

Sefton Metropolitan Borough Council

Corporate Peer Challenge Report

21 -24 November 2023

Feedback report





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1. Executive summary:

This Corporate Peer Challenge (CPC), completed in November 2023, takes place at an important juncture for Sefton Council. Whilst there are clear and exciting opportunities for the borough over the coming years, including the regeneration of Bootle Strand, Crosby Town Centre, and the development of the Southport Marine Lake Events Centre (MLEC), the Council is facing significant and pressing challenges.

Importantly, the Council is aware of areas that require prioritisation. Most notably, this includes the Transformation and Improvement Plan for Children and Young People that the Council developed and reviewed following an inadequate OFSTED inspection in February 2022. These challenges of service improvement are complicated by the financial challenges facing the Council and the wider sector. This includes low levels of reserves, recent overspends against key demand led budgets, and increased costs associated with the Dedicated Schools Grant driven by their High Needs Block which is forecast as a £24 million deficit by the end of 2023-2024.

As context for this review, Sefton is one of 36 Metropolitan Authorities in the UK. The borough, in the North West of England, serving a population of 276,000 residents. The borough shares a border to the south Liverpool City Council and has 22 miles of coastline which is a central asset, characteristic and defining feature for the area. Sefton Council are one of six authorities which comprise the Liverpool City Region Combined Authority and plays an active role with the lead responsibilities for issues of education, skills, and employment.

Through this CPC, both Members and Officers of the Council have been unwaveringly clear that their organisational priority is the necessary improvement of Children's Services. The wider ambitions for the borough are set out in the Vision 2030 document which was developed across partners in 2016 and will be renewed in 2025. The Council's contribution in this partnership setting is outlined in the organisation's Core Purpose, setting out the priorities and values in delivering these goals. The Peer Team recognise that this document was formally adopted in the summer of 2022, and appreciates that it is still being fully embedded within the organisation.

As this document is used more regularly, it will support an increased understanding of prioritisation and ways of working within the organisation. This could be supported further by bolstering the Council's recently developed quarterly performance reports and wider performance management framework. The introduction of increased consistency, alignment, and the use of benchmarking could support increased oversight within the Council, and an improved grip of priority issues and outcomes.

The Peer Team consistently heard praise for the Council through this process from partner organisations. This included recognition for their creative work with Voluntary, Community and Faith Sector organisations, the development of strategic relationships with statutory partners, and their contribution sub-regionally was appreciated by neighbouring authorities, and the Combined Authority. The Peer Team also heard a sense that these partnerships could build on these positive relationships with greater coordination and reduction in duplication.

Throughout this process the Peer Team were struck by the positivity, energy, and commitment of Sefton Council staff. The completion of the Council's first all staff-survey in several years presents an opportunity for the Council to better understand the needs and issues which are affecting their workforce. The Peer Team would encourage the Council to consider these results in full and their implications for future planning. It is recognised, that there is not currently a team or lead within the Council for issues of Organisational Development, which could potentially hinder the Council's response. Thought should also be given to what would be an appropriate point to repeat this exercise so that the organisation can track progress and emerging issues.

The organisational culture of Sefton was often described to the Peer Team as '*friendly*', '*nice*', and '*warm*'. This is an asset which the Council should nurture and protect. However, the Peer Team also heard that this could sometimes be to the detriment of '*grip*', contributing towards a mixed understanding of prioritisation and accountability. As the Council responds to the findings of the Staff Survey, the Peer Team would encourage consideration for how there could be an increased emphasis on accountability. This use of accountability will support improved internal alignment of resources, better reflecting the relationship between the Council Plan, service plan, appraisals, and performance reporting. This increase in internal challenge and shared responsibility across the organisation would need to be accompanied by a corresponding increase in support to minimize the risk of damaging relationships or morale, but will support oversight of resource, staff, and capacity being best aligned.

The internal governance of the Council is supported by respectful and trusting relationships across Members and Officers, this was exemplified by the committed and passionate leadership of the Cabinet. The Council also benefits from internal processes and systems which support their internal governance, including clear financial reporting, pro-active engagement with external audit, and detailed risk registers at a corporate, directorate, and service level. The next step for this work should be to consider how these elements combine to support internal assurance and rigor, and the dissemination and management of issues across the organisation.

The evidence regarding the acute financial pressures facing local government across England were illustrated by the LGA in their submission to the Autumn Statement process.

This included recognition that the number of children in care nationally now being at record levels, and increased expenditure on fostering and residential placements of 39.6% over the past six-years, as well as further pressures presented by issues of homelessness and the Dedicated School's Grant. These issues are exacerbated in Sefton Council as a result of their current use of agency staff. Whilst the Council is taking targeted action to address this challenge, including the use of international social workers and the creation of a social care academy to reduce these levels, the opportunity exists to align these programmes to a wider approach to organisational development.

Similar to other authorities, Sefton are facing a number of acute financial challenges. This is reflected in the changes to the Council's children's services budget in 2022-2023, with the budget being rebased following the inadequate OFSTED judgement, increasing spend from £52.9 million annually to a 2022-2023 budget of £80.1 million in 2023-2024. The Peer Team appreciates that this rebasing exercise moved the service to a more realistic financial cost envelope but recognises that the Council is currently reporting an overspend of £5 million against the new position. These financial issues are made more challenging due to the Council's current reserve position of £11.9 million General Fund and £51.8 million earmarked reserves, following reductions in recent years, and in the context of a Net Revenue Budget of £281 million. This is the fourth lowest reserve level amongst metropolitan councils in England.

In response to these financial challenges, the Council has made conscious political decisions to protect front-line services. Whilst this focus on protecting frontline services is completely understandable, the Peer Team noted that it may have been to the detriment of the Council's corporate core. The scale of the opportunities and challenges facing the Council will require additional expertise and capacity corporately to support wider improvement, transformation, and modernization goals.

Finally, Sefton Council is proud of their borough and heritage, and is aware of the potential that exists for regeneration and growth, with work already underway with the Marine Lake Events Centre and Bootle Strand programmes currently being delivered to support these ambitions. To maximise the potential and assets of the borough, the Council will need to build on their existing work and relationships with the Liverpool City Region, including alignment to longer-term sub-regional ambitions. The cabinet are conscious that this ambition will require careful management of the polarity and differences between the north and south of the borough and are balancing these demands effectively. The potential progress in this area will present benefits and opportunities to residents and businesses over the coming years.

2. Key recommendations:

The main body of this report contains a range of findings and recommendations relevant to Sefton Council. The following are the Peer Team's key findings for prioritisation:

- **Recommendation One: Review and align corporate capacity to support council priorities:** The Council should consider the skills, capacity and capabilities that are needed to support issues of transformation, organisational development, and communication.
- **Recommendation Two: Use the process of developing the Council's Medium Term Financial Plan to develop a widespread understanding and ownership of the Council's financial challenges:** This will need to include accurate forecasts on costs and demand, and the development of clear saving plans.
- **Recommendation Three: Increase Financial Reserves:** The Council is aware that their reserve levels are amongst the lowest in the Country, and there is a need to increase them over the cycle of their Medium-Term Financial Plan to support resilience against potential unexpected pressures.
- **Recommendation Four: Maintain the recent progress which has been made regarding improvements to Children's Services:** The Council is clear in their priority to improve Children's Services following the inadequate OFSTED rating in 2022. This will require ongoing attention, focus, and resources to support increased pace for the coming years.
- **Recommendation Five: Ensure that regeneration opportunities are supporting inclusive growth:** There are several exciting regeneration programmes taking place across the borough, however there is scope to strengthen its narrative and benefit from Sefton's strategic location as part of the wider Liverpool city region to maximise wider social and economic benefits that will deliver inclusive growth.
- **Recommendation Six: Develop the wider assurance framework within the Council:** The Council has key elements of internal assurance and controls in place, including internal audits, pro-active engagement with external audit, and good financial reporting. There is a need for the organisation to consider how these elements combine and are strengthened to support internal assurance, rigor, risk management and challenge within the organisation.
- **Recommendation Seven: Consider the use of meetings and their impact on capacity:** The Council articulated their ambition for "fewer meetings and more action" through the CPC process. The Team would encourage the Council to review which meetings can be stood down, including a review of internal governance to support alignment and reduce duplication, to consider the use of communication channels to

avoid meetings being used to share information, and ensure that wider meetings are maximising the contribution of Members and senior officers.

- **Recommendation Eight: Review and refine the Council’s performance management framework:** This year, the Council has introduced quarterly performance monitoring reports to Cabinet. There is potential for this work to go further, and the Team would encourage the Council to ensure that the outcomes reported best reflect the Council vision and priorities, the incorporation of direction of travel and benchmarking to better understand relative performance, and the use of targets to articulate ambition and focus attention on service improvement.
- **Recommendation Nine: Develop a culture of high challenge, high support behaviours across the organisation:** Recognising the energy and enthusiasm that exists across Sefton’s workforce, an increased focus on performance will accountability, whilst also helping staff with prioritisation of tasks.
- **Recommendation Ten: Build on the findings of the upcoming staff survey and consider the benefit of a resident survey:** Consider feedback from a Council wide Staff Survey, and a potential Resident Survey to support prioritisation within the Council, wider issues of improvement, and feedback on services and changes that have been made.

3. Summary of the peer challenge approach

3.1 Background and Overview:

In July 2023, the Department for Levelling Up, Housing and Communities published draft Best Value Standards for Local Authorities. This document set-out the expectation for all Local Authorities to have a peer challenge every five-years, enabling organisations to benefit from external challenge, scrutiny, and ideas. The importance of Peer Challenges to the sector, is illustrated by 56 CPCs being completed in the calendar year of 2022.

The CPC process enables experience and expertise to be shared across the sector collectively and is a central to sector-led improvement. The CPC process is designed to be locally led, with Councils requesting the Peer Challenge and engaging pro-actively with the LGA to support reviews to be locally tailored.

3.2 The Peer Challenge Team:

The make-up of a Peer Team is carefully planned to reflect the host Council’s context, challenges, and the wider scope of the Review, drawing on relevant experience and expertise to support shared learning across organisations. Ahead of the Sefton CPC, the

LGA developed a potential Peer Team Members which were approved by the Council, designed to include representation from Metropolitan Councils, experience of working to improve Children's Services, and expertise on issues of finance, regeneration, and the use of performance information:

- **Lead Peer:** Caroline Simpson (Chief Executive, Stockport Council).
- **Lead Political Peer:** Cllr Chris Read (Leader, Rotherham Council).
- **Officer Finance Peer:** Shaun Darcy (Section 151 Officer, Walsall Council).
- **Officer Peer:** Sharon Strutt (Head of Regeneration, London Borough Redbridge).
- **Officer Peer:** Nicola Robason (Director Governance & Corporate Affairs, South Tyneside).
- **Shadow Peer:** Cheuk-Hang Mo (National Management Trainee, Wakefield Council).
- **LGA Programme Manager:** Matt Dodd (Senior Regional Advisor, LGA).

3.3 The Peer Challenge Methodology:

Peer challenges are improvement focused; and 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, proposals, or specific services. Instead, the Peer Team used their experience and knowledge of local government to reflect on the information presented to them by people they met, documents they reviewed, and the culture which they saw.

The Peer Team prepared for this work by reviewing a range of documents and information to ensure that they were familiar with the Council, the Borough, their operating context. This included a position statement that the Council produced specifically for the Peer Challenge, which is designed to encourage self-assessment, reflection, and dialogue across the organisation. Alongside this position statement, the Council also provided a library of key reference documents.

The LGA also completed an independent desktop assessment of the Council. This included reviewing Sefton's performance in key service areas as well as the metrics considered by the Office for Local Government. This enabled the Peer Team to understand service standards in comparison to other areas. The LGA also commissioned an independent evaluation of the Council's Financial position, completed using publicly available documents. As part of this review, the Peer Team completed the following steps.

- Completed one-to-one phone calls with Council colleagues to support our understanding before arriving 'onsite'.
- Collectively spent 280 hours 'onsite' to determine and refine our findings.

- Completed approximately 50 interviews, focus groups, and meetings to gather information across the Council.
- Spoke with approximately 110 Councillors, staff, and partners.

The Peer Team provided immediate feedback to the Council on the afternoon of Friday 24 November. This session was attended by the Council’s Cabinet and Executive Leadership Team. A copy of the slides which were delivered during the meeting were shared with the Council on Monday 27 November to support the Council’s communications and response to findings ahead of the Team’s written report.

3.4 The Peer Challenge Scope:

The peer team considered the following themes which form the core components of all Corporate Peer Challenges, which are key to councils’ performance and improvement:

- **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?
- **Organisational and place leadership:** Does the Council provide effective local leadership? Are there good relationships with partner organisations and local communities?
- **Governance and culture:** Are there clear and robust governance arrangements? Is there a culture of respect, challenge, and scrutiny?
- **Financial planning and management:** Does 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?
- **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the Council have the capacity to improve?

The Peer Team appreciate that the Council is already receiving external support and advice for these issues, including the important relationship with their Children’s Commissioner. It would be inappropriate and beyond the scope of this review to offer detailed or specific recommendations on these issues, however, the Team do encourage the Council’s corporate services to continue giving the appropriate attention, resources and focus to maintain this steady progress.

4. Feedback:

4.1 Understanding the local place and priority setting:

As context, the borough of Sefton covers approximately 60 square miles and serves a population of 276,000 residents. It is made up of five townships in Bootle, Crosby, Formby, Maghull and Southport, which are also the largest settlements. These townships include some areas of significant affluence and wealth (with six Lower Super Output Areas amongst the least deprived 5% nationally). However, the borough also has 27 Areas which are classified as within the most deprived 5% nationally, highlighting local disparity. This deprivation splits broadly on a north-south axis, with the more deprived areas being in the south. This contributes towards some of the social challenges that the Council is working to address, including their declaration of a Poverty Emergency in 2021, and launching a Child Poverty Strategy in 2022 to support the 8,000 residents in the borough living in poverty.

Through the review process, the Peer Team met with a broad range of local councillors who demonstrated an impressive knowledge regarding the borough, their wards, and the communities that they are serving. Before spending time in Sefton, the Team were provided with access to a range of key documents that illustrate the depth and breadth of evidence that the Council holds regarding the needs of the borough. Alongside these documents, the Peer Team also considered the performance of key Council services against metrics measured by the office for local government, which illustrated:

- Sefton performs above the Metropolitan average on issues of 16 and 17 years olds who are not in education, employment, or training, with a local rate of 3% against a national average of 5%. This places the Council in the top quartile for performance.
- Sefton Council performs worse than the Metropolitan average on metrics of waste collection, with 33% of waste sent for recycling (national average of 37%), but 17% of waste collections being contaminated and rejected, against a national average of 6%.
- Sefton Council performs better than the Metropolitan average on a number of key metrics regarding health and social care. This includes 85% of those who receive short-term support requiring no further or additional support (72% national average). The Council is also the third highest performing Metropolitan Council for overall satisfaction of service users in health and care (69%). However, there is a higher staff turnover rate 31% for these services against a national average of 26%.
- The Council is also an outlier for the number of vacant dwellings in the borough at 4%, making them the second worst performing borough against this measure.

Local data, as well as an extensive engagement process, incorporating the views of 3,500 respondents was used to support the development of the 2030 Vision for the Borough. This vision was developed and approved in 2016, and there is a commitment from the Council to revisit this vision and make appropriate changes to update the document for 2035. This borough vision was developed with input and contributions from local partners, and the

review of this work provides the opportunity to further engage and bring together these organisations around key themes and priorities. This refresh will also present the opportunity for the Council to set out the scale and ambitions at a borough wide level, particularly on the issue of inclusive growth. This would include articulating the level of 'intervention' that the organisation would be willing to make as a place leader, using assets, or prudential borrowing to maximise progress towards these goals.

The Council's contribution to delivering this vision is set out in their Council purpose document, which sets out the organisational priorities and values. This document was approved in 2016 and has been revisited through the Council's Corporate Plan which was completed and approved by Cabinet in March 2023. Given the recent development of the new Corporate Plan, it is natural that there will be a need for further work for it to be owned and embedded across the organisation. The Peer Team note that it was a finding of the previous 2018 peer report that there was a need to prioritise this work.

Since the last Corporate Peer Challenge in 2018, the Council has made progress with the introduction of reporting that brings together finance, performance and risk information as advised through the Council's previous Peer Challenge, but there is recognition that this work could be taken further. To date, the Council has completed two annual reports that have been presented to Cabinet to set-out progress and performance in key areas. This year the Council has also made progress through the introduction of quarterly reporting to Cabinet against key performance measures. This work helps to establish a process in the use and oversight of performance measures which will be invaluable to the organisation. Going forward, the Council should consider how this information and process can be shared further, including informing Scrutiny and their work programme, and the oversight of wider members. This will support the organisation's culture to become more focused on performance and assurance.

To make further progress in this area, there is a need to ensure that the measures included in these reports best reflect the administrations priorities, outcomes linked to budget savings, and that the appropriate outcomes (or proxy measures) are used to illustrate progress (considering issues of timeliness and organisational control). The inclusion of potential targets through benchmarking, and reporting 'direction of travel' against all measures will support a richer context to these figures. Consideration should also be given in taking these reports to Scrutiny as well as Cabinet to support the work programmes of these committees and understanding of the Council's performance position across the wider organisation.

4.2 Organisational and place leadership:

The Peer Team recognise that the political leadership of the Council are consciously

managing the geography of the borough, including the spread of investment in key areas and the different needs that exist. This Team were impressed that this challenge is being managed collectively by a united Cabinet Team who work with respect and consideration for each other and bring together a range of views when developing policy. Alongside this political leadership, the Council has recently appointed a new Chief Executive who started in post in the summer of 2023. The Peer Team heard appreciation for the new ideas and perspectives that the new Chief Executive had brought to the role and recognise that he will be well supported by the wider senior officer leadership of the Council and their existing knowledge and relationships in their fields.

As a partner, the Peer Team was told that the Council engaged with other organisations in a trusting and positive way. These partners appreciated being engaged in the development of the 2030 Vision and reported positive relationships with Councillors and Officers. The strength of these partnerships was reflected in the borough's response to COVID 19 and partner organisations regularly contributing to overview and scrutiny meetings. The maturity of these relationships is illustrated by the financial security that the Council had given to Voluntary and Community Sector Partners through longer-term funding arrangements and embedding these organisations in their partnership architectures. The Team was also informed of the use of summits to bring together key partners thematically, an approach which has been central to work on Child Poverty.

Within the context of these positive relationships, it was still reported that there was room for improvement. This included reflections on the 'crowded space' of meetings that existed, with partners listing 10 different forums that they were involved in and an issue of duplication of attendees. However, it was described to the Peer Team that partners would '*communicate with each other via board reports*' this illustrates the use of meetings for sharing information and highlights the potential use of communications to support message sharing across organisations. This use of communications could support the Council in shaping a clearer place narrative with partners. The busy landscape of partnership meetings was also a recurrent theme within the organisation (including both officer and member forums) and the team would encourage the Council to consider how meetings can be best aligned to maximise focus on strategic discussions and reduce duplication in briefings.

The opportunity also exists for the Council to take a more interventionist approach to strengthen the Council's place leadership role and deliver against their inclusive growth ambitions. This could potentially include building on recent progress that has been made through the Councils' "Corporate Landlord" programme. This work, which is in its first phase, has supported the mapping and understanding of assets, and now presents the

opportunity for these assets to be aligned to programmes and priorities within localities, or the promotion of new ways of working. This use of assets, alongside the Councils' low borrowing position could act as an accelerator for the Councils' ambitions. The Council has made progress regarding their assets, including the development of a £30 million disposal programme following a consistent review against criteria of value, regeneration, heritage and use, and presents a further opportunity to the Council.

The Council recognises that any changes in their approach to borrowing exists within a broader context that includes the organisations' wider financial health. This includes the important relationship that exists across between the Council's borrowing and their revenue budget, savings, demand pressures, asset disposal and reserves, and that any increase in borrowing would need to be aligned to these wider issues.

These ambitions are set out in the Council's Local Plan which was approved in 2017 and covers the period through to 2030. This Plan underpins the delivery of the Council's Housing Strategy which was approved in 2022. It is recognised that the Council is comfortably delivering against their targets, with over 800 new homes a year, and has significant scope to increase this further, this is an area of notable improvement in performance over recent years since the adoption of the Council's Local Plan.

The Peer Team were provided with examples of Sefton's contribution to the Liverpool City Region and were told of the important contribution that the CA has made within the borough to regeneration schemes and transport investment. A significant opportunity over coming years will be ensuring that the Council maximises the benefits for resident through the Liverpool City Region Freeport which was approved in December 2022. This will cover 300 hectares and all six authorities in the city region and will see business rates from the site retained locally, supporting 14,000 direct and indirect jobs in the region. Other opportunities include the Council's contribution towards Investment Zones and the development of a bid to support Maghull Life Sciences Park.

4.3 Organisational Governance and Culture:

The Peer Team saw first-hand the positive organisational culture that exists at Sefton Council. This included the contribution and commitment of staff, as well as the trusting and respectful relationships across Members and Officers. The Council's commitment to complete an all-staff survey in 2023, the first that the Council will have completed since 2016 will be a key milestone in better understanding views across their workforce and will provide a rich source of evidence that will need to be considered alongside the Council's wider approach to improvement. The Peer Team would encourage the Council to consider

the appropriate point at which it may wish to repeat this exercise so that progress can be measured against key issues. It is also important that this survey is used as part of an ongoing dialogue with staff, rather than a one-off exercise, and therefore thought should be given to the dissemination of results, the development of responding actions, and the need for ongoing communications on progress.

In this context, it is clear that there is appetite for a fresh approach to Organisational Development, but the capacity and means to develop this function is not yet fully defined. This includes supporting the organisations approach to issues of equality, diversity, and inclusion. The Council has a strong foundation for this work, including senior political and managerial leadership and backing, this has been reflected in the Council's new EDI Strategy (approved March 2023) and improved external accreditation through the Merseyside Navajo accreditation (in July 2023). The Peer Team heard that there was strong support for these issues and were told of specific examples where staff had benefited from an active diversity network. The potential now exists for these networks to be taken further to support a wider range of policies and issues.

A recurrent theme of this review was the balance between positive working environment and accountability within the organisation. The Peer Team recognise that this is a live challenge within many organisations, and not a unique issue for Sefton. However, the Team would encourage the Council to consider how additional oversight and accountability could support member oversight, the allocation of resources, and staff satisfaction through increased clarity of objectives. The Team heard that some progress has been made in this area, with specific reference to issues of Member enquiries, but there is recognition that these changes need to be introduced in other service areas in order to become part of the wider culture of the organisation.

Politically, the Council has 66 Councillors split across 22 electoral wards and has been led by a Labour Majority administration since 2012. The current distribution of seats is Labour 51, Liberal Democrat nine, Conservative five, and one Independent Member. The political make-up of the Council is decided on electoral thirds, with the next elections taking place in 2024 and 2026. The Council is politically led through a Leader and Cabinet model, with there being nine-portfolio holders. The Council also operates with four Overview and Scrutiny Committees which are designed to support through recommendations on the delivery of services, the development of policy. The Council has put in-place dedicated external training for their Children's Services Scrutiny and may wish to consider the benefit of extending this training to other committees. The legal requirement for these Committees that no members of the Executive are members is being met. However, the Council may wish to consider how the organisation could further benefit through the contribution of Scrutiny in supporting policy-development and the efficient delivery of public services. This

could include the contribution of opposition parties, support through action tracking, and further training and development. The Peer Team appreciate that the Council amended their Executive Scrutiny Protocol in November 2023 to place more emphasis on pre-decision scrutiny.

The Council's Audit and Governance Committee meets on a quarterly basis. These meetings are preceded by dedicated training sessions to support members of the Committee and have been well-attended. It is a positive that the Council has an Independent Person who supports their Audit and Government, the Council appreciates the new perspective and benefits that this has brought and may wish to consider adding a second independent person (inline with CIPFA guidance) to support resilience and extend these benefits. The Peer Team recognise that the Council has faced previous challenges in recruiting to this position, and has appointed one independent member with an agreed review point to consider extending this to two members.

The work of the Committee is supported by a clear and structured approach to risk management, with clear owners and actions presented. Furthermore, the Peer Team were impressed by the Council building on the concept of the golden triangle to develop the 'golden square' bringing together statutory officers (Chief Executive, Section 151, Monitoring Officer) and the Head of Internal Audit to support risk management across the organisation. Similarly, the Team were pleased to see that the Council had proactively reviewed the governance of the three Council owned companies (Sefton New Directions, Sefton Hospitality, and Sandiway Homes) against independent national advice (e.g. the Caller Report and Local Partnerships Framework).

The Peer Team would encourage the Council to consider how these assets can be brought together into a wider system of internal assurance. Recognising that all of the ingredients are present: clear financial reporting, proactive engagement with external audit, and strategic involvement of internal audit, there is potential for this work to move beyond the identification of issues, to supporting a shared dialogue, understanding and development of proposals across the organisation.

The Council has a constructive relationship with External Audit and engages with them proactively on developments and issues. The last letter that the Council received was an unqualified value for money judgement relating to the Councils 2019-2020 accounts. Whilst, like other Authorities, the Auditor's Annual Reports for 2020-2021, and 2021-2022 have not yet been issued, the preliminary results for these years were presented to Audit and Governance Committee in September 2023. These reports referred to issues regarding governance issues in Children's Social Care which could impact on the value for money judgement for both years. This preliminary audit report for 2021-2022 made no mention of issues of financial sustainability.

As part of this review, the Peer Team considered the criteria and issues highlighted in the Government's Best Value Indicators launched in the summer of 2023. Against these issues the Peer Team can report:

- The Council's website is clear and easy to navigate.
- The Council has a clear and accessible Complaints Policy, it is to their credit that this is also available in an easy read format. This is also accompanied by a Whistleblowing Policy which is in-date and easy to find.
- The Council has received 165 referrals to the Social Care Ombudsman over the past five-years, with 45 being upheld. This is inline with the numbers for other metropolitan Councils.
- The Council has an ICT strategy covering the years 2021-2023 which is accompanied by a Digital Inclusion Strategy. There is a need to update this work with the previous document due to expire.

4.4 Financial planning and management:

Sefton Council have a Net Revenue Budget of £281 million. As a result of reductions in grant funding and increased demand for services, the Council estimates that they have identified and delivered savings plans of £233 million between 2010-2020. This has been done through a clear Medium-Term Financial Plan, aligned to priorities, and refreshed on annual basis. There is respect across the organisation for the financial management and finance team who have led this work. However, it was noted through the Council's CIPFA self-assessment that there were capacity issues identified in this area, and the organisation may benefit from comparing their current arrangements to others.

Cabinet Members receive budget monitoring reports on monthly basis which supports oversight and engagement. These reports are clear and concise, and additional reports are presented on key areas, including monthly reporting on the Council's High Need Deficit Position (as well as dedicated quarterly reporting to Cabinet and inclusion on the Corporate Risk Register). Alongside this budget reporting there is a clear budget process for developing proposals and savings through 'challenge sessions' within the organisation.

The Council have identified that they are facing a funding gap of £44.2 million by 2026-2027. This figure requires is presented as an annual position £14.3 million in 2024-2025, £13.2 million in 2025-2026, and £16.7 million in 2026-2027 prior to any mitigation through savings, Council Tax or wider income. If the Council was to increase Council tax by the allowed limit of 2.99% with 2% precept for health and social care the figure would reduce to £19 million. The development of a robust medium-term financial plan to manage this challenge will be essential for the organisation. The size and scale of this challenge will require care planning, sequencing, and political ownership of decisions.

The Council's financial position for 2023-2024 requires savings of £7.6 million. The Council's approach to this challenge includes reduced pension contributions over the period, the freezing of vacant posts, Public Health grant utilisation, Adult Social Care Demand management savings and a reduction in the highways maintenance budget. A live issue within the management of this budget is the financial impact of responding to the Council's Inadequate OFSTED judgement. The Council has demonstrated their organisational commitment this priority through their investment, this included a significant rebasing of the budget for these services from £52.9 million in 2022-2023, to a current position of £80.1 million (including the transfer of Early Help Services into the Directorate). The Peer Team appreciate that even with this increase in budget, there is currently a forecast overspend against this budget of £5 million, with outturn expenditure forecast at £85.1 million.

A recurring theme of the Peer Team's time onsite was the reserves position of the Council. Whilst progress was made following the last Peer Challenge to increase the Council's reserve position, these have come under severe pressure in recent years, and with general fund reserves reduced from £14.3 million at the end of 2021-2022, to £12 million at the end of 2022-2023. This has been accompanied by a reduction from £81.3 million to £51.8 million in earmarked reserves over the same period (including the use of £18.3 million in Section 31 grant money). Importantly, in the context of low reserves, the Council recognises the importance of services working with cash limits.

Importantly, much of this remaining £51.8 million are temporary, already committed, or cannot be used for other purposes than those it was set-up for. This low level of reserves naturally makes the Council more exposed to the financial challenges facing the sector, including issues of inflation, demand, and wider shocks. The Council's reserves are currently the fourth lowest of metropolitan Councils in the Country. This is recognised by the Council and there are medium term plans to increase the general reserve to £23m but consideration of the total reserves position must also be highlighted to ensure they are maintained and grown over the medium term.

Reflecting a national issue, the Council has seen increasing in-year deficits against their Dedicated Schools Grant. This increase has been caused by the cost of meeting special education needs in the High Needs Block. The Council is already aware of these issues, and is providing clear monthly updates to cabinet, which forecast a deficit of £24 million by the end of 2023-2024. Currently the Council is able to carry forward this position as an unusable reserve which does not impact on their general fund reserves. However, this accountancy approach is due to expire in 2025-2026, and if this was not extended nationally, the Council would be in a financially unsustainable position. The Council is included in tranche two of the national delivering better value programme to support work in this area.

The Council's capital programme is smaller than many other metropolitan Councils, with a programme size of £45.5 million for 2022-2023 (and actual spend of £38.7), and a forecast programme of £149.7million for 2023-2026. The largest element in this programme is the Southport Town Deal (with £37.7 million provided externally) and the second largest is the £20 million for the development of Bootle, which has also been supported through the Levelling Up programme. The Council has a policy of internal borrowing to support their capital programme and has very low levels of debt (£139.2 million in March 2023). This total debt is the lowest amount across Metropolitan areas, and the Council may wish to consider how further prudential borrowing could potentially support their ambition. Most of the Council's borrowing is from the Public Works Loan Board, but there is £11.9 million which has recently matured in 2023-2024. The Council's borrowing to-date is fully inline with treasury management advice and reflects common practice across the sector. As recognised earlier in this report, consideration of these issues would need to maintain the existing rigour and reflect the relationship between revenue budget, reserves, savings, and demand pressures as part of the Council's wider financial context to continue to appropriately manage risks associated with borrowing.

Finally, the Peer Team were told that the Council contributed to work across the wider Liverpool City Region in-terms of sharing financial assumptions through their budget planning process. This will support Sefton (and others) to test and refine their assumptions and is to the organisations' credit.

4.5 Capacity for Improvement:

Sefton Council's appetite for improvement is clear and undoubted, demonstrating an openness to support and challenge. This is illustrated by the Council's proactive engagement with the Corporate Peer Challenge, having their last full CPC in 2018, and conducting two progress reviews to discuss previous recommendations and the Council's response. It is to the Council's credit that these reviews have been completed within the context of increased engagement and oversight from OFSTED following the inadequate OFSTED judgement in 2022, and with the review being arranged for so quickly following the appointment of a new Chief Executive. This will be important as the Council prepares for the introduction of CQC Assurance.

The Peer Team recognises that the Council's capacity is rightly prioritising the improvement of Children's Services. The Council has now had four of their five monitoring visits in this area, and the peer team heard that some recent "steady progress" has been made through the Council's most recent engagement. This is a significant step and represents a marked improvement from the position in August which stated that the pace of improvement was too slow.

The Council's capacity for change has previously been illustrated through their approach to transformation. This included the Council's "Framework for Change" which ran from 2017-2020 and included reforms to ICT and promotion of full cost recovery. This programme contributed to the significant changes which the Council made during this time (including the loss of 450 full time employees). There is current work underway to define the Council's next framework for change, and this is expected to include themes of home-to-school transport, health and social care prevention, and investment in extra care housing. This will require the development of robust business cases for each of these areas, and an understanding of key milestones for delivery. This framework for change also includes ICT transformation, asset maximisation, and the Council's Growth programme (including Bootle Strand and Marine Lake Events Centre). Importantly, there will be a number of key interdependencies across these areas which will need to be understood and managed.

The Peer Team recognise the energy and enthusiasm that exists within the Council's workforce. However, we were told that this can sometimes lead to a "*tendency for people to say yes, even when we're bursting at the seams*". This reflects a wider challenge in corporate capacity, this includes areas of finance, risk management, and human resources within the Council.

Sefton Council have a clear track record in prioritising the protection of services which are directly used by residents when making changes and savings over the past 15 years and through the process of austerity. The impact of this approach has been that it has naturally been to the detriment of the Council's corporate core, and this is now reflected in capacity challenges in a number of areas, including performance reporting, transformation, policy development, as well as organisational development. As the organisation moves forward, it will need to assure itself that it has both the capability and capacity in-place for these strategic areas to support modernisation across the Council alongside wider service improvement.

As part of this work, the Council should consider the potential areas whereby capacity could be released within the organisation. This includes reviewing the frequency and purpose of meetings (partnership, officer, and member meetings) to ensure that time and impact is being maximised. Alongside this review of meetings, thought should be given to wider systems which could be improved or automated. For example, the Peer Team was told that the Council still used a paper-based appraisal system with dedicated leads within Directorates supporting completion and compliance. This system meant that the Council was not able to accurately state the number of staff who had completed their annual appraisal (known locally as "My Sefton, My Way") which was forecast at 70%. This provides an indicative example whereby investment into an improved system may release officer time, improve reporting, and oversight, and enable the organisation to better capture emerging themes.

Finally, the Council should consider the potential benefits could be released through changes

to their approach to communications. Most importantly, this would support the Council in communicating with residents and developing a narrative that brings together the Council's ambitions for place and residents, within the national and local contexts which decisions must be made. Alongside this, there is opportunity to improve communications within the organisation, including the introduction of regular member briefings. This will support the movement of information within the Council, raise awareness of key priorities, and reduce the need for briefings.

5. Next steps

It is appreciated that the senior political and managerial leadership of Sefton Metropolitan Borough Council will want to consider, discuss, and reflect on these findings and recommendations. To support transparency, it is a requirement of CPC process that the final report of the Peer Team is published in full within three-months of the review.

To illustrate the Council's responsiveness to the findings of this review, there is a requirement for Sefton Council to develop and publish an Action Plan within five-months of the Peer Team being onsite. This Action Plan should provide clarity on the activity, milestones, and timelines that the Council will work to in responding to the Team's findings. The Action Plan will also be central to the Peer Team's re-engagement with the Council through a Progress Review which is due to be completed in the summer of 2024.

In July 2023, the Department for Levelling Up, Housing and Communities published draft Best Value Standards for Local Authorities. This document describes arranging a corporate or finance peer challenge at least every five-years as a characteristic of a well-functioning authority. It is positive that Sefton Council are working within this cycle, having completed full CPC in 2018 and 2023. Therefore, it would be expected that the Council would commission a further CPC no-later than November 2028.

Finally, Claire Hogan (Principal Advisor for the North West) is the primary contact between Sefton Council and the Local Government Association. Claire is available to discuss any further support that the Council may require or any changes in context and can be contacted by email on: Claire.Hogan@local.gov.uk