**South Tyneside Metropolitan Borough Council (STMBC)**

**Resource Update (‘Productivity Plan’)**

**Financial Context**

STMBC (‘the Council’), like most other local authorities across the country, is a much leaner organisation after over a decade of national austerity.  The Council has made **over £200m of efficiency savings since 2010** and is on track to deliver a further £7m of savings for 2024-25.

The Council receives **50% less Government funding** than it did in 2010; was quoted in 2016 as ‘the third worst affected Council by funding reductions’ by the Institute of Fiscal Studies; and has the second highest reduction in Government funding of all 12 North East authorities since 2010.

These funding reductions sit within an extremely challenging local context. Like other coastal regions with a strong industrial past, there are some difficult and **entrenched social, economic and health related challenges** facing the borough which require sustained investment over the long-term. In the most recent Indices of Multiple Deprivation (IMD 2019), of 317 local authority areas, South Tyneside was ranked **3rd most deprived for employment**, 13th most deprived for average income and 15th most deprived for health.

The mandated budget cuts triggered a period of **unprecedented and rapid change** within the Council.  Employees, elected members, and partners played an energetic and enthusiastic role in the change programme, doing their best to **reconcile considerable financial pressures with a bold ambition** **to transform the local area**.  This has helped us to **innovate, drive real service change** and put us in a position today to grasp future opportunities to deliver reformed and improved public services. We are ambitious for our fantastic area and work to achieve genuine improvements in the opportunities and outcomes of our residents over the long-term.

Internally, the Council **restructured, reconfigured, and modernised** to improve services and drive out significant financial savings totalling £203m since 2010, and including a huge £32m of efficiencies in just one year in 2011.  The programme of change included:

* A **substantial review of senior management, spans of control and service changes** resulting in savings of over 200 management posts and over £10m of operating costs.
* Working closely with Trades Unions, a **planned and transparent employee headcount reduction** of 40% over 14 years, including a voluntary redundancy scheme.
* **Borough-wide asset consolidation** and **ambitious capital receipts targets to enable re-investment** in priorities.
* **New models of service delivery** and learning from best practice elsewhere, including a centralised business support model which realised almost £4m of efficiencies; a review of Adult Social Care day services; review of corporate procurement; retaining children’s centres which has mitigated the increase in looked-after-children numbers and externalising adult residential care services.

The Council’s current resource position is as follows:

* We have **£158m to spend on services for residents** in 2024-25, this is down from a real terms equivalent of £241m in 2010-11 (-34%).
* We are **investing £117m through our capital programme in 2024-25** via a range of innovative projects and maintenance of our core infrastructure and buildings. Our borrowing to support the capital programme in 2024 represents only 15% of the overall cost of the programme, with the **majority funded from external grants and capital receipts**. This compares to 62% of the programme that was funded through borrowing in 2010, reflecting our greater reliance on external funding to deliver our capital requirements.
* Our **employee headcount is 3,192** compared to 4,601 in 2010.
* **£25m+ of savings are required over the MTFP 2024-29 period**, although these targets are subject to change depending on inflation and other pressures.

Setting a balanced budget each year is one of the most difficult but important responsibilities we have.

There are **many things impacting how the Council operates and how resources are used** – many of which are outside of our direct control.  These include:

* Geo-political issues and the **global and national economic environment**, including the significant rise in inflation over the past two years and its impact upon energy, goods and services (particularly construction), and staffing costs.
* **National legislation and policy** – new laws, standards, inspection and regulatory regimes, often impacting how national funding decisions are made.
* The different **powers, functions and resources devolved** to different levels and regions.
* **Changes in demand** linked to changing demographics, aging population, and other events such as global pandemics.
* **Societal changes**, including new technology and changing global priorities, such as climate action and remote working.
* Tackling the **climate emergency** and responding to the national and global changes, to help our communities, businesses and natural environment become more resilient and prepared for the impacts of climate change.

Our approach to resource planning so that we use our resources appropriately is based on the following principles:

* **Alignment of decisions with strategic ambitions** – our new 20 Year Vision and Ambitions were launched in 2022 following extensive engagement (with partners, members, employees, and residents) and evidence gathering and guides how we make resourcing decisions. This Vision places a real emphasis on delivering for our residents, helping them to be financially secure, healthy and well, connected to jobs and part of strong communities – while targeting support to make things fairer. These **core ambitions align to the new Government’s missions** to boost economic growth, realise the opportunities from the green economy and improve people’s health; 38% of those who are economically inactive in our borough cite long term health issues, so the potential for a synergistic Government approach which focuses on improving health and economic growth offers great opportunities for our residents.
* **Financial sustainability over the short and long-term**; as previously stated, our Council has transitioned significantly from borrowing to securing external funding and private investment, and the potential for utilising developments like the ‘National Wealth Fund’ as a ‘concierge’ service to capture further investment could certainly increase growth and financial stability for our local authority and area.
* **Maximising additional and external funding opportunities** from both the public sector (such as the special status the Council has secured to attract MHCLG funding and Arts Council priority place status for example) and private sector (considerable private investment has been attracted into key Council projects such as the International Advanced Manufacturing Park).

Each year we weigh up the varying pressures and refresh our [**Medium Term Financial Plan**](https://www.southtyneside.gov.uk/article/22035/Council-budget-2024-2029-Medium-Term-Financial-Plan) **(MTFP).**

The MTFP outlines how our resources will be focused, balancing investment in tackling the biggest and most fundamental societal issues facing residents with delivering hundreds of day-to-day services including support to those most in need, as well as a huge range of universal services such as road maintenance, schools, and management of public spaces.

**Engagement with Government**

We welcome recent announcements from the Deputy Prime Minister regarding **‘resetting the relationship’ between central and local government**. We have always greatly respected and valued this relationship and look forward to continuing to **actively engage with Government** on matters such as policy development, risk, assurance, and improvement, in a **positive, open, and transparent** way.

The Council is self-aware and proactive about its development areas and takes an honest and inclusive approach to improvement, valuing the importance of our relations with Government departments and the sector’s national associations. Learning from best practice elsewhere and receiving independent feedback are essential parts of **our approach to improvement planning** and how we work.

We value and maintain regular contact with our regional representatives within the Ministry of Housing, Communities and Local Government **(MHCLG) Engagement and Relationship Team**. In addition to this, we have stayed close and provided extensive information to the **MHCLG Stewardship Team** in relation to organisational risks, assurance, and improvement planning.

We have also been at the forefront of several early conversations with **The Office for Local Government (Oflog)** to help shape an approach that adds maximum value for the public, government, and local authorities.

We also strongly value our relationship with the **Department for Business, Energy and Industrial Strategy** and work closely with the department on several fronts, including in relation to our Levelling Up Partnership.

From its inception the Council has played an active and supportive role in the **National R9** forum which brings together **MHCLG**, the Local Government Association and representative local authorities from across the country.

The Council actively engages with the **Local Government Association** through liaison with regional representatives and chairs the LGA’s Coastal Special Interest Group; peer reviews and peer work; and bespoke support offers on areas of challenge. This is also true with the **Regulator of Social Housing, Housing Ombudsman, Local Government and Social Care Ombudsman and Information Commissioner’s Office** where we value collaborative and active ‘customer-centred’ engagement. We also proactively arrange independent reviews led by other organisations where appropriate, such as the Chartered Institute of Public Finance and Accountancy (CIPFA), who undertook a review on our approach to financial planning post-pandemic.

**Investment and Growth**

Despite the financial challenges outlined above, we have maintained a clear determination to deliver on our ambitious regeneration and economic growth plans to **achieve a genuine ‘shift’ in the economic foundations of South Tyneside over the long term**.

We are making good progress with the delivery of the **International Advanced Manufacturing Park** – a designated Enterprise Zone and benchmark for the UK’s advanced manufacturing hubs of the future, bringing over £400m in private sector investment and over 7,000 new jobs; as well as, **Holborn Riverside** residential and commercial development, and a **new Campus for Tyne Coast College** in the heart of South Shields Town Centre.  We have developed a **new masterplan** for South Shields Town Centre, undertaken consultation ahead of a new masterplan for Hebburn and about to start consultation for Jarrow as part of the £20m **Long-Term Plan for Towns** fund we previously secured for the area.

Over the last 15 years the Council has invested heavily in the borough with a **range of regeneration initiatives** including: health and leisure facilities such as Hebburn Hub, Haven Point and Jarrow Focus; new business incubator space at One Trinity Green and Jarrow Business Centre; investment in South Shields Promenade and a new Transport Interchange in the town centre; as well as, borough-wide investment in new housing schemes, extra-care facilities, children’s homes, major road infrastructure improvements, and schools.

The Council is **innovative and forward-thinking**, being at the forefront of the rollout of Family Hubs, one of the first authorities to set up a network of Warm Spaces (which have carried on as Welcoming Places), resulting in a new [**Anti-Poverty Strategy**](https://publications.southtyneside.gov.uk/strategies/anti-poverty-strategy-2024/) and is also harnessing community wealth building through the [**South Tyneside Pledge**](https://investsouthtyneside.com/south-tyneside-pledge/) with nearly 300 local organisations have signed up to. The Council is also making an impact with its **climate ambitions**, including an enhanced focus on ecological enhancement and ocean recovery through its corporate declarations. The Council is at the forefront of innovation in coastal resilience, leading regional and national work on nature-based solutions to flooding and coastal erosion through the **‘Stronger Shores’ initiative**.

Addressing the climate emergency will not be possible to finance within the Council’s existing resources. Our net zero plans will need to be focused on the exploration of additional external funding streams to fund effective decarbonisation and net zero solutions. The Council has already been successful in securing funding to deliver **two ground-breaking renewable energy projects** (at Hebburn and Jarrow). However, as green energy is such an area of focus from central Government with regards to investment of public funds through Great British Energy, as well as facilitating funding (with an emphasis on private investment) through the National Wealth Fund, we are optimistic about our opportunities to keep expanding in this field.

Securing **additional external funding** is very important as our own revenue and capital budgets are further squeezed due to significant demand increases and inflationary pressures.  We have worked hard to develop a **clear set of growth priorities and propositions for the borough**, including an Influencing Strategy agreed by Cabinet, so we are in the strongest possible position to maximise any funding or inward investment opportunities when they arise. The Council has a good reputation for securing and delivering on funding, including transport projects with Highways England, brownfield land remediation with Homes England and much more.

The Council is at the centre of the **new North East Combined Authority**. The £4.2bn North East Combined Authority devolution deal secures important decision-making powers and investment for the North East area, including South Tyneside.  The North East CA is now fully operational and the Mayor, Kim McGuinness, has been appointed and has hit the ground running, so the pace of work has and will continue to accelerate over the coming months.  We are already playing a proactive and energetic role in this work to ensure we make the most of this fantastic opportunity. This includes the Leader of the Council leading the work of the **Education, Skills and Inclusion portfolio**, championing the creation of a region-wide Child Poverty Prevention Programme, Skills Strategy, Employability Plan and Health and Work pilot. The Council’s Chief Executive is driving the **Public Service Reform** workstream and officers are helping to shape the development of an **Industrial Strategy and the Investment Zone (of which the IAMP is a crucial site)** and have inputted significantly into the development and implementation of the **Deeper Devolution Deal for the North East**, particularly the coastal and natural environment policy areas.

The Council’s Vision and Ambitions align clearly to the Devolution Deal and North East CA priorities with its major focus on green growth and innovation, skills, and employability, tackling poverty, achieving healthier communities and health equity, and boosting culture and tourism in a key coastal community.

**‘Our Council’ Transformation Programme**

At the Council we have thrown ourselves into a **process of renewal over the last few years**, following the pandemic and some significant internal changes.  We have redefined a Vision for the borough and designed and implemented phase one of the ‘Our Council’ change programme with a **root and branch approach to governance, culture, engagement, and modern ways of working**.

We have a new Council-wide planning framework in place with a **20 Year Vision, Three Year** [**Council Strategy**](https://www.southtyneside.gov.uk/article/15964/The-South-Tyneside-Vision-Ambitions-and-Strategy) **and Annual Service Plans**, and in line with our new [**PROUD**](https://www.southtyneside.gov.uk/article/15965/Our-Council-Values-and-Behaviours) values, we have increased understanding and transparency of our performance through new public-facing [**Quarterly Performance Reports**](https://www.southtyneside.gov.uk/article/15988/How-the-Council-is-performing), the [**Our South Tyneside**](https://www.southtyneside.gov.uk/article/22213/Our-South-Tyneside-report-2024) report and [**Annual Reports**](https://publications.southtyneside.gov.uk/reports/annual-review-2023/index.html?_gl=1*1kk95cx*_ga*Nzc5MDc2MTAxLjE2ODY3NTQ2MzE.*_ga_DNGKJ1HWT8*MTcxOTIzNzQxNS4zMTcuMS4xNzE5MjM3NDk5LjQwLjAuMA..)**.**

Our efforts around culture, engagement, workforce development and support are having a positive impact across the organisation.  Our latest Employee Wellbeing Survey results report that **95% of employees surveyed feel trusted to do their job; 96% know what is expected of them at work; 92% feel proud to work for the council; and 91% feel the Council is a great place to work**.  We have a comprehensive action plan in place to address the areas of improvement identified by the survey, as well as bespoke plans to support specific services, such as Waste, and frontline teams not linked to the Council’s ICT network.

**Phase two of the ‘Our Council’ Transformation Programme** focuses on the major and prioritised programmes of change which will have significant financial, policy or strategic implications for the Council and Borough.  There are **four major programme workstreams (Prevention, Commercial, Modern-fit-for-purpose Council, and Evidence & Engagement)** which are led by a programme sponsor and a separate programme board, reporting into an overarching Transformation Board.  The Transformation Board is the focal point for facilitating collaborative activity around public service reforms whilst managing risk which will underpin the Council’s financial sustainability in the medium term to fundamentally close the projected financial gap within the Medium-Term Financial Plan.

The **four major programme workstreams** are:

**Workstream 1 - Prevention**

This workstream is about us supporting people to live healthier and happier lives and as a result **preventing, reducing, and delaying needs for support and statutory services**.  Being able to access the right support at the right time is critical, with a focus on targeted early intervention we can work collaboratively with people and partners to improve outcomes.

As a local authority we have an important role in helping **convene the right conditions** to play a key role in driving system transformation, linked to public sector reform, liberating our workforce to utilise their skills to work differently with people to enable real change.  We can **harness the assets and strengths** we have across South Tyneside, so they are coordinated, maximised and targeted to those who really need it. We understand the benefits of not making long term decisions with people when they are in crisis, the need to move away from admissions to care from hospital as an example and how we need to do more in terms of working with people much earlier to understand what matters to them. Clearly working with partners, such as health through local partnerships and the Integrated Care Board, and with communities in ways that work for them, will be integral to our success.

We want to help enable **people to live as independently as possible**.  This includes more self-care options; **making the most of strengths** that already exist among individuals, families, and communities; more co-ordinated information and advice; **greater alignment of activity across partners**; more decisions led by the person; and greater use of **data, evidence, and technology**.

By focusing and investing our activity in ‘Prevention’ we can help people live happier and healthier lives, which is our top priority.  We know that this improves outcomes for people, which in turn has a benefit for employees as they see the rewards in the work they are doing and there is a significant financial impact as well.

Social care accounts for 65% of our discretionary budget and therefore in the context of significant budget pressures, there are also significant financial benefits to strengthening our focus and approach to prevention. Central **Government’s commitment to reforming to NHS to focus on prevention will help us facilitate this** so we can focus on people living longer, healthier, and more independently, to the benefit of both residents and public purse.

There are several projects underway as part of this workstream, including:

* **Preventing, Reducing, Delaying Need for Adult Social Care** including reducing the trend/ number of people accessing support, ensuring support is focused upon maximising independence and reducing numbers of people entering long-term care through preventing, delaying, and reducing needs. The identification and use of alternative support, including connecting people to their community, use of technology, equipment and adaptations, the right type of accommodation and a focus upon the home first principles.  Working with partners is critical including the Integrated Care Board, foundation trust and mental health trust providers, independent providers, and our voluntary sector. This work is being informed by the Adult Social Care and Commissioning Strategy, our Let’s Talk Together approach and we will seek to build upon on the work already started as part of our Living Better Lives programme (including reviewing our Let’s Talk Service and the development of Specialist Accommodation as an example), as well as identifying further opportunities. We are also working on smoother and more appropriate transitions between children’s and adults social care, to further improve opportunities for independence and overall outcomes.
* **Children’s Social Care transformation strategy** to improve outcomes and reduce demand, cost, and volume of care provision.  This includes significant cost avoidance for future years as a result of investment in early intervention, such as Family Hubs, more in-house fostering, new in-borough Children’s Homes, and refinements to how social care is practiced.
* A programme of work to better understand the **challenges and opportunities for children and young people with special educational needs and disabilities**, including developing appropriate specialist local provision alongside mainstream and using less independent and out of area provision, with also a clear focus upon preparation for adulthood and effective transition planning.
* **Supporting people with multiple and complex needs** - a system-wide work programme to better understand the challenges faced by people with multiple and complex needs, identify and share lessons learned from best practice from elsewhere in the region and beyond, and co-design, implement and commission evidence-informed practices to better support people before they reach crisis point and address gaps in current provision.

Delivering these **significant and complex change projects** alongside the ‘day job’ is a huge challenge, given budget and capacity constraints and demand pressures.  We continuously challenge ourselves to think about how we might take an **even broader view of prevention and join up our approaches**, both within the Council and across the system with partners.  This may include more integrating of services, service design around residents / families, using joint assets in a different way, use of technology and data, enabling the third sector to take a great role, setting a future target to pivot resource allocation towards prevention etc.

**Workstream 2 - Commercial**

Over the last two decades we have **invested millions into borough-wide regeneration** and infrastructure schemes.  This investment has been used to improve the local area and kick start regeneration where there has been limited private sector interest.  However, our ability to invest directly in large schemes has reduced over recent years, and this necessitates a need to explore **more public-private partnerships and joint venture options to drive growth and regeneration**.  This may include use of our land and property assets; targeted investment in housing development; and renewable energy schemes.  We will also support those services that can lean into a more commercial trading environment, and we will look to maximise the **social value and community benefits** of trading and commercial transactions where possible.

So far, we’ve established a set of commercial principles to guide the scope of this work and have set out a work programme, including a focus on:

* **Reviewing our Traded Services** to ensure we are maximising value – both financial and wider outcomes.
* **Procurement** – routes, social value, contract management, impact of changed legislation.
* **How we use assets such as land and buildings** to further our strategic ambitions and bring additional investment to the area, with new mandatory housing targets and a more interventionist approach from Government also offering more guidance on this.
* Being open and curious around **new and different delivery models**, such as joint ventures, outsourcing, shared services, etc, through application of a rigorous option appraisal.

**Workstream 3 - Modern, fit-for-purpose Council**

This workstream is about ensuring the Council has the **right culture, skills, technology, processes, and environment** to allow employees and elected members to undertake their important roles and responsibilities in the most effective way and this is a future-proofed and modern Council.  It is about ensuring our **systems and processes are efficient, effective, accessible, and sustainable, and digitally enhanced where possible**, to improve resident and user experience and increase value for money.

There is a wide range of projects ongoing within this workstream, impacting every area of the Council.  This includes:

* **Modern Workplace Programme** – to implement and embed MS365 suite of products to improve information management, collaboration, processes, system design and culture.  We are currently halfway through the agreed four- and half-year timescale.
* **Recruitment and Retention Review** – the Council’s workforce is central to its success.  This project covers the themes of attraction, workforce planning, recruitment, retention, and employee performance management.
* **Oracle Replacement Project** – to replace Oracle ERP system due to obsolescence risk by 2026, and address existing functionality issues across HR, Payroll, Finance and Procurement, resulting in improvements to self-service, increased automation, and improved data management.
* **Service Design** – we have created a 3-year fixed term Service Design Team to accelerate our capabilities in this area. The team are working on key projects such as developing a new Members’ Enquiries and Customer Complaints experience with a view to improve the user experience, streamline processes, and create better insight. Next year, the team will be focusing on the Customer Contact Redesign project, which will redesign the customer contact experience from beginning to end based on a new Target Operating Model. This will include an improved systems environment, such as a cloud telephony solution, a CRM replacement, and a payment solution, as well as developing new and improved online forms and processes that are automated, end-to-end, and integrated with the relevant service area systems. The project will also involve engaging with customers and users across the whole end-to-end process to design, develop and deliver services and experiences that are accessible, informative, and easy to use. We will also be reviewing and updating our information, advice, and guidance on our website, to ensure that it is easy to find, accessible, and adheres to the Website Content Accessibility Guidelines.
* **Council-wide Data Strategy** - to set out a three-year strategy with the aim of providing high quality and joined up data across the Council.  This will improve analytics, strengthen reporting, and empower employees to make more informed decisions and target support where it is most needed.  Working with Simpsons, an early pilot project will be ‘Supporting Families Single View’, a project to implement a **hosted data platform** to manage our Supporting Families claims. The project will integrate data from various sources such as social care, education, health, housing, police, and domestic abuse, to provide a comprehensive and up-to-date picture of the families and their needs. The data platform will help to match and identify families who meet the Supporting Families claim threshold and enable professionals with relevant access to view and contribute to the case management process. The project will also measure the outcomes and success of the interventions, which will facilitate the claims process and the evaluation of the programme.  As this project develops, further use cases will be developed that will consume more data sources to give us a broader view of individuals, households, and wards.  There is also the expectation that the platform will involve developing location-based technical capabilities that could be used to display information and statistics based on locality.  In parallel and over time, we will be looking to assess the Council’s wider data maturity, build use cases through workshops/discovery, define a data strategy, and create the roadmaps and plans to build the necessary people, process, and technology foundations. The strategy would also set out opportunities to use advanced data capabilities including Artificial Intelligence.

We are also working on improving the quality of data we collect, use, and make available to residents, by implementing **the Modern Workplace Information Governance project**, which will help us understand the data each area in the council holds, increase the use of MS365 tools to manage data, and enhance governance and security.

**In terms of data sharing**, we share data with other organisations on a regular basis, and we find this useful for improving our understanding of the needs and outcomes of our residents and communities. We access data from various partners, such as the police, health, education, and housing providers, and we use secure methods to exchange data. A recent example of improvements in this area is in the delivery of the **Great North Care Record data viewer** which gives our social work teams access to relevant NHS data to give us greater insight into individuals and families that have entered the social care system.

Some of the **barriers** that we face in taking advantage of technology and making better use of data are related to the **legacy systems** that we use, which do not have the capabilities to easily extract data into usable formats or integrate with other systems. We will address this issue by building in stronger standard technical requirements in procurement opportunities, to ensure that data is accessible for us to pull out into a future data platform.

Programmes of work to improve our use of data are resourced from our existing pool of staff, so capacity both in Digital and ICT and across the wider Council is a challenge given the competing priorities that services deal with. There is also a challenge in recruiting to certain digital posts that is an ongoing consideration as we develop the roles needed to drive our use of data.

* **Council-wide Digital Strategy** – we are working to set out a refreshed three-year Digital Strategy, which will include several streams of work including resident facing services (customer contact/ digital services, digital skills), technology products and services (hosting, platforms, operations, and end user technology), cyber resilience and data.  Workshops have been set up with colleagues from all directorates to understand their Digital and ICT requirements and feedback to help shape the strategy. The likely timeline for completing the strategy is late summer/ early autumn 2024 following an independent external review of Digital and ICT across the Council.

We are exploring the benefits of Artificial Intelligence and Machine Learning as part of our Digital Strategy. We are in the early stages of adopting **Microsoft Co-Pilot** and have licensed a small group of users to gain insight into the benefits before developing a Business Case for further adoption. We will also be assessing opportunities for more innovative uses of AI as part of the Customer Contact Redesign project but are focused on delivering the systems to improve how our services manage their data and processes first. We are also mindful of the need to balance our longer-term aspirations with our more fundamental issues that would generate more value if resolved, such as the inefficient re-keying of data within many of our key customer services processes. Therefore, we are taking a sustainable approach that includes developing common/standard data platforms and processes to improve the longer-term outcomes, while also addressing the immediate needs that must be met.

**Workstream 4 - Evidence and Engagement**

In recent years we have made improvements in how we use, analyse, and embed data, evidence and insight into our decision making.  This includes both hard data and softer intelligence, including insight gained from more conversations with our communities.  However, led by our new PROUD values, we want to go much further on this and do a lot more around making **fair, transparent and evidence-based decisions, and more listening, collaborating and empowering our communities**, so that we can effectively deliver on our Vision and target support to make things fairer for the people and places that need it.

The **three aims of this workstream** are:

* Boost the basic **understanding of baseline data and evidence** in the borough of officers, members, partners, and residents to support better informed decision making.
* Enhance **sharing of data, intelligence and insights across the Council and partnership** to reduce duplication of efforts and boost engagement with evidence.
* Embed a **culture of research** among employees to develop knowledge and skills for research evidence use, business case generation, programme / project evaluation and benchmarking.

Key projects already implemented include the **‘Our South Tyneside’ Annual Report** of data and evidence about the borough; an annual research report; a members development session focused on the use of evidence; a Research Champions network of officers embedded within the Council; the breaking down of data sharing barriers with partners (such as Northumbria Water); and a PowerBI network of officers to share best practice. In recent years the Council has also conducted its first Economic Assessment, business survey and residents survey for a decade, and we are considering how to further improve, broaden and deepen engagement with a range of stakeholders.

Projects in development include the rollout of **Plinth** - a platform to share and assess the impact of volunteering across the borough; a **Data Observatory** - a project to develop an observatory that uses publicly available data to present high-level and location-based statistics to aid information and insight for strategic planning, policy development, and performance monitoring, a vital tool for employees, members, partners and residents to increase understanding of the borough; and further working with **Insights North East and Office for National Statistics (ONS) Local**. The workstream is also boosting engagement with residents through the **creation of a residents panel**, the integration of South Tyneside Homes into the Council (allowing further insight to be coordinated across services) and **significant community consultation** through the Our Jarrow Conversation (following similar engagement in South Shields and Hebburn which has shaped the Council’s plans in those town centres). Work is underway with university partners on potential projects to deepen the understanding of barriers to employment and the labour market.

We take our statutory responsibilities very seriously, which includes the **Public Sector Duty as part of the Equalities Act 2010**. As such, over the last 12 months we have worked collaboratively, led by data and intelligence, to bring forward a **new Equality, Diversity, Inclusion and Belonging Strategy** to help ensure fairness, inclusivity, and the appropriate targeting of resources within the borough. The Strategy, objectives and associated action plans, will help give all employees and elected members the tools to undertake their jobs more effectively, supporting our compliance with the Public Sector Duty.

**Council Governance**

The Council has a **robust assurance framework** in place to ensure public resources are managed effectively and responsibly. Shared oversight of delivery and performance exists at the appropriate levels.

There is a well-established **monthly budget monitoring process** to oversee financial management across the Council. This process has enabled the Council to successfully deliver significant efficiencies and remain within budget, and includes budget oversight by individual service managers, through to formal quarterly outturn reports to Cabinet, which are shared publicly.

The Council has a **clear risk management strategy, policy, and detailed framework** to ensure risks are escalated and managed appropriately. The governance around risk includes live service and directorate risk-registers, an ongoing Internal Audit work programme, a quarterly Audit & Risk Board and an Elected Member led Audit Committee.

The [**Council’s Constitution**](https://southtyneside.gov.uk/media/7818/Council-Constitution-May-2024/pdf/Council_Constitution_May_2024.pdf?m=1716303021007) sets out in detail how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people. The **Council’s Committee Structure** is presented on page 15 and details the Council’s Cabinet decision-making model, the various Non Exec and Regulatory Committees, the Overview and Scrutiny Committees, and Community Area Forums. Together, these arrangements ensure that decision-making and accountability is held appropriately, and the business of the Council is transparent.

There are a range of boards in place to help ensure the Council manages its **key projects and programmes** effectively and delivers against the costs and benefits intended. These include project delivery boards; Directorate Programme Boards; a Council-wide programme board; and a Transformation Board to plan, coordinate and deliver the Council’s future change programme.

There are **specific Improvement Boards** in place for those service areas that are delivering the most significant and complex programmes of change. These include an Improvement Board for Children’s Social Care which was set up following the last Ofsted Inspection and is independently Chaired and involves partner agencies, and an Adult Social Care Living Better Board which is overseeing a significant programme of work including transformation and preparation for CQC assurance. This has been informed by external review work undertaken in the form of an ‘annual conversation and ‘mock’ CQC inspection process. Adult Social Care has also worked closely with the Social Care Institute of Excellence to assist with the co-production of their strategy and approach to co-production, as well providing ‘critical friend’ support to their approach to improvement. There are also specific Boards driving forward improvements in Waste Services and managing the transition of bringing the Council’s ALMO ‘South Tyneside Homes’ back in-house.

The Council publishes a **comprehensive** [**performance report**](https://www.southtyneside.gov.uk/article/15988/How-the-Council-is-performing) every quarter, highlighting progress across those key indicators linked to the Council’s strategic ambitions, as well as an [**Annual Report**](https://www.southtyneside.gov.uk/article/21387/Annual-Report-2023) which summarises performance across the full year.

The Council works closely with various partners on several fronts. There are a range of planning, delivery and assurance arrangements that bring together the Council and its partners to jointly deliver services to residents, businesses, and visitors of the borough. Partnership working is strong in South Tyneside. There is an **overarching Partnership forum**, which is working well with its new approach to holding Summits on key topics (two have already taken place on Poverty and Corporate Parenting, with more planned this year). Beneath the overarching forum are **various sub and service level arrangements**, including the appropriate safeguarding decision-making and oversight at operational and strategic levels.

The Council welcomes **independent review and challenge**. External feedback helps inform our improvement and delivery plans. In recent years we have proactively invited feedback from the Chartered Institute of Public Finance and Accountancy (CIPFA) on our financial planning arrangements and organised several Local Government Association (LGA) led reviews, including a Corporate Peer Challenge on the whole Council, as well as bespoke reviews on individual services such as Communications, Services for Children with Disabilities and Waste. We are also involved in peer work which involves us working closely with other local authorities with strengths in particular areas, so that we can learn from good practice elsewhere in the sector. We work with a range of advisors, consultants, and agencies, as appropriate, to help provide challenge, insight, and ideas for improvement. All of this is in addition to the myriad of mandated inspections the Council is subject to across the board, including in relation to housing, social care, education, health & safety, information governance, and many more.

**Asks of Government**

Again, we welcome recent announcements from the Deputy Prime Minister regarding **‘resetting the relationship’ between central and local government**. We believe this moment is one of real opportunity; Councils can drive change at a local level and help Government to deliver its missions, transforming the way public services are organised and the impact they have on people’s lives. We strongly welcome the Government’s commitments for multi-year funding settlements, the end to competitive bidding and the reform of business rates, the creation of a National Care Service and boosting SEND support. We look forward to working with Government on all these key issues which have the potential to really significantly impact the residents of South Tyneside.

Below are some issues we believe Government should consider in terms of further strengthening the local government sector and its ability to respond to ever-increasing demand and pressures. This echoes many of the proposals set out in the LGA’s Local Government White Paper published in June 2024.

**In terms of local government finance**:

**Short term – stabilisation**

Local government finances are on a knife edge and require immediate action to stabilise them. Without action, the sector is at risk of more Section 114 notices over the coming months and into 2025-26.

* **Multi-year settlements** – As mentioned above, we welcome Government’s early commitment on this. The 2024-25 settlement was the 6th single-year settlement councils have had to use to plan their budgets. This provides no stability or certainty and makes planning future council finances reliant on assumptions and predictions. Any future settlements for local government must be multi-year, ideally covering 5 years with regular updates to the data, providing local authorities with the figures they need to accurately plan their budgets over the coming years and enable certainty and long-term planning.
* **Greater grant flexibilities** – Local authorities are experiencing a range of pressures and know best their local areas. Strict grant conditions ringfence funding, preventing local authorities from targeting funding to their areas of need, placing further pressure on their budgets. Loosening grant conditions (over a long period of time and allowing funding to be front-loaded, removing the threat of clawback) would enable councils to direct funding to where they are experiencing the greatest pressure, bringing stability to their budgets. This should include the end to competitive bidding (pitting councils against one another) with allocations made according to need.
* **Grants for social care to be distributed direct to social care** and not channelled via the NHS as they often do not take account of levels of local need and deprivation. Social care has its own statutory duties and functions which are much broader than supporting the NHS. The Care Act 2014 clearly sets out the importance of partnership working, but partnerships are much wider than the NHS and hospital discharge. Social Care needs to focus upon outcomes for people and working collaboratively with local communities to define this.
* **Reset business rates baseline** – Business rates growth was due to be reset in 2020, as promised by the government in 2013, yet has now been delayed until the next spending review period. The outcome of this has seen the least deprived authorities, with high growth in their business rates base, retain millions which would have been distributed to less deprived authorities, with low growth in their business rates base, had growth been reset. We calculate that SIGOMA members have lost £150m in funding for every year this delay has happened. SIGOMA were assured that true growth figures would be published by Government by the end of 2023, but we are still awaiting this data. The business rates baseline needs resetting with any accumulated growth distributed on a needs-basis. Resetting business rates growth would cost nothing but would ensure that the most deprived authorities receive more funding to support the delivery of their front-line services.
* **Review the council tax referendum principles** – Council tax referendum limits exist to protect local taxpayers from high council tax increases, yet this comes at the expense of councils’ financial viability. Over the past couple of years, we have seen numerous councils with a Section 114 increase council tax by percentages greater than the referendum principles. We should not be waiting for Councils to find themselves in financial distress before they are allowed to increase their council tax by greater amounts. In the most recent local government finance settlement, councils were given the option to ask the Department for a relaxation of these principles should they find themselves in financial distress. However, local authorities should be trusted to set their council tax levels at a value that will keep them in a position where they can continue to provide their residents with the services they rely on, rather than having to wait until they’re in desperate need. This would cost central government nothing.
* **Increase the quantum of local government funding** – Since 2010, local government has experienced the largest budgets cuts in the public sector, experiencing a 18.1% real-terms cut to their funding up to 2024-25. This figure is even greater for more deprived authorities, SIGOMA members have seen an average real-terms cut of 23.3% since 2010-11. This comes at a time when the demand for council services is far higher than 2010 levels, particularly for adults and children’s social care. Local government needs to see its quantum of funding returned to 2010 levels over a period of a few years to truly be stabilised and to avoid more councils issuing Section 114 notices or seeking capitalisation directions. This would mean providing local government with above inflation increases on their settlements until real-term 2010 funding levels are restored.
* **Regulate the children’s social care market** – The children’s social care market is broken, and spiralling costs of children’s social care placements are placing immense pressure on local authority finances. Regulating the children’s social care market to prevent excessive profiteering would help relieve some of the pressure on local authority budgets and would ensure the most vulnerable children in society can remain protected.

**Medium term – distribution**

In the medium term, local government needs to be made fairer, with more funding distributed on a needs basis. This involves introducing a number of reforms to ensure that the gap between the most deprived and least deprived areas does not grow wider.

* **Detach business rates from local government funding** – The current system of using business rates to fund local authorities is not fair and prevents the business rates system from being reformed. Business rates should be detached from local government funding whilst ensuring local authorities have the funding they need. This would also make it easier for government to reform the business rates system and help local small businesses.
* **Fair Funding Review** – The formulas used to distribute local government funding are out of date and have gradually shifted over time to distribute less funding on a needs-basis. The data and formulas used to distribute funding need to be updated to ensure that distribution of funding to local authorities is fair and does not further widen the gap between poorer and wealthier authorities. For an area like South Tyneside this matter is hugely important. The Council was previously disproportionately hit by funding reductions, which felt unjust given the area’s below national average position on almost all of the key outcome indicators in relation to health and the economy.
* **Independent grant allocations** – The only way that distributions of local government funding can be set fairly, without political influence, is through an independent body. Allocations of local government formula grant should be determined by an independent body.
* **Reform of social care funding** – The current funding mechanism for adult social care is neither sustainable nor fair for the most deprived local authorities. The current system creates a postcode lottery of care, and every year it continues the gap between the most deprived authorities and the least deprived authorities widens. Social care funding needs to be reformed so that it is based on social care need in a local authority area and not based on residents’ ability to pay the social care precept.
* **Move away from local taxation** – Since 2013-14, there has been a gradual move away from government grant towards local taxation, and fees and charges, to fund local services. This disadvantages the most deprived local authorities whose residents are less able to afford inflationary increases to fees, charges and council tax and diminishes the principle of needs-based funding. The government must ensure that the funding allocated to local authorities is sufficient to provide these services without relying on residents paying increasing amounts for them.

**Long term – sustainability and reform**

In the long term, there needs to be a focus on sustainability for local government finances, to ensure that there is not a return to the current situation, where local government finance is at breaking point. The system is broken and requires reform.

* **Independent review** – There needs to be an independent review of local government finance exploring what additional alternative income streams local government could raise without more deprived areas being left behind or increasing the tax burden for local taxpayers.
* **Review and reform Council Tax** – Council Tax is regressive and an unfair way to fund local services. The Council Tax and Council Tax benefit system needs to be reviewed and reformed to create a fairer and more equitable way to fund local services that does not punish the most deprived households. This could be done as part of the independent academic review.
* **Public Sector Reform** – Central and local government should work hand-in-hand to tackle complex and long-standing issues where the current approach is not working. This work should be led by communities and the people who use services and includes adult social care, temporary accommodation, asylum, SEND, and home-to-school transport. This should include consideration of place-based budgeting to ensure locally sustained public services.

**Other considerations for Government where national intervention or support would be helpful include**:

**Government reporting:**

* Extensive monitoring required by Government departments for some funding through reporting, Boards and administration.
* Cliff edges to key Government funding streams that have made a real difference to our residents, such as UKSPF (running out in March 2025 and supporting vital projects such as community shops, and business start-up support) and Household Support Fund (running out in Sept 2024 and helping residents with school uniform support for example).
* Multiple ways in which Government collect monitoring information, i.e. via Microsoft Forms for UKSPF, via Delta for most other things, via Excel spreadsheet for Levelling Up Funds.
* Producing productivity plans. If this is an on-going ask, it is important for the sector to see the benefit of the process and how it is supporting improvement.
* A firm stance from central government of talking up local government.

**Council activity:**

* Limits on Councils’ ability to change some discounts for Council Tax, leading to time spent on regular checks of eligibility.
* Abuse of the Freedom of Information Act (including Subject Access Requests) by some organisations resulting in significant work for questionable requests.
* The need to continue producing paper Council Tax bills, Planning Notices, etc, rather than just online versions.
* The continuing requirement to hold all Council meetings in-person and to not allow some Council meetings to be held online.

**Social Care:**

* Uncertainty over the future of the adult social care precept.
* Inadequate funding and resource for preventative measures; we strongly welcome the Government’s intention to reform adult social care, with local delivery of services and a ‘home first’ approach – something we have adopted in South Tyneside through our ‘Living Better Lives’ Strategy.
* Workforce shortages and difficulty recruiting and replacing workers; the commitments to a fair pay agreement will really help, but we will need resource to deliver this. We have recently set up a Care Academy to support our local care sector and develop skills and promote employment opportunities, but we need more national support on the issue. We need a clear plan for the social care workforce, including pay and conditions, career development (thinking about the NHS workforce plan we need parity and not be seen as an add on). Social care is an incredibly challenging market, with the range of complex statutory duties and professional competencies required.
* Shortage of foster carers in children's social care resulting in costly residential provision.
* Cost of residential placements for looked after children where the private sector needs financially regulated.

**Regeneration:**

* Uncertainty over key announced funding streams that are crucial to the transformation of the borough, such as, in South Tyneside’s case, Levelling Up Partnership (to help regenerate South Shields town centre), Levelling Up Fund Round 3 (to ensure the transformational relocation of Tyne Coast College to South Shields town centre) and the Long Term Plan for Towns (funding for interventions in Jarrow);
* Inflation should be factored into projects that are granted funding (such as Levelling Up Fund) if the announcements are delayed.
* Need for more revenue-based funding alongside capital to help deliver key schemes, be it on skills, health, or other issues. This could build on the platform that has been developed through UKSPF, but over a longer period of time.
* A re-balancing of the expectations of social housing regulators and the planning inspectorate.
* Support for the reform of housing and planning policy through the National Planning Policy Framework

**Devolution:**

* We wholeheartedly welcome Government’s commitments to extending Devolution, particularly towards local authorities, and the recognition that the path to better housing, skills, and jobs for local people runs through local councils; we hope this will facilitate some of our larger schemes in key areas.
* We have an opportunity to really make the most of Devolution and have a shared agenda with Mayoralties that leverages some of the things that regions have negotiated, i.e. creating change through working at economies of scale, opening up new regional markets (e.g. social care), diversifying investment portfolios, levering greater private investment, etc, and considering moving towards local Public Accounts Committee approaches and making sure this is a two-way street where Local Government and Government can hold each other to account;
* In the North East, we are fantastically positioned to work closely with Government on making this agenda a huge success. We have a newly formed North East Combined Authority, led by our new Mayor, Kim McGuiness, and the energy and determination is there to make a real difference to our people and places by delivering the growth we desperately need to raise living standards and opportunities in the North East. Our Council Leader, Councillor Dixon, leads the regional Education, Inclusion and Skills portfolio, championing the creation of a region-wide Child Poverty Prevention Programme, Skills Strategy, Employability Plan and Health and Work pilot.

**Workforce:**

* There needs to be an equal and respectful central-local partnership in relation to local government talent. Joint working on issues such as talent attraction, building on the pilot in the North East, would help fill clear capacity gaps in local government. As of April 2023, our workforce profile shows that 33% of our workforce are aged 55 or over, and only 8% are aged 25 and under. Recruitment pressures exist across many services, although some pressures are more significant than others in our Council, particularly in social work for children and adults and areas such as Digital and ICT, planning and environmental health.
* As mentioned above, we need a clear plan for the social care workforce, including pay and conditions, career development (thinking about the NHS workforce plan we need parity and not be seen as an add on). Social care is an incredibly challenging market, with the range of complex statutory duties and professional competencies required.
* We would like more flexibility for Councils to pilot new innovative approaches to remain a competitive and attractive employer.

**Behaviour and social media:**

* We need real, genuine sanctions in place that frame the behaviour of Elected Members and have consequence in the real world. This all needs a fundamental reset.
* Statutory officers need to be protected as much as MPs and Elected Members as the power dynamic and lack of teeth in the Standards regime exposes professional colleagues daily.

**END**