

LGA Corporate Peer Challenge

Hertsmere Borough Council

7th to 10th October 2024

Feedback report



Corporate Peer Challenge



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1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involved a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at Hertsmere Borough Council to provide robust, strategic and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are responsible for their own performance; accountable locally not nationally; and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the council are required to action.

2. Executive summary

This was the first time Hertsmere Borough Council has undertaken a corporate peer challenge and the senior political and managerial leadership should be commended for commissioning it. People from the organisation that we met engaged extremely constructively in the process and demonstrated real candour, which is a testimony to their commitment to the council and their desire to make a difference.

The council understands its local context well and, both directly and with others, is focused on making a difference in its communities. It is increasingly communicating and engaging with them. Local partners recognise the council's commitment and

value it highly as a partner. The level of officer commitment within the organisation is palpable and the council has the benefit of a high calibre and diverse elected membership who are passionate about their communities and making a difference in the borough.

The council has developed an increased economic development focus in recent years. It is also now demonstrating a greater focus on its place in the county and the wider geography and partners reflected Hertsmere as a borough being seen to be 'on the map' now. The potential of the borough is widely recognised, which should be translated into a clear and compelling narrative of what Hertsmere's 'offer' and vision is as a place.

A new draft version of the Local Plan was agreed at Full Council in March this year and extensive public consultation has taken place. The council recognises that it will be challenging to find the right balance in relation to sustainable housing and economic growth but strong political leadership is being shown.

The May 2023 all-out elections saw very significant change in Hertsmere. This included the Labour and Liberal Democrat Partnership Administration assuming control from a long-standing Conservative Administration and seventeen out of thirty-nine elected members being newly elected to the council. These changes have clearly required the establishing of a new set of relationships and people adapting to new roles.

The Partnership Administration is providing energy and a strong sense of what is important politically. This is resulting in the driving forward and implementation of a number of political priorities. The Partnership has been gaining experience, learning and maturing since it was formed and Cabinet is demonstrating cohesion. Currently, however, officers in the council are taking their direction from a variety of places. There would be benefit in moving to a position where there is a clearer strategic direction for the council, reflected in one single plan that is absolutely owned by the Partnership Administration.

We gleaned joint desire both politically and managerially for greater on-going engagement and joint working between them and this is very positive. At present,

engagement at these levels takes place largely on a bilateral basis. The senior political and managerial leadership carving out the time necessary collectively on a regular basis is crucial in any council. We see the opportunity, through enhanced engagement at this level, to develop jointly a clearly defined and manageable set of priorities for the organisation.

The council has established a range of elected member forums and bodies that may not be seen in many other councils. In part, these have been designed to help broaden elected member involvement and develop councillors. This is positive but each of these bodies places a set of capacity demands upon the organisation and those involved. Given what we see as the high calibre of the elected membership and their desire to make a difference, we see significant scope, offering tremendous opportunity, for the council to consider the approach to Overview and Scrutiny, plus the wide range of elected member forums and bodies, in order simultaneously to maximise impact; streamline effort and endeavour; and expedite decision-making.

It is clear that councillors are keen to learn and interested in increased opportunities to progress and develop. This lends itself to the creation of an elected member development programme tailored to individual need and preferred learning style. This should both draw on knowledge and expertise from within the council and provide insight to approaches to local government beyond Hertsmere. Elected members would also be keen to see the adoption of an enquiries and casework management system.

The council has two active wholly owned companies and one joint venture company and it feels like the right time for the council to consider fundamentally what the future is for them. Some Cabinet members and all three of the council's statutory officers hold senior roles in one or more of the companies. It is difficult to see how people holding senior roles both in the council and a company (or companies) can represent their respective interests equally effectively. We recommend that the council commissions an expert review of the governance arrangements around the wholly owned companies.

The council has historically been financially well managed and relative to other similar sized local authorities has a smaller budgetary challenge. It has delivered

significant efficiency gains over a number of years and has traditionally benefited from significant income from its investments and its assets.

The current budget has seen some planned reliance on uncertain and unsustainable sources of funding and the council fully recognises the need to shift to a more robust approach going forward. The current medium term financial plan anticipates a financial gap in the net revenue budget of £670,000 across the four years from the current year to 2027/28, in a context of a current budget of £14m.

Some in the council are starting to think about the potential to utilise its financial position more for 'invest to save' purposes. The council is committed to a review of its financial strategy but the timescales for this being completed and reported are unclear. The development of such a strategy is important both to shape and, in turn be informed by, the council's future strategic direction.

Staff spoke passionately about the sense of team spirit that exists amongst them and the way in which they rely upon and support one another. They appreciate the well-being initiatives made available to them by the council and the recent civic offices refurbishment, with the quality working environment that it provides, is highly valued.

The council highlighted extensively to us the recruitment and retention challenges that it faces. Our question is whether the organisation can satisfy itself that it is doing all that it can to ease these pressures. From all our relevant discussions, there has been virtually universal feedback that capacity is being lost to the organisation as a result of current approaches to people management. This is wrapped up in issues of a lack of empowerment; application of the council's pay policy; and the approach to hybrid working. The overwhelming view of staff that we spoke to is that this is fundamentally about trust and what people are valued for in the organisation.

Some staff expressed to us anxieties and concerns around issues of personal safety, both when 'out and about' and in the reception area in the civic offices. We understand work has been undertaken around the former to try to address it but issues clearly remain. Staff want to feel that the organisation takes their safety seriously and to see it sending strong public messages that it is doing so.

There are a range of internal communication mechanisms in place. This is positive but staff highlighted the potential to develop more two-way engagement. We see scope also for the council to recognise, communicate and celebrate success to a much greater extent.

3. 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:

3.1 Recommendation 1

Develop a clear and compelling narrative of Hertsmere's 'offer' and vision as a place

3.2 Recommendation 2

Through wider involvement across the political and managerial leadership, develop a clearer strategic direction for the council – centred on a defined manageable set of priorities

3.3 Recommendation 3

Consider the range of elected member forums and bodies that exist and the extent to which they are fulfilling their objectives and securing sufficient benefit – all in a context of Overview and Scrutiny currently lacking clarity of purpose and depth of understanding around the potential it can offer

3.4 Recommendation 4

Create an elected member development programme tailored to need and learning style and providing networking and insights beyond Hertsmere

3.5 Recommendation 5

Adopt a casework management system for elected member casework and enquiries

3.6 Recommendation 6

Consider fundamentally what the future is for the council's wholly owned subsidiaries

3.7 Recommendation 7

Commission an expert review of the governance arrangements around the wholly owned subsidiaries

3.8 Recommendation 8

Deliver on the commitment to review and report the council's Financial Strategy

3.9 Recommendation 9

Satisfy itself as a council that it is doing all that it can to ease the recruitment and retention challenges

3.10 Recommendation 10

Act upon staff wanting to feel that the organisation takes their personal safety seriously

4. Summary of peer challenge approach

4.1 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 by the LGA on the basis of their relevant expertise. The peers were:

- Stuart Bobby, Chief Executive, Gravesham Borough Council
- Councillor Eamonn O'Brien, Leader, Bury Council (Labour)
- Councillor Brian Milnes, Deputy Leader, South Cambridgeshire District Council (Liberal Democrat)
- Jackie Smith, Corporate Director and Chief Operating Officer, South Staffordshire Council
- Helen Gretton, Head of Transformation, Strategy and Performance, Charnwood Borough Council
- Steve Mullineaux, Deputy Chief Executive and Director of Customer

Service Delivery at South Hams District Council and West Devon Borough Council

- Chris Bowron, LGA Peer Challenge Manager

4.2 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? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
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? What is the relative financial resilience of the council like?
5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance and assurance.

The council requested that the following act as key considerations for the peer team in undertaking their work:

- The switch in control of the council following the elections last year
- The borough's position on the edge of London and in Hertfordshire and where the council should 'lean' for partnerships in this context
- Housing availability and affordability across all tenures
- Recruitment and retention challenges for the council
- The financial pressures being faced by the council
- The council's openness to innovative ways of service delivery
- The council's experiences with Wholly-Owned Subsidiaries, including Elstree Film Studios

4.3 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. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at Hertsmere Borough Council and what the peer team should focus on. It also included an LGA finance briefing (prepared using public reports from the council's website) and a LGA performance report outlining benchmarking data for the council across a range of metrics. The latter was produced using the LGA's local area benchmarking tool called LG Inform.

The peer team then spent four days onsite at Hertsmere Borough Council, during

which they:

- Gathered evidence, information, and views from more than 25 meetings, in addition to further research and reading.
- Spoke to more than 130 people including a range of council staff together with elected 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 elected members.

5. Feedback

5.1 Local priorities and outcomes

Hertsmere is a largely rural borough, situated approximately 12 miles to the north of central London. Around 80 per cent of the borough is Green Belt and the four main towns of Borehamwood, Bushey, Potters Bar and Radlett each have their own distinct identity. There are a number of villages and hamlets, such as Elstree, Shenley and South Mimms. Connectivity to London and many parts of the country is excellent, with this being reflective of good north-south rail and road links. However, east-west travel and public transport connections between communities within the borough are both more challenging.

Hertsmere's population is growing and becoming increasingly diverse. The population expanded from just over 100,000 in 2011 to nearly 109,000 in 2023. In the same period, the proportion of the population from an ethnic minority (defined as non-white British) increased from 24.3 per cent to 36.9 per cent. At 17 per cent based on the 2021 Census, Hertsmere has, proportionally, the largest Jewish population in any local authority area nationally.

Housing affordability is a significant issue, with the borough being listed in 2022 as the third least affordable location in the country to buy a house – the average cost being fourteen times the average salary. According to the 2019 Indices of Multiple

Deprivation (IMD), part of the Cowley Hill ward was in the top ten most deprived areas nationally and was the most deprived in Hertfordshire.

The council understands its local context well, including issues of health inequalities and the challenges around the cost of living that are being experienced in some communities. The council, both directly and with others, is focused on making a difference in its communities. This is reflected in a wide range of initiatives and activities, such as work by the 'Food Poverty Alliance' including foodbanks, food aid providers and other voluntary and community sector organisations; the related production of a 'Worrying About Money' leaflet aimed at helping residents experiencing financial insecurity to access existing entitlements and reduce their need for charitable food aid; and activity with health partners to boost the uptake of cancer screening. The council also worked with a number of partners, such as Hertfordshire County Council and the Clarion Housing Group, to build Shenwood Court, a 24-room facility providing accommodation and complex needs support to help rough sleepers.

There has also been significant and very important work undertaken in conjunction with community and faith leaders to provide community reassurance in the context of major recent global developments.

Local partners recognise the council's commitment and value it highly as a partner. The work and engagement that takes place under the 'umbrella' of the Local Strategic Partnership (LSP), including the Health and Wellbeing Board and the Community Safety Partnership, delivering the types of activity outlined above, is valued by partners. Whilst we understand that the quarterly formal meetings of the LSP itself can be challenging in terms of maximising involvement and participation, in a context of LSPs having become defunct in many other places across the country there is definitely something worth hanging on to here given what happens under its 'umbrella'.

The level of officer commitment within the council is palpable. This shone through in our discussions in terms of the approach and attitude to delivering their work and their support for communities. It also came through strongly in the extremely constructive way that people engaged in the corporate peer challenge process and

demonstrated real candour in our discussions with them. This is testimony to their commitment to the council and their desire to make a difference both in Hertsmere's communities and in the way the organisation functions. The council also has the benefit of a high calibre and diverse elected membership who are passionate about their communities and making a difference in the borough.

The Partnership Administration, formed following the elections in May 2023, is providing energy and a strong sense of what is important politically. This is resulting in the driving forward and implementation of a number of political priorities, including sustainability and net zero ambitions (through activities such as tree planting and providing home upgrade grants to reduce carbon emissions and improve insulation); the implementation (such as enforcement of the single black bin policy and charging for green waste) and planning (such as weekly food waste collection from April 2025) of enhancements to the waste and recycling service; offering a council tax rebate scheme that gave residents the opportunity to claim back Hertsmere's share of the increase in council tax for 2023/24; re-introducing a critical bus route linking local communities with Barnet Hospital; and establishing a team of community enforcement officers.

The council is increasingly communicating and engaging with communities. Capacity in this area has been boosted temporarily and approaches have evolved in recent months. This has included investment in social media listening and community engagement through the Zencity platform. The platform has been used to support eight consultation and engagement exercises, ranging from the council's budget to the burials and cremations service. It also supported the undertaking of a community survey in the early part of 2024, with the intention to repeat this at regular intervals in order to enable the council to benchmark findings over time. 'Hertsmere News' is published three times a year and delivered to every household in the borough. A range of E-bulletins have been established and the council is adapting its overall approach to communications, including an increased use of social media and moving towards more short form communications such as videos. Recruitment to a citizens' panel is also currently underway.

5.1.1 Performance

There is quarterly reporting to Cabinet on sixteen key performance indicators, including the number of households in temporary accommodation; the percentage of household waste sent for reuse, recycling and composting; and the percentage of council tax collected. The report for the first quarter of 2024/25 reflected positive performance in the vast majority of these indicators against the targets the council has set. There is also an Annual Performance Report presented to Cabinet.

Chief Officer Board (comprising the Chief Executive and the Executive Director) considers the same performance indicators plus a range of wider management information. Every other Senior Management Team each month sees Heads of Service and the Executive Director engaged with the Chief Executive in considering a range of people management issues in depth, including staff time spent in the office and the speed of telephone answering.

The above raises a set of questions in a context of service delivery, in a range of key areas, comparing less favourably with similar councils when looking at the 'LG Inform' data and performance information system which the Local Government Association hosts on behalf of the sector. This shows the following for Hertsmere when compared to the other councils in its CIPFA 'family' grouping of similar authorities, using the most recently available data:

Where Hertsmere is amongst the better performers:

- The number of households on the housing waiting list
- The timeliness of processing of major Planning applications
- The rate of new businesses being registered in the borough

Where Hertsmere is less high performing:

- The percentage of council tax not collected as a percentage of council tax due
- The percentage of non-domestic rates not collected as a percentage of non-domestic rates due
- The amount of residual waste per household
- The percentage of household waste sent for reuse, recycling and composting

- The time taken to process housing benefit new claims and change events
- The percentage of vacant dwellings as a percentage of all dwellings in the area
- The number of affordable homes delivered

Where performance in Hertsmere is around the average:

- The number of households living in temporary accommodation per 1,000 households
- The timeliness of processing minor Planning applications
- The timeliness of processing 'other' Planning applications

It is important to highlight, linked to what we outlined earlier in relation to the driving forward of political priorities, that progress is being made in some of the above measures – the data for some of which reflects the situation in 2023/24 or the year prior. This is particularly the case in relation to environmental measures around waste and recycling. The situation in relation to council tax and national non-domestic rates has also stabilised following progress in relation to staffing arrangements.

The following is a link to the 'Headline Report' for Hertsmere in the LG Inform system:

https://lginform.local.gov.uk/reports/view/lga-research/lga-research-report-headline-report-bar-charts?mod-area=E07000098&mod-group=CIPFA_Near_Neighbours&mod-type=comparisonGroupType

5.2 Organisational and place leadership


2024 marks the 50th anniversary of the creation of the council and this is both acting as a source of pride and seeing the occasion being marked through a number of activities internally and with communities.

A new draft version of the Local Plan was agreed at Full Council in March this year.

Extensive public consultation took place in April and May, with 2,000 responses received. The council recognises that it will be challenging to find the right balance in relation to sustainable housing and economic growth, with this being exacerbated by the recent upward revision by Government (by 25 per cent) of the local housing growth target. However, the Partnership Administration is showing strong political leadership on the matter by pressing for a short timescale for adoption of the Plan and a willingness to make the case with local people for sustainable growth to positively impact the affordability of housing and support local families in their desire to remain in the area.

Hertsmere is engaged with five other councils in the South-West Herts Joint Strategic Partnership which is focused on climate change and net zero; strategic growth opportunities; strategic infrastructure delivery; economic growth; and housing needs. There has been an ambition since 2018 for the Partnership to adopt a Joint Strategic Plan as an aggregation of each areas' Local Plan and designed to help shape and press the case for key infrastructure investment. Agreeing its Local Plan will position Hertsmere to shape and influence that Joint Strategic Plan at this sub-regional level. Such a Plan will provide opportunities in a context of Government ambitions around sustainable housing and economic growth and the Devolution agenda. In highlighting this, we recognise that the Devolution agenda in Hertfordshire currently is low-key, with the agreed stance being one of expressing interest in a deal that doesn't entail an elected mayor.

The council has developed an increased economic development focus in recent years. This started under the previous Administration, which saw things commencing from a virtually zero base, and it has continued to grow and progress ever since in terms of engagement, influence and impact. The approach is set in the framework of 'Hertsmere Works', as the economic development strategy for the borough, and sees the council reaching out much more. This applies both to existing and potential local businesses, whether in relation to business support and networking type activity, and potential inward investors. An example of the latter is the borough's presence at the most recent UK Real Estate Investment and Infrastructure Forum. The council is also reaching out to developers keen to take forward housing initiatives in the area.



Through its activities, the council has also been engaging with stakeholders in the form of schools, colleges, the University of Hertfordshire and employers to shape the skills agenda locally. An example of this is facilitating an increase in childcare training provision through local colleges, both bringing about direct employment opportunities and enabling individuals with previously unmet childcare needs to enter the jobs market.

Partners reflected Hertsmere as a borough being seen to be ‘on the map’ now. This has emerged through a combination of its economic development work and a greater focus on its place in the county and the wider geography. Through engaging more strategically, as seen with the council’s Leader becoming Chair of the Hertfordshire Growth Board and his involvement with ‘Hertfordshire Futures’ as the replacement for the Hertfordshire Local Enterprise Partnership, the borough has been increasing its influence.

The potential of Hertsmere is widely recognised by partners. This includes its connectivity to London; the natural environment the borough offers; key established sectors such as ICT and construction; growth sectors including avionics; its film and television heritage; the growth agenda; and Hertsmere now clearly being ‘open for business’. There is both an opportunity and a need to translate these and other elements into a clear and compelling narrative of what Hertsmere’s ‘offer’ and vision is as a place.

The council asked us to consider during our work where it should ‘lean’ for partnerships in a context of its closeness to London whilst also being part of Hertfordshire and the East of England region. Our steer is that there isn’t a requirement for the council to adopt a single stance. Rather, it is about recognising the multiplicity of opportunities across different geographies – ranging from influencing Government, reaching into London more, furthering the growing engagement at a county level and helping to drive forward the South-West Herts Joint Strategic Plan – and effectively positioning the borough and the council to capitalise upon all of them to the greatest possible extent.

5.3 Governance and culture

The May 2023 all-out elections saw very significant change in Hertsmere. This included the Labour and Liberal Democrat Partnership Administration assuming control from a long-standing Conservative Administration and seventeen out of thirty-nine elected members being newly elected to the council. These changes have clearly required the establishing of a new set of relationships and people adapting to new roles. This includes people having switched from Opposition to Administration and vice-versa under the 'change of control'; new Chairs being appointed to council committees and bodies; and senior managers and other officers liaising with new councillors and the new political leadership and working to revised political priorities.

The Partnership Administration has been gaining experience, learning and maturing since it was formed. Cabinet is demonstrating cohesion and indicates it feels as though it can now 'come up for air' after a frenetic 18 months since the Administration commenced. Currently, however, officers in the council are taking their direction from a variety of places. This includes the Corporate Plan 2024-2027 ('Hertsmere Vision'); the Memorandum of Understanding drawn up outlining the shared political priorities of the two political groups forming the Partnership Administration – although this document has had only very limited circulation in the organisation; the local Labour and Liberal Democrat manifestos; and the 'Hertsmere Together' Community Strategy devised in 2023 by the Local Strategic Partnership and covering the period through to 2027. Whilst there is a good deal of commonality across these guiding documents, there would be benefit in moving to a position where there is a clearer strategic direction for the council, reflected in one single plan that is absolutely owned by the Partnership Administration.

We gleaned joint desire both politically (in the form of Cabinet) and managerially (in the form of the Senior Management Team) for greater on-going engagement and joint working between them and this is very positive. Our understanding is that they have only met once so far as a collective. The senior political and managerial leadership carving out the time necessary to come together on a regular basis is crucial in any

council in order for them to develop and enhance these vital relationships; undertake the necessary 'horizon scanning' of key emerging issues for the place and the organisation; and aid the smooth flow of council business. At present, engagement at these levels takes place largely on a bilateral basis between individual Portfolio Holders and Heads of Service or collectively as Management Board, which comprises Cabinet, the Chief Executive and the Executive Director. The majority of the time spent collectively as Management Board would seem to be focused upon preparing for the immediate next round of meetings of the Executive.

Through enhanced engagement between the senior political and wider managerial leadership, we see the opportunity to develop jointly a clearly defined and manageable set of priorities for the organisation. Currently, everything can be presented as a priority and the political ambitions of the Partnership Administration are developing even further as the opportunities and challenges for the council and the borough become clearer. At the same time, officer capacity remains constrained and the resource envelope of the council continues to diminish.

The combination in any council of a strong political drive and the need to manage the resources, risks and reputation of the organisation necessitates a mature and on-going dialogue across the political and managerial leadership and effective 'checks and balances' in relation to moving things forward. In Hertsmere, it is important to ensure that respective roles and responsibilities at the senior political and managerial leadership levels continue to be valued and respected; that a healthy dialogue is maintained; and relationships are invested in in order to sustain the council and these relationships through what will no doubt become challenging moments at times. The scale and complexity of some of the agendas the council is facing, for example in relation to securing the adoption of the Local Plan; shaping the future of the council's wholly owned subsidiaries; and seeking to maximise the benefits of the council's assets, will inevitably be challenging to navigate.

The council has established a range of elected member forums and bodies that may not be seen in many other councils. Some of these come under the auspices of Overview and Scrutiny whilst others are stand-alone entities and some are long-standing whilst others have become established since the change in Administration.

Examples include the Cabinet Performance Panel; Hertsmere Shareholders and Investment Committee; the Financial Monitoring Panel; the Asset Management Panel; the Member Leisure Panel; the Climate Emergency Panel; the Hertsmere Growth Panel; and the Grounds Maintenance Contract Member Oversight Panel. In part, these have been designed to help broaden elected member involvement and develop councillors. This is positive but each of these bodies places a set of capacity demands upon the organisation and those involved. It is therefore important to ensure each of these forums is fulfilling its objectives and securing sufficient benefit relative to the 'opportunity cost' of the resource being dedicated to them.

In relation to Overview and Scrutiny itself, this has delivered some good work at a task and finish level. Specifically, this includes consideration of the Partnership Administration's desire to establish the team of community enforcement officers. The related task and finish group that was established for this pre-scrutiny activity considered current enforcement arrangements in the council and alternative delivery models based on approaches in some other local authorities. This saw recommendations being made to Cabinet which were agreed. Although there is this example, we see Overview and Scrutiny generally lacking clarity of purpose and depth of understanding around the potential it can offer.

Given what we see as the high calibre of the elected membership and their desire to make a difference, we see significant scope, offering tremendous opportunity, for the council to consider the approach to Overview and Scrutiny, plus the wide range of elected member forums and bodies, in order simultaneously to maximise impact; streamline effort and endeavour; and expedite decision-making.

The induction process following the elections centred on an extensive information pack being provided to councillors; training for those elected members sitting on quasi-statutory committees; and new councillors informally drawing upon the experience and insights of longer-standing colleagues. For those moving into new roles, including through the change in political control and as new appointees as Chairs of committees, a wider set of development needs existed at the time and some of those needs still exist now. There is still a strong sense of councillors 'not knowing what they don't know' but it is clear from our discussions that elected

members are keen to learn and interested in increased opportunities to progress and develop. This lends itself to the creation of an elected member development programme tailored to individual need and preferred learning style. This should both draw on officer knowledge and expertise from within the council and provide insight to, and create networking opportunities around, approaches to local government from beyond Hertsmere.

Elected members raise casework issues largely through e-mailing officers. They are experiencing mixed levels of responsiveness across the organisation and facing challenges in monitoring the progress of issues and thus being able to feed back to residents. In this context, they would be keen to see the adoption of an enquiries and casework management system and the outlining of timescales on which officers can reasonably be expected to respond. Such a system would bring advantages for the organisation in channelling issues to the most relevant place; tracking progress; enabling feedback to residents; and identifying, through learning around repeat issues, opportunities for strategic solutions to problems. In relation to the latter, an example would be determining how the council can best engage with the relevant organisations in a context of progressing housing-related casework issues proving particularly challenging for elected members. Technological solutions could also be explored to ease things for residents and councillors in relation to public confusion over service provision in two tier local government. An obvious example here would be enabling the direct reporting by residents of potholes.

The council has two wholly owned companies: Elstree Film Studios Limited (to manage the Studios site) and Hertsmere Developments Limited (HDL – to develop affordable housing); along with Hertsmere Living Limited (HLL – a joint venture company with Watford Community Housing Trust to hold the properties developed by HDL for affordable and social rent). The film studios have traditionally acted as a source of income for the council but recent issues concerning reduced availability of the facilities following the discovery of asbestos and RAAC, a resultant reduction in income and related litigation have impacted this. The council acknowledges also that HDL, formed in 2016, has taken some time to become established and the number of houses being delivered is relatively small.

It is clear that the recent issues in relation to the film studios have absorbed very significant organisational capacity. This includes the time of the senior political leadership, statutory officers and officers in key corporate functions including legal and finance. Some people reflected that the related demands had significantly skewed the focus of the council over many recent months.

The situation with both the film studios and HDL is therefore challenging and it feels like the right time for the council to consider fundamentally what the future is for them. This should be done in the context of a clear future strategic direction and financial strategy for the council, once these have been determined.

Some Cabinet members and all three of the council's statutory officers hold senior roles in one or more of the wholly owned companies. It is difficult for us to see how people holding senior roles both in the council and a company (or companies) can represent their respective interests equally effectively. Our basic level insights to such arrangements suggest that the council is not adhering to best practice guidance in this regard and we therefore recommend that the council commissions an expert review of the governance arrangements around the wholly owned companies.

5.4 Financial planning and management

The council has historically been financially well managed and relative to other similar sized local authorities has a smaller budgetary challenge. Spending is within budget and the council is accustomed to being able to balance its budget without recourse to the use of reserves. The council has traditionally benefited from significant income from its investments and its assets. There is a strong desire politically to ensure the council is maximising the benefits from its assets and a new asset management strategy is being developed to support this.

The council has delivered significant efficiency gains over a number of years. There were gains in 2023/24 of £720,000, with a further £817,000 anticipated in the current year. The creation of a variety of shared services, including for anti-fraud, internal audit, CCTV and procurement has played a part in this, as has the recent refurbishment of the civic offices and the related letting of parts of the building to

other public sector partners with the income this has generated.

The council's level of reserves, as at the end of March 2023, was in the upper quartile amongst all district and borough councils but the level of reserves reduced approximately from £27m to £21m in 2023/24. A comprehensive capital programme and the recent situation with Elstree Film Studios will see a further significant reduction in reserves during 2024-25.

There is monthly budget monitoring by elected members on a cross-party basis through the Operations Review (Overview and Scrutiny) Committee and the Financial Monitoring Panel. The Operations Review Committee and Cabinet also consider the budget outturn annually.

The current budget has seen some planned reliance on uncertain and unsustainable sources of funding. This includes a significantly higher level of investment income (£1.1m) than has been the case in previous years; £1m from specific grants; and just under £300,000 from reserves. The council fully recognises the need to shift to a more robust approach going forward. The current medium term financial plan anticipates a financial gap in the net revenue budget of £670,000 across the four years from the current year to 2027/28, in a context of a current budget of £14m. However, the recent issues at Elstree Film Studios have adversely impacted on the revenue budget, significantly increasing the challenge of balancing the budget going forward.

Some officers and some elected members are starting to think about the potential to utilise more the council's financial position for 'invest to save' purposes that facilitate enhanced income generation; support prevention/early intervention activity; or capitalise upon technology to improve delivery or efficiency. A simple example may be the 23,000 telephone calls to the council in an average month and the potential that technology may offer, through digitisation, to reduce the demands that this places on the organisation's capacity. Another example is investment to deliver enhanced resilience and capacity in IT systems.

The council is committed to a review of its financial strategy but the timescales for this being completed and reported are unclear. The development of such a strategy

is important both to shape and, in turn be informed by, the council's future strategic direction – linked to the proposed joint work across the political and managerial leadership to develop a clear set of manageable priorities for the organisation.

The council's capital programme for the period 2023/24 to 2026/27 totals £63m. The originally agreed capital budget for 2023/24 was just over £11m but this increased to £40m at quarter three as a result of £20m slippage from the previous year and £11m of new schemes being approved. A further £14m of slippage to 2024/25 was anticipated. Such slippage is not unique to Hertsmere and reflects, at least in part, considerations at the national and global level.

In a similar vein, the national picture in relation to the external audit market has created a situation in which the council's last audited accounts are those from 2021/22. With new external auditors having been appointed and their work now being underway, there is confidence that this situation is on its way to being resolved. Progress in relation to the Internal Audit plan is reported regularly to Audit Committee. A report that will be presented soon from Internal Audit highlights major learning and improvement that needs to take place in relation to project management across the council.

The council's Annual Governance Statement (AGS) found no significant governance issues and as a result no action plan has been developed. The council may wish to consider taking into account, in drawing up the next AGS, what we outlined earlier regarding the involvement of elected members and statutory officers on the Boards of the council's wholly owned companies and our related recommendation.

We noted that the Audit Committee does not feature any independent persons. This caused us to reflect on whether the council may wish to consider the opportunities that engaging expert independent capacity both for that committee and for others, such as the Standards Committee, would offer.

5.5 Capacity for improvement

Staff at a range of levels in the organisation spoke passionately about the sense of team spirit that exists amongst them and the way in which they rely upon and support

one another. They appreciate the well-being initiatives made available to them by the council, along with the social activities that have traditionally existed, such as the Christmas Club, and the awards for long service. The recent civic offices refurbishment, with the quality working environment that it provides, is highly valued.

The council highlighted extensively to us, both in advance of our visit and whilst on-site, the recruitment and retention challenges that it faces. It has taken initiative in specific instances, such as its efforts to attract, develop and retain HGV drivers for its waste and street scene services. However, the council overall experiences significant staff movement, with turnover around 17 per cent.

Whilst there are recognised national and local government sector pressures, there would also seem to be more specific local factors beyond just Hertsmere's proximity to London. Our question is whether the council can satisfy itself that it is doing all that it can to ease the recruitment and retention pressures. From all our relevant discussions, there has been virtually universal feedback that capacity is being lost to the organisation as a result of current approaches to people management. This is wrapped up in issues of a lack of empowerment; application of the council's pay policy; and the approach to hybrid working – all further evidenced by the findings from exit interviews.

The overwhelming view of staff that we spoke to is that this is fundamentally about trust and what people are valued for in the organisation. There was a widespread view, from all levels, that they do not feel trusted by the senior-most management of the council – with them seeing their contribution being measured on the basis of being present in the office and the extent to which they answer telephone calls in a prompt manner.

What we outline here is vital when placed in a context of councils operating increasingly on goodwill and people having choices about where they work. The council has commissioned an externally led review of pay. This is positive but there is currently a lack of awareness of it in the organisation. Pay is also only one factor – albeit a very important one. People will make judgements about joining or remaining with an organisation based on other factors too, not least the flexibility on offer

through hybrid working; pay progression; personal and professional development opportunities; and organisational culture.

There seems to be a low level of undertaking of appraisals in the council. It would be beneficial to understand why this is the case and how the potential benefits from the council's investment in the Clear Review staff performance management and appraisal system can be realised.

Good training and development opportunities are available to those officers with a requirement around continuous professional development, for example in environmental health and planning, but this is much more limited elsewhere in the council. Whilst some management development opportunities are available through the 'District Councils Network Staff Development Programme', there may be benefit in considering a council leadership and management development programme. Staff generally reflected that they gained a lot from the equalities, diversity and inclusion training that was delivered recently, with them particularly welcoming the interactive nature of it.

The council has recently committed to undertaking regular staff surveys and these are underway. This will be useful in helping to develop deeper understanding of some of the issues we have outlined in this report. The findings can also usefully inform the new workforce strategy which, whilst planned, has an absence of clarity in relation to when it will be produced.

Some staff expressed to us anxieties and concerns around issues of personal safety, both when 'out and about' and in the reception area in the civic offices. We understand work has been undertaken with housing staff around the former and to try to address it but issues clearly remain. With regard to the latter, whilst the refurbishment of the civic offices has delivered benefits around partnership co-location and income generation, it has also led to more people with a wider range of needs visiting the reception area. A small number of incidents have taken place that have exposed certain vulnerabilities. Staff want to feel that the organisation takes their safety seriously and to see it sending strong public messages that it is doing so.

There are a range of internal communication mechanisms in place, including 'Hertsmere in Focus' as a quarterly staff magazine; a weekly 'What's Going On' e-mail; and all staff briefings on a quarterly basis delivered by the Chief Executive. This is positive but the focus would seem to be on conveying messages to people. Staff highlighted the potential to develop more two-way engagement and a desire for communications to focus more on strategic issues. We see scope also for the council to recognise, communicate and celebrate success to a much greater extent, with the opportunity to link this to sharing learning across the organisation.

6. Next steps

It is recognised that the council's senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the council. As part of the CPC, the council are also required to have a Progress Review and publish the findings from this within twelve months of the CPC. The LGA will also publish the Progress Review report on their website.

The Progress Review will provide space for the council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan. The Progress Review will usually be delivered on-site over a day and a half.

In the meantime, Rachel Litherland, Principal Adviser for the East of England region, is the main contact between your authority and the Local Government Association. She is available to discuss any further support the council requires and can be contacted via rachel.litherland@local.gov.uk