

**Middlesbrough Council Independent Improvement Advisory Board:  
Final Report  
March 2025**

**PURPOSE**

1. This is the final report of Middlesbrough's Independent Improvement Advisory Board (MIIAB), to the Full Council

**BACKGROUND**

2. At the invitation of the Council, and in association with the Local Government Association, the MIIAB was established in October 2023. It is a non-statutory Board which brings together independent expertise from across the sector. It is part-funded by the UK Government as part of the LGA's sector improvement programme.
3. The Board was established to provide oversight, support and challenge to the Council's improvement and transformation journey. This included a focus on helping the Council ensures compliance with its Best Value Duty under the Local Government Act 1999; particularly around:
  - 3.1. Cultural and governance issues, including those identified through the previous Chartered Institute of Public Finance and Accountancy (CIPFA) review, progress towards implementing the actions arising from the Section 24 Statutory Recommendations of the External Auditor and any future external auditor reports.
  - 3.2. Financial sustainability, including a balanced medium-term financial strategy aligned to the Council's Corporate Plan.

**OVERVIEW: THE COUNCIL'S IMPROVEMENT JOURNEY**

4. At the time of MIIAB's creation, the then Department for Levelling Up Housing and Communities (DLUHC) had issued a formal 'Best Value Notice' to the Council. This was then extended, for 6 months, by DLUHC on 30 January 2024.
5. The external context for the Council is now very different. The Best Value Notice expired in July 2024 and was not renewed. The Council is now out of "intervention." This is a significant achievement for Middlesbrough Council and this Board is pleased to have been able to have played a part in supporting, challenging, and advising the Council during the last 18 months. The Council has undertaken much of the action it promised within its Improvement Plan. This corroborates the MIIAB's view that there are many hard-working elected members and officers dedicated to moving the Council forward on its improvement journey.
6. The term of the Board was extended by six months to, March 2025, support the Council as it transitioned into permanent senior officer leadership arrangements. It is now right that the MIIAB steps back as it recognises that, whilst the challenges ahead are still great, the Council is in a good position to meet them within a business-as-usual

framework where the Council is responsible for its own improvement and where scrutiny is achieved through “normal” internal and external means.

7. This final report is intended to provide an element of reflection of progress over the past 18 months, but mainly a focus on looking forward and the issues on which, we feel, the Council needs to most concentrate moving forward to support its continuous improvement journey.
8. As the Council has moved from “recovery” through to “reset” and now on to “delivery”, the MIIAB considers that there are 5 of those main issues:
  - 8.1. Culture change
  - 8.2. Governance
  - 8.3. Plans, priorities, and strategies
  - 8.4. Financial planning and management
  - 8.5. Organisational capacity
9. The remainder of this report is structured around those 5 themes.

## **THEME 1: CULTURE CHANGE**

10. In its October 2024 report, MIIAB reported on good progress on this front. In particular, and in some cases since then, the evidence we have seen has been around: strong and visible leadership from The Mayor; the Council conducting a staff survey which, whilst having a low response rate, presented, generally, positive results and frequent communications to the organisation from the CEO, such as the CEO’s video to staff.
11. We have seen significantly improved relationships between members and officers.
12. We have also seen better member to member relationships. However, there is not consistency on this. There is still work for individuals, and the Council as a whole, to do, to embed better behaviour by (some) members. Indeed, there needs to be a coming together of politicians from across the political spectrum to work in the interests of the place and the organisation. There are still instances where member behaviour is not in this spirit.
13. We have seen a positive response to Erik Scollay’s appointment as the new permanent CEO. There are signs that the CMT is working in a more collective and cohesive manner.
14. The new management team and the political leadership of the Council need to continue to invest in themselves and their development, to help further progress the culture of the organisation.

## **THEME 2: GOVERNANCE**

15. The Council has undertaken considerable activity in line with the Corporate Governance Improvement Plan. This has, understandably, meant that the Council has been particularly internally focussed. It now needs to transition into a “business as usual” model by, for example, looking outward more than it has been and developing more-

strategic relationships. It could build on the good work in children services in this area.

16. The Mayor has taken recent steps to strengthen the Executive. It is hoped that this will provide him with the capacity to focus, even more, on his strategic role as Mayor. For example, by playing an active and positive role within the Region, beyond as well as within TVCA.
17. There is a need to improve the organisation's approach to scrutiny, especially in performance management, scrutiny of priorities, and pre-policy formulation. There is a legitimate role for scrutiny to constructively hold the Executive to account on performance.
18. There is not yet an integrated approach to finance and performance reporting, although we have seen plans to make this happen in the medium term. We would advise that this needs to be done when there is better capacity within the organisation to support this change.
19. The Mayor has, undoubtedly, been a positive driving force for change within the Council. At times this meant a more 'hands on' approach to dealing with issues that should have been the responsibility of management. However, going forward there needs to be a greater clarity over roles of officers and roles of politicians to ensure the appropriate separation of responsibilities between the Mayor and CEO, so they (and their wider teams) can work efficiently, effectively, and jointly in taking the council further and faster forward. This is acknowledged by both the Mayor and CEO who are already working to reset the relationship.

### **THEME 3: PLANS, PRIORITIES AND STRATEGIES**

20. There is now a greater focus for the Council; with its Corporate Plan having 4 high level priorities. But there still needs to be clarity on how these are being, and will be, translated into delivery. At present, it is only a work in progress in defining those 4 priorities in terms of outcome measures, which, in turn, inform the actions or interventions which are required to contribute towards generating the priority outcome.
21. It is important that good governance, the Transformation Programme and the Target Operating Model all come together to support, and indeed drive, delivery of the priority outcomes.
22. More specifically on the Transformation Programme, it would be fair to say there is a mixed picture on progress across the Boards. For example, in Children's Services the progress on the recruitment of permanent (as opposed to agency) staff is positive, and some significant savings have been delivered although there is of course a risk with the regional agency social work pay rate cap that the workforce may be depleted if workers move to councils nearby which are unaffected by the pay cap.
23. In Adult Services the situation is mixed. It is an unsettled time with senior staffing changes, and the disappointment of the very recent CQC judgement. There is uncertainty on the ability to deliver some of the identified savings. For example, delays in the review of direct payments, the re-provision use of Levick Court and the review of temporary accommodation may impact on the ability to achieve the planned savings.

24. There is a need for greater clarity, pace and consistency across the Boards. This is particularly the case with the Neighbourhoods Board. Across the Council the low hanging fruit have largely already been picked. It will now be harder to find the next solutions. The Target Operating Model work should bring dividends, but we feel it has been slow to get off the ground, is generally not well understood within the council and remains work in progress.
25. The Council's Customer Strategy is good, but it is missing the projects that will form the customer programme. You will need to ensure that the delivery model is based on a 'digital by design' approach if it is to maximise the benefits of digital technology to improve customer services whilst reducing costs. It is also unclear to us what the relationship is between Customer Strategy and the Neighbourhood Model.
26. Your Communications Strategy needs to be brought forward to completion and implementation. It needs to be used as a tool to bring the Council's vision to life. Progress on this will also ensure that the whole organisation (and partners) understand the Council's journey of improvement and the outcomes it is trying to achieve.

#### **THEME 4: FINANCIAL PLANNING AND MANAGEMENT**

27. The headline on this crucial area is that you are in a better position but are not yet out of the woods. As a reminder, the Best Value duty requires the council to achieve financial sustainability, including a balanced medium-term financial strategy aligned to the Council's Corporate Plan.
28. At the time of writing, you are projecting a small underspend during the current financial year. This will be a very good outcome and shows good progress in terms of financial management and control. Although of course this will have been achieved in the context of the Council receiving External Financial Support. You have also shifted some savings that have been undeliverable this year into 2025/26.
29. This year's Local Government Finance Settlement has benefitted the Council to some extent, and you have set a balanced budget for the coming year. However, it will require relentless management to deliver the 2025/26 budget. A tight control on the 2025/26 budget and coming in on balance this time next year, will help provide a stronger position for the medium term. Although, as with many other Councils, your DSG is a large risk.
30. You will also need to ensure an early and clear focus on proposals for 2026/27 onwards to ensure the Council has longer term resilience. Your MTFS is still unbalanced towards its final period. This means the Council still needs to develop robust medium-term plans.
31. Having mentioned the Local Government Finance Settlement, it is important for the MIIAB to impress on the Council the need to be prudent with "extra" money. There is a need to top up reserves (to a higher level than the Council has been suggesting). The Council needs to have a planned and pragmatic approach to growth. You will especially want to ensure that you do not fund ongoing expenditure from one-off funding pots and that you do focus on transformational opportunities.

## **THEME 5: ORGANISATIONAL CAPACITY**

32. To some extent you are still in transition as an organisation, recognising that some of the senior team are now in different roles. There are permanent backfill arrangements still to be completed. These need to be done as a matter of urgency to allow stable leadership arrangements to be embedded and the team to develop.
33. There needs to be investment in strengthening leadership, both in terms of the senior officer team and the collective officers/lead politicians top team.
34. There is a need to address the resilience of the finance team. The Council has recognised this by strengthening the budget but quickly getting the right people into post is key. Limited capacity in HR, OD, and Transformation to support delivery remains an issue for you.

## **SUMMARY OF RECOMMENDATIONS**

35. Overall, the Council has made good progress during the period in which the MIIAB has been in place. However, there is much still for the Council to do. But importantly, we are of the view that the Council now has the determination and has made positive progress towards meeting the challenges ahead. To give it the best chance to fulfil its potential, we would particularly recommend the following to the Council:
  - 35.1. Develop an ongoing programme of cultural improvement using existing strategies such as the Member Development Strategy. This should be owned jointly by the political and officer leadership.
  - 35.2. Complete the transition into an effective business-as-usual governance model with a particular focus on:
    - a. being more outwardly focused in outlook.
    - b. using the drive and energy of the Mayor in a more strategic, political-lead, way within and beyond the Council.
    - c. improving the role of scrutiny as an effective tool.
    - d. developing a medium-term plan, as organisational capacity improves, to integrate finance and performance reporting within the corporate governance framework.
  - 35.3. Bring clarity, as a matter of urgency, to the relationship between the four corporate priorities and outcome-based projects to be included in the Transformation Programme.
  - 35.4. Clarify, as a matter of urgency, how the Target Operating Model is to be used as a vehicle to support the delivery of organisational goals.

- 35.5. Ensure that all transformation programs are strategic in nature and have projects that can deliver corporate plans, strategies, and priorities.
- 35.6. Ensure that there is a consistent pace across all the transformation programmes to reflect the council's benefits realisation plans.
- 35.7. Focus on long term financial resilience and, in particular:
  - a. tight control on 2025/26,
  - b. develop a balanced position for the medium term,
  - c. have a planned approach to growth,
  - d. do not fund ongoing expenditure from one off funding pots,
  - e. focus on transformational opportunities.
- 35.8. Be prudent with extra money: top up reserves (to a level higher than currently suggesting), invest in contingency.
- 35.9. Build organisational capacity to strengthen resilience in finance, HR, OD and transformation to support delivery of your corporate plan priorities.
- 35.10. Continue to focus on organisational development as an important part of your continuous improvement journey, with a particular focus on team development and embedding stable, permanent leadership arrangements.
- 35.11. Complete and implement your communications strategy and use it as an effective tool to bring the council vision to life and to ensure that both the internal and external environment understands the outcomes the council is trying to achieve.