

**COUNCIL**

A meeting of the Council was held on Wednesday, 24 April 2024.

**PRESENT:** Councillors J Rostron (Chair), J Walker (Vice-Chair), J Banks, I Blades, D Branson, E Clynch, C Cooke - Elected Mayor, J Cooke, D Coupe, D Davison, S Dean, J Ewan, T Furness, P Gavigan, TA Grainge, S Hill, N Hussain, D Jackson, J Kabuye, L Lewis, T Livingstone, L Mason, D McCabe, M McClintock, J McConnell, I Morrish, J Nicholson, M Nugent, J Platt, S Platt, A Romaine, J Ryles, M Storey, P Storey, J Thompson, S Tranter, Z Uddin, N Walker, G Wilson and J Young.

**OFFICERS:** C Benjamin, A Davis, G Field, C Heaphy, R Horniman, A Humble, C Lunn and K Whitmore.

**APOLOGIES FOR ABSENCE:** Councillors C Cooper, B Hubbard, L Hurst, D Jones, J McTigue, M Saunders and M Smiles.

23/121 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

23/122 **TRANSFORMATION OF MIDDLESBROUGH COUNCIL**

A joint report of the Mayor and the Executive Member for Finance and Governance was presented to set out the proposed direction, aspirations, investment, and funding requirements in relation to the Council's Recover, Reset, Deliver Transformation Programme.

The Mayor provided a rationale for the report before referring Members to page three and advising of a proposed amendment to recommendation C. It was suggested that the recommendation be reworded slightly to avoid specific Executive Member portfolios being attached to it. The revised recommendation would read as follows:

- c) *Delegates authority to the Chief Executive in consultation with the Elected Mayor, Director of Finance and the Executive Member with responsibility for finance, to apply Transformation Programme contingency of £1.717m and remaining Redundancy Budget of £2.900m for the purposes set out in this report.*

Following Members' consideration of the report, one single vote in respect of revised recommendation C, together with recommendations A, B and D as stated in the report, would be undertaken.

The Executive Member for Finance and Governance provided details regarding Capital Receipts; the following points were highlighted:

- Page three, paragraph 1B set out the financial decision taken by Members on 27 March 2024 (referred to as Phase One), and the decision to be taken at this meeting, i.e., a request for additional funding (Phase Two). The total funding for the Transformation Programme was £13.700m; £4.827m for Phase One, and £8.873m for Phase Two, subject to approval at this meeting. It was possible that further phases may come forward as the programme progressed.
- As outlined in the report, Local Authorities were not usually permitted to utilise capital, i.e., one-off monies generated from assets, land and property sales, to fund their revenue budgets, which paid for day-to-day operational costs such as staffing and service delivery. However, the government had created an exception whereby in certain circumstances, receipts from the sale of assets could be utilised on a one-off basis to support the revenue budget. In essence, capital receipts could be utilised to reduce the costs of services, to increase revenue income, or to support a more efficient way of operating services. There were restrictions around the utilisation of capital receipts. For example: a capital receipt received five years ago could not be utilised in the current year.
- The additional funding being requested was necessary for the following reasons:

1. To deliver the savings that Council had agreed as part of the revenue budget. It was explained that capital receipts were required to fund those identified savings, some of which were additional staffing or other investment costs, and others redundancies, which Members had agreed at the last meeting.
2. To fund the Transformation Programme. It was explained that following feedback from Members about a lack of clarity in detail, officers had been requested to provide further information to identify each of the budget saving suggestions and the costs or investment required against those. This had been provided and was shown in the annex at page 34 onwards of the report.
3. Unlike some other Local Authorities, Middlesbrough Council was not in a financial position to fund the Transformation Programme through revenue reserves. The statutory recommendations instructed the Council to identify sources to fund its own transformation journey.

The Chair thanked the Mayor and the Executive Member for the information provided, and invited Members to ask questions on the report.

- A question was raised regarding the total number of redundancies involved in the transformation plans. In response, the Executive Member for Finance and Governance confirmed this to be 74.5. Further details were shown in the table on page 34 of the report.
- In response to a question regarding the business plan associated with the Transformation Programme, the Mayor indicated that this had been conveyed during the recent Member briefing sessions, and was also outlined in Appendix 1 of the report. Reference was made to planned projects, such as the Neighbourhoods Model, which would increase effectiveness, improve efficiency, and achieve savings. As time and the work of the Assurance Board progressed, clarity around the level of savings, where savings would be identified, and which projects were going to be the most successful, would be achieved.
- A question was raised in respect of the transformation plans and income generation. In response, the Mayor explained that the first priority was to reduce the Council's spending to bring it in line with the budget, and to maintain reserves. The Council currently overspent by 10% annually. Once this had been achieved and services started to be reshaped, investment would then begin.
- A question was raised regarding the consequences for Middlesbrough if the report was not approved and, as a result, a Section 114 notice was issued. In response, the Mayor explained that, fundamentally, decision-making powers would be removed from the Council and handed to government commissioners. In addition, the Council would fail to meet the requirements of the government's improvement journey. The Council needed to bring its finances under control, whilst concurrently demonstrating a plan for both it and its services.
- In response to a question regarding the Transformation Programme and the approach to customer service, the Mayor explained that changes in service design would help deliver more effective and efficient services. The example of moving services to shared physical localities to facilitate collaborative and cross-team working was provided. Reference was made to other models utilised by neighbouring Local Authorities, such as those used to foster a more holistic approach, and consideration given as to how best practice could be identified and shared. It was felt that a move away from silo and independent working, both from the perspective of individual departmental teams and the Local Authority as an entirety, would result in improved services for all. In addition, the greater line of management generated from the localisation of areas would also result in improved responses for residents.
- A question was raised regarding the planned outcome of the Transformation Programme, in essence, that the aim was to provide a more effective and efficient Council for residents. In response, the Mayor indicated that this was the outcome needed for all stakeholders. Reference was made to the recent roll-out of the garden waste scheme bins and it was acknowledged that errors were made. It was important that when such instances occurred, recognising the source of mistakes and learning from those was vital. It was explained that, in striving for improvement and ensuring accountability going forward, the importance of having local contacts for Councillors to raise any issues would help achieve improved results for all.

- A Member queried how transformation work would be scrutinised, and what evidence would be provided to demonstrate the success of the programme, particularly in relation to investment input versus output. In response, the Mayor explained that the top-level Assurance Board accountable to the Executive and Chief Executive was made up of a cross-party group, and all the group leaders had been invited to sit on that. The Board would meet monthly to monitor the progress of all projects and ensure accountability, as required. Consideration was given to performance monitoring in preparation for the next budget setting round, together with the distribution of funding for the various departments of the Council. It was indicated that the Department for Levelling Up, Housing and Communities (DLUHC) would also be monitoring progress and holding the Council to account.
- A comment was made regarding the austerity measures that had faced Middlesbrough over recent years, and that the Transformation Programme would set the Council on a new path to an improved future. A request for reassurance to residents that the proposed changes were for the better was made. In response, the Mayor advised of the importance of focusing not only on the savings that the Transformation Programme would provide, but also on the investment being awarded to different services. The recent examples of increased funding towards community safety and area care were provided. It was explained that once a more balanced position had been achieved, the next important step was to ascertain where funding was best reinvested. A review of investment saving proposals and identification of areas most important to residents would need to be undertaken. Investment in staff, including performance management and training, was crucial, as was investment in appropriate buildings and facilities.
- A question was raised regarding the primary difference that residents would see from the Council undertaking this Transformation Programme. In response, the Mayor explained that the Neighbourhoods Model would be the most impactful, with named management and dedicated wardens and area care staff being made available. It was felt that if programmes such as SHIFT were successful, a natural byproduct of this would be a reduction in youth related Antisocial Behaviour and matters attributed to that. Essentially, taking back ownership of what happened both internally within the Council, and externally in local communities, was key.

The Chair invited the Monitoring Officer to conduct a vote. The Monitoring Officer clarified that the vote being taken referred to recommendations A, B and D contained in the report, together with the amended recommendation C.

Following a vote, it was **ORDERED** that:

- a) The proposed direction, aspirations, investment, and funding requirements of the Council's Recover, Reset, Deliver Transformation Programme and to achieve financial balance over the period of the Medium-Term Financial Plan be approved.
- b) The additional transformation expenditure in 2024/25 of £8.873m, as summarised in Table Two in the main body of the report (paragraph 34), and the revised Phase Two Flexible Use of Capital Receipts Strategy detailed in Appendix Two incorporating total expenditure for 2024/25 of £13.700m, to be funded from flexible use of capital receipts in accordance with government regulations, be approved.
- c) Authority be delegated to the Chief Executive in consultation with the Elected Mayor, Director of Finance and the Executive Member with responsibility for finance, to apply Transformation Programme contingency of £1.717m and remaining Redundancy Budget of £2.900m for the purposes set out in this report.
- d) The target return on investment in transformation of at least £2.50 for each £1.00 invested, will provide a target net financial benefit of at least £34.0m for £13.6m of programme investment costs over the term of the Medium-Term Financial Plan, which includes savings of £21.028m as approved in the 2024/25 Revenue Budget, Medium Term Financial Plan Report, approved by full Council on 8 March 2024, be noted.