

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Mayor, Chris Cooke
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<b>Submitted to:</b>	Council
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<b>Date:</b>	27 March 2024
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<b>Title:</b>	Middlesbrough Independent Improvement Advisory Board: Second Update Report
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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>	Not applicable
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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 Council notes the second report of the Middlesbrough Independent Improvement Advisory Board and the planned response of the Council.

<b>Executive summary</b>
The Board's second report sets out the background to its appointment, a summary of activity to date and a forward view on the future focus the Council should have in its improvement journey.

**1. Purpose**

1.1 The Board’s first report sets out the background to its appointment, a summary of activity to date and a forward view.

**2 Recommendations**

2.1 That Council notes the content of the board’s second report and the planned response of the Council.

**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.

3.2 The report of the Board provides an independent view of progress made to date and its expertise and advice will assist the Council in its improvement journey.

**4 Background and relevant information**

4.1 In September 2023 the Council appointed a discretionary Independent Improvement Advisory Board, comprised of the following members:

<b>Name</b>	<b>Experience / speciality</b>
Wallace Sampson OBE	Local authority CEO (Chair)
Ros Jones CBE	Unitary local authority Mayor / Leader
Suki Binjal	Unitary local authority Monitoring Officer
Chris Buss	London Borough and Unitary local authority Chief Finance Officer
Mark Edgell	LGA Regional Lead

4.2 The Board’s role is to provide oversight, support and challenge to the Council’s improvement and transformation journey, with particular focus on ensuring compliance with the Council’s Best Value Duty under the Local Government Act 1999, notably:

- Cultural and governance issues, including those identified through previous CIPFA and previous, and any future, external auditor reports.
- Financial sustainability, including a balanced medium-term financial strategy aligned to the Council’s Corporate Plan.

4.3 On 30 January 2024, the Council’s Best Value Notice was extended on a non-statutory basis by government for a further six months. The Notice states that during the next six months, government 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 led 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.'

4.4 As well as the activity contained in the notice, the Board also oversees progress by the Council towards implementing the actions arising from the Section 24 Statutory Recommendations of the External Auditor, dated 21 August 2023 and presented to Council on the 18 September 2023.

Board reports

4.5 The Board will report to Members on its view of the Council's progress against its improvement plan and the Section 24 action plan to both Executive and Council. The first report was submitted to Executive in January 2024. Appended to this report at Appendix One, is the Board's second formal report for member consideration. The next planned report of the Board will be to Executive in July.

Next steps

4.6 This second Board report makes several recommendations and comments in relation to the continued delivery of the Council's improvement plan:

- Comments in relation to the development of staff and members. Delivery of both the People Strategy and the Member Development Strategy will address comments in relation to cultural change still to be delivered.
- Similarly, there are comments in relation to the need to have a robust grip on Budgets. Measures put in place by the Director of Finance in 2023 to grip the budget and reduce the overspend, will continue to be in place during 2024/5 and have been recommunicated to all staff in March 2024.
- Board have recommended that the Council vision is revisited, in light of the transformation agenda. The Council vision was articulated in the Council Plan 2024-27 as a two-pronged approach to reflect aspirations for the town to thrive, in line with the Mayor's four priorities and associated aims, alongside the approach required to transform the organisation of 'Recover, Reset and Deliver' to support that vision. Further work is being undertaken to bring that vision to life and articulate

the target operating model the Council will adopt to support achievement of that vision.

- The Board have recommended that the Council consider whether it needs the support of the Board beyond the 12-month anniversary of its work in October 2024. Extending the work of the board to align with recruitment timescales to the Council's Chief Executive and Director of Finance posts, would enable it to support continuity from this improvement journey to business as usual. The Board has also stated its requirement for a subject matter expert to support their work in relation to Adults and Childrens services.

4.7 The Council welcomes this ongoing support and the positive nature of the Board's second report and senior managers endorse the proposal in relation to the extension of timescales for the work of the Board and the inclusion of a subject matter expert in children's and adults care. The Chief Executive will take an officer delegated decision, following this meeting to enable both these recommendations to occur.

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

5.1 Not applicable.

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

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

6.1 The budget previously approved for the Board to run from October 2023 to October 2024 was £44,800 for the Council plus a contingency budget of £10,000, based upon the Council meeting the costs of two Board members and the Board meeting on a four-weekly basis.

The Board has proposed to move to a six-weekly cycle from May 2024 onwards. This means the proposal to extend the Board's lifespan from September 2024 through to March 2025 on a six weekly basis can be met within the existing £44,800 budget plus contingency.

The Council is currently exploring whether some or all of the cost associated with the proposal to engage and Adults and Childrens Subject Matter Expert - from May 2024 to March 2025 on an estimated two days a month - can be met from the Local Government Association. At the time of writing this is subject to confirmation, with the expectation that this information will be available by the meeting. If this is not the case, the Council will charge these costs to the Contingency Fund, using an Officer Delegated decision to process this.

***Legal***

6.2 There are no direct legal implications as a result of this report.

***Risk***

6.3 If the Council fails to respond effectively to the issues identified in the Corporate Governance Improvement Plan and the Section 24 delivery 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***

6.4 Not applicable.

***Climate Change / Environmental***

6.5 Not applicable.

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

6.6 Not applicable.

***Data Protection / GDPR***

6.7 Not applicable.

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

6.8 The Chief Executive will issue revised appointment letters to the Board to reflect the content of this report and the enact the appointment of the additional subject matter expert.

**Appendices**

1	Middlesbrough Independent Improvement Advisory Board: Second Update Report
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**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
Executive	First Quarterly Report of the Middlesbrough Independent Improvement Advisory Board	17 January 2024
Audit Committee	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	1 Feb 2024
Audit Committee	Corporate Governance Improvement Plan and Section 24 Action Plan progress report	14 March 2024

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### Appendix 1: Corporate Governance Improvement Plan: measures of success

	Outcome	Measure of Success	Current performance	Previous performance	Status against target	Target	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	No change	No change	Below target	0	1 out of 8 complete audits	October 2023 report	n/a	n/a
		Improve the percentage of priority One and Priority Two actions from Internal Audits that are delivered within original timescales	Improved	n/a baseline	Below target	80% or higher	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.	No change	No change	At target	0	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	Improved	n/a	Below target	50% of staff and 80% of councillors or higher	77% of heads of service and directors now view relationships with Executive members as positive or very positive (22 respondents). All 5 of the Executive members who responded felt relationships were positive or very positive	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	No change	Improved	Below target	5% post transformation (2027)	5.64%	Q2 2023/24	6.60%	Q1 2023/24
	Improved staff satisfaction	1-10 Score of how valued staff feel as an employee of the Council	No change	No change	Below target	6.2 or higher	5.9	August 2023 Survey	6.22	Nov-22
	Reduced need to use agency staff	Number of agency staff working for Middlesbrough Council – total	Improved	Improved	Below target	75	101	Dec-23	102	Nov-23
	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	Worse	Improved	Below target	3 - post transformation	8	Dec-23	7	Nov-23
	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	Worse	Improved	Below target	Less than 150	201	Nov-23	164	Oct-23
		Percentage of complaints upheld or partially upheld by the central team	Improved	Improved	Below target	less than 40%	41%	Nov-23	53%	Oct-23
	Members have a Member development programme that meets their needs and is well used	Percentage of members completing all mandatory training	No change	No change	At target	100%	100%	Oct-23	100%	Oct-22
		Percentage of Members attending wider skills	No change	No change	Above target	95%	98%	Oct-23	Data not available	Oct-22
		Member satisfaction with the Member development programme	No change	improved	Below target	90%	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	n/a	n/a	not yet measured	95%	n/a	n/a	n/a	n/a
	Improved Member behaviour	Number of member on member complaints received	no change	Worse	Below target	2 or fewer per quarter	3 complaints received member on member	Q2 2023/2024	1 complaint received member on member	Q2 2022/2023
Residents are increasingly satisfied with the way the Council is ran and with the Council overall	Questions within the 2023 Resident survey currently underway	Worse	n/a baseline	Below target	61% (NE average 21/22)	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	Worse	Not previously asked	Below target	55% (NE average 21/22)	43%	Nov-23	n/a	Not previously asked	

	Outcome	Measure of Success	Current Performance	Previous Performance	Target	Status Against Target	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	Improved	Improved	£0	Below target	£7.438m	Period 7 2023/24	£8.556m	Q2 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	n/a	n/a	Balanced budget set	n/a	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	n/a	n/a	balanced MTFP set	n/a	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	Worse	n/a baseline	£12m or more	n/a	£6.273m	Q2 2023/24	£12.04m	31/03/2023
		Maintain unrestricted usable revenue reserves at a minimum of £4m at 31/3/24.	Worse	n/a baseline	£4m or more	n/a	£1.171m	Q2 2023/24	£2.788m	01/04/2023
	Establish Medium Term Plan to rebuild GF Balance and revenue reserves	Section 151 Officer assessment of adequacy of reserves	n/a	n/a	n/a	n/a	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 and all staff involved in Purchase to Pay trained by 31 December 2023	Improved	Improved	95% or higher	Below target	74.42%	Dec-23	70.30%	Nov-23
	corporate finance training programme established	Quarterly programme of finance training established	n/a	n/a	one training session delivered per quarter	n/a at this stage	to be baselined in Jan 24	n/a	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	n/a	n/a	Dashboard in place	n/a	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	n/a	n/a	95% or higher	n/a at this stage	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.	n/a	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a



## Appendix 2 – Measures of success – Section 24 Report

Recommendation	Measure of Success	Current Performance	Target	Status against target	Current performance data:	Current performance period:	Previous performance data:	Previous performance period:
1	Delivery of the Corporate Governance improvement Plan activity	Improved	10 out of 10	Below target	8 out of 10 workstreams activity on target	Dec-23	6 out of 10	Nov-23
2	Number of roles at Head of Service and above that are vacant / occupied by Agency or interim staff	Improved	3	Below target	7	Oct-23	8	Oct-23
3	Reduce the number of audits that have limited or no assurance	No change	0	Below target	1 out of 8 complete audits	October 2023 report		n/a
3	Improve the percentage of priority One and Priority Two actions from Internal Audits that are delivered within original timescales	improved	80% or higher	Below target	20% of P1 actions and 10% of P2 actions were complete within original timescales in 2022/23	2022/23		
3	Percentage of members completing all mandatory training	No change	100%	At target	100%	Oct-23		100%
3	Percentage of Members attending wider skills	No change	95%	Above target	98%	Oct-23		Data not available
3	Member satisfaction with the Member development programme	Improved	90%	Below target	87.5% this is based on 21 responses out of 24	Oct-23		71% this is based on 5 responses out
4	2024/25 revenue budget is balanced and maintained during 2024/25	n/a	n/a	n/a	n/a	n/a		n/a
5	90% of projects within the programme, once launched are on track	n/a	n/a	n/a at this stage	n/a	n/a		
5	90% of benefits from projects realised in line with benefits realisation trackers	n/a	n/a	n/a at this stage	n/a	n/a		
6	Actual expenditure and Forecast revenue outturn within the approved budget	Improved	£0	Below target	£7.438m	Period 7 2023/24	£8.556m	Q2 2023/24
6	Balanced MTFP to 2026/27	n/a	balanced MTFP set	n/a	n/a	n/a	n/a	n/a
6	Maintain GF balance at £12m at 31/3/24	n/a	£12m or more	n/a	£12.04m	Apr-24	n/a	n/a
6	Maintain usable revenue reserves at a minimum of £4m at 31/3/24.	n/a	£4m or more	n/a	£3.959m	Apr-24	n/a	n/a
7 and 8	LMT, WLMT, all Budget Holders and all staff involved in Purchase to Pay trained by 31 December 2023	Improved	100%	Below target	70.30%	Nov-23	69.71	First week of Oct 23
9	Reduce / Upheld whistleblowing reports on non-compliance with corporate governance processes.	no change	0	At target	0 in 2022/23	2022/23		
10 and 11	provision of quarterly reports on MDC until closure	No change	1 a quarter until closure	At target	Report provided in September 2023	Sep-23	n/a	

### Appendix 3 – Summary of information requested and major action points arising from the Middlesbrough Independent Improvement Advisory Board (MIIAB) from the December 2023 meeting

Information requests	Status
Information on standards complaints data and trend	Complete
Information on the results of the latest survey of Executive Members and Senior officers	Complete
Information on the development of the Transformation programme which will be in place from February onwards	Complete

Major comments / action points
Officer should ensure that the 4 key strategies which form the Council’s transformation approach closely align (People Strategy, Transformation Strategy, Member Development Strategy and Partnerships Strategy).
In relation to cultural transformation, consideration be given to how the Council would measure success in terms of behaviour change and modelling organisational values. This will be addressed by the detailed delivery plan for the People Strategy which is currently being refined
The Council should implement a programme of top team development for the Leadership Management Team (LMT) and the Executive, to further strengthen the collective understanding of respective roles and responsibilities and develop the resilience of relationships to support the council through future challenges and difficult decisions.
The Council should revise the presentation of its progress against activity and impact on success measures to enable them to be viewed side by side. This is reflected within the revised presentation in this report.
The Council should expand engagement to ensure all Elected members are engaged in the Cultural Change programme

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