashboard available to all budget holders from Business World through Power BI reporting tools by 30 November 2023. P2P Dashboards available by 31 March 2024 | FRR3 | | Complete | n/a | Dashboard in place | Complete | n/a one off measure | Finance dashboard in place | n/a | n/a | n/a | n/a |
| | Budget management training rolled out to budget holders | All Chief Officers, Heads of Service and Budget Holders Training delivered December 23 to March 24 | FRR3 | | n/a | n/a | 95% or higher | n/a at this stage | n/a one off measure | J.Weston and A.Humble? Data off Nicky | n/a due from April 2024 onwards | n/a | n/a | n/a |
| | Establish Business World as one version of the financial truth for internal and external reporting | Reduce/eliminate need for manual intervention and re-work to produce internal budget management and external statutory reporting. | FRR3 | | n/a | n/a | n/a | n/a | Subjective measure | J.Weston/A.Humble | n/a | n/a | n/a | n/a |
| | Develop value added finance business partnering approach | Realignment of accountancy resource from preparation of reports and more towards business partnering analysis, advice, challenge. By June 2024 | FRR3 | | n/a | n/a | n/a | n/a | Service review completed | A Humble | n/a | n/a | n/a | n/a |

Appendix 2 – Measures of success – Section 24 Report

| Recommendation | Measure of Success | Also in CGIP | Current performance | Target | Status against target | Frequency of data refresh | Source: | Current performance data: | Current performance period: | Previous performance data: | Previous performance period: | Narratives: |
|----------------|--|--------------|---------------------|---------------------------|-----------------------|---------------------------|--|--|-----------------------------|--|------------------------------|---|
| 1 | Delivery of the Corporate Governance Improvement Plan activity | | Complete | n/a | Complete | Monthly | Corporate Governance Improvement Plan | 6 out of 10 workstreams activity on target | Nov-23 | 10 out of 10 | Oct-23 | |
| 2 | Number of roles at Head of Service and above that are vacant / occupied by Agency or interim staff | Y | Improved | 3 | Below target | Monthly | Procurement - Claire Walker | 5 | Feb-24 | 8 | Jan-24 | 5** - please note this is made up of 4 agency workers and 1 employee in interim posts •Chief Executive – Agency •Director of Finance – Agency |
| 3 | Reduce the number of audits that have limited or no assurance | Y | Worse | 0 | Below target | Quarterly | Internal audit progress reports to Audit Committee | 2 out of 12 complete audits | December 2023 report | 1 out of 8 complete audits | October 2023 report | A further 19 audits are in progress in December, with one on hold. A further 15 audits were in progress in October. |
| 3 | Improve the percentage of priority One and Priority Two actions from Internal Audits that are delivered within original timescales | Y | Improved | 80% or higher | Below target | Annual | Internal Audit | 20% of P1 actions and 13% of P2 actions were complete within original timescales | Nov-23 | 20% of P1 actions and 10% of P2 actions were complete within original timescales | 2022/23 | |
| 3 | Percentage of members completing all mandatory training | Y | Complete | 100% | Complete | Annual | Member training data | 100% | Oct-23 | 100% | Oct-22 | |
| 3 | Percentage of Members attending wider skills | Y | No change | 95% | Above target | Annual | Member training data | 98% | Oct-23 | Data not available | Oct-22 | |
| 3 | Member satisfaction with the Member development programme | Y | No change | 90% | Below target | Annual | Member training data | 87.5% this is based on 21 responses out of 24 | Oct-23 | 71% this is based on 5 responses out of 7 | Oct-22 | |
| 4 | 2024/25 revenue budget is balanced and maintained during 2024/25 | Y | No change | n/a | n/a | Annual | Finance quarterly report to Executive | Balanced budget set | n/a | n/a | n/a | |
| 5 | 90% of projects within the programme, once launched are on track | | | n/a | n/a at this stage | Quarterly once live | | 90% once launched | n/a | | | |
| 5 | 90% of benefits from projects realised in line with benefits realisation trackers | | | n/a | n/a at this stage | Quarterly once live | | 90% once launched | n/a | | | |
| 6 | Actual expenditure and Forecast revenue outturn within the approved budget | Y | Improved | £0 | Below target | Quarterly | Finance quarterly report to Executive | £7.023m | Period 8 2023/24 | £7.438m | Period 7 2023/24 | |
| 6 | Balanced MTFP to 2026/27 | Y | No change | Balanced MTFP set | n/a | Annually | Finance quarterly report to Executive | n/a | n/a | n/a | n/a | Not due until Feb 24 |
| 6 | Maintain GF balance at £12m at 31/3/24 | Y | Improved | £12m or more | Below target | Annually | Finance quarterly report to Executive | £7.806m | Period 8 2023/24 | £6.273m | Q2 2023/24 | |
| 6 | Maintain usable revenue reserves at a minimum of £4m at 31/3/24. | Y | Worse | £4m or more | Below target | Annually | Finance quarterly report to Executive | £0.0m | Period 8 2023/24 | £1.171m | Q2 2023/24 | |
| 7 and 8 | LMT, WLMT, all Budget Holders and all staff involved in Purchase to Pay trained by 31 December 2023 | Y | Complete | 100% | Complete | Monthly | E-Learning training data reporting dashboard | 100.00% | Feb-24 | 76.88% | Jan-24 | Final mop-up session booked for 23-02-2024 |
| 9 | Reduce Upheld whistleblowing reports on non-compliance with corporate governance processes. | Y | No change | 0 | At target | Annual | Internal Audit | 0 in 2022/23 | 2022/23 | n/a | n/a | |
| 10 and 11 | Provision of quarterly reports on MDC until closure | | No change | 1 a quarter until closure | At target | Quarterly | Executive reports | Report to be provided in April 2024 | n/a/ | Report provided in December 2023 | Dec-23 | Now closed, therefore completed |

Appendix 3 – Summary of information requested and major action points arising from the Middlesbrough Independent Improvement Advisory Board (MIIAB) recent meetings

| Information requests | Status |
|---|----------|
| Provision of further information on the process being undertaken to close Middlesbrough Development Company | Complete |
| Provision of information on redundancy terms and conditions | Complete |
| Information on the methods of engagement undertaken between the Council and Trade Unions | Complete |

| Major comments / action points |
|--|
| Setting the focus of future meetings – March meeting to include an update on delivery of cultural transformation, update on the development of the transformation programme and feedback on staff undertaken engagement by the Board |
| Planned programme of member engagement by the Board over the next three months to include the Mayor, Group Leaders, Audit Committee chair, Scrutiny chairs and the Chair of Constitution and member Development. |
| Planned engagement of the Board with external partners to be undertaken in May |
| The Board gave feedback on the proposed governance of the Council's Transformation Programme. This has been reflected in the report to Executive. |
| Suggestion for a more ambitious target to track the volume of discretionary training accessed by members. |
| April Board meeting to consider a discussion item on the plans to align the work of the Board with the Children's Improvement Board |

| |
|---|
| <p>There were a number of comments in relation to the transformation report which was subsequently considered by Executive in March, suggesting amendments to the report to clarify governance for members. The Board have also requested future information on planned resourcing of transformation and planned tracking of benefits that will need to be realised by Transformation. The Board also highlighted the importance of regular engagement with wider members to support their understanding of transformation.</p> |
| <p>Future reporting dates of the Board to Executive and Council to be confirmed once the Committee diary for 2024/25 has been agreed by the Council at the May Annual General Meeting.</p> |
| <p>The Board have formally requested the appointment of an additional subject matter expert in relation to Adults and Children's Social Care to support its understanding of the risks and opportunities</p> |

In the March 2024 Board meeting, the Board made a number of comments in relation to planned content of their first progress report to full Council. To avoid repetition, those comments are not repeated here, members should direct their attention to the report on the same agenda as this item where they are set out in detail by the Board.