


# LGA Corporate Peer Challenge

Rother District Council

20<sup>th</sup> – 23<sup>rd</sup> March 2022

Feedback report





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# 1. Executive summary

During the course of the peer challenge, it was clear that Rother District Council has dedicated and hardworking staff who want to deliver for Rother and its residents.

The peer challenge team also saw evidence that during the Covid-19 pandemic there was some excellent work being done by the Council and that services continued to be delivered for local people, despite the many challenges the pandemic presented. As the pandemic began the Council quickly and effectively moved to remote working. The organisation now needs to provide clarity for staff on the future ways of working.

The peer challenge team reviewed budget papers and audit reports. The financial situation is difficult for the Council. The Council has been using reserves to balance the budget, the organisation now needs to swiftly deliver savings and income in order to secure financial sustainability. The peer challenge team were concerned by the low revenue reserves in the context of some of the higher risk projects and investments along with uncertainty around the deliverability of some savings.

The corporate plan has been welcomed by staff and members but now needs to be translated into a compelling vision for partners. By creating this compelling vision for Rother, the Council can bring partners together to work towards making the vision a reality.

The peer team found that capacity at the Council is an issue, with some staff being very stretched and covering the responsibilities of vacant roles. The senior management team will need to consider how to ensure priorities are delivered and whether additional capacity is needed in some areas.

The income generation and investment strategies are key to the Council's finances. As the pandemic ends the risks and returns will need to be re-evaluated in the new economic context, to ensure the Council is not overexposed to risk whilst holding relatively low revenue reserves.

The appointment of the new Deputy Chief Executive to complete the senior management team has been welcomed across the organisation by staff and members. The appointment has also been welcomed by partners.

The peer challenge team reviewed relevant data and statistics collected by the

Council. Data collection, insight and analysis could be improved both in terms of workforce and in terms of information on demographics and the local economy. Improvements in this area can provide the Council with valuable insights going forward.

Considering the information reviewed, and taking into account interviews with partners, the peer challenge team believe that the Council has some good partnerships. These could be strengthened further to deliver key priorities for Rother.

## 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

In the post-Covid context, consider resetting and renewing the vision, ambitions, strategies and plans for Rother, with a focus on key priorities and financial resilience.

### 2.2. Recommendation 2

Strengthen partnership work, utilise existing partnerships and create new ones to achieve the vision for the area and deliver for Rother.

### 2.3. Recommendation 3

Urgently ensure there is sufficient capacity to deliver. Ensure that priority services are supported to succeed with key posts filled and expertise provided. Consider opportunities for shared services and joint working with other councils to increase capacity in key areas and counter recruitment issues.

### 2.4. Recommendation 4

In light of the senior restructure, an exercise needs to take place to strengthen the cohesion of the SMT, supporting and developing key posts.

### 2.5. Recommendation 5

The Financial Stability Plan (FSP) needs impetus and urgent action in order to deliver

the savings and income growth required, and meet the requirements set out in the MTFS. Ensure the plan is robust, and deliverable, with joint ownership and buy-in across the organisation.

#### **2.6. Recommendation 6**

Conduct an asset challenge. Review investments the Council currently holds to ensure they are achieving adequate returns in light of the new economic circumstances and policy changes.

#### **2.7. Recommendation 7**

Strengthen the governance and monitoring arrangements for the capital programme. Consider creating a Capital Programme Board to provide cohesion and act as a critical friend on key projects.

#### **2.8. Recommendation 8**

Finesse the regeneration strategy, ensuring that proposals provide more detail to demonstrate deliverability, consider risks, social value and provide a cost-benefit analysis.

#### **2.9. Recommendation 9**

Urgently review the governance and financial viability of the housing company, producing a clear and robust plan that includes financial health, risks, and expertise, strengthening the integrity of the company.

#### **2.10. Recommendation 10**

Ensure that service risk registers feed into the corporate risk register to ensure rigour and transparency in the management of risk, with member oversight.

#### **2.11. Recommendation 11**

Capitalise on social action and create a plan for asset-based community development, working with the Voluntary and Community Sector (VCS).

#### **2.12. Recommendation 12**

Data collection, insight and analysis needs to be improved (workforce,

demographics, and the local economy) to inform services and strategies.

## 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 peer: Mike Greene, Scarborough
- Senior officer peer: Chris Trill, Director of Community and Place, St Albans
- Member peer: Cllr Sarah Rouse, Leader of Malvern Hills District Council
- Member peer: Cllr Vikki Slade, Bournemouth, Christchurch, and Poole Council
- Shadow: Oliver Burrough, Corporate Graduate – NGDP, Dacorum Council
- LGA Peer challenge manager: Angela Kawa

### 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?

### 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 days onsite at Rother District Council, during which they:

- Gathered information and views from more than 40 meetings, in addition to further research and reading.
- Spoke to more than 65 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

### 4.1. **Local priorities and outcomes**

The peer challenge team found that the Council has delivered good services to residents. However, the peer team are concerned that the Council may be trying to do too much with limited resources.

As we move past the pandemic and come to the end of the election cycle, the peer challenge team believe that now is a good time to review, renew and reset key priorities, strategies, and plans, to take into account the changes to the economy. The senior management team needs to consider prioritising key goals and, in some areas additional capacity.

The Council can improve its use of intelligence and data to help them agree priorities, better understand their demographics, design interventions, and ultimately to measure the outcomes they are trying to achieve.

Going forward, the Council should clearly articulate local priorities to residents, partners, and staff. It should be clear to all of the key stakeholders what are the priorities and how everyone will work together to achieve them and improve the local area. The Council as an organisation also needs to clearly articulate to members and staff, a delivery plan for these priorities. There should be a shared understanding of the resources required and what success looks like.

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

The Council is in the process of adopting a new Local Plan as the current one is more than five years old (although aspect of the current Local Plan and policies have been regularly updated). The Council also has a Housing Delivery Action Plan in place to improve housing delivery above current levels in order to meet the Government's Housing Delivery Target for Rother. The peer challenge team also saw evidence of the Council's housing projects which will boost local housing supply.

The peer challenge team found that the vision for Rother as a place needs to be more clearly defined in order to secure investment and bring partners with the organisation. The key to doing this is designing Rother's place in team East Sussex.

There are several high-quality assets in culture and tourism. For example, there is a history of motor racing in the local area which could be used to encourage more tourism. Rother also has historic sites such as the battle of Hastings and is blessed with natural assets such as beaches, coastline, and countryside. The Council realises that the De la Warr Pavilion is an important cultural asset. The Council has a good partnership with the Pavilion, but we believe more can be done to use this as an anchor site for other cultural activities.

The peer team are of the view that the Council should take a stronger lead in developing a cohesive strategy for tourism, culture, and economic development. The Council should consider working with partners from 1066 Country and the Pavilion, as well as local business to review its strategies in this area.



There was evidence of some good work being done by the Council on over-arching strategies for the local area such as the Climate Change Strategy and the Anti-poverty Strategy. The peer team believe that these strategies now need to be built on to deliver outcomes.

In interviews staff and partners both repeatedly stated that under the current administration councillors are more visible and take a more active role in leading the organisation. Councillors, particularly Lead Members, are more engaged and provide challenge to officers. The peer challenge team believe this is a positive step and are of the view that this increased engagement could help the organisation to focus more on the vision for the area and key priorities, if Lead Members carve out time for strategic discussions on these important issues.

#### **4.3. Governance and culture**

The peer challenge team heard repeatedly in interviews that Democratic Services are well-respected and are providing good support to members. Members and staff alike reported that member-officer relations are generally good with mutual respect. Democratic Services also reported that complaints against members are general stable with a slight decrease as members settled into their roles post-election.

At the time of the peer challenge discussions were ongoing about an external scrutiny review. The peer challenge team believe that this would be a positive step and would assist the Council in addressing some of the frustrations expressed by members and officers, in terms of scrutiny and what can be achieved with limited resources.

The HR team is small but effective. Staff repeatedly said in interviews that HR are approachable although somewhat limited by the small number of staff. In interviews the peer challenge team heard repeatedly that HR and the unions have a good and respectful relationship.

The peer challenge team reviewed information on Equalities, Diversity, and Inclusion (EDI) at the Council. The council has an EDI officer, this is a shared post with Wealden Council. EDI is still developing in the organisation but there are some positive signs with the creation of a transgender policy. The last available equalities strategy had expired at the time of the peer challenge. However, HR are currently

undertaking an external review of policies which is to be welcomed. Moving forward the Council should give more consideration to EDI both in terms of the workforce and in terms of service delivery, gathering better data and making more use of analysis will assist with this.

The decision to move to a single Chief Executive model has been well-received by staff, members, and partners. The Chief Executive has become established in his role and has been permanently appointed. He is well-liked and respected by staff at the Council.

Following the recent restructure, there is a danger of a fragmented approach in the senior management team with changed responsibilities and people settling into new roles. The peer challenge team believe that there is still some work to be done on creating a one council approach across the organisation to avoid silo working.

In a number of interviews with staff, concerns were expressed about the capacity and of the shared legal services. Staff reported that enquiries take a long time to receive a response and that this creates delays to matters such as enforcement and procurement.

The peer challenge team noted that neither the Monitoring Officer nor the Deputy Monitoring Officer are legally qualified. The peer challenge team are of the view that the Monitoring Officer and Deputy Monitoring Officer need further expert legal support particularly given the council's plans to undertake a number of legally complex projects such as the Housing Company.

The Council has a number of capital investments currently in train. The peer challenge team have reviewed the risk management of the capital programme and believe that risk management needs to be strengthened with a Capital Programme Management Board (officer-led) created to manage risk whilst driving delivery.

Performance Management was considered as part of the review and the peer challenge team believe that performance could be improved, which would aid delivery and member oversight of key priorities. Improving data collection and analysis can assist with this task.

It came across very clearly in interviews, focus groups and in discussions with partners, that the staff at the council are very dedicated. They have worked extremely

hard during the pandemic period to keep services going despite working with limited resources and capacity. Even with these difficulties staff at the Council repeatedly stated that Rother is a good place to work, and this is a credit to the Council as an organisation.

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

The peer challenge team reviewed reports, the budget and financial statements produced by the Council. The peer challenge team found that the Council has had a track record of good financial management and delivering traditional efficiencies.

However, the financial challenge now facing the Council is substantially more difficult. There is now a need for transformation to achieve the required savings which is far more difficult to achieve. It is critical that the Council's planned actions to tackle the financial challenge are accelerated. The Council should also ensure that there is sufficient member ownership and oversight of the programme to deliver the required savings and achieve the necessary transformation.

Given the scale of the challenge the senior finance team and the S151 officer (chief finance officer) should be supported to deliver the significant savings, income targets and stable balanced budget. Additional capacity for the senior finance team along with joint ownership of the budget by the senior management team is essential. Delivering savings, achieving income, and keeping to budget must be a responsibility for all the top team working with the Lead Members.

As part of the peer challenge team's review of the Council budget and financial statements the team considered the level of reserves held by the Council. The peer challenge team were concerned about the low level of revenue reserves particularly given some of the risks to the Council. For example, the housing company and devolving of services to Bexhill Town Council as a mechanism to deliver savings. The Council needs to ensure that there are adequate reserves going forward, particularly given the challenging savings programme, the risk identified above and the current difficulty in predicting inflation and staffing costs.

The peer challenge team are of the view that some improvements should be made to financial reporting to include more detail, particularly in budget reports and reports to

committees. The budget papers for all members should also provide a clear statement of the view of the S151 officer on the adequacy of reserves and robustness of estimates and calculations (Section 25 statement). In interviews it was confirmed that the S151 officer has confidence in the estimates and levels of the reserves, and that Lead Members had discussed this with the finance team before the budget was agreed. Councillors were also briefed on the budget.

The peer challenge team reviewed the Council's plans to make savings to the budget and improve the Council's financial sustainability. The Council has an outline plan on how to bridge the gap in the budget with savings and income. The details of this plan need to be rapidly developed, then checked for robustness and delivery. The team identified concerns regarding the deliverability of some elements of the FSP. The Council should continue to closely monitor and review the planned savings to ensure they are achievable and deliverable.

The Council has ambitious plans for a Housing Company with a complicated programme of delivery. This will bring high levels of potential risk along with reward. The Council does not have in-house expertise or experience in this area. In the view of the peer challenge team this means that it is an area of higher risk for the Council. The senior management team needs to ensure it has the appropriate expertise and capacity to deliver this programme whilst protecting the Council.

The peer challenge team reviewed the Council's risk management arrangements and are of the view that the risk management plan and the risk register need to include more on appetite for risk and residual risks. For example, leisure centres with the issue around maintenance, improvements and increased energy costs are a risk for any council that operate them. Whilst there are service risks identified in the plan, corporate risks need to be reviewed to ensure all the appropriate risks are captured. There also needs to be a more holistic approach to the risk register and risk management.

The Council has ambitious plans for investments in the local area. These need to be carefully reconsidered in light of changes to the economy following Covid and cost pressures such as inflation. There have also been significant changes in Government policy that could impact the Council's plans for capital investment in some sites. The Council should therefore re-evaluate the investment plans in this new context to

ensure the investments will still produce good returns on investment and good outcomes for the local area.

Having reviewed the Council's approach to investments and property, the peer challenge team are of the view that the Property Investment Strategy would benefit from more technical support. There also needs to be a wider view of the accumulated risk of investments and the impact on the Council should any of these investments fail to achieve the expected income or return on investment.

#### **4.5. Capacity for improvement**

The peer challenge team spoke to staff, members and partners and found that the Council is currently focussing on a number of different priorities and that in some cases this is leaving staff stretched. The peer challenge team believe that the Council needs to do less and do it better, by focussing on a smaller number of key priorities. In particular the key corporate and financial priorities. The Council needs to address the financial issues that have been identified and trying to do too much will make this more difficult.

The peer challenge team believe that more can be done by the Council to develop new relationships with residents. The peer team, believe that building a new social contract with residents can help the Council to achieve its key priorities and bring deeper engagement with residents.

The Council has good relationships with local partners, but the peer challenge team found that these partnerships could be used more effectively. These key relationships could be deepened, and the peer challenge team found in interviews that many partners would be open to working more closely with the Council. In the view of the peer challenge team, more partnership work is needed to achieve the Council's aims.

The Council also has good relationships with local MPs, this is a strength that could be used more effectively by the Council. For example, by seeking MPs support for grant funding requests and bids, by working with them on key asks from Government such as infrastructure investment that would support key developments and the Council's vision for the area.

The peer challenge team were impressed by the dedicated frontline staff at the Council. However, it was clear in interviews that many staff are overstretched which is impacting on morale and delivery. The Council should consider focussing its efforts on key priorities and ensure that staff are not spread too thinly trying to deliver too many things simultaneously.

The peer challenge team believe that an urgent assessment is needed of where capacity is required. This should include a rigorous challenge of funding streams. The Council needs to focus on delivering services and key priorities and should ensure that the required capacity is available to do this.

## 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 six-month check-in session, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Mona Sehgal, Principal Adviser for the South East, is the main contact between your authority and the Local Government Association. Mona Sehgal is available to discuss any further support the council requires and can be contacted by email: [mona.sehgal@local.gov.uk](mailto:mona.sehgal@local.gov.uk)