

# LGA Corporate Peer Challenge

Rushmoor Borough Council

24-27 June 2024

Feedback report





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# 1. Executive summary

In delivering the peer challenge at Rushmoor Borough Council (RBC), the peer challenge team is mindful of the particular context for the Borough - in particular the change of political control following the local elections in May 2024, the timing of the on-site visit ahead of the UK General Election on the 4<sup>th</sup> July 2024, and the Council's significant financial challenges as a result of their high levels of borrowing. They have framed our conversations and feedback.

There is much the Council should be proud of. Overall, RBC services are performing well against its CIPFA nearest neighbours and there are some great examples of place shaping and delivery, including the Council's Union Yard development bringing an exciting mix of student accommodation, residential, retail, creative workspace and public realm contributing to the regeneration of Aldershot Town Centre. There is strong operational delivery with partners, for example Farnborough College of Technology and VCSE partners, and there are ample opportunities for regeneration in partnership with businesses, culture and the arts, using the Council's sites and drawing on a vibrant community of internationally renowned businesses and superb business park infrastructure.

The new administration has landed well, bringing energy and understanding of communities and a willingness to listen. Staff are enthusiastic, engaged and appreciate the investments in learning and wellbeing and health. Sickness levels are low and retention is high. The Council exercises positive community leadership, particularly with its Nepali community and there are several community projects focusing on well-being and drawing on community and individual assets.

However, RBC is in a precarious financial position and has a large financial deficit which it needs to address urgently. The Council has identified the scale of this challenge and is formulating a strategy to tackle it. Whilst a balanced budget was set in February for the 2024/25 budget, it required £5.4m from reserves to balance, with 2025/26 requiring a further £4.2m, leaving the Council without reserves by 2026/27 unless action is taken immediately. The immediate cause for this draw on reserves is a significant increase in the cost of borrowing as a result of recent increases in interest rates. This in turn is driven by a high level of borrowing for a council of this size, most of which has been entered into over the last five years to finance

regeneration and investment property acquisitions. The latter has generated some financial returns which are invested in service delivery.

The Council commissioned CIPFA in late 2023 to carry out full-scale review of its financial position, including financial management and governance, which will provide it with independent assessment and recommendations. RBC has also devised a Financial Resilience Plan with clear financial targets for a reduction in revenue spend and debt. A new experienced permanent Chief Finance Officer has been appointed who brings focus and rigour. This provides a framework and capacity to address the significant financial challenges.

The new administration now needs to articulate their vision and priorities for the place, communities and organisation and needs move from campaigning to governing. Notwithstanding the need to understand the reasons for the financial challenges and the detail of the complex regeneration schemes, they need to own the current challenges and opportunities, work with officers on short- and long-term plans and make decisions. Bearing in mind the size and resources of the Council it will be important for staff to be clear on priorities as well as non-priorities. It is important to frame this positively and in the context of both the new administration's ambition and the resources available to the Council (and its communities and partners) to instil hope and positivity for the future.

## 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

Members and officers need to recognise and act on the Council's precarious financial position. Urgent action needs to be taken to develop a realistic plan to ensure financial sustainability.

### 2.2 Recommendation 2

The new administration needs to set out a clear vision for what it wants to achieve

and how it wants operate.

### **2.3 Recommendation 3**

Strengthen governance arrangement (including Audit, Scrutiny and Policy and Project Advisory Board (PPAB))

### **2.4 Recommendation 4**

Review and implement improvements to financial management and reporting arrangements.

### **2.5 Recommendation 5**

Take time to work on relationships and build trust between senior members and officers as a foundation for moving forward.

### **2.6 Recommendation 6**

Leverage the skills and goodwill of partners.

### **2.7 Recommendation 7**

Review the organisational structure in line with the administration's new priorities and introduce appropriate policies to shape the approach to flexible working.

### **2.8 Recommendation 8**

Alongside any review of structure, reconsider your capacity and capabilities, including the approach to transformation.

### **2.9 Recommendation 9**

Review and refresh the approach to internal communication

### **2.10 Recommendation 10**

Do more to shout about your successes and recognise your achievements.

## 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:

- Member Peer – Cllr Jewel Miah, Leader, Charnwood Borough Council
- Member Peer – Cllr Sam Chapman, Leader, Breckland District Council
- Chief Executive Peer – William Benson, Chief Executive, Tunbridge Wells Borough Council
- Officer Peer – Fiona Bryant, Director of Enterprise and Sustainable Development, Cambridge City Council
- Officer Peer – Alan Finch, LGA Associate
- Officer Peer – Amy Wyatt, Brentwood Borough Council
- Peer Challenge Manager – Anne Brinkhoff, LGA Associate
- Project Support Officer – Rachel Stevens, 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?

### 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 on-site at Rushmoor Borough Council, during which they:

- Gathered information and views from more than 35 meetings, in addition to further research and reading.
- Spoke to more than 120 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 Context and overall messages and observations

In delivering the peer challenge at Rushmoor Borough Council (RBC), the peer challenge team is mindful of the particular context for the Borough - in particular the change of political control following the local elections in May 2024, the timing of the on-site visit ahead of the UK General Election on the 4<sup>th</sup> July 2024, and the Council's significant financial challenges as a result of their high levels of borrowing. They have framed our conversations and feedback.

Whilst we understand the Council's motivation to intervene in its town centres (and there are some good examples of delivery), its approach has resulted in high levels of borrowing which are placing unsustainable pressure on its revenue budget.

There seems to be a political need to understand 'what has gone wrong'. This needs to be resolved (and communicated) so the Council can move forward.

The Council needs to recognise that its existing plans are no longer deliverable, but opportunities remain to develop a new plan starting with a clean sheet of paper. The challenge will be to address the immediate (and urgent) issues whilst keeping options open for longer-term place shaping.

Key businesses and partners are keen to see the Council make a success of the town centres (and are willing to put their shoulder to the wheel to help with this).

Aside from regeneration, the new administration needs to move from campaigning to governing and to set out a clear plan of both what they want to deliver and how they want to work.

Internally, the Council needs to think about how it works in a post-Covid world and how it shapes its structures and capabilities to support any new vision.

Aside from the financial challenges, the Council is in a good place with motivated and dedicated staff, good service delivery, well regarded senior officers and good partnership working.

## **4.2 Local priorities and outcomes**

The new administration is realistic about what can be achieved and recognises that previous commitments may no longer be deliverable. This is most pertinent in the masterplan for the Civic Quarter in Farnborough which is being reviewed in the light of the financial challenges. The new administration's manifesto commitments are included in the last year of the Council's four-year Council Plan, and they are keen to explore with officers how the intended outcomes can be achieved being mindful of operational constraints and unintended consequences. This ensures a balance of operational stability with operational changes that signal the change in political control whilst officers and members prepare a new four-year Council plan for the next



financial year.

Overall, RBC services are performing well against its CIPFA nearest neighbours. Performance data from LG Inform (June 2024) highlights above average performance in Council Tax and NNDR collection, processing housing benefit claims and processing major planning applications. The number of households on the housing waiting list and the number of people living in temporary accommodation are both below average for the CIPFA nearest neighbours, as are the percentage of vacant dwellings. This bodes well for local residents and must be seen in the context of comparatively low levels of total expenditure in central services and housing, indicating good value for money in these areas.

There are some good examples of place shaping and delivery. The Council's Union Yard development (bringing a mix of student accommodation, residential homes, retail, a 'makers yard' offering smaller creative workshop spaces for small and independent businesses, and a new public square linking the High Street and Union Street) is significantly contributing to the regeneration of Aldershot Town Centre and will open in the autumn. Using a mix of S106 and other funding, the Council has developed Southwood Country Park on the former Southwood Golf course that was subject to frequent flooding. The Park provides informal paths and an all-weather 2.4km formal circular route through the wet grassland and woods in addition to playground facilities and a community centre and Café. Facilities are accessible, including a 'changing places' toilet. These are good examples of the council leading on improvements to places and leveraging resources from partners.

There are good opportunities for regeneration in partnership with businesses, culture and the arts. The Council owns significant sites - some with outline consent - and is home to a vibrant community of internationally renowned businesses, including Farnborough Airport and one of the top business parks in the country for its green spaces and sustainability. RBC is a priority place for the Arts Council, offering opportunities for town centre regeneration in both Farnborough and Aldershot through arts and culture. The Borough is in close proximity to London and has good infrastructure links which offers opportunities to progress the regeneration even at a time of financial challenges. The Council must focus on the opportunities and may wish to consider different partnerships and wider financing options to progress with the Civic Quarter regeneration in particular.

The Council's priorities are informed by local views. It runs several consultations each year, including an annual residents' survey, alternating between a service satisfaction-based survey and a place-based survey. In 2023, the council achieved a significant response rate of just over 1,500 which provided a wealth of data on what matters to residents and how satisfied they are with services provided. This informs the setting of priorities and service planning.

There are many good examples of operational delivery with a range of partners where the Council is making use of its resources, knowledge and expertise to provide solutions to issues outside its direct control. They include the 'Community Grub Hub' - a repurposed Council-owned empty property that was renovated to provide a free community food 'shop' and is now offering a range of activities and services (many provided by volunteers). Another example is the Council's support to the Farnborough College of Technology in relocating some 300 learners into a vacant council building at speed following the discovery of Reinforced Autoclaved Aerated Concrete (RAAC) which required the College to find new premises for its learners.

There is an urgent need for the Council to address its immediate financial challenges to ensure that it can avoid a situation which might see it placed in intervention and address damaging uncertainty within the organisation. At present, the Council does not have a sustainable financial position and has had to draw heavily on its reserves to set a balanced budget for 2024/25. The Council's financial position deteriorated rapidly in 2023/24 due to rising interest rates and therefore increasing borrowing costs. The Council has devised a Financial Resilience Plan, requiring £500k per annum revenue savings each year for the next four years and generation of capital receipts of £40million to be used to reduce its borrowing (see also the Finance section in this report). Without this, the council's MTFP shows that its reserves will be fully depleted by 2026/27.

In respect of the regeneration schemes, this means that the Council needs to put the past behind them and focus on a new plan. We recognise that this is challenging given the time and effort put in to-date, but an objective review is critical at this point. There is a need to balance the immediate need to dispose of sites with the possible future gain and opportunity costs. This will require technical expertise as well as a political steer.

More generally in the context of economic development and regeneration, there was strong commitment from the business community to help deliver successful town centre regeneration in order to boost visitor numbers. We heard that the lack of good hotel space was a particular issue but also exploring 'meanwhile' uses of the boarded sites. There may be opportunities to consider more collaborative approaches to the use of external funding.

In the context of the financial challenges, the new administration needs to articulate their vision and priorities for the place and the organisation, including both the 'what it is we want to do' and 'how the council will operate' (for example, how it wants to organise itself and interface with customers and communities). Inevitably this will be an iterative process, where the administration will need to understand and draw on the expertise and experience of staff and managers in the Council. Ultimately, however, it is their prerogative to decide and steer on the future direction. Bearing in mind the size and resources of the Council it will be important for staff to be clear on priorities as well as non-priorities. It is important to frame this positively and in the context of both the new administration's ambition and the resources available to the Council (and its communities and partners) in order to instil hope and positivity for the future.

The next year also provides an opportunity to re-focus on deprivation and some poor public health performance indicators (such as healthy weight, physical activity, under 18 conception) in parts of the Borough. This will require leadership, persistency and strategic engagement with partners to resolve.

Refreshing the Council's Equalities, Diversity & Inclusion objectives for communities and the workforce in the context of a greater focus on social inclusion will provide good alignment. Whilst the decision to engage in an LGA peer challenge in 2021 is to be applauded, we saw limited evidence of progress in delivering against the response to the recommendations. The peer challenge report emphasised the need to set clear equalities objectives, to focus on equality impact assessments and to provide training and development and provides a blueprint for action - but this will need to be resourced and requires leadership at both senior officer and member level.

### 4.3 Organisational and place leadership

The new Leader is regarded as community-focused and outward looking by staff and members. Whilst there has been very limited time for him to engage with officers across the Council, working arrangements with the senior team have been put in place, including regular briefings with senior officers. We heard that in his short tenure he has contributed to a staff briefing and has been visible to staff in the Council offices. This is creating positive ripples and a sense of openness that is crucial for building trust.

The Chief Executive is seen as being engaging with and supportive towards staff and enjoys good relationships amongst other public sector bodies and partners, in particular the business community.

The new administration has landed well, bringing energy and understanding of communities and a willingness to listen. Managers we spoke with are getting to know the new administration and are engaged in briefings and on-boarding activities and there was an overwhelming sense that the new administration are keen to learn and develop good relationships. This will be crucial in providing members with the information and understanding they need to make the changes required of them, being mindful of resources, navigating technical barriers and avoiding unintentional consequences of their decisions. An example is the implementation of the 'Clean Streets for all' pledge and a willingness to be open to 'means' provided the 'ends' are achieved.

Staff like working for the Council. Feedback we heard included *'it is a great place to work for ... people are lovely and there is a good work-life balance'*. The HR data speaks for itself with below average levels of sickness absence and good staff retention. Many staff we spoke with felt valued, empowered, and appreciated the investment in learning and wellbeing and health. There was a sense of good collaboration between individuals and of support from managers. The health and wellbeing survey (July 2023) had a high response rate (69 per cent) and validates the views we heard from front-line staff and managers.

The Council exercises positive community leadership, in particular with its large Nepali community, and is seen as a credible and responsive operational partner. For example, in response to many rejected postal votes in the local elections, the Council

is engaging with the Nepali community to overcome barriers such as language or understanding of the voting process. We heard many examples of engagement with hard-to-reach communities during the Covid pandemic to boost testing and vaccinations. We also heard about community projects to encourage healthy lifestyle and the appointment of a community engagement officer to engage on the Council's regeneration schemes. We were told about a good relationship with the Aldershot Civic Society who play an important 'critical friend' role in the regeneration of Aldershot Town Centre. This shows understanding, empathy and a desire to deliver services and place-shaping that matters to people.

The new administration needs move from campaigning to governing. Notwithstanding the need to understand the reasons for the financial challenges and the detail of the complex regeneration schemes, they need to own the current challenges and opportunities, work with officers on short- and long-term plans and make decisions. This is particularly important in understanding and leading on the Financial Resilience Plan to make the required savings and reduce borrowing costs. This will require considerable energy and time from the new administration - both individually and collectively.

It will also require building confidence at pace. Effective relationships are built on trust, and senior politicians and officers need to take time to understand their respective roles, backgrounds (including skills, capabilities and experience), work preferences and how they want to work as 'One Team' (whilst recognising their distinctive roles that require challenging each other). Trust needs to grow and is relational. The peer team strongly supports the organisation of externally facilitated informal events to create space to go through this trust-building process. This will be challenging in the context of the past and a (understandably) human desire to attribute blame. The quicker the trust-building process can commence the better it will be for the development of open relationships that enable critical challenge and 'speaking truth to power' to make good decisions.

Partners are crying out for a compelling place-based vision which binds them together and recognises opportunities that are presenting themselves. This applies to businesses as well as statutory partners, particularly around some of the challenges in health, well-being and educational achievement. Developing a place-based vision or high-level strategy and running a place based event (for example a 'State of the

Borough conference’) could be a first step to engage with businesses, public sector partners, the community & voluntary sector as well as civil society to have a dialogue about the future of the Borough, to harness the collective passion we saw and to allocate responsibility to effect changes. Whilst the Council may initiate and lead such an event (given its place leadership role), it doesn’t mean that it must assume responsibility for planning, delivering and controlling any outputs – rather it needs to connect the ‘Rushmoor system’ to more of itself in order to release the collective intelligence and bring the change makers together. We repeatedly heard that the Council enjoyed good ‘point to point’ relationships but could do more to draw these individual relationships into a wider context – for example, in form of a place-based Board.

#### **4.4 Governance and culture**

The commitment to transparency and the willingness of the new administration to front decisions has been welcomed. The new administration is explicit about its commitment to be open to residents on the Council’s financial resilience and the actions it is taking to solve the debt crisis. The draft CIPFA report, commissioned in late 2023, provides an independent assessment of the Council’s financial position. The Council started its financial resilience plan also in late 2023 when it identified a threat to its future financial sustainability. The Council must consider how it will share the information more widely.

The Corporate Governance Group provides a useful forum to focus on the corporate health of the Council. Chaired by the Monitoring Officer, the officer group includes representatives from Internal Audit, IT, Procurement & Risk and the Chief Financial Officer. It meets weekly, works to a standing agenda and is a valuable forum for officers to provide assurance or raise concerns about potential risks. The group reviews the Annual Governance Statement, corporate policies and feeds any actions into the Executive Leadership Team. It has instigated changes to the template for Cabinet reports to strengthen the financial input as well as providing individual and more informal feedback on the better identification of risk mitigations.

There is widespread recognition that the shadow Cabinet arrangements served the Council well in preparing the new administration for being in control. If the

arrangements were to continue it will have an impact on Scrutiny arrangements as the shadow Cabinet's principal function is to hold Cabinet to account.

Member to member relationships appear good. Our conversations with members from the different groups highlighted mutual respect and purposeful and collegiate relationships. This bodes well for the various Committee functions, including Corporate Governance, Audit and Standards Committee, Development Management Committee, and Overview and Scrutiny Committee.

The Council is making efforts to engage with staff and seek feedback. There are a range of methods, including themed surveys (ie managing budgets; security in reception) and an annual staff survey (Health & Wellbeing Survey). Regular staff live updates with the Chief Executive and leadership team (via email or MS Teams) are welcomed as is the more informal 'Rushmoor Roundup!' which is prepared by the Comms team.

The Council's Policy and Project Advisory Board (PPAB) and Scrutiny function need a fundamental review with a view to providing greater clarity as to their roles and responsibilities. Both Committees operate through tasks and finish groups and there is potential duplication of PPAB with the 'overview' aspect of Overview & Scrutiny. The 'Decision Making Structure' diagram would benefit from a revision and should also include the role of the shadow Cabinet.

The Audit Committee needs to have a sharper focus on governance, better access to information and clearer responsibility for risk. The current remit for Audit is 'Corporate Governance, Audit and Standards Committee' and includes responsibility for Licensing, albeit with a Licensing Sub-Committee responsible for licensing applications. The Audit Committee needs to be focused on assurance with any decision-making, scrutiny or standards issued transferred to other committees to ensure the Audit Committee's independence. Meetings should be more frequent and appropriately supported by a strong internal audit service.

The Council needs to recognise that difficult conversations are vital to the organisation and that it must collectively own and be seen to own its challenges. Disagreement and challenge are vital practices to ensure that performance is tested and without it there is no foundation for shared commitment, accountability and attention to results. This is particularly important for CMT and ELT and in the context

of finalising and implementing the Financial Resilience Plan. Without challenge there is a danger that options are not sufficiently tested. Following a series of interim Chief Finance Officers, the Council has now made a permanent appointment to this role. Whilst S151 officers have a statutory responsibility to ensure compliance with all financial, statutory and constitutional requirements, it is important that the wider role of balancing local service with financial sustainability is shared – and be seen to be shared – by the entire Executive Leadership Team. It is particularly important given the nature and urgency of the situation facing the council that the solution is not perceived by the organisation as one of the S151 Officer and his team to solve.

The Council could do more to recognise and celebrate achievements across the organisation. Whilst staff appreciate that there are priority services, the recent ‘Outcome Based Budgeting’ exercise which ranked services by importance, has left some staff feeling underappreciated and disengaged. A constant focus on acknowledging and celebrating the good work staff and managers do will foster a positive culture of collaboration and innovation. Celebrations can be formal – (for example through Staff Awards and communications-led publicity), but it also needs to happen informally and in unstructured ways so that it becomes a natural part of ‘doing business’. A simple yet effective way of promoting this is for team meetings across the organisation to start meetings with a question about ‘what do we celebrate today?’ and for each member to share a small or large example of success.

Whilst many staff appreciate the opportunity to work flexibly, the time may have come to further consider how this is managed. Whilst the recent staff survey highlights that the Council’s flexible approach to hybrid working works well for individuals and teams, we heard a consistent message that some people feel less connected to colleagues, other teams and the community. Whether or not this is a result of hybrid working is unclear. Many staff commented positively about the improvements on work-life balance, personal productivity and well-being and the Council’s flexible approach recognises requirements of different teams delivering very different services. However, it might be time to consider in more detail the implications of hybrid working for different ‘types of workers’ (for example new starters; apprentices; established senior managers) and the types of work we do (for example innovating; supervision; learning; team building) in order to be more nuanced in designing the hybrid working arrangements so they work individuals, teams and the community.



Specifically, some of the questions asked of staff in the various survey exercises focused on staff as individuals, not teams. It might be helpful to expand questions in future surveys to include more about how 'teams work/feel' as opposed to how 'I work/feel'.

At the time of significant change and challenge, visible Leadership is more important than ever to set the tone for the organisation. This does not mean that meetings have to be face to face, but it requires presence and opportunities to engage spontaneously and to build relationships and from a Leader's perspective, it requires opportunities for ad-hoc conversations and the ability to observe and notice the organisational mood.

The advent of a new administration with changes to portfolios as well as the financial challenges and inevitable re-focus of the regeneration work provides a good opportunity for the Council to review its structures and capabilities to deliver. With this, it may wish to consider whether to reduce overlaps between Cabinet portfolios and some services in order to have more streamlined relationships between Cabinet members and Service Managers.

The Council owns two companies, Rushmoor Homes Limited and Rushmoor Development Partnership. At present, Rushmoor Councillors sit on the boards of the companies it owns. The shareholder role is undertaken by the CEO and Deputy CEO/Monitoring Officer respectively. Given the current challenges, the Council may wish to re-consider these arrangements to ensure independence and strong governance.

Whilst the Council operates a Corporate Governance Group that provides a regular and robust forum for effective governance, this could be strengthened by including the Council's HR lead in order to consider any risks around staffing and mandatory training. The imminent Code of Practice on Good Governance for Local Authority Statutory Officers by LLG, CIPFA and SOLACE (consultation closed on 5 April 2024) is likely to recommend that the Chief Finance Officer and Monitoring Officer should have a clear and direct relationship to the Head of Paid Service (the Chief Executive Officer), normally through line management or other equivalent arrangements. The Council should consider establishing a regular meeting between the three statutory officers (also known as the 'Golden Triangle'). This will provide for the three officers to

exercise their statutory responsibilities to ensure good administrative, financial and ethical governance of the Council.

#### **4.5 Financial planning and management**

The Council is in a precarious financial position and has a large financial deficit which it needs to address urgently. The council has identified the scale of this challenge and has put in place a Financial Recovery Plan to address it. Whilst a balanced budget was set in February for the 2024/25 budget, it required £5.4m from reserves to balance, with 2025/26 requiring a further £4.2m, leaving the Council without reserves by 2026/27 unless action is taken immediately. The budget setting process for 2025/26 is therefore the last formal opportunity for the council to identify a plan to reach a sustainable financial position.

The immediate cause for this draw on reserves is a significant increase in the cost of borrowing as a result of recent increases in interest rates. This in turn is driven by a high level of borrowing for a council of this size, most of which has been entered into over the last five years to finance regeneration and investment property acquisitions. The latter has generated some financial returns which are invested in service delivery.

The Council commissioned CIPFA in late 2023 to carry out a full-scale review of its financial position, including financial management, an assessment of debt and commercial assets, its capital programme and financial governance. The report is currently in draft and will provide the Council with independent assessment and recommendations.

In parallel to commissioning the CIPFA report, the Council has devised a Financial Resilience Plan. The aims of the plan are to achieve financial sustainability and enable service optimisation within the MTFS period. There are five workstreams and the plan has two financial targets: a) a reduction in revenue by £500k per annum over 4 years; and b) a reduction of debt by £40m in the next three years without reducing net revenue. The plan is overseen by the Executive Leadership Team with oversight from elected Members. This provides a framework to address the significant challenges. There is evidence of good progress towards this year's

savings target. However, at the time of the peer challenge the council had not identified and agreed the source of capital receipts needed for the plan.

The Council has a new experienced permanent Chief Finance Officer (CFO). This follows a series of interim appointments. The permanent CFO has brought with him focus and rigour and is supported by a recent appointment of the Financial Services Manager and Deputy S151 officer. They have made a start in rebuilding the finance system to reduce the reliance on excel spreadsheets. Installing the budgeting module into the Finance System in particular will help with better budget monitoring and forecasting.

The new administration has shown a desire to understand and tackle the financial issues and the CIPFA report is aiding the process of understanding and appreciation. There has been open dialogue between the Leader, the CFO and the Head of Finance. There is a need for the new administration to fully own the Financial Resilience Plan and decide how they wish to provide oversight.

The Council has opportunities to further increase fees and charges to ease the pressures on the revenue budget. Discussions with the waste & recycling contractor highlight that green waste charges are below average for the area and there is scope to review car parking charges. This will support the generation of revenue savings.

As the Council moves towards a new vision, it needs to consider corporately how its expenditure adds value and drives its new priorities and cut its cloth accordingly.

A comprehensive asset disposal strategy needs to be developed and agreed with the right capabilities to deliver it. The Council then needs to move immediately to implement the strategy to allow a budget to be set for 2025/26 and beyond. This will have significant impact on the Council's priority for regeneration and it will have to carefully balance short-term pressures with the longer-term opportunities.

There are significant shortcomings in the finance team's capacity, systems and governance that have contributed to the situation and make a soft landing more difficult. For example, there are historical issues in relation to financial reporting, quarterly outturn reporting to Members and presentation of budget/forecast information. The Council's external auditors have referred to issues of capacity and capability in the finance department and in the context of their work. Going forward, there is a need for better in-year information during the course of the financial year in

order to mitigate any adverse position.

Understanding of and engagement in the MTFs amongst managers is variable. Our conversations with managers highlighted that some did not feel fully engaged and involved in financial planning. Financial understanding and management is an important aspect of the role of managers and every effort should be made to engage them early in order to capture their ideas in reducing costs and building their ownership and responsibility for Council as a whole.

#### **4.6 Capacity for improvement**

There are many examples of good initiatives and delivery at service level and the Council compares well to its CIPFA nearest neighbours. The Council has a transformation team who have supported digital transformation, including a new website and digital solutions in elections and recycling. This is a good basis from which with to work and improve further.

The Council has a strong HR and OD team and places a good focus on well-being and health to sustain a motivated and productive workforce. This is recognised and welcomed by staff. The work is guided by a comprehensive multi-annual people strategy with four priorities and a range of outcomes and actions under each. There are many examples of Corporate Learning & Development initiatives including bespoke training, awareness raising sessions on a range of issues, including neurodiversity, dementia, political nous; and more applied learning such as Action Learning Sets. The Council has procured a new eLearning platform, and a phased launch of modules is under way. This will also help managing compulsory training. The Council has identified and documented its behaviours and values and is planning the launch of a Leadership Development programme. There are a range of projects and initiatives to address the current gender pay gap of 12.6%, drawing on the support of in-house female leaders. Many of the initiatives are led by staff highlighting the positive and inclusive culture. It will be vital to continue to invest in corporate learning, development and wellbeing & health to build an engaged and capable workforce of the future, particularly in view of workforce demographics and recruitment challenges. Care should be taken to ensure that this work continues to be regarded as a priority.

Rushmoor is placing a strong focus on growing talent using apprenticeships. At present there are 11 members of staff undertaking an apprenticeship in a range of occupations and levels, including a level 6 Chartered Town Planner and a level 4 Software Developer. RBC spends the majority of its apprenticeship levy and compares favourably to many Councils; it is using this resource to develop skills in-house which might otherwise be challenging to recruit to.

The Council's office space could be used better to promote collaborative working and engagement. The Council has a mix of open plan and individual offices and shares spaces with partners including Hampshire County Council and Hampshire Police over three floors. The team understand that there are considerations to relocate in the medium term. In the context of the opportunities and challenges of agile working mentioned earlier, the current situation provides a great test bed for trying different configurations of work; including moving everyone into open plan offices and using current office space as meeting rooms. Extending this principle to working with partners may provide opportunities for better collaboration. There is also a possibility for further income generation or for opening the office space to partners, particularly those in the voluntary sector.

There are opportunities to re-frame 'transformation' from a central team who 'do things to others' (including digital improvements), to seeing it 'marbled' throughout the organisation. The next generation of transformation projects are likely to focus on democratising transformation tools (such as artificial intelligence) and may also involve the Council playing a more 'enabling' role. This is likely to require services to take a different lead and the transformation team to facilitate and support, also with links to HR and OD. Similarly, the use of data and business intelligence and predictive analytics could be explored to be sharper about where and how to engage or intervene. The involvement of partners bringing their own datasets is likely to play an important role in this.

At a time of financial constraints there might be opportunities to deliver social value through procurement by reviewing its social value policy and engaging with the National Social Value Measurement Framework to embed social value in its procurement process.

In the absence of an Intranet, there are limited opportunities for staff to engage with

each other digitally in a flexible working environment. Our conversations with staff highlighted that much of the communication is structured and led by the communications team. They would value more agile channels to stay in touch, particularly in the hybrid working environment. There are a range of digital apps (including 'Viva Engage' – already in use by the Council) that could be explored for staff to connect and for the council to land messages or suggestions in a more creative and dynamic way where this is appropriate.

Encouraging and trusting staff to take responsibility, make bold decisions and take managed risks are core behaviours that bring RBC's values alive. These behaviours will be crucial in maintaining and growing a workforce that has the competencies and passion to work for the benefit of the people of Rushmoor.

## 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, Will Brooks, Principal Adviser for South East, is the main contact between your authority and the Local Government Association. Will is available to discuss any further support the council requires. [William.Brooks@local.gov.uk](mailto:William.Brooks@local.gov.uk), 07949 054421.