

Appendix 1

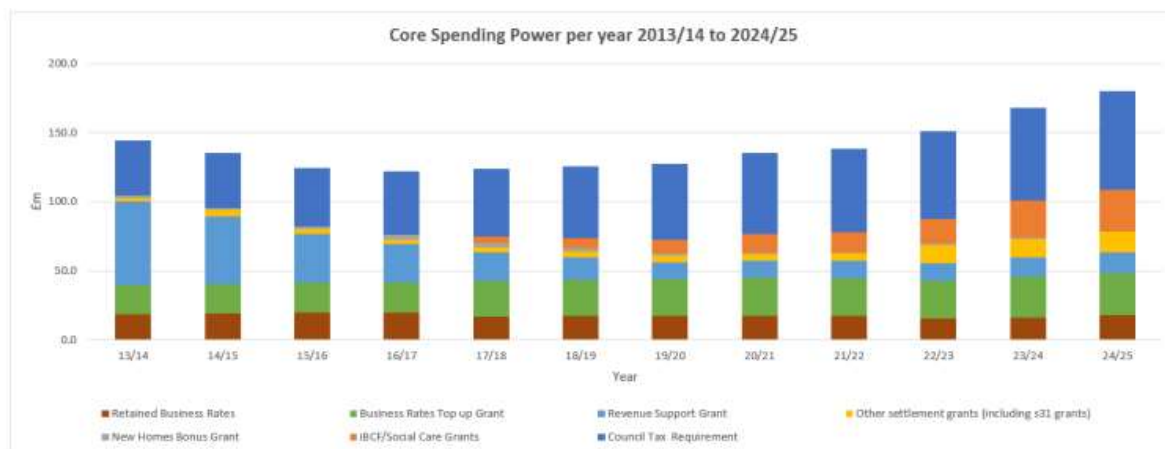
Middlesbrough Council 2024 Productivity Plan

Context

5. Since austerity and ongoing budget constraints, the Council’s core spending power has been negatively impacted. While Middlesbrough has had a cash increase in Core Spending Power from 2010/11 to 2024/25 it has actually suffered a £62.1m (25.6%) cumulative ‘real terms’ cut in Core Spending Power from 2010/11 to 2024/25 based on 2023/24 prices, equating to a ‘real term cut’ of £958.5 per dwelling:

Local authority	Real terms cuts			Cash terms cuts		
	Cum. Cut 14 years 10-11 to 24-25 at 2023-24 prices	Percentage real term cut	£ per dwelling real term cut	Cash increase/cut 14 years 10-11 to 24-25	Percentage cash term increase/ cut	Cash Increase/ Cut 10-11 to 24-25 Per dwelling
	£m	%	£ pd	£m	%	£ pd
England	-13,902.2	-18.1%	-556.4	8,723.6	15.7%	349.1
Middlesbrough	-62.1	-25.6%	-958.5	8.6	4.7%	132.4
SIGOMA	-4,765.0	-23.3%	-756.3	1,193.7	7.9%	189.46

6. Middlesbrough Council has suffered a significant reduction in general Government funding in the form of RSG and Business Rates Top Up Grant, with a reduction of £35.6m (44%) from £81.2m received in 2013/14 to £45.6m in 2024/25. This does not take into account inflation.



7. The graph below, sets out the total revenue budget position of the Council for every year since 2010:

Year	£m
2010/11	133.6
2011/12	136.508
2012/13	133.588
2013/14	140.401
2014/15	130.6
2015/16	119.917
2016/17	115.912
2017/18	113.669
2018/19	111.285
2019/20	111.926
2020/21	116.397

2021/22	116.492
2022/23	118.329
2023/24	126.354
2024/25	143.190

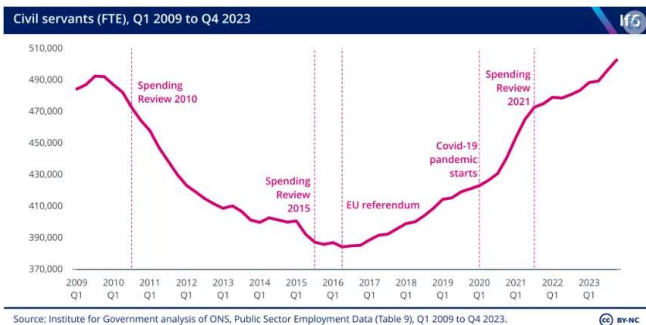
8. At the same time, the Council has seen increases in costs and increases in demand for services, in particular, the rise in pressure from social care related expenditure over the last 14 years is clearly evidenced within this document. **82%** of net revenue expenditure is now spent on Children’s and Adult care, up from 40% in 2010/11:

- In 2010, the share of the net revenue budget allocated to children’s care was **13%**. In 2024/25 this was **42%**. The number of children cared for by the authority continues to be higher than the national average and the costs associated with provision of this care have risen. At 31 March 2024 there were 513 children in the Council’s care, compared to 440 in 2026/17 and 310 in 2010. During this time, numbers peaked at 619. The Council has successfully delivered improvements to practice, and early intervention and it is continuing to focus on both elements to reduce numbers further, however even with reduced numbers of children that need to be cared for by the Council to keep them safe, the cost of care has risen significantly. This is a national issue, and the average cost of care has been in the region of £4,000 per week. Childrens needs within Middlesbrough are complex and on occasion specialist placements are required to meet complex need. Where external placements are provided to some children these costs are significantly high.
- In 2010 Adult Social Care services equated to **27%** of the Council’s net revenue budget. In 2024/25 this is now **40%**. This area has also experienced significant increases in demand for services, with contacts for referrals rising from 17,898 in 2017 to 22,536 in 2023. Within these overall demand rises, the Council is seeing an increase in the complexity of need from those who meet the thresholds for access to services, alongside increased costs of care in the care market.
- The Council has also seen increased demand for home to school transport driven by an increase of more children with additional needs entering the education system in Middlesbrough. Approximately 15% of the overall school’s population has additional needs, which is higher than both the northeast and England average and proportionally impacts the number of children who are entitled to home to school transport to special schools.

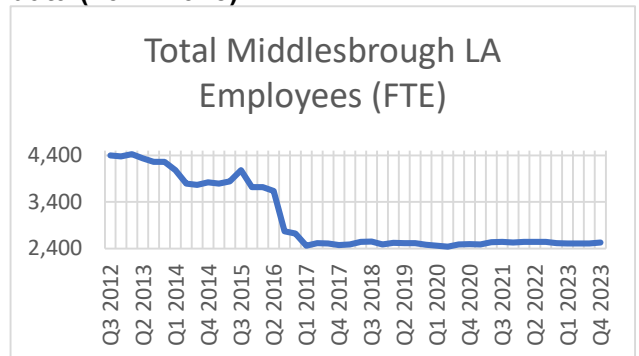
9. This increasing percentage spend on Children’s and Adults care has significantly reduced the Council’s capacity to deliver the remaining statutory duties it has.

10. In the last 14 years the Council has significantly reduced its staffing levels. The diagram below shows the councils FTE level reductions since 2012, in comparison to trend data for the Civil Service:

Civil Service FTE levels and trend data (2009 – 2023)

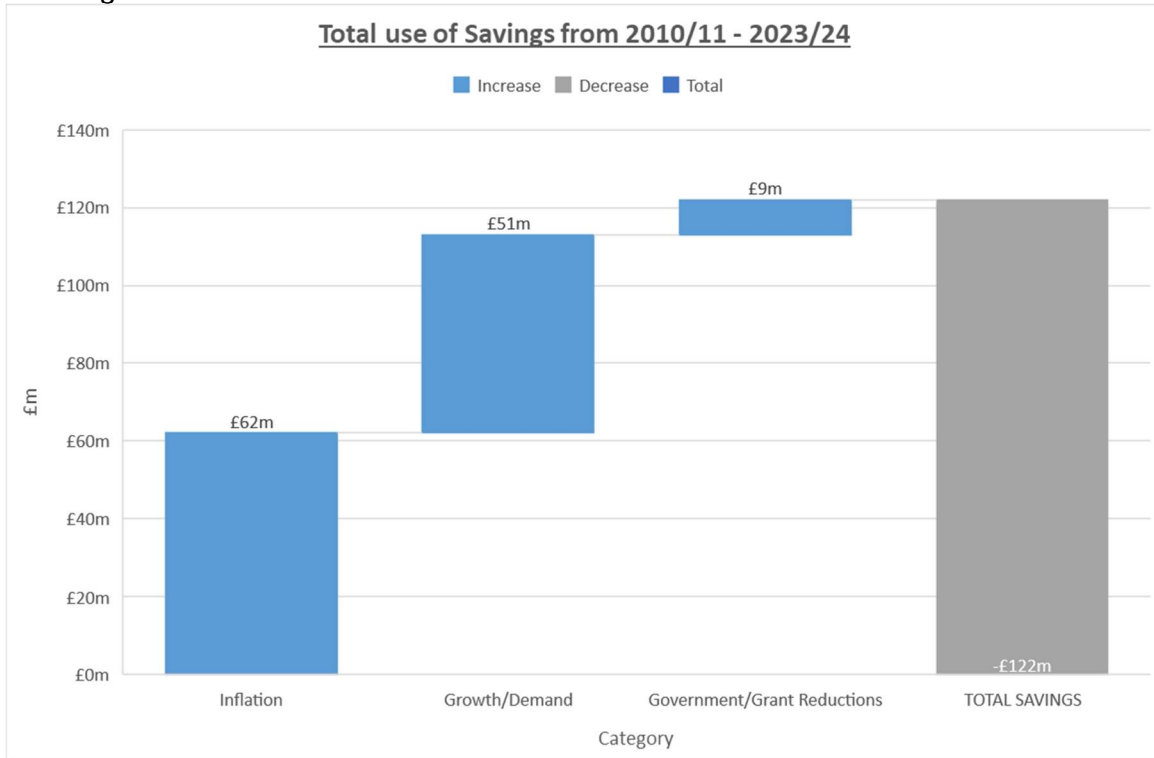


Middlesbrough Council FTE levels and trend data (2012-2023)



Transformation

11. In order to manage the impact of rising demand and challenging year on year budget positions, since 2014 the Council has successfully delivered three rounds of transformation, change and savings programmes.
12. Since 2010 the Council has delivered **£122m** in savings from these previous Transformation Programmes:



13. Examples of transformation delivered during this time include:

- Exploring outsourcing and public private partnerships to reduce costs while protecting service delivery in back-office services and provision of leisure facilities.
- Transformed our customer services model to increase online transactions.
- Significant service reconfiguration.
- Significant reductions to staffing and built assets.

14. In 2024, a transformation programme, '*Recover, Reset, Deliver*' was designed and implemented, taking effect from 1 April 2024.

15. The diagram below sets out progress made since this Transformation Programme was established and the associated governance around it, stood up:



16. Successful Council-wide transformation of the organisation is integral to delivering the Council Plan 2024-27, recovering its financial position and returning to financial sustainability, through development of new approaches to the design of service delivery, driving improved controls and efficiencies, implementation of effective demand management measures as part of the wider governance improvement arrangements currently in play.
17. The Council is committed to adopting innovative approaches in the design and delivery of services, encompassing new strategies, partnerships and collaborative efforts with stakeholders.
18. As well as further staffing reductions, the approach to transformation will require investment into new technologies and ways of working. Services will be modernised to make them as efficient as possible, ensuring the best outcomes for residents. Work is underway to assess the layers of management within the Council, ensuring that staffing structure and levels are appropriate and will deliver effective services.
19. The Transformation Portfolio is structured around six themed programmes. These programmes encompass a range of activities, key business changes, and complex projects aimed at addressing the emerging challenges and opportunities.
20. The scope of the Transformation Programme and its associated investment provides assurance on and aims to secure the delivery of all the savings of £21.028m approved by Council at its budget meeting on 8 March 2024. The investment in the resource required to physically deliver, such as programme management, finance expertise and subject matter experts, will support the Council in delivering all approved savings.
21. The Thematic Programmes seek to achieve the Council Plan objectives through modernising the services that the Council delivers and enhancing the Council's performance to be on a par with similar councils.

Adults	Children's	Property	Customer	Place-based Services	Target Operating Model and Core Services
Improved efficiency of current systems and transformation of delivery model through enhanced early intervention, use of digital technologies, increased reablement and review of accommodation offer.	Improved efficiency of current systems, transformation of delivery model through enhanced early help and prevention, development of new models of placement provision and increased in-house fostering capacity.	A review of Council's asset holdings to identify short-term opportunities to maximise generation of revenue and capital receipts to support organisational transformation.	Transformation of the organisation's approach to engaging with our customers and implementation of a customer-centric end-to-end journey, enabled through a behavioural change.	A review of service accessibility to allow more focused delivery and better meet the needs of residents, alongside transformation of the Council's approach to community engagement with the public.	Design and implementation of a Target Operation Model, alongside a review of the management structure to ensure stability and delivery of core enabling service-related savings.
Programme Sponsor: Director of Adult Social Care and Health Integration	Programme Sponsor: Director of Children's Services	Programme Sponsor: Director of Regeneration and Culture	Programme Sponsor: Director Finance (S151 Officer)	Programme Sponsor: Director of Environment and Communities	Programme Sponsor: Director of Legal and Governance

22. £21.088m of savings and income generation opportunities were identified to be realised between 2024/05 and 2026/27 and agreed as part of the 2024/25 budget setting process. All live projects are at different stages of development; some delivering to the £21.088m savings agreed as part of the approved 2024/25 budget with others being developed to deliver a further pipeline of transformation, change and savings that will be deliverable in 2025/26 and over the longer-term as a part of work to ensure the Council's Medium Term Financial Plan can be balanced.
23. "New ideas" for further and longer-term transformation are proposed through the Transformation governance arrangements, setting out timelines and expectations for formal decision-making, as a proactive measure to address any budget deficit.
24. Becoming financially sustainable requires transformation of service delivery models to operate from a lower cost base. To succeed, the Council needs to invest in digital solutions as well as increasing capability, capacity, and expertise to support the successful delivery of the Transformation Programme.

Performance Management

25. The Council continues to have in place performance management arrangements that ensure compliance with the best practice cycle of 'plan, deliver, review, revise' is embedded at all levels of its performance management cycle and governance structure.
26. The structure demonstrates a 'golden thread' from the ambitions set out in its Council Plan, all the way through the supporting service plans, financial plans and workforce plans. This includes tracking delivery of activity and impact on Key Performance Indicators that support assessment of whether activity is having its intended impact. Included within this cycle are a range of direct and indirect measures that can be linked to productivity, including but not exclusive to:
- Delivery of savings.
 - Progress against delivery of Council Plan priorities and initiatives.
 - Programme and project management portfolio delivery.
 - Staff sickness data.
 - Caseload data.
 - Satisfaction surveys.
 - Assessment of delivery against objectives.

Data and Analytics

27. The Council has had an Information Strategy in place since 2018, which is being refreshed in 2024. The Information Strategy assesses data quality and identifies a range of actions to

improve data quality. The second Information Strategy will build on the achievements of the previous strategy which focussed on the organisation and transformation of data, delivering use of Business Intelligence to improve data led decision-making and process efficiency. The refreshed version will focus on improving compliance with data quality standards, improving availability of data for lawful use and reuse and further improving data transparency.

28. The Council shares data with a range of organisations on a daily basis, where there is a lawful basis to do so. The focus on data sharing is on fulfilling statutory duties and having a positive impact on outcomes for our residents.
29. The Council publishes data on its Open Data website. It also presents data to members regularly on the impact its activities, as set out in the Council's Plan, are having on a series of KPIs.

Ensuring services meet the needs of all our residents

30. Ensuring services meet the needs of all residents, improves outcomes for all. The Council is committed to ensuring its staff have the skills and experience to be able to identify where needs may differ, and provision altered to ensure everyone has the potential to achieve the same outcomes and that the services that they receive are fair.
31. As part of this, the Council undertakes training for staff on their statutory obligations and delivers this alongside staff networks. Delivery of an inclusive culture is one of the strands in the Council's People Strategy as the Council recognises the benefits that effective approaches to Equality, Diversity and Inclusion can bring, which can be measured through a range of measures including staff and customer satisfaction, complaint volumes and type, sickness levels.

Workforce

32. Nationally councils have struggled to recruit staff in key areas where there is significant market competition for services and a resulting need to rely on agency staff. This is a particular challenge for Children's social worker posts and the Council welcome planned government intervention to reduce agency costs.
33. Overall, the Council continues to focus on reducing wider agency and consultancy costs and restricting use to areas where value can be added through short term capacity.
34. The Council has delivered significant reductions in the number of senior posts that are held by agency or interim staff as part of its corporate governance improvement plan.
35. The figure reduced from 11 in October 2022 to 3 in June 2024 and there are plans in place, endorsed by a full Council decision, to reduce this further by March 2025 through recruitment to the Chief Executive and Section 151 officer posts which are currently occupied by agency staff.

Barriers to progress

36. The rise in pressure from social care related expenditure over the last 14 years is clearly evidenced within this document, with 82% of net revenue expenditure now directed and Children's and Adult care, up from 40% in 2010/11. This reflects the poor state of the social care market and system for both adults and children's care and that government intervention is needed on this matter. The Council would welcome steps from the government to address this in order to enable to the Council be better deliver its leader of place role.

37. The Council would welcome a return to multi-year financial settlements and an end to competitive grant applications as two of the steps that could be taken to improve financial certainty within local government funding and to also ensure that funding is targeted on the basis of need to reflect that funding for local government is insufficient to enable councils to deliver all required services. An issue compounded by year-on-year real term cuts. Where capital grant funding is awarded, the most deprived councils are less able to take full advantage of it without supporting revenue streams. It would welcome a revised approach on this matter
38. The Council would also welcome a return to earlier announcements of funding settlements to support good planning processes. Reform of the Council Tax system is also much needed to address the inherent unfairness of the system which sees councils in more affluent areas receiving a much higher level of resource from Council Tax, compared to a deprived area like Middlesbrough.
39. Delays in the Fair Funding review and the Business Rates reforms must be addressed at pace by government.
40. It is the opinion of the Section 151 officer that reserves levels, while improved in 2024/5, remain at a critically low level.
41. The Council would also welcome a review of government reporting requirements to reduce bureaucracy and waste in those processes.

Next steps

42. Detailed activity to deliver productivity is already well embedded within the Council Plan 2024-27, Transformation Programme, People Strategy, Information Strategy and delivery of the Corporate Governance Improvement Plan (CGIP). The action below pulls out the key productivity activity within those documents:

Activity	Source document	Target date	Owner
Increase the amount of reablement provided to reduce the need for ongoing care	Council Plan 2024-27	March 2025	Director of Adults Social Care and Public Health
Develop an enhanced range of accommodation and support options for adults with a learning disability to promote independence and reduce the reliance on residential care provision	Council Plan 2024-27	March 2026	Director of Adults Social Care and Public Health
Implementation of a transformed customer model to improve customer outcomes and savings	Council Plan 2024-27	March 2027	Director of Finance
Develop and implement an approach to achieve organisational change through the implementation of a transformation portfolio of programmes and projects	Council Plan 2024-27	October 2026	Chief Executive
Implementation of a People Strategy to underpin transformation	Council Plan 2024-27, People Strategy and CGIP	October 2026	Director of Legal and Governance Services
Refresh the Information Strategy	Council Plan 2024-27 and Information Strategy	July 2024	Director of Legal and Governance Services
Remodel the Council's planning service to reflect increasing demand, complexity,	Council Plan 2024-27	March 2027	Director of Regeneration

recruitment and retention difficulties to improve customer service			
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43. Progress against these plans, strategies and programme is already measured and reported on to Members. Impacts on Key Performance Indicators that are relevant to the theme of productivity are embedded with these progress reports, which include.

KPI / Metric	Update frequency
% of sickness hours lost per hours available	Quarterly
Staff turnover	Quarterly
Appraisal completion rates	Annual
Budget and Performance outturns - % of activity on track and performance against allocated budget	Quarterly