

# LGA Corporate Peer Challenge

Bassetlaw District Council

Tuesday 28 November to Friday 1 December 2023

Feedback report





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## 1. Executive summary

These are genuinely exciting, “once in a generation” times for Bassetlaw District Council (BDC). This is primarily due to the Government’s announcement in October 2022 that it had chosen the West Burton A power station site to host the UK Atomic Energy Authority’s (UKAEA’s) new prototype Spherical Tokamak for Energy Production (STEP) fusion power plant. BDC wants to use this unique enabler to shape and drive its latest corporate plan Vision 2040 through six key ‘pillars’. BDC is in this positive position as a result of sheer hard work including its:

- ambition and vision – these have been clearly driven by the Leader of the Council and his cabinet since he commenced this role in September 2022, and by the council’s senior management team who have refreshed BDC’s corporate plan and corresponding work programmes
- political alignment with councillors – the leader is supported by and working with his experienced cabinet. Other councillors also support and constructively challenge council plans to strengthen them
- political alignment with local partners – the council has excellent local partnerships as a result of it building and securing these relationships over many years. All local partners the peer team spoke to during its onsite visit highlighted positive, constructive relationships and collaboration with BDC
- committed, passionate staff who only want to best serve and support their customers including local residents, businesses, visitors and others.

BDC is nevertheless struggling to manage and deliver its existing work programme. For example, certain staff are already over-stretched as a result of long-term vacancies and sickness. They, therefore, have little appetite currently for change and improvement, and capacity could worsen if these issues are not effectively addressed soon. Becoming a strategic organisation would help address these and other issues whilst helping it plan to best deliver Vision 2040.

The council’s budgets look balanced for the next couple of years but from 2026-27 appear significantly more challenging when the national Business Rates Reset and Fair Funding Review are anticipated to apply. BDC has limited reserves with which to withstand future financial pressures, so it wants its income generation strategy to

play a bigger part in its financial plans to help balance budgets and replenish its reserves to enhance its financial resilience.

BDC evidently responds quickly and effectively with partners on a reactive basis to support its residents in times of need, including when the high street retailer Wilko entered administration, during recent flooding and throughout the cost-of-living crisis.

To make further best use of its partnerships, as well as to enhance internal work, BDC needs to work more strategically and proactively. Longer-term strategic planning will make further use of combined resources to deliver Vision 2040 as well as respond to day-to-day issues. Strategic planning can also help the council clarify its role at all stages of Vision 2040 and deliver against it. Additionally, such planning will help maximise BDC's leverage within new sub-regional working, and help secure more opportunities for the area.

To assist its sub-regional work with partners further, BDC needs to be clear about and promote its roles, asks and offers as part of, for example:

- STEP – from now until 2040
- the sub-region's various structures, especially the forthcoming East Midlands Mayoral Combined County Authority (EMMCCA) and the East Midlands Investment Zone, as well as the Greater Lincolnshire devolution agreement and wider opportunities as part of the Midlands Engine
- within Vision 2040 itself.

Alongside strategic planning, there are opportunities for the council to strengthen its corporate performance management framework, including service plans and appraisals. This will help ensure all services and individual officers are best placed and supported to deliver BDC's current and future work programmes.

If BDC gets this strategic agenda and other internal basics right as outlined below, it will be in good stead to deliver Vision 2040 and support the delivery of STEP as well as other projects and opportunities emerging from these substantial programmes.

## 2. Key recommendations

The following are the peer team's key recommendations to the council. Other observations and suggestions are outlined within the main section of this report:

- 2.1 Undertake a ‘root and branch’ process to redesign BDC’s operating model, structures and plans to achieve Vision 2040** – this ambitious vision will not deliver the same council services as today. You, therefore, need to make fundamental decisions about which of your services will need to stop, start, change and continue. You will also need to plan such changes corporately and at service level. This includes clarifying where you currently are, where you want to be, by when and how to get there.
- 2.2 Commission independent expertise and support to produce corporate transformation/change and workforce plans, focusing most immediately on lifting barriers to recruitment – to address capacity issues** - you do not currently have such plans but they would help in various ways, particularly to drive your work to deliver Vision 2040. With limited internal capacity to produce these plans, the peer team recommends you use external, independent support to do so. Many staff are working to their limit to deliver the council’s current work programme, so they do not believe they have the capacity to deliver Vision 2040. Long-term sickness, vacancy and recruitment issues are putting further pressure on remaining staff. You must, therefore, urgently produce and deliver these plans to rectify these issues.
- 2.3 Tackle your budget gap now; sharpen financial controls and embed budget ownership across the council, articulate at granular level options to close the gap, set targets, resource, implement, monitor and manage this work. This includes prioritising and clearly planning your commercial strategy, its workstreams - including your S80 Partnership Limited - and implementing and monitoring these plans with SMART objectives and clear risk mitigation** – your immediate budgets are currently balanced and sufficiently planned for but you face increasing budget pressures and a growing reliance on reserves. If you do not tackle your budget gap now and there is a full Business Rates Reset and/or Funding Review in 2026-27, there may only be sufficient reserves for two years beyond that potential funding reduction. The ruling political administration is prepared to adopt and expand commercial approaches accompanied by appropriate focus on risk mitigation, which could help address your forthcoming budget gap and generate extra income for the council. You should grasp these opportunities responsibly to ensure they

truly benefit rather than possibly harm the council's finances. This includes developing commercial skills internally or bringing them in, with a clear plan of how to do so.

- 2.4 Become a strategic council. This includes you producing and agreeing internally a clear set of offers and asks, as key propositions to your partners, which outline the scale, scope and impact of each proposal as relevant to the future growth of Bassetlaw, quality of life and opportunities of its residents** – you need to be fully strategic across the whole council to best deliver Vision 2040. Undertaking this work within the council will consolidate your internal thinking and offer particularly sub-regional partners clear, confident, persuasive reasons to work with you more.
- 2.5 Strengthen the council's internal capacity and capability specifically linked to sub-regional collaborations and partnerships** - working at sub-regional level at pace is a relatively new area for you, but you are up to the challenge because the opportunities are vast. Vision 2040 is not yet driving sub-regional partners' buy-in and activity but developing such capacity and capability internally will help you best engage in and influence this arena. The more skilled you are to work in the sub-regional space, the more you can use your influence and leverage with local and sub-regional partners and communities to best co-design and co-develop strategic plans, delivery systems and new delivery models to help deliver Vision 2040.
- 2.6 Establish clear, shared leadership to drive the design, development and delivery of regeneration and growth plans, linked to the £60+ million of national funds** – there are differing views and understanding within the council of what Vision 2040 and STEP are, and your role in delivering them. As a result, partners are not always clear either – including what their roles are. You should, therefore, clarify these initiatives and their related plans, which will help you drive further related plans with your partners. Layering these funds and their related projects into a single plan linked to the vision could also bring wider benefits, efficiencies and value for money.
- 2.7 Clearly set out your milestones for change on a range of day-to-day**

**issues that are equally as important to your communities and stakeholders in the here and now** - Vision 2040 is ambitious and exciting but many local residents and communities are currently struggling with day-to-day issues, such as increased cost-of-living, energy and inflation. You, therefore, need to continue supporting them through these challenging times before they can best engage with Vision 2040.

**2.8 Communicate Vision 2040 clearly, consistently and in a disciplined way to all the audiences you need to, to continue to build on the support you have already generated** – the clearer these communications and engagement mechanisms are to all your internal and external stakeholders, the more they can influence, shape and deliver the vision with you.

**2.9 Update your internal strategy and business planning approach** – as part of becoming a strategic organisation via the recommendations above, you need to compile, review, align and plan the introduction of many imminent internal strategies, plans and policies. Strengthening service planning across the council will also help ensure that your staff have a clear plan of what they need to deliver and how those related strategies and policies will help.

**2.10 Embed a new values programme and refresh people performance management, coupled with a keen focus on turning Vision 2040 into a well understood and owned delivery programme that highlights any capacity gaps that need resolving** – as mentioned above, many of your staff are working to their limit. You, therefore, need to develop a new values programme and make the most of your appraisal system to genuinely help staff deliver your work programmes. Producing and exercising a comprehensive delivery programme that addresses capacity issues with your staff and councillors will give the council clear direction to work towards.

## 3. Summary of the peer challenge approach

### 3.1 The peer team

Corporate peer challenges (CPCs) are delivered by experienced elected member (councillor) and officer peers. The make-up of the peer team reflected the focus of

the CPC and peers were selected on the basis of their relevant expertise. The full team comprised:

- Member Peer – Cllr Peter Mason, Leader of the Council, Ealing Council
- Chief Executive Peer – Duncan Sharkey, Chief Executive, Somerset Council
- Senior Officer Peer – Terry Collier, Deputy Chief Executive, Spelthorne Borough Council
- Senior Officer Peer – Richard Kenny, Executive Director, Economy and Growth, Cambridgeshire & Peterborough Combined Authority
- Local Government Association (LGA) Peer Challenge Manager – Vicki Goddard
- LGA Project Support Officer – Daniella Howell.

### 3.2 Scope and focus

The peer team considered the following five themes that form the core components of all CPCs. 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 and achieving improved outcomes for all its communities?
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 respect, challenge and scrutiny?
4. **Financial planning and management:** Does the council have a clear understanding of its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
5. **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

Additionally, the council asked the peer team to provide feedback on:

1. whether Bassetlaw DC has the right **balance of risk on its approach to income**



## generation

2. how prepared and what the council can learn from other places with significant infrastructure plant/**power stations such as Sizewell and Hinkley.**

### 3.3 The peer challenge process

CPCs 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 its experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and heard, and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent three and a half days onsite at BDC, during which they:

- gathered information and views from 38 meetings, in addition to further research and reading
- spoke to 94 people including a range of council staff, councillors 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 councillors.

## 4. Feedback

### 4.1 Local priorities and outcomes

With regards to the council's high performance areas, partner and community representatives highlighted throughout the peer team's visit the council's notable neighbourhood planning, tenant services, financial inclusion and business support.

All partners the peer team spoke to had high regard for BDC's operational responses with partners to unexpected challenges. These responses were and continue to be based on the council's long established, positive relationships. Most recently, this was seen in the council's leadership of the local response to Wilko entering administration and to flooding caused by Storm Babet in October. Historic responses to the cost-of-living crisis and the Covid-19 pandemic were also evidence of the

council's strong partnership working.

With regards to Vision 2040, BDC's newly adopted ambitious corporate plan in 2023, this is the first document of its type for the council, looking forward for a defined period beyond a single election cycle. The vision outlines six key 'pillars' or headings: identity, skills, business, environment, facilities for all, and a healthy district. Each pillar sets out defined objectives for change with political and stakeholder ambition to achieve them.

The council has consulted on the vision with stakeholders including the public, to give them a real sense of the vision and opportunity to feedback their thoughts.

While BDC invited more than 40 partners to feedback on the vision, it did not manage to invite all local partners to shape Vision 2040 before formalising it. Many partners support it though due to the council's excellent relationships and work with them over many years, meaning BDC instinctively included those partners' perspectives within Vision 2040. Partners do, however, appear to have lower levels of ownership of the vision's objectives than they would have had if they had been involved from the outset. Future partner involvement in Vision 2040 will, therefore, be crucial to its success, and ongoing engagement is something the council should work on.

Wider local stakeholders generally support the scale and positivity of Vision 2040, and recognise how BDC is planning for the benefits and challenges that will arise from the intended, likely significant growth and change within Bassetlaw's built environment.

The leader with his supportive, ambitious and experienced cabinet - through their collective passion, commitment and dynamic leadership since September 2022 – has driven Vision 2040, with significant officer support to formalise and promote it. The council's chief executive is well-respected by a range of partners.

In addition to developing Vision 2040, BDC has achieved game-changing levels of investment over the past 18 months with more than £60 million coming into Bassetlaw to invest in the revival of its town centres in particular. The readiness of the council to apply quickly and effectively for various funding pots is a clear strength. BDC must ensure thought that applying for this funding supports its strategic objectives, which can be fully delivered.

With regards to STEP versus Vision 2040, the peer team found that STEP as a project, due to its size, dominates internal and external discussion and is seen as the overriding feature of Vision 2040, rather than the local economic growth and prosperity that will be derived from it. STEP is a unique enabler as part of Vision 2040 and must be presented as such. Other major investments and work programmes will also contribute to the six pillars but risk being overlooked and will possibly fail if STEP dominates discussion and focus.

The healthy district pillar is such an example. In Bassetlaw, year six school obesity, under 18 conception and adult inactivity rates are higher than the mean average for all East Midlands district councils, as highlighted in [BDC's LG Inform headline report](#). The council, therefore, needs to ensure all pillars and their related programmes significantly contribute to the delivery of Vision 2040. While STEP may accelerate the delivery of the vision, there is always a risk that it may not become a reality given the associated costs, so the council should maintain a broad horizon.

On a related theme, many BDC staff, councillors and stakeholders refer to STEP and Vision 2040 interchangeably when they are, in fact, different. Additionally, the further from the council's sphere of influence stakeholders are - including residents - the more they do not understand STEP and its relationship to Vision 2040. As a result, these more distanced stakeholders feel that the vision is not as relevant to them as it could be, and may consequently engage with, inform and support it less. It is, therefore, key to make the distinction between Vision 2040 and STEP clear to ensure maximum understanding, buy-in and engagement from staff, councillors and all other stakeholders to ensure they understand the full impact and engage in the necessary steps to successfully deliver both agendas.

With regards to getting the basics right, various stakeholders noted that as well as planning and delivering Vision 2040, BDC must continue to develop and provide priority services that residents and other local customers need now, especially in response to the on-going economic impacts of the cost-of-living, energy and inflationary pressures.

Whilst there are areas of successful council work, the peer team heard throughout its visit, as is also reflected in [BDC's LG Inform headline report](#), that key, persistent and sometimes related performance issues are not always effectively tackled. Examples

include housing voids, households in temporary accommodation, households on the housing waiting list, low levels of recycling, high levels of waste per household and the time required to process new housing benefit claims and amendments. The peer team did not see many plans to address these and other issues but such plans developed by BDC would help in various ways. Improvements to these and other services will not only help the most vulnerable but, in time, also make the most of their skills and other social assets, plus generate income such as rents and council tax, which are currently being lost, and not having to support such vulnerable people through more costly interventions.

With regards to use of data, BDC should make more use of its own and partner-shared data, including demographics, to enhance services for all its residents and customers. The peer team noted, for example, how the council's good neighbourhood planning work could help address more local community and individual needs such as sparse rural transport or digital connectivity, the latter often also being an issue for more deprived communities and households. The peer team also noted by way of further illustration that 8.7 per cent of Bassetlaw residents were identified as disabled, and 4.4 per cent of residents did not identify with any national identity associated with the UK in 2021. The peer team did not however hear much about how BDC was involving or responding to the needs of such groups beyond working with the local Hong Kong community. The council could therefore be missing out on opportunities to improve its services for all its residents and customers. The LGA's [research and data resource](#) offers a range of research and analytical services to help the council develop its work around data.

## **4.2 Organisational and place leadership**

With regards to political leadership, as mentioned above, strong political leadership is driving BDC's Vision 2040 which is being further strengthened through the cabinet's own strong performance management framework. This framework is ensuring that each portfolio holder is accountable for performance within their portfolio remit, and that service delivery is improving.

With regards to officer leadership, well-respected and committed officers across the council were identified throughout the peer team's visit as being key to formalising and promoting Vision 2040, and strengthening relationships, particularly through their

quick, responsive and continual written, telephone and face-to-face communications with partners. This communication is, however, lacking with members who feel that responsiveness is diminishing across almost all council departments.

With regards to leadership to secure inward investment, the £60+ million capital secured for Bassetlaw's regeneration and growth through BDC's leverage is game-changing. However, it presents delivery challenges for the council that need to be addressed swiftly to meet ambitious government timelines.

With regards to shift from operational to strategic leadership, there is growing awareness across the council of the strong, emerging sub-national context that is bringing significant regeneration and growth opportunities to Bassetlaw beyond STEP. These opportunities are significant and include the forthcoming EMMCCA which will see the region benefit from £1.14 billion of funding, the East Midlands Investment Zone and Freeport, and the net zero future economy. However, it is also recognised that the capacity and skills required to support these broader conversations are limited, and it is not always the district council's role to lead such conversations. All related partners need to explore these wider, required conversations and other opportunities to maximise these projects' impact.

With both BDC's Vision 2040 and STEP – the latter will have its own multi-billion investment impact - there are opportunities for the council to negotiate and co-lead alternative delivery models with partners within the region such as a possible mayoral combined authority development corporation. Such models would fast-track the delivery programme for all of the associated investment opportunities including supply chains, skills, housing, transport and connectivity. Such a delivery vehicle or similar - created in partnership between BDC, Nottinghamshire County Council, EMMCCA and the UK Government - could triple existing capacity and bring new capabilities to maximise opportunities for the area, its businesses and residents.

With regards to linking Vision 2040 into wider narratives, given its relative immaturity having only formally been adopted in September 2023, Vision 2040 is not yet driving sub-regional partners' buy-in and activity but there are opportunities to do so. To achieve this, BDC must make more use of its leverage to lead place-based decision-making with its sub-regional and local partners, especially to deliver the vision, STEP and make the most of the £60+ million capital investment. This includes BDC being

clear about: what its own and others' roles are or could be, what it wants and why, what to ask of whom and when, and its own solutions. The LGA's [devolution hub](#) includes information on combined authorities and related sub-regional devolution developments which may help the council learn and collaborate with others.

With regards to partnership leadership, BDC needs to continue its excellent collaborative work with its more local partners, particularly the voluntary, faith and community sector. The peer team heard several times that numerous existing staff and volunteers could leave the sector within the next few years, which could have serious, negative impacts on future partnership working and joint delivery if such issues are not addressed. The peer team did not see any evidence of related succession planning at the senior level. BDC should therefore elevate itself to be a genuine enabler of the sector locally and seek different conversations linked to the council's strategic objectives, rather than being seen as a primary source of operational and financial support.

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

With regards to positive cultural traits, BDC clearly has a passionate, engaged and dedicated workforce who want to do their best for their customers. Councillors and officers across the council are well connected with BDC's communities. It was also clear that there is a supportive and respectful culture throughout the council, resulting from its strong, positive political leadership to its frontline services.

In terms of scrutinising and managing performance, BDC's Overview and Scrutiny Committee is making a strong, positive contribution across the council's work though its: proactive, forward-thinking and clear work programme; focused task and finish reviews leading to practical changes; its self-awareness and related take-up of personal training and development – including that available from the LGA; and learning from other councils, especially in relation to its new role in regularly scrutinising the council's finances. It could strengthen its work with cabinet, however, by cabinet speeding up its responses to task and finish group reports and recommendations. These would build on existing positive work and relationships.

#### **Areas for progress**

With regards to definition of roles and responsibilities, the peer team heard examples



of not all councillors understanding the distinction between their roles and officer roles. This sometimes results in unnecessary approaches to officers on operational matters. These include for example councillors asking officers very detailed questions about practical, service level processes that take notable time to answer, or wanting to get involved, influence or amend such processes. The LGA can provide bespoke development support to address this. Recent structural and staffing changes, including external appointments bringing fresh perspectives, are nevertheless already showing positive improvement in service areas, including finance and legal.

With regards to joined-up thinking and working, councillors and officers appear to have differing views and understanding of Vision 2040. This includes differences about the consequential change needed through BDC's priorities, services, structure and spending that councillors are confident and intent on making. The council needs to consolidate and align these views as soon as possible so everyone understands the clear way forward. The peer team suggests a 'root and branch' process to redesign BDC's operating model, structure and plans so officers and councillors best work together to deliver the vision.

With regards to leader/chief executive relations, a stronger shared approach is needed between the two. This is because staff are hearing the leader's political drive to move Vision 2040 and STEP forward but are not always sure what the council's next operational steps are and, therefore, how to respond. A stronger shared approach between the leader and chief executive is essential so all councillors and staff have a clear, shared understanding of how to collectively plan and deliver Vision 2040.

The peer team additionally heard of mismatches between councillor, public and partner aspirations and expectations for change, versus those of officers. This could be a result of such differing views between councillors and officers, the leader and the chief executive, but may also relate to the differing levels of engagement with stakeholders and opportunities to understand Vision 2040 mentioned earlier.

With regards to tension between operational and strategic functions, the peer team made a further observation that BDC is not, at its heart, a strategic organisation, having excelled historically at operational and responsive activities. This needs to

change to deliver Vision 2040 and for the council to genuinely be a key player at a regional level. As part of this, strategic planning is not currently consistent across the organisation. The peer team did not, for example, see much in the way of evidence-based options appraisal, programme management nor capacity for building strong technical business cases. The peer team also heard throughout its visit about a long list of forthcoming internal strategies, plans and policies to be introduced soon - these should be reviewed for strategic fit and prioritised in all departments to achieve the required cultural change to make BDC more strategic in its mindset and practices.

With regards to the council's corporate management framework, there are clear opportunities for BDC to enhance its corporate performance management framework and systems so they are consistent and robust throughout the council and assist service delivery and improvement. Service plans exist throughout the council but they are not consistently comprehensive or robust, so do not always drive change or improvement. They could, for example, incorporate clear: objectives, project and/or action plans, timelines, named officer leads to drive progress, and key performance indicators. They must also be proactively monitored, managed and scrutinised by service managers and councillors respectively to ensure timely progress, including that towards the vision.

The existing corporate performance management framework also provides opportunities to enhance BDC's appraisal process, from its already strong 90 per cent annual appraisal rate. The peer team heard, for example, how some staff receive regular one to one meetings, training and development opportunities, while others just have an annual appraisal meeting. Consistency to robustly assess and support all officers' performance and development needs throughout the year will help ensure performance and accountability are genuinely, continually managed and improved.

With regards to values adoption, BDC has introduced new values as part of Vision 2040. Somewhat understandably, the council has yet to embed and put them into action. A clear opportunity exists to establish and embed a new values programme alongside its appraisal process to help drive further positive change throughout the council.

With regards to responding to auditors and areas of underperformance, external and



internal auditors have concerns about the council's control environment, its ability to demonstrate Value for Money, and its ability to rigorously manage timely improvement and delivery. The peer team heard enough evidence to suggest that the council needs to work harder to avoid growing a culture of complacency when it comes to well-known service and performance issues such as housing voids and recycling. There was also no overall plan across the council to address long-standing capacity issues relating to vacancies, time taken to recruit and long-term sickness, which are further outlined in section 4.5. There were various mentions of BDC expecting its communities to play their part in relation to council services, including recycling and engagement, without identifying any action the council could take to help them to do so, especially during the current cost-of-living crisis that many residents are already struggling with. There was also no obvious, genuine improvement culture to drive any such change.

The Overview and Scrutiny Committee, cabinet and governance function should, therefore, consider how best to and indeed respond to the auditors' concerns as a matter of urgency to rectify these problems. There are also related opportunities to undertake succession planning and develop a clear recording mechanism to secure knowledge and governance arrangements for future colleagues and partners.

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

BDC's corporate finance function has a good overview of the council's finances, and manages them well. In recent years, the council's finance team has suffered from vacancies and a reliance on agency staff. These have been factors in not always being on top of financial controls, although this has started to change through the relatively new Section 151 and Deputy Officers. Consequently, the council's current and next year's latest budget plans appear balanced and sufficiently organised. The council's Section 151 Officer has an open, honest approach towards BDC's finances, and his new Deputy Section 151 Officer and the Finance Portfolio Holder further strengthen the team.

With regards to short-term budget pressures, the peer team noted at the November cabinet meeting that BDC's projected outturn for the revenue budget has moved from an estimated underspend of £273,000 in Quarter 1 of this financial year to a projected £506,000 overspend in Quarter 2. The council must carefully monitor and

address this significant reversal; the finance team must ensure BDC remains in control of its revenue budget and does not start to rely on reserves.

This said, the council as a whole appears to recognise increasing budget pressures, not least through losing Wilko business rates and the need to respond to emergency events such as flooding. It is aware of a growing reliance on reserves emerging to balance budgets. Whilst this is not unique to BDC, any council spending its reserves to balance its budget must recognise its responsibility to correct this and have a very clear plan to get back to financial stability. BDC's £10 million reserves are relatively low for a district council; they are within the lowest quartile thereof. This means if the council does not tackle its budget gap now to ensure a sustainable position to withstand a drop in funding when the Business Rates Reset and/or Fair Funding Review happen potentially in 2026-27, BDC may then only have a further two years of reserves to sustain current levels of service.

With regards to general spend budgeting, BDC is in a relatively strong financial position in the medium term; its analysis at the time of the CPC visit indicated that it is not facing a budget gap in 2024-25 nor in 2025-26.

The council's assumptions that the Business Rates Reset and/or Fair Funding Review will not happen until 2026-27 are reasonable. This is because Government has confirmed that the reset and/or review will not happen before a general election and would need a period of consultation before any changes could be implemented. The peer team noted at the time of its visit though that BDC was still in the relatively early stages of pulling together its detailed budget for 2024-25, appreciating that members of its finance team were helping to administer flood grants.

The council has been following a sound policy of balancing its budget to date without relying on reserves, in particular setting aside New Homes Bonus grant. The relatively new Section 151 Officer sensibly commissioned a financial resilience review earlier this year, which confirmed that BDC has relatively low reserves compared to other councils but has reasonable capital health and relatively low debt gearing; the majority of its debt relates to its Housing Revenue Account.

The council does not rely on New Homes Bonus grant to grant support revenue. BDC's capital health is reasonable and it is part financing capital from the New Homes Bonus grant, which limits its debt refinancing over the next few years.

With regards to financial management processes, the council has been highly successful in bidding for and attracting significant external project funding, over £60 million in total from the Levelling Up Fund, the Long-Term Plan for Towns and the UK Shared Prosperity Fund. With an influx of very significant grant sums, it is even more important that BDC ensures its financial controls are operating effectively. As mentioned earlier in this report, there have been issues in the past with the finance function not promptly addressing audit recommendations, which the current Section 151 Officer is now addressing.

With regards to addressing budget gaps, BDC is aware of its approaching budget gap which is estimated at £3.8 million in 2026-27 after the general election when Government implements any Business Rates Reset and/or Fair Funding Review. There is, however, a political willingness and drive, especially from the leader and his cabinet, to tackle it now, whilst there is time to ensure the benefits are delivered in time. The budget gap of £3.8 million equates to approximately 18 per cent of the council's 2023-24 net budget so is a considerable challenge. There is no single 'silver bullet' to close this gap, and BDC knows it must make tough decisions to resolve it, including those on fees and charges, and what services to prioritise.

BDC should also not overestimate the potential short-term contribution from commercial income as part of its income strategy outlined in section 4.6, or the time transformation takes to make efficiency savings.

With regards to finance workforce planning, the finance team is aware of and addressing its own capacity issues, caused for example by vacancies and the need to recruit agency staff to respond to specific events such as cost-of-living, energy and flood related grants administration. Its solutions include considering apprenticeships and career grades. Apprenticeships could be developed further - across the council – not only to address current skills and capacity gaps but also to help 'grow your own' staff as part of sustainable succession planning. It is seeking to strengthen and embed financial controls across the council's service teams, further to auditors identifying inconsistent and lacking cultural ownership of financial controls at service level. The team is also looking to provide more critical challenge to service budget managers. Governance of spend is as important as spend itself. Service teams must, therefore, embrace these financial controls to monitor and manage their budgets effectively, resolve any emerging issues and seek out further savings and income.

#### 4.5 Capacity for improvement

In terms of positive elements, as mentioned above, BDC already has a passionate, engaged and dedicated workforce. BDC's most recent appointments to key posts relating to the local economy, legal and finance functions, and the council's S80 Partnership Limited as part of its commercial strategy, are also making clear differences to services.

As also mentioned above, there is growing internal awareness and recognition of significant opportunities that the council must make the most of. These notably include Vision 2040, STEP, the already secured £60+ million of external funding, and the potential for considerably more investment, through the EMMCCA and the East Midlands Investment Zone as referenced above.

The peer team heard about the range of work the council is already involved in with local skills hubs, providers, networks, partnerships and providers to develop local skills and supply chains, which is positive.

#### Areas for improvement

With regards to transformation and large delivery readiness, BDC has not yet aligned itself though to Vision 2040 in various ways as mentioned previously. These include not currently being a strategic organisation, having differing views within and outside the council of what the vision is and what needs doing, and therefore needing a 'root and branch' process to redesign BDC's operating model, structures and plans. Additionally, the peer team did not see any substantial transition planning that links how the council currently works to how it will need to work to deliver the new vision. Nor did the peer team see a comprehensive transformation or change plan or management framework, beyond some incremental, reactive responses, to effectively and corporately drive the council's work to deliver Vision 2040.

There is also limited internal capacity to deliver some major priorities, including leveraging STEP opportunities, and various external regeneration and growth funding. Given the size and strategic importance of such projects, there is risk of reputational damage and missed opportunities if BDC does not deliver them. The LGA's new [transformation programme](#) offers the council a range of opportunities to progress its approach and work around transformation.

With regards to workforce planning, including vacancy and sickness management,

the peer team saw aspects of workforce planning being addressed in some service areas, for example through BDC's finance team as mentioned above, but not a comprehensively planned, corporate approach. This includes not seeing a recruitment action plan to address the difficult labour market conditions that are hindering recruitment of certain posts such as planners, finance and legal staff, as well as future posts required to deliver Vision 2040. There are also opportunities to make the most of internal skills audits and possibly the work of the council's growth and economic prosperity teams to identify who could address vacancy gaps. The LGA provides practical support around [workforce planning](#), which BDC may wish to take up.

The most immediate issues that need addressing, as heard by the peer team throughout its visit, are the council's various long-standing vacancies and long-term sickness. This is because these are putting additional pressures on already stretched, remaining staff who are taking on those vacant roles. These pressures include signs of declining physical and mental health, wellbeing and morale.

Many staff are already working to their limit to deliver the council's current work programme. The peer team also heard that consequently, overstretched staff do not believe they have the capacity to deliver Vision 2040. Addressing long-term sickness and vacancies must, therefore, be addressed urgently to avoid further health declines, and potential staff burnout and resignations which would further exacerbate the situation. On the more positive side, addressing these issues would also help boost morale, and enhance mental and physical health, wellbeing and productivity.

The council recognises that current long-term sickness and vacancy processes take too long to resolve these matters. Whilst an imminent revised, long-term sickness policy is to be introduced to help resolve related issues, the peer team saw no comprehensive plan to address the totality of capacity issues.

With regards to siloed working and communications, to further assist capacity, siloed working needs reducing, and internal engagement and cascaded communications need improving, to ensure staff best know how to support each other and work together. The peer team heard for example how officers can be informed of service changes without being involved in the shaping of them. Consequently, because they do not know enough about their immediate and wider colleagues and what they do,

opportunities are being missed to collaborate and make the best use of resources, such as knowing about plans to build new houses in advance to inform revised rent and council tax collection. Breaking down silo working would also help staff better understand who does and could do what in future.

Councillors recognise the scale and scope of these capacity and skills challenges. One particular positive example of addressing these challenges is BDC's positive action to bring the council's externally-managed housing stock and services back in-house. As a result of doing so, the peer team has noted how various related services have been improving through proactive performance management, especially tenant services and repairs.

#### **4.6 Whether BDC has the right balance of risk on its approach to income generation**

The ruling political administration recognises the need for more commercial approaches to generate additional council income to deliver current and future services. These opportunities already exist, for example through the council's developing income generation strategy, and should be grasped as soon as possible to make the most of them, especially in these challenging, uncertain economic times. They need, however, to be grasped in the most responsible way, including developing these skills internally or bringing them in, with a clear plan of how to do so. BDC must also clearly focus on articulating the council's risk appetite, and ensure that risks are understood and appropriately mitigated.

BDC's governance review of its companies has led, as part of the council's refreshed approach to this, to appointing an experienced, driven Managing Director of S80 Partnership Limited who should serve BDC well. In particular, S80 has a solid base around current CCTV activities, which can and therefore should grow as part of its approach. S80 and Bersahill Limited, the council's delivery vehicle to provide additional properties in the district, do need to invest in additional capacity, especially as both companies to date have only achieved a limited amount. The council will need to decide longer term what it wishes to do with the Bersahill vehicle, given the challenging market conditions for house building, which have impeded its delivery, growth and financial performance. Governance, processes and systems capacity need particular strengthening, as part of their reset, to ensure they are fit for purpose



in moving forwards.

STEP – for all the reasons outlined above – provides significant, future opportunities to generate substantial income for the council and district, if the council puts a robust company group structure in place first. BDC's initial move in this direction is timely.

The peer team did not though see a clear articulation of BDC's risk appetite for income generation, that is to say how far it is prepared - or not - to go. The peer team also did not see evidence of a clear, comprehensive, cross-council risk management culture in respect of income generation. There were examples of risk management considerations in reports but such mitigations were summarised in just a couple of sentences, rather than being fully considered and outlined. There are substantial risks involved in income generation, not least overestimating short-term contributions as mentioned above. There is also the current danger of having too high a risk appetite for future income generation before BDC has strengthened its own and its companies' financial controls. It is, therefore, not sufficient to simply know and outline what the risks are. BDC needs to decide and articulate a clear threshold of its appetite for income generation, so relevant action is taken, as and when required, to address and prevent those risks.

#### **4.7 How prepared and what BDC can learn from other places with significant infrastructure plant/power stations**

The leader personally developed and led the local, bottom-up response to the STEP proposals before a decision was made. As a result, his commitment to and engagement with STEP are valued by sub-regional and regional partnerships and are seen by them as positive developments.

More widely, senior leaders, for example from BDC, Nottinghamshire County Council and the local enterprise partnership are fully engaged in the STEP programme's arrangements, and are valued by the programme owners, the UKAEA. It will be key for BDC to particularly develop work with EMMCCA, the UK Government and related government organisations to realise wider benefits within the sub-region, possibly by establishing a delivery vehicle such as a development corporation as outlined above. Strategic capacity needs to be built from within the team, or increased, to achieve this, as similarly noted earlier in this report.

Recent capacity improvement, including the creation of a new internal post to allow the Head of Regeneration to work more on STEP, is supporting initial STEP phases including the preparation of the planning agreements, and learning from other examples and what worked well. BDC must move quickly, however, to make sure the programme's growth does not outpace the council. The proposed review of the organisational structure of the council may help this.

BDC has an excellent understanding of the current planning needs and is thinking ahead around regulatory and housing issues. The council also has a good understanding of national infrastructure planning, nationally significant infrastructure projects and the opportunity to claim back fees, although it recognises there is more to learn.

UKAEA has clear programme ownership including local tactical and strategic boards on which BDC is playing appropriate active roles.

There will be a pressing need for the council, as soon as the STEP programme accelerates, to have developed a comprehensive, detailed resourcing strategy, team and senior resource, to lead on STEP and associated opportunities, such as the East Midlands Investment Zone. BDC will not be able to lead all aspects of the programme, and, as stated above, this will need exploring by all related partners. The council will need to establish and agree a strategic view on where to put its effort and resource, in becoming a strategic organisation more generally as outlined above. All this work will help BDC decide whether and how to strengthen its current and future roles in the STEP programme so that it makes the most of opportunities it wants to take up, and avoids other partners potentially taking those opportunities away.

BDC also needs to clearly ask itself if it can manage its potential role in a future STEP programme within its current resources and practice. If it cannot, the council needs to be clear what it is going to do about it.

Over the life of STEP, resource needs will change. The peer team did not see any BDC proposals to ensure appropriate, identified future resources are available. So if the council has not already started considering these changes, it needs to do so, to ensure all resources and plans are in place, including detailed finances, to deliver STEP seamlessly from beginning to end. However, provided this is undertaken in a timely manner, this should follow from the immediate review proposed above.



The council is already learning from appropriate examples elsewhere, not least from Somerset Council, whose Chief Executive was this peer team's lead, but also other nuclear sites and large infrastructure programmes. The peer team would encourage BDC to look at such international programmes as well. With crucial questions already emerging, in terms what further current and future roles the council wants in the STEP programme and with what resources, BDC should seek further learning from other key, national, infrastructure projects. This will help put the council in a good position to consider, develop and progress its next strategic steps.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the CPC. The CPC process includes a progress review within twelve months of the CPC, which provides space for the council's senior leadership to update peers on its progress against the recommendations from this report.

In the meantime, Mark Edgell, Principal Adviser for the East Midlands, Yorkshire and the Humber, and the North East, is the main contact between BDC and the LGA. Mark is available to discuss any further support the council requires via [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk) or 07747 636910.