

# LGA Corporate Peer Challenge

Brentwood Borough Council

5<sup>th</sup> – 8<sup>th</sup> March 2024

Feedback report





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## 1. Executive summary

In January 2022 Brentwood Borough Council (BBC) and Rochford District Council (RDC) agreed to form a strategic partnership with the aim of securing a long-term sustainable future for both councils through collaboration. By working in partnership, both councils believed that they could achieve more together than would be possible by acting alone. The chief executive of BBC was appointed joint chief executive and head of paid service across both councils and a [memorandum of understanding](#) was signed outlining the vision, ambition and objectives for the partnership.

Now two years into the partnership and with new political administrations at both councils, members at BBC want to take stock of the progress to date, scrutinise the deliverables and ensure the savings and improvement objectives are being met. Officers have been guiding the new administrations through the partnership vision and now need clear direction from both political leaders on the way forward.

It was very clear to peers from day one of the peer challenge that officers considered the development of the 'One Team' as a clear priority whereas members had a different view of the work they wanted to take precedence. Officers were implementing a single officer structure across both councils from tier one to four to create a unified officer team delivering high quality outcomes for communities and operating a one culture ethos - One Team. Members focus was on delivering value for money services to residents and finding the internal reorganisation into One Team a distraction to this. Further issues with recent service reviews, which were not meeting the criteria set out at the start of the programme had created an obstacle between officers and members which had led to a pause of the One Team delivery timetable creating a sense of frustration and concern amongst a generally positive and motivated workforce. Staff were therefore working with Members to develop the next stage of transformation by seeking a method that would eventually meet the goals of bringing services together.

Despite the frustrations, staff are clearly very engaged and proud to work at BBC. There was a caring family feel to the organisation, despite the structural changes, that have taken place. Peers could see how much staff wanted to make One Team work and how they supported their colleagues regardless of who they worked for or which team they were in. Unfortunately, this willingness to help is leading to a risk of

unintentional cross subsidisation of officers across the councils and the One Team project team. The programme board needs to urgently review this practice to ensure each council is receiving the support it is paying for and to ensure the completeness of the recharging between both Councils. Peers recommend officers working for both councils either formally or informally need to have pay and costs appropriately apportioned to avoid potential cross subsidisation of finances.

Peers recommend officers produce an options paper on the future of One Team to allow a political decision on the future of the One Team arrangements with RDC as soon as possible. Regardless of the outcome from this political decision, they also recommended officers clarify the structures, systems and timescales for future operation of the council. They hoped this would alleviate the concerns of staff regarding the uncertainty of One Team, try to stem the flow of goodwill and provide some certainty around what will happen, when and why.

To support the preparation of the options paper and political decision on the future of One Team, open and frank conversations need to take place between officers and members. Peers recommend BBC introduce an informal monthly meeting of senior officers (chief executive, S151, MO and strategic directors) with the leader and committee chairs to discuss council strategy and progress. This should be an open and honest forum to discuss, challenge and debate the important issues facing the council. It should also be a place where nobody is afraid to speak truth to power.

By clarifying the future aspiration for One Team and setting some clear timescales for the future operation of the council, staff should start to see the leadership and direction they are craving. Peers recommend the political and senior officer leadership increase and enhance two-way communication between organisational layers to keep information flowing and deliver the people first partnership.

At the time of peer's visit, the new administration had not published their priorities for the council. The previous administrations Corporate Plan was in circulation and being used to monitor progress and performance against corporate objectives. A set of priorities were shown to peers during their visit, which were subsequently shared with Council alongside a progress report, but peers felt this was too late in the year to be introducing new actions and expecting officers to deliver. It appeared to be more of a to do list rather than a set of priorities with defined outcomes. A new Corporate Plan

for 2025 - 2030 is due to be drafted after elections starting in May 2024 alongside priorities for 2024/2025 which will provide an opportunity for the leadership to reset.

Peers recommended an urgent need to develop a clear, short and concise political vision for the borough. The current absence of this is a barrier to success. Once set out, senior officers can then communicate and deliver the vision working with members to develop a new intelligence led corporate plan with priorities and a small set of key performance indicators which are linked with clear outcomes for residents.

BBC has a balanced budget for 2024/25 and it is forecast that the budget will again be balanced for 2025/26 with average levels of reserves relevant to net revenue expenditure. It is fortunate to not have the burning financial platform many other councils are experiencing. This is partly due to its income streams and the returns from its wholly owned subsidiary Seven Arches Investment Limited (SAIL). However, BBC is now at the top end of district councils in terms of the level of borrowing and interest paid and MRP, with total external borrowing at £226m in March 2023. This is not insignificant and is a risk to the council. Members recognise the high level of borrowing and are actively looking at ways to manage the risks this presents and increase their assurance. The S151 recommended to members an external value for money review of SAIL which peers agreed would be judicious in the current climate.

Across the region the chief executive is well respected and seen as driving the One Team vision along with championing BBC and RDC within South Essex. Partners are worried by the absence of politicians in this space and want to see them present at regional meetings. There is a need to now look beyond borough boundaries and present a stronger collective political regional voice. In discussion with members, there are strong views about the vision for South Essex and any future devolution proposals. The only way to ensure BBC and RDC are part of these discussions is to consistently attend and engage in key meetings, work with partners to develop a narrative for the place and maximise the external convening power of politics through South Essex Councils (SEC). Peers highly recommend senior members make themselves more visible externally, particularly in the SEC arena, adding their views and aspirations for the place to shape strategic direction. Post general election there is likely to be a renewed focus on local government reorganisation. Working with SEC and partners, BBC and RDC have an opportunity to use their collective voice to make a strong argument for their preferred approach.

## 2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

### 2.1 Recommendation 1

Urgent need to develop a clear, short and concise political vision for the borough.

### 2.2 Recommendation 2

Senior officers to then communicate and deliver this vision working with members to develop a new intelligence-led corporate plan with clearly defined outcomes, priorities and measures of success.

### 2.3 Recommendation 3

Introduce a monthly meeting of senior officers (CEX, S151, MO and strategic directors) with the leader and committee chairs to discuss council strategy and progress.

### 2.4 Recommendation 4

Senior members need to be more visible externally, particularly in the South Essex Councils arena and focus on strategic direction.

### 2.5 Recommendation 5

Make a political decision on the future of the One Team arrangements with Rochford District Council – options paper for future.

### 2.6 Recommendation 6

Regardless of political decision on the one team, there is a pressing need for officers to clarify structures, systems and the timescales for future operation of the council.

### 2.7 Recommendation 7

Officers working for both councils either formally or informally need to have pay and costs appropriately apportioned to avoid a risk of potential cross subsidisation of finances and to ensure the completeness of recharging.



## **2.8 Recommendation 8**

Increase and enhance meaningful two-way communication between organisational layers.

## **2.9 Recommendation 9**

Continue to progress the value for money review of SAIL and review how S151 and MO engage with the company. Ensure any reports to Committee or Council have a covering report written by both of these statutory officers to ensure independent financial oversight and legal oversight of SAIL.

## 3. Summary of the peer challenge approach

### 3.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Chief Executive Lead Peer – Mark Stone: South Oxfordshire District Council and Vale of White Horse District Council
- Political Peer – Cllr Dr Beccy Cooper: Worthing Borough Council - Leader (Labour)
- Political Peer – Mayor Peter Taylor: Leader of Watford Borough Council (Lib Dem)
- Officer Peer – Lisa Buckle: South Hams District Council and West Devon Borough Council - Director of Strategic Finance (S151 Officer)
- Officer Peer – Vicky Willett: St Helens Council - Director of Policy and Transformation
- Officer Peer - Merryn Frampton: Dorset Council - National Management Trainee Transformation, Innovation & Digital Team
- Peer Challenge Manager - Kirsty Human: LGA

### 3.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance



- arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges?
  5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

Underpinning this framework, the peer team used the aims and ambitions from the strategic partnership's [memorandum of understanding](#), as prompts to enable an independent evaluation of the partnership's success. More detail on this is at Appendix A.

### 3.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent three and a half days onsite at Brentwood Borough Council, during which they:

- Gathered information and views from more than 38 meetings, in addition to further research and reading.
- Spoke to more than 126 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 4. Feedback

### 4.2 Local priorities and outcomes

Brentwood Borough Council (BBC) has a strong local identity, remains sovereign and is delivering benefits for its residents in addition to the One Team arrangements with Rochford District Council (RDC). In particular, peers noted:

- The ambition to deliver a pipeline of 300 Passivhaus homes for affordable rent - the largest programme of its kind in the country and nationally recognised.
- Innovative delivery of the Business Improvement District (BID) across three areas of the borough linked by a transport corridor – considered best practice.
- Delivery of 100 percent affordable homes on brownfield sites.
- Improved resident engagement through “your estate, your choice”
- Development of the Community Safety Hub containing the police and broader enforcement agents with discussions to expand to health partners within the ICB.
- Successful leisure provision post pandemic with a new external provider and a future procurement of leisure services.

[Brentwood 2025](#) is the council’s current Corporate Plan for the period 2020 - 25. This was agreed under the previous political administration. It isn’t clear what the ambition and priorities of the new administration are, and an update of the Corporate Plan is not scheduled until after May 2024. In discussion with the administration, their priorities could be articulated but there didn’t appear to be an overall strategic vision or set of outcomes that everyone understood or could refer to. In the absence of any document, officers and partners felt they were working in a “*vacuum of strategy.*”

A set of draft priorities were shown to peers during their visit, which were due to be presented to council the following week with an update on progress against them. These are now available within the [committee papers](#) for the meeting but do not replace the Corporate Plan which is still published on the council’s website. This is confusing and means progress is being reported on both the Corporate Plan and a new set of annual priorities for 2023/24 which have only just been publicly shared in quarter four of 2023/24.

The structures and processes are already in place to support good performance management but there is little evidence to demonstrate an outcomes-based approach. Culturally there appears to be a mix of understanding about the relative roles of officers and members, with both stepping into each other's space for different reasons. It is important to convey internally and externally that members set the vision and officers deliver it with members holding them to account. Some members have recognised this, and peers heard *“we need to start articulating what we are about and what we want to deliver.”* Members and officers now need to ensure the council is achieving its core purpose, and must have insight into two fundamental issues:

- Have those aspects of people’s lives which the council influences improved?
- Has there been an overall improvement in the quality of life for people who live in the area?

By setting effective, measurable outcomes and connecting these to appropriate measures and targets, BBC will be able to demonstrate and communicate the positive changes being made.

By the end of the week, peers heard the phrase *“safer, cleaner, greener”* being used to describe the future ambition for the borough. Using this as a starting point, peers recommend the political leadership urgently develop a clear short and concise political vision for the borough. Senior officers can then work with members to articulate what success should look like and communicate and deliver this vision through production of a new intelligence led corporate plan, set of priorities and measurable outcomes. A golden thread from the Corporate Plan, through to the Medium-Term Financial Strategy (MTFS) and into the service/business plans supported by a small number of meaningful key performance indicators linked to the priorities and outcomes can then support members in their decision making, drive improvement and clearly demonstrate the impacts being made.

By creating a shared team to provide a joined-up approach to corporate project management and One Team programme monitoring, formal performance reporting, service plan tracking and formal complaints reporting – the councils have started a journey to develop data led intelligence to inform decision making and service design. Supporting digital and data insight plans, the councils are driving a

programme that will see both organisations put data at the centre, allowing them to surface and interrogate data in ways that has never be available before. For the first time, BBC and RDC will be able to access multiple data sets, providing clear data insight allowing data-driven decisions.

BBC has a working group as part of the Audit and Scrutiny Committee assigned to monitor and report on service performance indicators. The [quarterly reports](#) are detailed with commentary explaining the status and trend. Peers felt the reports would benefit from including benchmarking data and the ability to compare over time to see a longer-term direction of travel. As an example, the [LGIInform headline report](#) for BBC allows comparisons to be made with CIPFA near neighbours, other boroughs, or regionally. These tools are used in the [workforce overview report](#) to reflect BBC's position on staff sickness. It could also be used to compare recruitment and retention figures with neighbouring councils and across the region, strengthening openness and transparency. This will provide a broader understanding of the council's position in the wider environment, allow BBC to identify strengths and enable continuous review of progress in target areas. [Members](#) and [officers](#) would also benefit from familiarising themselves with the LGA guides on performance management.

Since May 2023, the new administrations at both BBC and RDC have been trying to understand the value of the One Team programme, receiving [quarterly reports](#) on progress but not wanting to commit. This has effectively slowed progress of the programme, and in the absence of political direction left One Team and wider organisational structures in limbo with no certainty about the future ambition and strategic direction of the council. It is also placing tier four One Team managers in a difficult position.

This is not a healthy situation, and the organisation is suffering. Officers expressed their frustrations in meetings, announcing “*stopping halfway is tough*”, “*failure to move forward will demoralise staff*” and “*it feels like sitting on a bus in traffic – it might be quicker to get off and walk.*”. There is a pressing need to communicate a vision to staff in order to keep them motivated and engaged in the process. Peers recommend members take urgent steps to make a political decision on the future of the One Team arrangements with RDC. To support this, officers should prepare an options paper to assist the decision making.

As part of this process it would be advisable to review the [memorandum of understanding](#) for the partnership and its five strategic objectives for One Team. Peers questioned whether these were still supported by members and if they were all still deliverable?

- Delivering financially sustainable, high-quality services that are valued by our community.
- Leading the way to improve our environment by acting locally, contributing globally.
- Providing high quality, sustainable housing to meet the needs of our community.
- Improving the quality of life, health and wellbeing of our residents.
- Creating opportunities for economic growth and improved connectivity in which businesses can flourish.

Regardless of political decision on One Team, there is a pressing need for officers to clarify structures, systems and the timescales for future operation of the council in order to move from the current indeterminate state. If the decision is made to proceed and a clear vision is set out, then the section 113 agreement gives authority to the chief executive to deliver this in consultation with the leaders of both councils. Members can focus on their priorities and leave the officers to put the structures in place to deliver.

#### **4.2 Organisational and place leadership**

The chief executive is widely respected and recognised as leading conversations across South Essex on behalf of BBC and RDC. Some partners reflected that the chief executive is often stepping into the political space, to avoid this continuing there needs to be more proactive political strategic direction. The political leadership at BBC and RDC appear to have focussed on internal matters and have left the officer leadership to champion the councils in the external, regional and national arenas. BBC has much to be proud of, but peers mostly heard about the achievements from officers. Political discussions were more critical and often talked the organisation down. If the council wants to create a reputation that gives other councils and organisations the confidence to do business with them then members need to

champion the councils' successes and talk positively about the vision for BBC and the future operating model of the council.

After almost a year leading the council, there is a need to now look beyond borough boundaries and present a stronger collective political regional voice. Partners are asking for leaders to be present and are concerned about the political absence in this space. Previous leaders of BBC and RDC championed the councils, One Team and opportunities to work collaboratively across South Essex. They led and chaired meetings across the region. In discussion with members, there are strong views about the vision for South Essex and any future devolution proposals. The only way to ensure BBC and RDC are part of these discussions is to consistently attend and engage in key meetings, work with partners to develop a narrative for the place and maximise the external convening power of politics through [South Essex Councils](#) (SEC). Peers highly recommend senior members make themselves more visible externally, particularly in the SEC arena, adding their views and aspirations for the place to shape strategic direction.

If the political administrations of BBC and RDC can agree on a vision and their priorities for the wider South Essex region, there is potential for the councils to act with a stronger voice to exert more influence on a regional and national level. Working with SEC, BBC is already part of the Good Homes Programme working with other districts to look at cross border provision of future housing. West Horndon and Dunton Hills are good examples of this, as is the work with Thurrock and Basildon councils to take a holistic approach to housing delivery. Members need to consider how they want to work with SEC in order for the councils to thrive in an ever-changing local government sector. Post general election, there is likely to be a renewed focus on local government reorganisation and devolution. Working with SEC and partners, BBC and RDC have an opportunity to use their collective voice to make a strong argument for their preferred approach.

The creation of a multiuse civic hub within Brentwood Town Hall has the potential to develop into a public sector one stop shop for residents transforming the way the council provides services. Already hosting BBC, Essex Police, Job Centre Plus and Citizens Advice Brentwood, the remodelling of the building also created 19 residential units and space for commercial organisations and startup businesses. Peers took a tour of the building and noticed new tenants include a women's health clinic, optician

and a community safety hub bringing together police, enforcement and community officers to work collaboratively sharing intelligence, CCTV and local knowledge to tackle antisocial behaviour. Peers heard of further plans to include health partners within the Integrated Care Board (ICB) to strengthen the multi-agency approach and explore how collaboration on projects such as Dunton Hills could deliver a healthier more sustainable community. The refurbishment not only right-sizes the council's accommodation but provides greater energy efficiency of the Town Hall whilst improving the customer experience with simpler referrals and speedier service resolution.

The recent formation of the Business Improvement District (BID) across Brentwood, Shenfield and Ingatestone is innovative and held up as an example of best practice. The [Brentwood Connected](#) BID is the first in the UK to incorporate three high streets in one Business Improvement District. Over 500 businesses across multiple sectors will benefit from events, projects and initiatives that increase footfall, dwell time and perception of the area. It provides the perfect opportunity for even greater impact and visibility of BBC. Officers are doing an exceptional job in promoting the BID, the opportunities it can deliver and benefits it will bring to the borough along with around £2m over the next five years. With member representatives from all political parties on the business partnership board, there is good cross-party support and engagement. Members are the direct link between the council and communities and can play a vital role in promoting the BID to residents, businesses and stakeholders. BBCs BID is nationally recognised, and members should be seizing opportunities to promote it at every chance they can.

BBC's external communications methods range from a new [residents' magazine](#) to traditional press releases and regular use of social media channels and e-newsletters. Internally the chief executive produces a weekly e-newsletter, delivers all staff quarterly briefings and the intranet provides other relevant corporate information. There is a recognition that internal strategic communications could be strengthened and following discussions with staff, peers agree with this. There was a sense that recent briefings have repeated the same messages and nothing new is being shared. There is frustration with the lack of progress and absence of a clear timeline with defined milestones. Most of the officers that peers spoke with, whether part of One Team or not, just wanted some clarity over where the organisation was

headed and what the direction of travel is. They commented that *the “atmosphere is filled with uncertainty”* and needed to be addressed. They seemed eager to get on with changes required in order to create some stability, resilience and efficient service delivery. In addition, peers felt the external communications would benefit from clarity on the strategic direction of the council. For example, the content of the new magazine is very detailed, but this doesn't support an overall narrative about the vision for the borough. BBC should ensure that external communication through the magazine reflects the modern aspirations of Brentwood and champions the voices of its residents.

### **4.3 Governance and culture**

There is a genuine passion within the staff in BBC and One Team. The commitment to delivering the best service they can to residents and working for the council and One Team was evident to peers. There were early signs that One Team officers were unified in their desire to deliver high quality outcomes for residents and the proactive culture and willingness to support each other was clear throughout all conversations.

Significant progress has been made in two years towards creating new unified organisational teams with one culture through a single senior management team. Some efficiencies are being driven through organisational development and by seeking to align internal operational structures and services. Frustrations are evident where teams have put considerable time and effort into developing business cases for One Team, only to be refused or put on hold by political decisions. This is causing lots of uncertainty in both councils and a perception One Team has been implemented top down without clarity over rationale and direction of travel which is leading to unintended consequences.

Peers heard from a number of teams where tier four managers were part of One Team, but staff below were still working for one or other council. The delay in continuing to work through the tiers down to front line has meant some managers are having to use staff from one council to support the other with business as usual due to the demands placed on them and level of resources available. There is a risk of unintentional cross subsidisation and the One Team project team and programme board need to urgently review this practice to ensure each council is receiving the support it is paying for. It is testament to the willingness of staff to support each other



that this is even an issue. Peers on the team who work across councils explained that the approach taken from the start was different for them and by implementing One Team top-down service by service this issue may have been avoided.

An officer working group combining staff from BBC and RDC developed a new set of values for One Team, (Belong, Innovate, Nurture and Trust). These were introduced in June 2023 at an all staff away day and are being embedded across both councils. Some of the staff that peers met were able to recite these and others were confused whether they were relevant for staff not yet part of One Team. In a similar vein, the key change champions expressed their disappointment at not being utilised as they had hoped to support the roll out of One Team. There was a feeling they could have helped more with the cultural elements of change and been a supportive network for anyone struggling to adapt. Peers heard *“there is a lot of being done to, but not done with,”* *“we need to focus on culture before change.”*

It was evident to peers from day one of the peer challenge that the officer and political leadership of BBC and RDC were a long way apart on their aspirations for One Team. There was no sign of the “enduring partnership between two sovereign councils” but rather an officer team trying to deliver services with one hand tied behind their backs. The lack of clarity over the future direction of One Team is severely impacting staff morale and, in some places, the good will is running out.

There has to be a political decision made on the future of One Team and this will require open and frank conversations to take place between officers and members, with member recognition of the officer commitment to both councils. It was encouraging to see that by the end of the week, peers could sense a shift in the political views around One Team. Far from being the scary unknown creature taking over the council, it was actually a tool that could be used to support delivery of political ambition and priorities. There was also a growing political appreciation that having One Team of staff did not mean that service standards or political priorities would always be the same across both councils.

In addition to the current programme of formal and informal meetings between officers and members, peers recommend BBC introduce an informal monthly meeting of senior officers (chief executive, S151, MO and strategic directors) with the leader and committee chairs to discuss council strategy and progress. This should be

an open and honest forum to discuss, challenge and debate the important issues facing the council. It should also be a place where nobody is afraid to speak truth to power.

BBC operates a committee system with RDC moving from cabinet to committee in May 2024. Both authorities already benefit from shared committee report templates. Alignment of committee calendars from 2024 will help streamline the governance arrangements for all officers across One Team.

The new political leadership at BBC reviewed the role of the Policy, Resources and Economic Development Committee (PRED) early into their administration. The committee was reshaped and renamed Finance, Assets, Investment & Recovery Committee (FAIR). The committee is well regarded, and members were positive about the role this committee plays in providing assurance and oversight of risks to the council.

It was positive to observe and hear about respectful relations between BBC officers and members. There has clearly been an improvement in member behaviour at council meetings since the last peer challenge. There was however a perception that as officers you can't say no to members. Peers heard of situations where senior members were getting involved in operational matters rather than focusing on strategic decisions. This was being reinforced by the inconsistent use of the member case work portal and staff feeling unsupported if they tried to navigate members to use it rather than just answering their query direct.

In 2023, a members' portal was introduced across both authorities. Co-designed by Brentwood members and officers, the Granicus portal provides a single system with which officers and members can resolve issues and constituents' concerns. Once it was built at Brentwood, the functions of the system were recreated for Rochford at a fraction of the resource required to design and build from scratch. Peers were supportive of the system, and some had similar arrangements in their authorities. Consistent use of the member portal for all casework enquiries would significantly increase the efficiency of officers and ensure members received responses to their enquiries in a timely manner. This all relies on its use being reinforced by senior officers and members and staff not feeling intimidated about challenging members on its use.

BBC currently outsource its legal service to the private sector. Throughout discussions it occurred to peers that there was scope to review this arrangement as there were concerns it could be an expensive option and other options may deliver better value for money for the legal service. There are a few options the council could consider, and it would be sensible for officers to scope these and present to members for a decision.

#### **4.4 Financial planning and management**

BBC has approved a balanced General Fund budget for 2024/25 and it forecasts the budget will again be balanced in 2025/26, after which there are relatively small budget deficits with a budget gap of £0.7m currently forecast for 2026/27, growing to £0.9m in 2027/28 and £1.0m in 2028/29. A balanced budget has also been set for RDC for 2024/25.

Revenue reserves relative to net revenue expenditure were around median for all district councils in March 2023. Annual budget surpluses have led to an increase in non-Covid related reserves in recent years.

BBC's Housing Revenue Account (HRA) revenue reserves appear to be at a reasonable level for a relatively small HRA with budget surpluses ensuring reserves have increased in recent years.

Peers were surprised to learn that the Annual Governance Statement (AGS) for 2022/23 has not yet been published with the draft accounts. Best practice is that these are published at the same time. It appears there is some confusion over who is responsible for producing the AGS. In many councils, it is a joint effort between the statutory roles of MO and S151. Peers urge the council to quickly resolve the ownership issue and publish the AGS as this will be an issue picked up by internal and external audit.

With regard the financial objectives of One Team, it seems unlikely that BBC and RDC will work together to be more entrepreneurial and ambitious under the current political leadership. RDC has a "no borrowing" philosophy whereas BBC has been less risk averse. This difference does not need to be a concern provided it is openly acknowledged and communicated.

The council borrowed significant sums in 2020/21 to pay for its £60m loan to its wholly owned subsidiary, Seven Arches Investment Ltd (SAIL), and £89m invested in Childerditch Industrial Park, Baytree Centre and Academy Place. BBC is now at the top end of district councils in terms of the level of borrowing and interest paid and Minimum Revenue Provision (MRP), with total external borrowing at £226m in March 2023. Treasury dealings, including taking out long term fixed interest loans and a deferred loan agreement with a private lender prior to interest rates rising significantly, appear to have provided protection to the council from the worst effects of the new interest rate environment. It also appears from information in the accounts that SAIL is providing a good return to the council and that property values have recovered sufficiently to address concerns in the previous LGA peer challenge report about negative equity.

Members recognise the high level of borrowing and are actively looking at ways to manage the risks this presents and increase their assurance. The S151 has recommended to members an external value for money review of SAIL which peers agreed would be prudent in the current climate. The position of SAIL is considered a significant risk by Ernst and Young (EY) in their draft Audit Results report for the 2021/22 accounts, which went to Audit and Scrutiny Committee (ASC) in November 2023. The previous CPC also had concerns with the governance arrangements for SAIL and peers felt there was still more to be done to address these. For example, reporting of financial information with regard SAIL is presented to members directly without the oversight of the MO and S151. Peers believed the council should take its own view of these reports and suggest senior officers prepare and present a cover report alongside the SAIL reports to reflect the impact and risks of the company on the council. Peers, therefore, recommend the council continues to progress the value for money review of SAIL and review how the S151 and MO engage with the company.

Embedding the use of the [Cipfa financial management code and treasury management practice notes](#) will support management of the council's investments and cash flows, its borrowing levels and cash management, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

There are some early indications of improved purchasing power and economies of scale through One Team. Contracts for parks and grounds maintenance have the potential to reduce costs to both councils, as do a number of future procurement exercises including leisure services.

Collectively, BBC and RDC are maximising the opportunity for external funding. There is a joint approach to management of UK Shared Prosperity Fund (UKSPF) funding. With aligned outcomes, a shared administration function and governance arrangements, the authorities have developed effective management of the funds to deliver the projects associated with the aligned interventions. Additionally, by working together an increased amount of safer streets funding was allocated to the councils through their combined bid.

One Team was intended to deliver some financial savings and efficiencies, but this was not the main driver. To date it appears BBC has achieved around £0.5m savings through the partnership. The report on the partnership to FAIR in July 2023 included overall savings targets in the financial implications section of the report, with budgeted savings of £0.24m in 2023/24, £0.8m in 2024/25 and 0.8m in 2026/27. The December 2023 report referred to savings being included in the council financial plans but did not quantify them and there are no projected further savings forecast in the Medium-Term Financial Strategy (MTFS) for future years. Officers explained that the figures have been removed because in the absence of a clear vision and direction of travel for One Team, it is not possible to quantify any future savings or efficiencies and peers agreed it was a prudent decision to do this.

The finance team are managing the business as usual in addition to the accounting implications of One Team, which are significant. There are different finance systems at BBC and RDC and One Team managers are unable to access both without support from the finance team or officers within the respective council. This makes budget setting, monitoring and management very difficult and time consuming and is a clear example where pausing the progression of One Team is having negative consequences. Implementing one finance system across both councils is the only way to address this and it needs to be in place ahead of any further One Team integration. It is likely to cost both BBC and RDC money to do this, but this investment will pay dividends and there will be financial and resource benefits in the longer term.

Another unintended consequence of the delay in fully amalgamating staff to One Team is the passion and willingness of staff at BBC and RDC to help each other. In talking to staff, peers found numerous examples where officers reporting to tier four One Team managers were informally working across both councils to support each other. This creates a risk of unintentional cross subsidisation and peers recommend the methodology of recharging for officers working across both councils in formal and informal arrangements is reviewed and validated to ensure completeness. Again, this process would be much simpler if there was one finance system and if One Team had been fully implemented or at least fully completed service by service.

The level of staff vacancies in key roles within the finance team also represents a significant risk to the Council. Given the high level of borrowing, staff vacancies in treasury management and senior posts need to be prioritised along with a plan for the departure of the Interim S151 Officer in a few months' time. Although there is a national shortage of officers in this field of work, there are opportunities with One Team to attract officers wanting the challenge of working across two councils.

Currently BBC has an interim director of resources (S151) reporting to a strategic director. Given the importance of this statutory role, peers advise reconsidering the structure enabling this role to report directly to the chief executive and be part of senior officer meetings, where they can use their knowledge, expertise and oversight of financial affairs to ensure proper administration, including budget-setting, budgetary controls, counter-fraud policy, procurement processes. Peers also believed this would also make the role more attractive to future prospective candidates. The S151 Officer reporting to the Chief Executive is also best practice as set out in the CIPFA guidance on the Role of the Chief Finance Officer.

The last audited accounts are for 2020/21. There was an update on progress on the audit of the 2021/22 Accounts from EY to the Audit and Scrutiny Committee (ASC) in November 2023. This stated that most of the audit work was complete, but a number of areas were under review including asset valuations (including SAIL valuations), MRP, treatment of Brentwood Development Partnership in the Group Accounts and going concern review (a cashflow forecast until March 2025 has been requested).

#### 4.5 Capacity for improvement

Staff are clearly very engaged and proud to work at BBC. There was still a supportive family feel to the organisation despite the structural changes that have taken place. Peers could see how much staff wanted to make One Team work, and some were already seeing the benefit of greater resilience in their teams by combining staff across BBC and RDC for example in, communications, procurement and HR.

There are also clear examples of learning between the two councils and sharing of best practice internally and externally. Examples include through a shared corporate manager for strategic planning, RDC are able to benefit from BBC's lessons learnt when consulting on and developing their Local Plan. Both councils have declared a climate change emergency. As a result, they have engaged a joint sustainability and climate officer to advise the councils and support them in their mission to reduce carbon emissions and the effects of climate change. Continuing to share learning and work together, especially on shared procurement wherever possible will create further efficiencies for both councils.

Peers spoke with a number of recently recruited staff who had been attracted by the unique opportunity of working across two councils without coterminous boundaries. Many officers spoke positively of the potential the One Team structure could have on their career development and appreciated the opportunity to grow their skills in two environments. Moreover, the attractiveness of the One Team structure was also supported by external partners who agreed that within the broader local government environment of Essex, One Team helps the councils to stand out among their fellow district/borough councils. These views support that of the chief executive who claimed that by highlighting the benefits of One Team, a recent social media recruitment process for a vacant post had resulted in over 20 applicants for a post that had previously been hard to fill.

Staff did reflect that the induction/onboarding of staff into One Team could better reflect the local context of both councils. Staff from BBC and RDC wanted to understand the geography, demographics, challenges and priorities across the council areas to help provide perspective and enable them to tailor their roles to the environment in which they were working.

The approach being taken with hybrid working is proving successful, it was evident that the refurbishments to the town hall and the ability to work from home provided a backdrop to an incredibly dynamic work environment where staff from both councils enjoy working and collaborating in person.

Although there has been significant progress over the past two years to implement One Team, the lack of strategic vision for the partnership is beginning to take its toll and some staff are reaching the end of their good will. Peers heard concerns around change fatigue and staff wellbeing issues, “*we’ve lost our sparkle – there’s a bit of a dark cloud hanging over the Town Hall.*” By clarifying the future vision for One Team and setting some clear timescales for the future operation of the council, staff should begin to see the light emerging between the clouds. Peers recommend the political and senior officer leadership increase and enhance two-way communication between organisational layers to keep information flowing and deliver the people first partnership it set out to achieve.

Peers heard a lot about a lack of capacity and “*firefighting.*” Whilst diminishing resources is definitely an issue in local government, at BBC peers felt the One Team arrangement was being blamed for all the capacity issues. Members in particular had concerns that officers were being stretched too thinly across both councils. In some services areas this may well be the case, but peers emphasise the council is carrying many funded vacancies and applies a corporate vacancy factor of five percent, representing a saving of £0.686m in 2024/25. Such an approach means that the council plans to only ever be at a maximum of 95 percent resource level within its budget setting approach.

There is also a need to recognise the requirement of transition resources for One Team in order to realise benefits at a later date (invest to save). Additional resource/budget is often needed to implement new technology, appoint business analysts to support the development of efficient processes and to provide some additional capacity to maintain the business as usual whilst changes are being made within services. This investment will pay back in the longer term through more efficient ways of working, streamlined processes and greater productivity but decisions have to be made now on whether BBC and RDC are prepared to make this available.



Peers urge members to begin reviewing the investment needed to bring together shared systems, software and networks to support continued development of the road map for IT alignment across BBC and RDC. This needs to be a priority if the councils are to realise further efficiencies in service delivery, for example a single finance system.

BBC have been running an Aspiring Managers' Development Programme since 2021. The programme is designed for those employees who are either new to line management or aspire to become a manager. The opportunity is offered to all staff, who complete an application form, supported by their line manager, with the decision taken by CLT in terms of who is selected. Since 2022 this programme has been open to staff from both RDC and BBC and continues to develop and nurture talent within both organisations. Other national programmes are promoted to senior staff including the Solace Springboard Leadership programme. Peers encourage the council to review the workforce plan to incorporate proposals for officer succession planning from top to bottom of the organisation and to align skills and expertise with the new corporate priorities.

The new administration has years of knowledge and experience in local government, some developed in opposition and some in previous leadership roles. Never has the pace of change been so prevalent and the role of a councillor has changed significantly over the past decade. Peers felt it would be beneficial for members to access the [LGA Member Hub](#) and engage with the LGA's [member development programme](#) to support members with the new and increasing demands of being a 21<sup>st</sup> century councillor. Consideration should also be given to recruiting and developing new political talent through programmes such as [Next Generation](#) to assist in succession planning.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a progress review within twelve months of the CPC, which provides space for the council's senior leadership to

update peers on its progress against the recommendations from this report.

In the meantime, Rachel Litherland, Principal Adviser for East of England, is the main contact between your authority and the Local Government Association. Rachel is available to discuss any further support the council requires.

[rachel.litherland@local.gov.uk](mailto:rachel.litherland@local.gov.uk), 07795 076834.

## 6. Appendix A – One Team Partnership Scope

### **1. Local priorities and outcomes: Are the council's priorities clear and informed by the local context? Are the councils delivering effectively on their priorities and achieving improved outcomes for all their communities? How clear is the Partnership's ambition and how widely is this understood and shared? How well is this working so far? Are the Councils...**

- Working collectively to overcome challenges and maximise opportunities.
- A partnership that retains 'local identity' for residents and has the scale to make tangible investments and improvements for the wellbeing of communities.
- Overseeing a well-resourced and fully integrated, council officer team delivering for both councils with built-in resilience, focussed on improving front-line services and effective back-office functions.
- Recognised as a partnership that applies sector best practice and delivers best value for money services that positively impact on their respective geographies.
- Delivering on their top five strategic objectives for the Partnership:
  - Delivering financially sustainable, high-quality services that are valued by our community.
  - Leading the way to improve our environment by acting locally, contributing globally.
  - Providing high quality, sustainable housing to meet the needs of our community.
  - Improving the quality of life, health and wellbeing of our residents.
  - Creating opportunities for economic growth and improved connectivity in which businesses can flourish.

**2. Organisational and place leadership: Do the councils provide effective local leadership? Are there good relationships with partner organisations and local communities? Does the Partnership supplement or confuse effective local leadership? Are the Councils...**

- Acting with a stronger voice to exert more influence on a regional and national level in order to ensure that the councils thrive in a changing local government sector.
- Creating a reputation that gives other councils and organisations the confidence to do business with the partnership and generate income.
- Progressing beyond shared management and shared services and being strategic in intent.
- Seeking to harmonise the partnership approach wherever possible (but ultimately each council will be able to set its own policy for which services are to be delivered and how e.g. tourism and economy at Rochford).
- Continuing to set their own corporate plans, using a common template and simple language, seeking wherever possible to harmonise ambition, portfolios, and functions whilst avoiding duplication of resource.

**3. Governance and culture: Are there clear and robust governance arrangements? Is there a culture of respect, challenge and scrutiny? Are the Councils...**

- An enduring partnership between two sovereign councils, with a unified officer team that delivers high quality outcomes for our communities, operating a one culture ethos.
- Using their collective skills to promote investment in their communities through developing a culture which is proactive, innovative and which focusses on growth and opportunity.
- Supporting the creation of new unified organisational teams with one culture through a single senior management team, driving efficiency through organisational development and seeking to align internal operational structures and services wherever possible.

**4. Financial planning and management: Do the councils have a clear understanding of their current financial position? Do the councils have a strategy and a clear plan to address financial challenges? Are the Councils...**

- Securing greater financial sustainability for both councils, individually and together.
- Working together to be more entrepreneurial and ambitious.
- Achieving efficiencies, improved purchasing power and economies of scale.
- An equitable partnership that brings financial sustainability and organisational resilience to both councils while balancing risk.
- Wherever possible, harmonising or jointly commissioning grant aid and other funding bids (not inhibiting the ability of either council to independently commission grant aid such they wish to).
- Subjecting new initiatives, including those involving significant investment, commercial risk and arm's length delivery vehicles, to a robust business case and identification and management of risks.

**5. Capacity for improvement: Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve? Are the Councils...**

- Building more resilience into both councils.
- Retaining and developing the talented staff across the councils.
- Demonstrating a greater combined capacity to manage change and strive for continuous improvement.
- Delivering a people first partnership recognising that its strength comes from the talents people bring through a depth of skills & experience developed further through collaboration and creativity.