

South Ribble Borough Council

Corporate Peer Challenge

30 June – 2 July 2021

Feedback report





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1. Executive summary:

South Ribble Borough Council (SRBC) has made progress to address historic governance issues and challenges since their previous Corporate Peer Challenge in 2017 under the new Leadership of the Council since 2019. The scale of these challenges, as illustrated by External Auditors and previous peer reviews, was significant, and progress has been made. However as set out in this report, and as already recognised by the Council, further work is required to both consolidate work to-date and continue the Council's journey of improvement.

The peer team recognise the promising nature of the work to date and some of the outcomes achieved with many reforms being implemented as part of the Council's 2020 Annual Governance Action Plan. It is also encouraging that SRBC have engaged with external perspectives and constructive challenge to support this work through the corporate peer challenge process.

Concurrently, the Council has continued to deliver effective services for residents whilst also responding to the unprecedented challenges and issues presented through the Coronavirus pandemic. Councillors and officers across the organisation deserve recognition for their work to support local communities and neighbourhoods in addressing the challenges of COVID 19 and responding to a fast-paced and changeable context both nationally and regionally. The Council deserves further recognition for managing this work whilst simultaneously implementing shared services with Chorley Council, and the additional work and challenges that this will have presented.

The peer challenge team were due to spend three days on-site in South Ribble to complete this review. However, due to rising COVID-19 rates and Government guidance to minimise travel into the wider Lancashire area, it was agreed that this phase of the work would be completed virtually ahead of a physical revisit. The Leadership of the Council deserve credit for facilitating this change in approach at short notice, and this provides further evidence for their appetite for improvement.

Geographically, SRBC is a district council situated in Lancashire in the North West of England and takes its name from the river Ribble which provides a natural northern boundary to the borough. The borough covers approximately 44 square miles and contains a population of 110,527 residents in 50,200 households. The largest proportion of residents live in the Leyland and Penwortham areas, with the remaining population spread across a rural geography. The borough has strong transport connectivity, with motorway networks including

the M6, M61 and M65 providing good links into the neighbouring city of Preston and town of Blackburn. This connectivity also enables commuting into Greater Manchester and the Liverpool City Region.

The politics of SRBC is finely balanced; the political make up at the time of the CPC consists of 22 Labour, 22 Conservative, 5 Liberal Democrat and one Independent Councillor. The Council was Conservative led from 2007 – 2019, but following all-out elections became no overall control. Since 2019, the Council has been led by a Labour administration, supported through a ‘confidence and supply’ agreement with the Liberal Democrats on an issue-by-issue basis.

The peer team engaged with representatives from across the political groups and recognised that a significant deal of political energy and time is still expended addressing the history of SRBC, and that the opportunity exists now to move attention to more productive and forward-facing issues. This will require SRBC to develop a shared narrative for their past which is not politically coloured but owned across the organisation.

The Council’s governance challenges have been illustrated by their External Auditors issuing statutory recommendations for three consecutive years from 2017-2020, with a Section 24 report being issued in 2018. The administration was candid in describing these failings to the peer team and has developed an action plan in response to these issues and pro-actively used internal audit to offer further checks and assurance. The Council has made progress against all 13 strands in their Action Plan, including reviewing the constitution, developing a new performance framework, and implementing a new Organisational Development Strategy to address the cultural challenges needed alongside practical improvements.

The progress against this action plan is commendable, as is the prioritisation that these issues have been given within the Council. However, further work is needed to embed these principles; a continued focus on good governance should be maintained. Furthermore, there are some further issues beyond the current content of the action plan that need to be considered, including management of risk, use of controls and issues relating to information governance.

Since 2019, SRBC has experienced changes in both political and managerial leadership, with the election of a new administration, and the suspension and subsequent dismissal of the Council’s previous Chief Executive. The Council used this point to build on shared services arrangements and introduce a shared management structure across SRBC and

the neighbouring authority of Chorley, enabling the Councils to share skills and experience, and provide additional resilience to both areas. This shared Leadership Team is built on the longstanding shared financial and assurance services, and the more recent sharing of corporate services with further work underway to share ICT and customer services. The peer team heard a range of views (both positive and negative) regarding this programme of work and would encourage the Council to clearly set out their future ambition and appetite for shared services and to communicate these plans with staff and partners. It was also clear that knowledge of the proposed changes was different across the organisation, more clarity is needed so that staff and members know what is happening next and at what timescale.

As the Council continues to manage their immediate response to and plan for the longer-term recovery from COVID-19 it will be important that resources are prioritised across the competing demands of improving internal processes, progressing shared services, managing COVID recovery, as well as wider political aspirations. This balance and breadth of programmes over the coming years is manageable but will require careful planning and allocation of resources. It will also be important to provide clear communication to staff on the relationships and interdependencies of these initiatives, to support their understanding of prioritisation and the contribution of their roles.

2. Key recommendations:

The main body of this report contains a range of findings and recommendations which will support SRBC, and many of these may be easy to implement “quick wins” and practical actions. The report presents the feedback that was delivered to SRBC on Monday 5 July with the key recommendations listed below:

Recommendation One: Embed a culture of good governance: SRBC need to build on their momentum and progress regarding governance. This includes ensuring that their existing reforms have embedded within the organisation’s processes, practice, and culture, as well as considering further areas that may not currently be within the scope of the Council’s existing action plan.

Recommendation Two: Provide full clarity on the ambition and plans for shared services: One of the strongest themes to emerge during this peer review was the shared services arrangement with Chorley Council. It is the view of the peer team that the Council needs to be clearer on the over-arching vision, aims and timescales relating to shared

services including the processes that will be used to achieve these. This presents the opportunity to build on the progress that SRBC have made on shared services to-date and generate further staff support for future phases. This issue was also highlighted in the LGA revisit to SRBC following their 2017 Corporate Peer Challenge.

Recommendation Three: Programme Plan for future work and political priorities: There are several key priorities that exist at SRBC simultaneously. This includes a corporate commitment to governance improvements, an ambitious capital programme, COVID-19 recovery proposals, and future ambitions for shared services. Whilst this ambition is laudable, there is a need for the Council to carefully programme manage interdependencies and ensure that there is appropriate corporate capacity to deliver this breadth and depth of work.

Recommendation Four: Medium Term Financial Strategy: The Council has managed their finances well in responding to the immediate issues of COVID 19. However, the Council's current MTFS contains a rising budget gap through to 2024, and further work is required to assure proposals already contained and develop further policy options for future years.

Recommendation Five: Assurance on capital programme delivery: The Council plans to significantly increase their capital delivery programme over the next four-years. However, this is a largely borrowing funded programme and the minimum revenue provision of these plans should be built into the Medium-Term Financial Strategy. Further research should also take place on capital funding for this programme as borrowing from PWLB is more difficult than it has been in the past and cannot be used for any form of financial yield.

Recommendation Six: Organisational development and Management Practice: The Councillors and Officers of SRBC have worked extremely hard to support residents throughout the Coronavirus pandemic and political and managerial leaders are rightly proud of these achievements. As the country moves through the national roadmap to ease restrictions, SRBC should consider how these achievements are recognised, managing the wider workforce in returning to the workplace, and introductions for those who may have joined the Council during this period. There is also a need for more standardised practice to HR across council directorates.

Recommendation Seven: Community Hubs: SRBC have developed a community led

approach to resident engagement through their Community Hubs. This model has real potential to reshape the Council's dialogue and relationship with its residents. This approach also has the potential to support improved engagement with residents, and SRBC should consider the impact of Community Hubs on their wider methods and channels of engagement, including the approach to incorporating questions at physical meetings. These issues should be included in the review of Community Hubs in the Autumn of 2021 to ensure that this opportunity is not treated in isolation and is instead considered alongside wider impact on the Council's relationship with residents and all the Council's work. These community hubs provide a new opportunity for the Council to raise the profile of their wider services with residents.

Recommendation Eight: Political engagement in a balanced authority: The finely balanced politics of SRBC places further emphasis on the need for effective cross-party working relations. Given the challenges ahead it is important to ensure, where possible, a strong cross-party consensus on many of the priority and long-term issues that are facing the borough. This should include consideration of the contribution that Scrutiny can make to provide constructive challenge on issues and building on the sharing of information across political groups that has been developed during the COVID pandemic.

3. Summary of the peer challenge approach

The peer team:

Peer challenges are delivered by experienced Elected Member and officer peers from across the sector. The make-up of the peer team reflected the Council's requirements and the focus and scope of the corporate peer challenge. Peers were selected based on their relevant expertise and were agreed with you in advance. The peers who delivered the South Ribble Borough Council Corporate Peer Challenge included:

- **Arthur Charvonia:** Chief Executive (Babergh and Mid Suffolk District Council).
- **Cllr Peter Fleming:** Leader (Sevenoaks District Council).
- **Cllr Bryony Rudkin:** Deputy Leader (Ipswich Borough Council).
- **Emma Foy:** Section 151 Officer (Hart District Council).
- **Kevin Powell:** Executive Director (Broxtowe Borough Council).

- **Matt Dodd:** Peer Challenge Manager (Local Government Association).

Scope and focus:

The peer team considered the following five themes which form the core components looked at by all Corporate Peer Challenges that the LGA undertakes. These are the areas that 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 and achieving improved outcomes for all its communities?
- 2. Organizational 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 respect, challenge, and scrutiny?
- 4. Financial planning and management:** Do the Council have a grip on its current financial position? Does the council have a strategy and a clear 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?

Additionally, SRBC asked the peer team to provide feedback in two additional areas. This included a dedicated focus on the Council's approach to governance and their progress against their Governance Action Plan, as well as providing comments on the Council's approach to Community Hubs, including any considerations for their further development.

The peer challenge process and methodology:

Peer challenges are improvement focused; and it is important to stress that this process is not an inspection. The methodology is not designed to provide an in-depth or technical assessment of individual plans and proposals. Instead, the peer team used their experience and knowledge of local government to reflect on the information presented to them through documents, interviews and focus groups.

From 2017-2020 the LGA completed 447 peer challenges, including 182 Corporate Peer Challenges. The delivery of challenges was naturally impacted by the Coronavirus pandemic

in 2020 and during this time the LGA moved resource to support the sector in addressing the immediate response to COVID 19. During this time the LGA also developed alternative offers to support Councils, including remote peer support conducted online, remote corporate health checks, and facilitated discussions on post COVID responses through dedicated recovery panels, sharing expertise and experience across the sector.

South Ribble Borough Council previously undertook a Corporate Peer Challenge in 2017 and their progress against this report was followed-up with a 'revisit' in 2018. This report will draw on the findings and recommendations from this previous review as appropriate to illustrate continuity or changes at the Council. However, it should be noted, that the findings and recommendations of this report are standalone with regards to the Council in 2021, reviewing the organisation in its current context.

This review was originally agreed to be completed physically on-site with South Ribble Borough Council from 30 June to 2 July 2021. These dates were agreed in Spring 2021, subject to the national road map and proposed easing of lockdown restrictions.

Following the delays to the easing of national restrictions, and the introduction of Government advice to limit travel into and out of Lancashire in response to high COVID rates in the area, it was agreed that it was not appropriate to complete this work physically. In this context, the team offered the Council the option to either complete this challenge later in the year or undertake the work virtually through online methods. It is to the Council's credit that they supported this work being completed virtually at short notice. The Peer Team believe that this approach has not limited their understanding of the Council, or the ability to develop recommendations to support improvement.

In advance of this review, SRBC produced a Position Statement that self-assessed their achievements and performance across the themes of the review. This was reviewed by the peer team alongside a range of supporting documents to ensure familiarity with the Council and the issues they are facing.

During the three-days that the team spent completing this challenge they conducted a range of focus groups and interviews with Councillors, Officers and external partners triangulating their findings. During this time the team:

- Spoke to over **65 people** including a range of Councillors, staff, partners, and neighbouring authorities.

- Gathered information and views from more than **34 discussions, interviews or focus groups** as well as observing regular meetings, additional research and reading.
- Collectively spent over **144 hours** with the Council to determine our findings, the equivalent of one person spending over four weeks in South Ribble Borough Council.

This report provides an overview of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and Members. The peer team recognise that the opportunity to conduct a six-month revisit with SRBC following the publication of their Report and Action Plan will enable further validation of the findings of this report, and to experience the physical culture of the organisation in person.

4. Feedback

4.1 Understanding the local place and priority setting:

SRBC shared a breadth of information about the local area. This shows that, in comparison to wider areas of Lancashire, the borough is relatively affluent, but with pockets of deprivation (with three wards falling into the bottom 20% of deprived areas nationally), and a significantly higher than regional average rate of employment (with 88.8% of those aged 16-65 in employment compared to a North West average of 74.5%). The position of relative prosperity of the borough is further illustrated by the Income Deprivation Affecting Children Index score of 0.12 (North West average of 0.15) and the Income Deprivation Affecting Older People Index score of 0.1 (North West average of 0.13).

Beyond the statistical information provided by the SRBC, the peer team were impressed with the in-depth knowledge, understanding and commitment to the local area demonstrated by all Councillors who met with them. Councillors across the organisation were able to demonstrate both current and historical insights at both a borough and ward level.

The Council has implemented a performance management framework as part of their Annual Governance Statement Action Plan. This provides a clear channel to present performance information into formal council meetings and improve member understanding on performance issues and priority setting. The Council's framework is clear and provides information on both performance against targets and direction of travel to support informed conversations on a range of issues.

To further strengthen the approach, the Council should regularly review performance targets

to ensure that they are both testing and realistic, as well as ensuring there is ongoing dialogue regarding the measures that may need adding or removing to reflect political priorities. The council may also want to consider how performance information is used to inform the work-programme of committees such as Scrutiny, and whether further value could be added with an additional focus on performance issues that may benefit through more formalised analysis or working groups. Furthermore, whilst targets are shown within the framework, SRBC may wish to consider the phasing of targets to better illustrate their improvement over time and allow consideration of known milestones and interdependencies. Finally, the Council should consider how this information is used in conjunction with business processes and HR practices to embed performance management within the culture of the organisation through both service planning and incorporation in one-two-ones with staff.

The use of the performance management framework correlates with external performance reports generated through tools such as LG Inform. This illustrates that the council is performing better than sector averages on issues such as delivery of affordable homes and levels of household waste sent for recycling. However, this report also illustrates the challenges facing the borough, including a number of public health issues such as obesity, levels of activity and smoking prevalence.

The Council undertook a Resident Survey in 2020 and received over 1,700 responses, this is an important process for understanding both the priorities of residents and their perceptions of the Council. Many responses from this survey are in-line with national averages with 67% satisfied with how the Council runs things and 82% satisfied with their local area. However, this survey also highlights some areas for improvement, this includes 54% of respondents believing that the Council acts on local concerns and only 51% feeling well informed about the Council. These figures compare less favourably with national averages through the regular 'are you being served' survey of 61% and 67% respectively and illustrate the potential for improved engagement with residents and sharing of information.

The Council's approach to developing Community Hubs could be a tool that addresses these issues, and further enhances their understanding of place. This approach was informed by a cross-party group established in 2019 to review historic Neighbourhood Forums, considering themes of engagement, volunteering, and wider work with the Voluntary, Community and Faith Sector. The review concluded that each of the borough's five neighbourhood areas should be supported through an autonomous group which would set

their own workplan, with lead Councillors and a dedicated area officer. It will be important that the impact of these hubs is considered alongside wider processes of the Councils so that their relationship is complementary or replaces current approaches as appropriate.

The peer team recognise that Community Hubs are still relatively new, with work programmes finalised in March 2021. However, the team was enthused by the potential of this model and the Council's commitment to 'bottom-up' engagement, and organisation's comfort with divestment of control to allow areas to progress at alternative paces and on alternative paths. SRBC have committed to a six-month review of this work to be completed in the autumn of 2021, and the peer team appreciate that this will be an important juncture to share lessons learnt across the five groups. It will be important that this review considers the organisational commitment that is required to deliver on this potential, including the investment of officer time and financial resources. These are currently in place but will need constant review as the role of these Hubs continues to emerge. These changes will also need to be reflected in the governance surrounding these Hubs including their Terms of Reference. The team were also struck by the leadership and enthusiasm provided by the lead portfolio holder for this work. Finally, the work of these hubs needs to be aligned to the Council's priorities within their Corporate Strategy, and this will require balancing with the Council's commitment for this to be a 'bottom-up approach'.

There are already encouraging developments that have been brought through this work to-date, including good cross-party working at a local level. Tangible benefits include an example of one Community Hub leveraging matched funding to support new changing facilities at a local cricket club. Effective engagement at this local level should help to address the finding from the 2020 resident survey that only 18% of respondents felt that they could influence local decisions. Finally, the Community Hubs offer an opportunity for the Council to strengthen engagement approaches with groups that the Council has not historically engaged with. It is important that the Council considers how the hubs are used as a clear channel for holistic engagement, extending beyond the current practice of contributions at physical meetings.

4.2 Organisational and place leadership:

The previous peer challenge of SRBC highlighted key Leadership challenges facing the Council as illustrated in their 2017 report: "*This is a council which does not currently exhibit clear, strong, or positive collective leadership*". There have been further changes in both political and managerial leadership since the last Corporate Peer Challenge, including five

different Section 151 officers over the past five years.

The introduction of a Shared Management team with neighbouring Chorley Council has brought increased stability, including the appointment of a shared interim Chief Executive in the summer of 2019 (which has now become permanent) and, more recently, the appointment of a Section 151 Officer to work across both authorities. The wider approach of a Shared Management Team across both councils supports the sharing of skills and provides additional resilience at this level. During our time on site, the Peer Team heard feedback that praised the political and officer leadership of the council for their collective and positive approach.

However, the introduction of the shared leadership team has created important questions for SRBC to address. These include the impact on organisational sovereignty, with many of those that the peer team met keen to emphasise the importance of the need to counter any narrative of a “Chorley takeover”. In this context there is a need for SRBC to consider and define the aspects of sovereignty which are most important, and the areas that they will be applied. This will support communication with staff and partners, whilst also providing a clear framework for future ambitions and decisions regarding shared services.

The peer team also recognise that there is an important distinction between sharing services across two councils and dual running services across two councils. There are currently key distinctions in a number of services and processes which would benefit from standardisation and reduce the risk of asking officers to double run work. Further work is required to support officers to work as effectively as possible in a shared services environment including considerations on where processes can be merged or aligned, such as officers no longer having to maintain two separate email accounts or calendars as this process creates additional demands for officers and can cause confusion when arranging meetings, responding to Councillor queries, and working in a timely manner.

The peer team received positive feedback for the contribution that the Chief Executive has made since 2019. This included staff appreciating the visibility and approachability throughout the pandemic and councillors across parties appreciating the sharing of information across groups in a timely and appropriate manner.

The council's leadership was demonstrated through their response to COVID-19, with South Ribble partners highlighting productive relationships with the Council at strategic and operational levels. This included the Council acting as Deputy Chair to the Local Resilience

Forum throughout 2020 to support a joined-up response to the pandemic across organisations. Operationally, this is illustrated by the provision of 15,685 meals through the council's 'holiday hunger offer', with the Council recognising that their previous model of vouchers was not feasible within a COVID context. The Council worked closely with teachers to identify vulnerable children and provided food parcels for schools to distribute. This scheme grew from working with 16 schools to being present in all 51 schools in the borough by the end of 2020.

Both the political and managerial leadership of the Council deserve praise for the prioritisation that they have given to improving the Council's Governance through the allocation of resource and capacity. This has taken place within the context of managing the Council's response to coronavirus.

The Council has conducted regular staff surveys including in 2013, 2015 and 2019 and accompanied by a 'pulse' survey completed in 2021. These surveys are a good process in learning the opinions and views of the workforce and should be maintained to measure views and shape the Council's communication with staff, approach to organisational development and informing key decisions, such as returning to the workplace following the coronavirus pandemic.

However, the staff survey results in 2019 illustrate a deterioration in morale at the council from the 2015 baseline. In this four-year period there were 30 measures which deteriorated by more than 3% whilst only two measures improved by the same amount. The Peer Team recognise that the 2019 survey does not represent the Council in 2021, and that this survey was completed against the context of changes to political and officer leadership. However, these results illustrate the historic context that the organisational leadership needs to be attuned to when considering further engagement.

Finally, the leadership of the Council would benefit from a clear and shared narrative about the organisation's history. During our time on site, the peer team heard a range of views and opinions regarding the historic issues of the Council, and a shared narrative will prevent further energy being expended on these issues. Furthermore, it is important that there is a shared understanding and ownership of progress across the council to avoid the risk that issues have been addressed through '*people coming in*' or *through a 'takeover'*. This comfort with the organisation's past is essential in being able to articulate and demonstrate progress, and for embedding changes within the culture of the Council, rather than risking incubation with a small number.

4.3 Organisational governance and culture:

SRBC have been issued with a 'statutory recommendation' to improve by their external auditors for three consecutive years which included specific recommendations to take forward the findings and recommendations from the Council's previous CPC and their locally developed Action Plan including the establishment and operation of Improvement Reference Group to support this work. In June 2020 the Council approved an Annual Governance Statement Action Plan to address these issues and in March 2021 it was reported to SRBC's Governance Committee that this action plan had been substantially complete. There is a total of 13 actions within the SRBC action plan, and progress can be demonstrated against all key areas, this includes:

- Reviewing the Council's governance policies and strategies (anti-fraud, anti-corruption, anti-bribery, and whistle-blower policies).
- Reviewing the Council's constitution, including financial regulations and scheme of delegation.
- Developing a key partnership framework, Communications Strategy and Organisational Development Strategy.

The peer team recognise that the Council has made demonstrable progress to improve their approach to governance and there is a clear commitment to these issues across staff and councillors. However, it is important that the Council recognises that there is still more work to do, particularly given their challenging starting point and the challenges of embedding cultural changes during the pandemic.

An important process to build on this work and entrench sound principles of risk management across the Council is to visibly demonstrate the application of new policies, including the Council's new risk management system, and communicating the benefits of change through processes such as internal audit. This will help to illustrate and 'bring to life' the changes in processes that to this point may have felt theoretical or abstract in nature. Furthermore, this will be an important stage in SRBC being able to demonstrate and communicate progress with tangible cultural examples beyond procedural reforms.

The peer team met with members of the Council's Governance Committee. This committee currently appears to have a dual role, also operating as a more traditional function of an audit committee and addressing wider governance functions. The CPC revisit of 2018 highlighted to SRBC a recommendation to review this Committee with a view to separating these

functions and this does not appear to have happened. This will bring the Committee more in-line with sector norms and will also support with an increased clarity regarding the role and functions of this Committee amongst its Members. It is clear to see that the group has met regularly over the past 12-months and supported the Council's oversight and progress against their action plan. It may support the Council's progress to refine the group's terms of reference to provide further clarity on these functions. Furthermore, minor practical reforms could improve the effectiveness of this committee. This would include the potential use of pre-meetings to support the best use of meeting time. These Committees would also benefit from additional clarity regarding their agenda setting processes, ensuring that their work programme is aligned to the strategic direction of the Council. Finally, this clarity regarding work-programme will support members and officers to identify the other processes and forums which decisions can be scrutinised and reduce the risk of scope creep for the Committee.

Beyond the Council's existing action plan there are a number areas of further work that need to be considered, including SRBC's approach to Senior Information Risk Owner (SIRO) audits, updates for Information Asset Registers and wider ICT controls. The Council should continue to work constructively with both internal and external audit to incorporate these issues in their next phase of improvement. The Council should also consider the potential improvements that could be made regarding issues of Equality and Diversity, with the peer team finding uneven consideration of the impact of equality and diversity considerations across reports. The Council would also benefit from making sure that recent Equality Impact Assessments are published alongside historic reports on the relevant pages of the Council's website.

Finally, given the political make-up of SRBC, consideration should be given on how to maximise the benefits of cross-party relations and constructive political challenge. There are examples of all groups working effectively together, including work on priority issues such as the Climate Change working group and at a locality level through Community Hubs; this should be built on where possible. This includes considering the role that challenge and scrutiny plays in decision making, and the peer team would recommend that further work is completed to develop this challenge through forums such as Scrutiny, Budget Scrutiny and Governance Committee considering their work programmes and agenda setting, with the Peer Team noting that the Chairs of these forums are currently held by parties within the confidence and supply agreement, and that the more common practice across the sector is for these roles to be held by opposition Members.

4.4 Financial planning and management:

SRBC has managed the immediate financial challenges presented by COVID-19 effectively. This is shown through a surplus in their 2019-2020 budget of approximately £500,000 net, and the Council maintaining their level of General Fund Reserves at £4.2m. The Council has a three-year Medium-Term Financial Strategy which is aligned to their corporate priorities and accompanied by a four-year Capital Plan. This MTFS contains sensibly cautious assumptions regarding the potential impact of the Fair Funding Review on the Council's finances and the temporary nature of COVID support grants received in 2020 and highlights the challenges facing the Council's assumptions: *"Until the government completes the fair funding review and the reset of business rates, the council will have to continue with considerable uncertainty in its budget planning"*.

Whilst the peer team appreciate the uncertainty presented by these factors, it also felt that further work is required to refine the Council's MTFS. This will include SRBC being able to assure themselves regarding the delivery of saving proposals contained within their current plans, whilst also identifying further savings as needed. This is illustrated by the MTFS containing a gross budget gap (prior to actions being taken) of £150,000 in 2021-2022, with this figure rising to £3.3 million in 2023-2024.

With this in-mind further work is needed to articulate and quantify the level of savings that will be delivered beyond 2021-2022. The Council would benefit from there being more dialogue across officers and members regarding the proposals, prioritisation, and requirements to support financial sustainability. The appointment of a new Section 151 officer will support this process through regular and accurate quarterly reporting processes.

Furthermore, the Council's budget and MTFS does not reference specific risks and the Council's risk management strategy does not currently identify any financial risks, therefore further work is required to support the identification and management of financial risks and should be linked to the wider corporate governance and risk management.

Over this period there will be a need for the Council to invest in efficiencies to achieve the required reduction in their net expenditure and address these forecast budget deficits. The MTFS provides an indication of the Council's strategy, including investments within the borough that may generate income and through the realisation of savings through joint contractual arrangements. There are also emerging themes which will identify future savings including base budget reviews, a programme of shared service reviews, and consideration of additional income sources.

The Council has delivered a range of historic savings, including through the expansion of shared services with Chorley Council. The first phase of this work is forecast to deliver savings of £328,000 in 2021-2022 rising to over £508,000 by 2023-2024. During the peer team's time on site, they heard some confusion regarding the future phases and stages of shared services. Therefore, there is a need for SRBC to agree and clearly communicate the future phases for shared services, and the milestones attached to these budget proposals.

The appointment of a new Section 151 officer has been well received within the Council and will provide the opportunity to deliver further internal improvements whilst also bringing stability and enhanced leadership to some of these issues.

It is important to note that the plans that will be delivered through this wider transformation programme support the Council to manage its budget effectively and prudently. Whilst the full quantity of savings required through these workstreams and programmes will be impacted by the wider national context and funding reviews there is a need for SRBC to maximise the potential and delivery of these efficiencies.

The Council has an ambition to significantly grow and extend their capital programme delivery over the coming years. The Council reported a significant under performance against their planned capital programme for 2019-2020, delivering £3m against a programme of £12.9m with the coronavirus pandemic naturally impacting on delivery. However, within this context SRBC should assure themselves that this does not reflect a lack or loss of capacity for project management that would impact on the delivery of the budgeted capital programme.

The growth of the capital programme from £3m in 2019-2020 to £24.4m in 2023-2024 will not only create capacity challenges but will also bring practical implications to the Council's wider financial framework. SRBC are planning to support this programme through a mixed use of reserves and borrowing. There does not appear to be any current proposals from the Council to use capital receipts to support this programme and the Council may wish to consider their Asset Management Strategy for any potential that exists in this area. The Council should also consider their Prudential Borrowing Strategy given its plans to make extensive use of its borrowing powers as this will naturally impact upon the SRBC Revenue Budget and Minimum Revenue Position. Finally, the approach of using reserves and borrowing raises an important question regarding how sustainable this approach will be in-terms of affordability.

The peer team heard a range of views from across political groups regarding these financial issues and would encourage the use of external training to support informed political debate on issues such as Treasury Management, CIPFA consultation responses and capital financing to facilitate this. This training will also help to ensure that there is a shared

understanding of the Council's financial context across the organisation and support a more dispersed ownership of financial management.

Finally, whilst the Treasury Management Strategy has been reviewed; the Council is risk averse around its counterparty listing and it has been stated that that policy was implemented following the collapse of the Icelandic Banks. The peer team would, therefore, invite the Council to discuss alternative investments over longer time periods with Link Asset Management to explore whether higher levels of investment income could be received whilst still mitigating risk.

4.5 Capacity for improvement:

The Council is already on an improvement journey which offers a foundation and momentum to these issues. The Council agreed to a corporate peer challenge to support this process and facilitated this review being completed online at short notice which illustrates an organisational commitment to improvement and learning from across the sector.

The peer team met with a range of talented staff across the organisation, who, along with local Councillors are clearly invested in both the borough of South Ribble and the Council as an organisation. The Council has also developed new Organisational Development Strategies to support staff engagement as well as conducting pulse surveys to monitor wider workforce issues. It is important that this approach to organisational development is considered alongside the Council's transformation programme; and the Team appreciate that this interdependency is flagged in the Council's Organisational Development Strategy and would encourage these links to be built further as appropriate.

The pulse survey that the Council completed in April 2021 was set against the context of the coronavirus pandemic. This will have had a significant impact on staff through responding to national guidance, supporting new requirements (shielding residents, vaccine support) as well as amending existing practice through working from home arrangements and the introduction of online meetings, as well as the future return to physical meetings and work environment. This professional impact will have taken place against the wider background and personal concerns which have seen a national rise in levels of anxiety recorded. The Council was mindful of these issues and this context when launching the survey and was keen to use this timing to gather information and identify issues to support their work.

It is important that findings of the pulse survey are viewed in this context, recognising the

broader range of issues that will have contributed towards results, with 9% and 14% of respondents rating their health and mental health as poor (159 responses). Importantly, 27% of respondents were not aware of the support that was available from their employer, demonstrating the need for more work to be completed to communicate and promote these offers to staff.

During our time onsite, the peer team heard that management practice of HR processes was not consistent across service areas. This included differing approaches to managing the return to the workplace environment following COVID-19, and inconsistent practice on holding one-to-one meetings with staff. The lack of one-to-one meetings was highlighted by 24%. Therefore, within this context, it is important for the Council to address these issues and ensure that there is standardised and supportive practice across the organisation.

The previous peer challenges of SRBC highlighted staff morale as being a significant issue facing the council. This was not an issue that was raised during this review; however, the peer team recognise that this may be an area to consider as part of the six-month review.

However, the team did recognise a wider capacity challenge that may be a risk to the Council with a concentration of knowledge, information and decision making within a small number of key roles. The Council would benefit from dispersing this across more people to give more capacity to senior leader and empowering the wider workforce.

This may be partially reflected in the 2021 pulse survey with 29% of respondents flagging issues related to workload, capacity, or deadlines. This requires SRBC to consider the capacity of staff and the distribution of work, especially given issues of shared services, transformation, governance improvement and COVID recovery. Furthermore, the Council should be mindful of the pace of change and the subsequent need to communicate and engage regularly.

The council also regularly produces workforce profiles to monitor the make-up of staff, including gender, ethnicity, and age profiles across the Council, but also reporting for different pay levels. This reporting is clear and transparent and includes information on the profiles of those applying for prospective jobs with SRBC. This information will support the Council to represent the borough that they serve, and the Council should engage with these profiles to consider any wider practice that could support this representation (e.g., the use of blind process recruitment). Finally, the Council has also made progress to address their historic gender pay gap which was 5.89% in 2017 and has reduced to 0.89%, performing above the

north west average.

The peer team were also impressed by the Council's approach to member development. This is a clearly structured programme which is built around the model of a 21st century councillor and has included 10 internal courses delivered by staff from across SRBC on issues from equality and diversity to General Data Protection Regulations with 48 of 49 members having development plans in place.

5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss, and reflect on these findings over the coming weeks. To support transparency, the Council is expected to publish this report within six weeks. There is also an expectation that an action plan is publicly available within eight weeks of the report's publication.

Both the peer team and LGA are keen to build on the relationships formed through the Corporate Peer Challenge. This process includes a six-month check-in, and the peer team is keen to use this process to physically visit colleagues at South Ribble Borough Council in light of the first stage of this programme being completed online. This will offer the opportunity for the peer team to be updated on the Council's progress against the Action Plan and offer further support to colleagues and peers.

In the meantime, Claire Hogan, Principal Adviser for North West, is the main contact between your authority and the Local Government Association. Claire is available to discuss any further support the Council requires and can be contacted by email (Claire.Hogan@Local.gov.uk) or mobile phone (07766250347).