

MIDDLESBROUGH COUNCIL – MANAGEMENT RESPONSES TO 2023/24 VALUE FOR MONEY COMMENTARY

Identified significant weakness in arrangements		Recommendation for improvement	Management Response
<p>Financial Sustainability As part of the 2024/25 budget setting, the Council made a request for, and received, exceptional financial support from the Government as the Council could not meet its spending commitments from available resources.</p>	1	<p>The Council should continue to strengthen the approach to budget setting to ensure assumptions are data driven and realistic, and planned savings are subject to a detailed delivery plan and risk assessment.</p>	<p>Throughout 2024/25, the Finance Team has worked closely with Directors in relation to high spending service areas including adult social care, children's social care, SEND transport to develop more comprehensive and data driven demand and cost modelling. This work has informed in year budget management and forecasting and provided the opportunity to rebase budgets for the 2025/26 financial year, also informing modelling over the term of the MTFP to 2028/29.</p> <p>This approach will be adopted on an ongoing basis, to systematically review and rebase budgets in service areas experiencing financial pressure such as fleet services and the crematorium and in relation to services that have been subject to revised operating models during 2024/25 such as residual, recycling, and green waste collection.</p> <p>The development of proposals for savings is subject to a standard business case development approach which incorporates an assessment of cost, benefits, risks, interdependencies and resource and delivery plans to establish robust plans for delivery of service improvement and cost reduction. This process is subject to the Council's Programme and Project management framework operated by the Corporate Programme Management Office and overseen by the Corporate Transformation Board.</p>

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	2	<p>The Council needs to implement a financial recovery plan to ensure services can be provided within available resources and should:</p> <ul style="list-style-type: none"> - Complete a baseline assessment of the affordability of services in their current form: - Develop a detailed plan to address the deficit including further savings for 2025/26. - Ensure sufficient information is provided to Members so they can monitor the delivery of planned savings 	<p>There is a standing requirement for each Director to develop a financial recovery plan where an overspend is forecast. Recovery plans are subject to review and assurance by the Finance Team and PMO and are tracked and monitored monthly through officer and member led budget challenge meetings and Programme Management Boards.</p> <p>The Quarter 2 position for 2024/25 forecasts an overspend of £1.382m, an improvement from £3.742 at Quarter 1, with further recovery plans in place to reduce the overspend by a further £0.5m by the year end.</p> <p>As set out in relation to recommendation 1, high spending areas are subject to budget review and rebasing. Further work is in development to undertake benchmarking of costs in those service areas and to explore alternative operating models for high-cost service areas.</p> <p>The draft budget proposed to Executive on 4 December 2024 is a balanced budget for 2025/26 and 2026/27, with a remaining budget gap of £2.686m, rising to £5.150m by 2028/29 having taken a broadly financially neutral assessment of the Provisional local government finance settlement due on 19 December. This position will be reassessed considering the detail of the settlement prior to February budget setting.</p> <p>The Executive and the Overview and Scrutiny Board receive quarterly revenue and capital monitoring reports which includes a savings delivery tracker. In addition, within the Transformation Programme Governance arrangements, a Transformation Assurance Board meets periodically and is chaired by the mayor and attended by members from across all political parties, in order to provide a more detailed insight into transformation and savings programme delivery.</p>

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	3	The Council should continue to apply the additional spending controls agreed in July 2023 to address the forecast in year deficit.	Spending controls have continued throughout 2024/25. Further plans to strengthen budgetary control during 2025/26 with refinement of financial regulations relating to budget virement and stronger management control of pay vs non pay budgets.

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<p>Governance</p> <p>During 2023/24 the Constitution was being reviewed, revisited, and embedded and the Member development strategy and programme had not been delivered. Arrangements were improved during 2023/24 but were not in effect during the year.</p>	4	<p>The Council should apply and embed arrangements in line with the culture and governance improvement plan.</p>	<p>This statement relates mainly to the 2023/24 financial year. Since that time the Council has delivered many of the actions within its improvement plan, alongside work to embed cultural change over the medium term through ongoing delivery of key strategies around Member development and its People.</p> <p>Progress against the delivery of the plan and its impact to date has been reported regularly to both Audit Committee, full Council, and the Council's Independent Improvement Advisory Board.</p> <p>As delivery of that extensive improvement is ending, the Council has commissioned an independent assessment of its corporate governance position from the Local Government Association, in line with its commitment to continuous improvement.</p> <p>The findings of that review will be published, shared with Members, staff, and partners, and used to shape our next steps in relation to governance. We know that changing culture takes time and will be continuing to deliver improvement actions to do this within Business-As-usual policies, strategies, and processes such as Member Development Strategy, People Strategy etc.</p> <p>The Council has a robust Annual Governance Statement and supporting action plan in place to ensure it has these business-as-usual processes to continue to deliver governance improvement actions.</p> <p>It is also regularly reporting the ongoing delivery of its People Strategy to its leadership team.</p>

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<p>Improving Economy, Efficiency and Effectiveness</p> <p>The Executive monitored performance during the year. Performance is measured against the Council Plan. In 2023/24 the quarterly reports tracked performance against priority actions in the Council Plan and included a commentary on progress. We did not see evidence of a clear link between the Council plan priorities, the strategic work plan and the detailed outcomes and measures reported.</p>	5	<p>The Council should ensure:</p> <ul style="list-style-type: none"> • the mayor’s priorities are clearly linked to the strategic workplan and feed down into detailed, measurable targets and staff performance appraisals; and • sufficient information is provided to Members so they can monitor service delivery. 	<p>As recognised, the Council has taken steps to align its overarching business plan with the mayor’s priorities and its work programmes.</p> <p>During 2025/26 it will be taking steps to improve focus on delivery against that plan to ensure there is:</p> <ul style="list-style-type: none"> - a golden thread that runs through the Council’s policy and strategy framework from the Council Plan priorities - improved focus on articulating explicitly how decisions will impact on the achievement of Council Plan ambitions. - A refreshed Performance Management Framework.