

EXECUTIVE MEMBER REPORT TO COUNCIL

EXECUTIVE MEMBER: FINANCE & GOVERNANCE – COUNCILLOR NICKY WALKER

DATE OF MEETING: 27 March 2024

The purpose of this report is to provide an update to members on areas of activity within my portfolio including performance against strategic priorities.

STRATEGIC PRIORITIES

Strategic Priority: *We will ensure that we place communities at the heart of what we do, continue to deliver value for money and enhance the reputation of Middlesbrough.*

Update:

I continue to have weekly briefings with each of the two directors relevant to my portfolio as well as frequent additional meetings and contact with them and other officers as appropriate.

Since my last report to Council, I attended budget consultation meetings in 4 areas of Middlesbrough and enjoyed an extensive conversation with Gary Philipson on BBC Tees regarding the budget consultation.

HIGHLIGHTS

FINANCE

Budget consultation with the public

In response to an extensive budget consultation exercise, outlined in the budget reports, 1171 people responded to the online questionnaire, the highest response rate the Council has had to a consultation in the last 5 years, and a further 50 people sent emails or completed a webform in order to comment on the consultation.

I referred in my last report to Council to consultation events for members of the public which took place in January. These were led by Mayor Chris Cooke and me, with senior officers also attending and offering support in response to detailed questions relating to their directorate. Around 90 people attended these events.

These consultation events included my presentation covering the background to our financial position, the need to make savings, apply for Exceptional Financial Support

in order to balance the budget and take future action through transformation, to bring expenditure back within income as part of our plans for financial recovery. Mayor Cooke then outlined the principles behind the budget and the savings proposals and there were some lively discussions on key proposals.

The majority of the feedback from those attending, showed an understanding of the national pressures that councils are under and of Middlesbrough's position. Whilst there were some challenging questions and points raised, as would be expected, this included some constructive suggestions and, along with on-line feedback and that from ward councillors, some these suggestions were incorporated into the final budget, for example in relation to the Cook Birthplace Museum and Stewart Park car parking proposals,

Members consultation/engagement

There were two all member briefings which took place on 12 December 2023 on the Budget Setting Process and 21 December 2023 on the Budget Proposals. This followed other earlier briefings during 2023 for members on the council's financial position. There was also an all member briefing on Exceptional Financial Support on January 17, ahead of the council meeting.

Scrutiny was also involved in the consultation process, with OSB and the individual scrutiny panels considering the different areas of the proposals relevant to their service area. OSB made one suggestion for amendment to the proposal on community grants to retain some provision for small grants to individuals and community groups and review the grants process. This was incorporated in full into the final budget, with a follow up meeting being held with the councillor who proposed this, and I would like to thank her for her valuable input - and that of scrutiny as a whole.

Officer time was made available to minority groups, as far as possible utilising staff other than those who compiled the budget reports, to work with members on a confidential basis responding to questions and/or offering support needed in relation to framing alternative budget proposals.

I am advised that confirmation was provided by officers to relevant minority groups where their ideas shared during the summer had been included in the budget proposals in the December report for consultation. Discussions were held in relation to the feasibility of other proposals, with some considered not to be feasible (for example removing ongoing savings and replacing on a one off basis with EFS) and others that were feasible but planned to form part of the transformation programme during 2024/25 (for example management review) A template was provided to capture proposed formal budget amendments and support offered to assist with completion. I am informed that no formal alternative budget proposals were received.

I have had early discussions with Mayor Chris Cooke and officers as to how there can be increased cross-party working and collaboration relating to our financial recovery and sustainability and to budget setting in the future, including the potential of setting up a cross-party finance working group.

THE TIME AHEAD

Recover, reset, deliver

Although the Council ultimately agreed a balanced budget for 2024/25 and those members who voted for it, ensuring we avoided the devastating consequences for our residents of a section 114 notice at that stage, as has been stressed previously, the Council remains in a critical financial position.

A great deal of further work, and tough decisions, are now required to recover our financial position and reset the way in which we deliver services during 2024/25, protecting services as much as we can for the people of Middlesbrough. There remain huge challenges ahead, which include:

- Controlling expenditure within the agreed budget and deliver all proposed savings in full in 2024/25
- Developing further transformational savings during 2024/25 to deliver a balanced budget in 2025/26 and 2026/27
- Rebuild our critically low revenue reserves to become financially sustainable.

It is therefore essential that the Council works 'at pace' to deliver all planned savings and to develop and deliver plans that as a minimum, will be capable of closing the estimated budget gap of £7.5m in 2025/26.

Flexible Use of Capital Receipts Strategy 2024/25

As part of the report on our approach to transformation members are being asked to approve Phase 1 of the Flexible Use of Capital Receipts Strategy which is critical to enable the development and implementation of transformation plans that seek to improve the efficiency and effectiveness of services to our residents and deliver the cost reduction, efficiencies and/or income generation that is required in order to achieve a balanced budget for 2025/26 and in the Medium Term Financial Plan.

In some cases, there is a direct link between a project and the realisable financial benefit. In those cases, I have taken on board the comments made by a member at the council meeting of 17 January and endeavoured to ensure that the report provides a clear, reasoned justification to members for inclusion in FUoCR, what the funding is for, what it will deliver and how, relate it to the criteria, that is how:

- it will reduce costs, or
- increase revenue income, or
- support a more efficient provision of services

However, in other cases it is difficult to quantify, that is where the project contributes to enabling savings or costs avoidance in other areas or provide a wider benefit, which would not otherwise be realised; for example the Portfolio Management Office (PMO), some enabling services and some elements of external consultancy costs.

The funding proposed under FUoCR also includes an estimate to cover redundancy costs associated with savings proposals agreed in the 2024/25 budget.

Due to the level and complexities of the work required to develop proposals and provide a report on a robust and comprehensive Transformation Programme, associated FUoCR and brief all members in advance of a council meeting on the subject, this has turned out not to be feasible to deliver in full for the 27 March 2024 meeting. Therefore, the report presented for consideration at this council meeting incorporates Phase 1 of the 2024/25 FUoCR. Further phases and details will follow as projects reach 'business case' stage.

Phase 1 is required in order to approve the funding of expenditure that will enable transformation work including building business cases, to continue to progress beyond 31 March 2024 and until the full Transformation Programme and associated funding is considered by Council for approval at the Extraordinary Council meeting of 24 April 2024.

Exceptional Financial Support and external assessment

Members may recall that it was a condition of the approval of our Exceptional Financial Support application, that the Council is required to undergo an external assessment of its financial position and financial management arrangements. Other councils who have applied for EFS have had a similar requirement. Arrangements are being put in place by our s151 officer for this to take place conducted by Chartered Institute of Public Finance and Accountancy (CIPFA). It is expected that members will be engaged in this review.

GOVERNANCE

Member Communications

Following on from concerns raised about member-officer relationships and communication I have been considering how this can be improved in certain areas (this of course over and above, and intended to be complementary to those actions in :

1) Onestop responses

I have been working with officers with a view to improve the quality of responses to members provided following queries submitted through the current 'onestop' email address. This should include a more meaningful response and stipulate what members can expect in terms of timescales under service response standards, so would provide information for example on how long it would normally take to remove fly tipping, inspect and fill potholes, fix street lighting, respond to flooding etc.

2) Cross-party Working Group on Member Communication

Following on from discussions with some councillors I am proposing that a cross-party working group be formed, initially with the idea of focussing on two areas but it would be open to others:

- a) Along with the Mayor and some officers I recently had some informative discussions with a member who highlighted the lack of a member resource to refer to for information and guidance on making queries, getting answers, how to access particular services for members, useful internal and external contacts etc, similar to a member handbook. This group could assist in identifying what should be in such a resource. This has been somewhat held up by my intensive work on the budget, but a communication will be going out on this shortly and I would like to thank the councillor concerned for his time and suggestions on this matter.
- b) Feeding back on the effectiveness of the enquiry system-both the current one and the new one as rolled out. It is important that members are involved in this, as it is ultimately us who will use it (see also 3 below)

3) Member Champions of new Member Enquiry System

It has been suggested to me by officers that as the new system approaches roll out, it would be beneficial to have 3-5 members who will be on board to help with the build and launch of the new Councillor Portal/Member Enquiry System.

This will be starting very shortly and will consist of Teams meetings including the below:

- Kick Off Meeting
To attend the initial meeting to discuss roles and responsibilities.
- Process Mapping
To attend the meetings as and when to have involvement in the process from logging a job on the system all the way through to it been closed (What will happen in between)
- Design
To help design what the system will look like, what Councillors will require to ensure they get the most out of it (The system is an 'out of the box' product that we will tailor to our needs)
- Testing
Once the system is built, they will be required to run through some test jobs from start to finish and ensure they are happy with what we have put together.
- Champions – Going Forward
A point of contact for other councillors as they will have the knowledge of the system.

Further communication will also be going out about this shortly.

NICKY WALKER
EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE