

LGA Corporate Peer Challenge – Progress Review

Middlesbrough Council

12-13 November 2025

Feedback



Corporate Peer Challenge

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1. Introduction

Middlesbrough Council (Middlesbrough) undertook a Local Government Association (LGA) Corporate Peer Challenge (CPC) during 13 – 16 January 2025 and promptly published the full report with an action plan.

The Progress Review is an integral part of the CPC process. Taking place approximately ten months after the CPC, it is designed to provide space for the council's senior leadership to:

- receive feedback from peers on the early progress made by the council against the CPC recommendations and the council's RAG rated CPC Action Plan
- consider peers' reflections on any new opportunities or challenges that may have arisen since the peer team were 'on-site' including any further support needs
- discuss any early impact or learning from the progress made to date.

The LGA would like to thank to Middlesbrough for their commitment to sector led improvement. This Progress Review was the next step in an ongoing, open and close relationship that the council has with LGA sector support.

2. Summary of the approach

The Progress Review at Middlesbrough took place onsite on 12-13 November 2025.

The Progress Review focussed on each of the recommendations from the CPC, under the following theme headings:

- strategic vision and partnerships
- governance and continuous improvement
- financial resilience and transformation.

For this Progress Review, the following members of the original CPC team were involved:

- Andrew Lewis, Chief Executive of Liverpool City Council

- Mayor Paul Dennett, Mayor of Salford and Deputy Mayor of Greater Manchester Combined Authority
- Cecilie Booth, Former Executive Director of Corporate Services and Section 151 Officer at Peterborough City Council
- Helen Edwards, Director of Law, Governance, Audit (Monitoring Officer), West Midlands Combined Authority
- Frances Marshall, LGA Senior Regional Adviser and Challenge Manager.

3. Progress Review - Feedback

This report provides a summary of the peer team's reflections on progress made by Middlesbrough against each of the CPC's 12 recommendations since January 2025. It is not an exhaustive record of activity undertaken by Middlesbrough since the CPC, or in response to the CPC. It is a high-level summary of the peer team's reflections based on Middlesbrough's provided pre-reading, pre-engagement meetings, fieldwork meetings and a reflections roundtable. The following summary reflects the peer team's views as fellow local government councillors and officers and is focused solely on the CPC original 12 recommendations.

Executive summary

At the time of the CPC in January 2025, Middlesbrough was emerging from a challenging period marked by weaknesses in corporate governance, culture, and financial management. Since then, the council has maintained a positive trajectory, responding to its CPC recommendations as part of a wide-ranging continuous improvement programme. Of the 23 actions in the CPC action plan, 57 percent were reported as complete, 43 percent were on track, and none were yet to progress, demonstrating a strong commitment to delivery and continuous improvement.

Peers noted that the organisational environment now felt calmer and more confident, with stronger relationships between councillors and officers. Staff and councillors described the council as happier, more outward-looking, and focused on delivering for communities rather than solely on internal improvement. This shift is evident in Middlesbrough's ongoing work to strengthen its partnership approach and improve

external relationships, with a huge opportunity to bring residents, communities, and partners together to shape and become advocates for Middlesbrough. While progress so far is encouraging, the council recognises that defining a clear vision for Middlesbrough, and achieving long-term impact, will take time. As part of this, continuing to build stronger relationships with the Tees Valley Combined Authority (TVCA) as a driver of investment and delivery, is critical.

Financial resilience remains a key priority for Middlesbrough, particularly with national trends of inflationary and service pressures. However, the council has made notable progress: reserves are now less fragile, financial controls have strengthened, and national funding decisions are expected to create modest headroom in the medium-term budget. Despite these improvements, the council continues to face significant financial risks, including a forecast year end overspend of £7.8m at quarter two, driven by demand pressures. The position is managed through a range of contingencies included in the base budget, and as a result, the reported overspend position is reduced to £1.8m. The peer team encouraged Middlesbrough to maintain a prudent and long-term financial approach and move away from centrally controlled contingency budgets for 2026/27 budget, to budget holder accountability. This would promote shared ownership of the financial challenge across the council and avoid overly optimistic assumptions about medium-term risks, which remain significant.

Overall, the peer team commended the council's progress since the CPC and underscored the importance of sustaining its focus on embedding improvements while pursuing its long-term ambition to address deep-rooted economic and social challenges.

Theme 1: Strategic Vision and Partnerships

Recommendations

- Develop – in co-production with communities, partners and businesses - a **long-term vision for the borough** that is inclusive, practical and deliverable.
- Redefine Middlesbrough’s **strategic approach to partnership working** based on principles of timely and meaningful collaboration, co-design and with common purpose.

Middlesbrough has launched a programme to reset its partnership approach and lay the foundations for co-producing a shared long-term vision for the borough. Central to this is the newly established Place Leaders Partnership, which brings together a diverse range of local partners committed to the town. Although still in its early stages, the partnership has begun work on co-designing a multi-generational vision for the borough. There is a huge opportunity to bring residents, communities, and partners together to shape both the vision and its execution, with systems leadership and genuine co-production that produces something more than the sum of its parts.

The peer team commended the Place Leaders Partnership approach, highlighting its wide stakeholder engagement and the council’s careful reflection on its role in shaping this work. Close collaboration with TVCA on development of the town vision will be vital so local ambitions and regional strategies complement and strengthen each other. The emerging vision - centred on young people and extending into early adulthood - signals long-term aspirations for the town and provides a solid foundation for lasting change. This marks a significant shift from a period of internal focus to Middlesbrough taking an active role as the convenor of place.

Building on this momentum, peers encouraged Middlesbrough to explore how the vision can meaningfully engage the public and influence partners’ policy and investment decisions. This will help ensure resources across the town are aligned to deliver the shared ambition for place. Peers also highlighted national developments that could unlock new opportunities for growth, supporting Middlesbrough to turn this vision into tangible outcomes and build wider confidence in the area’s future. These

included attracting national and regional investment, accelerating housing plans (including those at Middlehaven), capitalising on industrial strategy initiatives, and developing a pro-growth reputation with business. The Pride in Place funding is a clear example of this, offering opportunities to further develop and operationalise Middlesbrough's neighbourhood model and contribute to its emerging vision.

Recommendations

- Develop and seek to **strengthen relationships with TVCA and its other member authorities** to maximise the potential for Middlesbrough and the wider Tees Valley at the forefront of devolution.
- Seek to **resolve the hiatus with the Middlesbrough Development Corporation (MDC)** to unlock its potential as a powerful mechanism for integrating the resources and assets of the council and TVCA, to achieve a shared plan for the town.

Concerted efforts have been made to strengthen relationships with TVCA and address what the peer challenge identified as a hiatus with the MDC. Actions have included proactive engagement by both authorities' political and officer leadership, support for Middlesbrough's Mayor in his TVCA Cabinet role, and direct assistance from Middlesbrough officers to share learning to help TVCA respond to its best value notice.

Peers heard that encouraging progress has been made in resetting relationships and moving toward a more collaborative approach with more proactive engagement now a feature of relationships, and Middlesbrough's Mayor investing significant energy and demonstrating a genuine commitment to this. Significant challenges remain however around partnership arrangements and governance. All parties recognise that building long-term trust will take time and that further work is needed to achieve this. Peers emphasised the importance of Middlesbrough continuing to strengthen this partnership, grounded in a shared purpose and joint enterprise to deliver outcomes for the council and its communities. It is positive that more proactive engagement is now a feature of relations, though continued further development is

needed and recognised by all.

While there remain issues to be resolved about the MDC's role and focus, steps have been taken to resolve the hiatus with the MDC, including a pragmatic approach to asset transfers, a strong relationship with the new chief operating officer, and better joint working between Middlesbrough and TVCA's officer team. While these are positive developments, the core challenge persists: the MDC is not yet realising its potential to drive investment and delivery in the town. TVCA and Middlesbrough are however now better placed to resolve these issues in partnership.

Recommendation

- Develop and embed a comprehensive approach to **strengthening equality, diversity, and inclusion**, including workforce and democratic representation within strategy, policy, and service delivery; and community engagement.

The council has taken multiple steps to strengthen its approach to equality, diversity, and inclusion, including a refreshed people strategy and work plan designed to improve workforce representation through community engagement. It has updated its impact assessment policy to better capture poverty impacts, enhanced reporting processes, and plans to refresh its member development programme. These changes are supported by initiatives such as a new neighbourhood working model, expanded community engagement capacity, the reintroduction of work-placements for school pupils, and community cohesion activity.

Peers acknowledged the breadth of work undertaken and highlighted the positive feedback they had heard about the council's new neighbourhood working model and its potential to strengthen community engagement. Maintaining this strong focus will be key to turning these measures into lasting impact. Peers highlight the importance of embedding inclusion throughout, particularly in the context of community tensions, ensuring that all voices and needs are represented and the workforce is supported.

Theme 2: Governance and continuous improvement

Recommendations

- Establish a **locally owned assurance and improvement approach** for Middlesbrough post the voluntary improvement Board to provide the council, partners and residents with assurance and support, and embed and sustain continuous improvement.
- Review and **strengthen Middlesbrough's Internal Audit arrangements** and provision to ensure they are fit for purpose and adequately support the council's continuous improvement and assurance journey.
- **Review the Overview & Scrutiny Committee arrangements** to ensure they support robust and impactful scrutiny for the future aligned with best practice.

Middlesbrough has taken decisive steps to strengthen governance and embed continuous improvement through a comprehensive plan that consolidates recommendations from inspections, reviews, and key activities into a single structured framework. Grounded in the Ministry of Housing Communities and Local Government's best value guidance, the plan is subject to regular political oversight and scrutiny and fully integrated into senior leadership processes.

Peers commended the council's live, iterative improvement cycle, which they heard is contributing to progress, while observing that maintaining momentum will demand ongoing focus and reinforcement.

Recommendation

- Review and **strengthen Middlesbrough's Internal Audit arrangements** and provision to ensure they are fit for purpose and adequately support MBC's continuous improvement and assurance journey.

Progress in reviewing and strengthening Middlesbrough's internal audit arrangements has moved more slowly than other areas. While the need to reset the relationship with the current provider and increase audit days is recognised,

discussions on a revised approach remain ongoing. Given internal audit's pivotal role in assurance and improvement, the peer team encouraged Middlesbrough to accelerate action to use audit as a catalyst for organisational change. Doing so could deliver quick wins, lead to tangible improvements, and enhance assurance and confidence in the council's delivery.

Recommendation

- **Review the Overview & Scrutiny Committee arrangements** to ensure they support robust and impactful scrutiny for the future aligned with best practice.

Measures to strengthen overview and scrutiny have been implemented following a review of Middlesbrough's arrangements in March 2025. This has led to a stronger emphasis on pre-decision scrutiny and the creation of an additional committee to increase capacity to scrutinise the key service areas of children's and adults.

The peer team heard that these changes have been welcomed by councillors and have strengthened the ability to scrutinise critical and high spend service areas. However, further work will be required to ensure these changes bed-in effectively and deliver the intended outcomes.

Recommendations

- **Support councillors further** in their roles around:
 - a. supporting the Executive in its roles with administrative support and training
 - b. addressing issues with Councillor Gateway system
 - c. the timings of meetings
 - d. promoting and encouraging good councillor conduct, including on digital platforms.
- Continue to **improve member and officer relationships** with clear understanding of their respective roles, responsibilities and promoting good behaviours.

Improving relationships between councillors and officers has been a long-standing priority for Middlesbrough, with significant work already undertaken. Since the CPC, this focus has continued through ongoing training and development for both groups, supported by regular organisational ‘temperature checks’ via staff surveys.

Those the peer team spoke with described the council as more stable, confident, and calm, reflecting a wider cultural shift. Improved councillor–officer relationships were seen as central to this change, alongside the benefits of a more settled leadership and investment in corporate capacity. Councillors were generally complimentary about officers, and staff survey results and engagement levels almost doubled which indicate improvements in organisational culture compared to the previous year. Whilst this is a positive step, the relatively low response rate shows there is more to do to engage more staff. Continuing to build trust and maintain momentum will be key to sustaining these gains and embedding cultural change.

The peer team heard that additional resource for the Executive has made a significant difference and been widely welcomed. While councillor training sessions have been delivered, attendance has been mixed, suggesting further work is needed

to boost participation and ensure sessions are supported by appropriate technology and accessible to all. The council has made efforts to offer flexible meeting times. The peer team noted however that a more practical balance may be needed between flexibility and sustainability.

The team welcomed initial work planned to facilitate cross-party discussions on the issue of councillors' allowances. To further strengthen support for all councillors, the council should also consider ensuring that an outcome of this ongoing engagement is a cross-party position on councillors' allowances to reflect the time, skills, and responsibilities required for the role. This would help ensure the role remains accessible to people from all backgrounds and recognises the significant commitment involved. Similarly, recognition of appropriate remuneration and support for independent persons on the Audit Committee is important, given the critical skills they bring for assurance and risk management.

Middlesbrough has made concerted efforts to improve the Councillor Gateway casework system and support councillors in using it. However, many councillors continue to express frustrations with its operation. Resolving these issues will be crucial to enabling councillors to access information efficiently and fulfil their roles effectively. The peer team welcomed the decision to restart the gateway project board to address these concerns and encouraged Middlesbrough to identify whether the challenges stem from culture, training, service prioritisation, or back-office processes, and implement targeted solutions accordingly.

Theme 3: Financial resilience and transformation

Recommendation

- Bring further **rigour to financial planning and management** to support savings delivery and financial resilience by:
 - reviewing the MTFP assumptions and updating on a quarterly basis, with clear plans for managing demand and delivering savings reported in monthly budget reports
 - embedding understanding and ownership of the financial position with budget holders to ensure the on-going delivery of transformation, savings and efficiencies
 - supporting the Executive to own and shape the overall financial position, ensure that scrutiny and audit oversight is effective, transparent, and supports understanding beyond the council with key partners and the public
 - reviewing pay scales to support recruitment and retention of key staff, linked to workforce and succession planning, with the right balance of internal promotion and external appointments.

Middlesbrough has implemented a series of measures to strengthen the rigour of its financial planning and management. These include reviewing MTFP assumptions and incorporating changes in quarterly executive reports, providing financial training for councillors, monthly budget reports for leadership team review, completing an audit committee self-assessment against Chartered Institute of Public Finance and Accountancy (CIPFA) good governance guidance, and progressing recruitment of a pay and reward specialist to support workforce retention. Plans to integrate performance and finance reporting are on hold while the council resets its performance management approach, with a new framework expected from 2026/27.

The peer team heard that these measures have delivered a more consistent level of financial grip across the council, resulting in greater confidence in financial

management. Greater stability in the finance team was evident resulting from successful recruitments, and with steps underway to build future capacity. Financial resilience has also been strengthened by replenishing useable and earmarked reserves from £13.2m to £17.9m, and with plans in place to increase this to £30m. This is good news, with maintaining a sound level of reserves to meet unexpected in-year pressures - particularly in social care - essential. A better-than-historic settlement has created scope for modest headroom in the medium-term budget.

Peers commended Middlesbrough's considerable efforts and progress achieved, while stressing the need for continued caution and sustained focus on financial resilience. Despite improvements, risks remain in the medium-term, with a current budget overspend of £4.5m at quarter one and significant demand pressures, particularly in children's services. Careful management and maintaining healthy reserves will be essential to mitigate unexpected pressures. The council is managing the overspend using contingency budgets and reported confidence in addressing these pressures, with the reported forecast overspend at quarter two reduced to £1.8m, however the reduced forecast is mainly due to the release of contingencies. While it is prudent for the Section 151 Officer to keep a tight grip on the overall financial position, the use of built-in contingencies reduces accountability and responsibility at the budget-holder level. The peer team encouraged Middlesbrough to reduce reliance on contingencies and adopt a more sustainable, transparent approach that gives budget holders greater responsibility and clarity on the financial position. For the 2026/27 budget process, budgets should be accurately allocated to holders, who are accountable for managing their budgets within the set envelope without central control. Peers also highlighted scope to strengthen budget scrutiny to ensure oversight remains robust as pressures evolve.

The peer team recognised that the potential headroom in the budget represents a pivotal opportunity for the council. However, given the sustained financial pressures on local authorities, particularly those serving areas with higher socio-economic need, it would be prudent to avoid overly optimistic assumptions about the future. The council will want to invest this headroom carefully, focusing on key community challenges while safeguarding long-term financial sustainability.

Recommendation

- **Reframe your approach to transformation**, shifting from tactical savings during a crisis to long term financial sustainability and continuous improvement to deliver better outcomes by:
 - undertaking a cross-council reset and relaunch of the transformation priorities alongside the Council Plan and council values, underpinned by strong leadership, a robust communications and engagement plan, and an organisational development strategy
 - creating a senior transformation officer to lead consolidate and prioritise the current programme, identify new areas for transformation, and track progress and delivery of desired outcomes
 - reviewing capacity to deliver Middlesbrough's transformation ambitions, including corporate services and supporting data and analysis, to ensure that all relevant services are adequately resourced to support transformation outcomes.

Middlesbrough has made some headway in advancing its transformation programme. Progress however has been slower than expected due to challenges in recruiting a strategic lead for transformation. Progress to date includes reviewing and relaunching the transformation approach to align with council plan priorities, alongside resource investment and recruitment of additional roles. Middlesbrough has also strengthened its leadership capacity around digital and housing through the appointment of a new head of digital and ICT, and head of strategic housing.

The peer team noted that recruitment difficulties in appointing a dedicated lead officer had understandably slowed momentum. With significant pressures on demand-led services and a fragile financial context, maintaining a clear and sustained focus on transformation - particularly in adults' and children's services - will be critical to meeting these challenges and securing financial sustainability. As the council enters a new phase of its transformation journey, shifting to embed continuous

improvement, this is a timely opportunity to reassess the capacity and leadership needed to deliver its transformation objectives.

4. Final thoughts and next steps

The LGA would like to thank Middlesbrough for undertaking an LGA CPC Progress Review. We commend Middlesbrough for the positive response to the CPC and were pleased to see evidence of its positive contribution to the council's ongoing improvement journey.

We appreciate that senior managerial and political leadership will want to reflect on these findings and suggestions to determine how the organisation wishes to take things forward.

Under the umbrella of LGA sector-led improvement, there is an on-going offer of support to councils. The LGA is well placed to provide additional support, advice and guidance on the areas identified for development and improvement, and we would be happy to discuss this.

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