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To: The Members of the Cabinet

Date: 28 March 2024

Our Ref:

Your Ref:

Contact: Debbie Campbell

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Dear Councillor

CABINET - THURSDAY 4TH APRIL, 2024

I refer to the agenda for the above meeting and now enclose an additional report, Agenda Item 9 a, which was unavailable when the agenda was published.

Also enclosed are Agenda Items 11 and 13, that were unavailable when the agenda was published.

Agenda No.

Item

- | | | |
|-----|----|---|
| 9. | a) | <u>Peer Review</u> (Pages 243 - 276)
Joint report of the Chief Executive and the Executive Director of Corporate Resources and Customer Services |
| 11. | | Acquisition of Magdalen House, 30 Trinity Road, Bootle - Exempt Appendices (Pages 277 - 278)

Exempt appendices of the Executive Director of Corporate Resources and Customer Services |
| 13. | | Acquisition of Magdalen House, 30 Trinity Road, Bootle (Pages 279 - 284)

Report of the Executive Director of Corporate Resources and Customer Services |

Yours faithfully,

Democratic Services

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Agenda Item 9a

Report to:	Cabinet	Date of Meeting:	4 April 2024
Subject:	Peer Review		
Report of:	Chief Executive and Executive Director of Corporate Services and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Leader and Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	n/a
Exempt / Confidential Report:	No		

Summary:

This report sets out the key findings from the LGA Peer Review undertaken in October 2023 and seeks approval of the action plan that will allow the council respond to the peer team's recommendations subject to comments and observations.

Recommendation(s):

Cabinet is asked to:

- (1) record their thanks to the LGA peer team and welcome the feedback report;
- (2) consider the LGA peer review report and comment/make observations on the feedback received;
- (3) consider the recommendations and subject to the above accept the Recommendations; and
- (4) approve the associated action plan

Reasons for the Recommendation(s):

Peer Reviews are a proven tool for sector-led improvement and the Council has always been open to learning from others and sharing our good practice. The challenge provided external recognition of the things it believes the Council is doing well, highlighted where the Council can learn from other councils in light of best practice elsewhere and has recommended a number of key actions.

Alternative Options Considered and Rejected: (including any Risk Implications)

There are no alternative options

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What will it cost and how will it be financed?

(A) Revenue Costs

There are no revenue costs arising.

(B) Capital Costs

There are no capital costs arising

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):	
There are no direct resource implications arising- any financial implications will be addressed as part of the decision making associated with the implementation of the action plan	
Legal Implications:	
There are no legal implications arising	
Equality Implications:	
There are no equality implications.	
Impact on Children and Young People: Yes	
Recommendation 4 is focused on Children and Young People and reinforces the Council's approach to improving Children's Services. The recommendation notes that progress has been made, but also stresses the importance of ongoing attention to ensure focus and resources from across the council increase the pace of improvement for out number one priority. Other recommendations will also underpin this improvement journey from the focus on children and young people in inclusive growth (Recommendation 5) to the work to review and refine the Council's performance framework to ensure we know ourselves and the quality of services and support (recommendation 8).	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

The implementation of this action plan will support the delivery of the Council's core purpose and each of the objectives listed below.

Protect the most vulnerable:

Facilitate confident and resilient communities:
Commission, broker and provide core services:
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7621/24) and the Chief Legal and Democratic Officer (LD.5721/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

n/a

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Phil Porter
Email Address:	Phil.Porter@sefton.gov.uk

Appendices:

Appendix 1- Peer Review Report
 Appendix 2- Agreed Implementation Plan

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

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- 1.1 The Council commissioned the Local Government Association (LGA) to conduct a peer review as an independent check on how it is doing in terms of planning for and delivering against our ambitious plans for the future.
- 1.2 The peer review took place in October 2023 and the peer review team was made up of experienced elected member and officer peers.
- 1.3 The peer team considered the following five core themes:
 - **Local priorities and outcomes:** Are the Council's priorities clear and informed by the local context? Is the Council delivering effectively on its priorities and achieving improved outcomes for all its communities?
 - **Organisational and place leadership:** Does the Council provide effective local leadership? Are there good relationships with partner organisations and local communities?
 - **Governance and culture:** Are there clear and robust governance arrangements? Is there a culture of respect, challenge, and scrutiny?
 - **Financial planning and management:** Does the Council have a grip on its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
 - **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the Council have the capacity to improve?
- 1.4 The peer team prepared for the peer challenge by reviewing a self-assessment plus a range of documents and information to ensure they were familiar with the Council and the challenges it is facing.
- 1.5 The peer team then spent 4 days onsite at Sefton, during which they:
 - Completed one-to-one phone calls with Council colleagues to support understanding before arriving 'onsite'.
 - Collectively spent 280 hours 'onsite' to determine and refine the reviews findings;
 - Completed approximately 50 interviews, focus groups, and meetings to gather information across the Council; and
 - Spoke with approximately 110 Councillors, staff, and partners.
- 1.6 The overarching conclusion from the LGA peer team following the review is that there are clear and exciting opportunities for the borough over the coming years, including the regeneration of Bootle Strand, Crosby Town Centre, and the development of the Southport Marine Lake Events Centre, however the Council, like all councils, is facing significant and pressing challenges.

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

- 1.7 The peer review team summarised the Council's strengths as;

- Both Members and Officers of the Council have been unwaveringly clear that their organisational priority is the necessary improvement of Children's Services;
- The Peer Team consistently heard praise for the Council through this process from partner organisations. This included recognition for their creative work with Voluntary, Community and Faith Sector organisations, the development of strategic relationships with statutory partners, and their contribution sub-regionally was appreciated by neighbouring authorities, and the Combined Authority;
- Throughout this process the Peer Team were struck by the positivity, energy, and commitment of Sefton Council staff;
- The organisational culture of Sefton was often described to the Peer Team as 'friendly', 'nice', and 'warm'. This is an asset which the Council should nurture and protect, whilst also recognising the importance of ensuring there is appropriate challenge as set out in Recommendation 9;
- The internal governance of the Council is supported by respectful and trusting relationships across Members and Officers, this was exemplified by the committed and passionate leadership of the Cabinet;
- The Council benefits from internal processes and systems which support their internal governance, including clear financial reporting, pro-active engagement with external audit, and detailed risk registers at a corporate, directorate, and service level; and
- Sefton Council is proud of their borough and heritage, and is aware of the potential that exists for regeneration and growth.

1.8 The peer team also suggested some areas for the Council to consider and these are detailed in the full feedback report at Annex A, together with the council's response at Appendix B.

1.9 Cabinet is asked to record their thanks the LGA peer team and welcome the feedback received.

2. The Findings of the Peer Review

2.1 Cabinet is asked to consider the LGA peer review report at Annex A and comment/make observations on the feedback received.

2.2 The following are the peer team's key recommendations to the Council:

- **Recommendation One: *Review and align corporate capacity to support council priorities:*** The Council should consider the skills, capacity and capabilities that are needed to support issues of transformation, organisational development, and communication.
- **Recommendation Two: *Use the process of developing the Council's Medium Term Financial Plan to develop a widespread understanding and ownership of the Council's financial challenges:*** This will need to include accurate forecasts on costs and demand, and the development of clear saving plans.
- **Recommendation Three: *Increase Financial Reserves:*** The Council is aware that their reserve levels are amongst the lowest in the Country, and

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there is a need to increase them over the cycle of their Medium-Term Financial Plan to support resilience against potential unexpected pressures.

- **Recommendation Four: *Maintain the recent progress which has been made regarding improvements to Children's Services:*** The Council is clear in their priority to improve Children's Services following the inadequate OFSTED rating in 2022. This will require ongoing attention, focus, and resources to support increased pace for the coming years
- **Recommendation Five: *Ensure that regeneration opportunities are supporting inclusive growth:*** There are several exciting regeneration programmes taking place across the borough, however there is scope to strengthen its narrative and benefit from Sefton's strategic location as part of the wider Liverpool city region to maximise wider social and economic benefits that will deliver inclusive growth.
- **Recommendation Six: *Develop the wider assurance framework within the Council:*** The Council has key elements of internal assurance and controls in place, including internal audits, pro-active engagement with external audit, and good financial reporting. There is a need for the organisation to consider how these elements combine and are strengthened to support internal assurance, rigor, risk management and challenge within the organisation.
- **Recommendation Seven: *Consider the use of meetings and their impact on capacity:*** The Council articulated their ambition for "fewer meetings and more action" through the CPC process. The Team would encourage the Council to review which meetings can be stood down, including a review of internal governance to support alignment and reduce duplication, to consider the use of communication channels to avoid meetings being used to share information, and ensure that wider meetings are maximising the contribution of Members and senior officers.
- **Recommendation Eight: *Review and refine the Council's performance management framework:*** This year, the Council has introduced quarterly performance monitoring reports to Cabinet. There is potential for this work to go further, and the Team would encourage the Council to ensure that the outcomes reported best reflect the Council vision and priorities, the incorporation of direction of travel and benchmarking to better understand relative performance, and the use of targets to articulate ambition and focus attention on service improvement.
- **Recommendation Nine: *Develop a culture of high challenge, high support behaviours across the organisation:*** Recognising the energy and enthusiasm that exists across Sefton's workforce, an increased focus on performance will accountability, whilst also helping staff with prioritisation of tasks.
- **Recommendation Ten: *Build on the findings of the upcoming staff survey and consider the benefit of a resident survey:*** Consider feedback from a Council wide Staff Survey, and a potential Resident Survey to support prioritisation within the Council, wider issues of improvement, and feedback on services and changes that have been made.

2.3 Cabinet is asked to consider the recommendations and subject to any observations and comments made accept the recommendations.

2.4 Cabinet is asked to subsequently asked to approve the associated action plan at Appendix B.

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Sefton Metropolitan Borough Council

Corporate Peer Challenge Report

21 -24 November 2023

Feedback report



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1. Executive summary:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Key recommendations:

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

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

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

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

3. Summary of the peer challenge approach

3.1 Background and Overview:

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

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

3.2 The Peer Challenge Team:

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

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

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

3.3 The Peer Challenge Methodology:

Peer challenges are improvement focused; and it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans, proposals, or specific services. Instead, the Peer Team used their experience and knowledge of local government to reflect on the information presented to them by people they met, documents they reviewed, and the culture which they saw.

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

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

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

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

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

3.4 The Peer Challenge Scope:

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

- **Local priorities and outcomes:** Are the Council’s priorities clear and informed by the local context? Is the Council delivering effectively on its priorities and achieving improved outcomes for all its communities?
- **Organisational and place leadership:** Does the Council provide effective local leadership? Are there good relationships with partner organisations and local communities?
- **Governance and culture:** Are there clear and robust governance arrangements? Is there a culture of respect, challenge, and scrutiny?
- **Financial planning and management:** Does the Council have a grip on its current financial position? Does the council have a strategy and a clear plan to address its financial challenges?
- **Capacity for improvement:** Is the organisation able to support delivery of local priorities? Does the Council have the capacity to improve?

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

4. Feedback:

4.1 Understanding the local place and priority setting:

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

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

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

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

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

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

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

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

4.2 Organisational and place leadership:

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

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

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

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

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

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

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

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

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

4.3 Organisational Governance and Culture:

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

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

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

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

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

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

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

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

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

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

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

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

4.4 Financial planning and management:

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

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

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

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

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

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

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

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

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

4.5 Capacity for Improvement:

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

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

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

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

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

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

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

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

5. Next steps

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

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

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

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

APPENDIX B

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Recommendation	What will Good Look Like?	Proposed Action(s)	Owner(s)
Review and align corporate capacity to support council priorities	Council will clearly understand what resources are required to deliver the Corporate Plan, Service Plans and the Councils Transformation programme that is the delivery vehicle for the Medium Term Financial Plan. In doing so it will ensure that appropriate corporate capacity is aligned to this- this will be reviewed on a 6 monthly basis	Develop a clear and costed resource plan for delivery of corporate Plan and transformation programme-June 2024 Fund the resource plan from within councils existing budget and recruit suitably qualified staff to meet this October 2024	Cabinet Executive Leadership Team
Use the process of developing the Council's Medium Term Financial Plan to develop a widespread understanding and ownership of the Council's financial challenges	All Members and Officers within the council understand the financial environment within which the council is operating. This will enable delivery of the corporate plan, service plans and the councils transformation programme and a clear understanding of how resource allocation will be undertaken. This will apply to both general fund and High Needs Block	The councils medium terms financial plan will be updated to inform budget setting for 25/26 to 27/28- this will include detail provided by services on all aspects of demand growth and cost inflation and will inform the overall budget gap which will be used to determine the savings required from the councils via its transformation programme and budget proposals In addition a communication plan will be developed as part of this full review that can be	Cabinet Chief Executive and Executive Director of Corporate Resources and Customer Services (s151 officer)

Recommendation	What will Good Look Like?	Proposed Action(s)	Owner(s)
		used to communicate all aspects within the organisation- July 2024	
Increase Financial Reserves	<p>General Fund reserves will be benchmarked against nearest neighbours/ comparator authorities on an annual basis to inform budget setting.</p> <p>As part of MTFP process the need for specific earmarked reserves to offset current and future one off events will also be identified</p> <p>If any reserves are used during the year they will be replenished in the following financial year as per 2024/25 budget reports</p>	<p>Increase general fund reserves from £15m to £30m as part of 24/25 budget process- complete.</p> <p>Undertake benchmarking exercise alongside full review of risk profile of the council -July 2024</p>	<p>Cabinet</p> <p>Executive Director of Corporate Resources and Customer Services (s151 officer)</p>
Maintain the recent progress which has been made regarding improvements to Children's Services	<p>We see continued positive findings in each of the remaining OFSTED monitoring visits.</p> <p>Positive feedback from Children, young people and their families.</p> <p>Achieving the recommendations set out in the Commissioners report.</p> <p>More and more children living and thriving in family settings.</p> <p>Our children receiving the best corporate offer with access to suitable housing, appropriate health support and pathways for education and training</p>	<p>Development of Service development team-June 2024</p> <p>Continued development of in-service practice improvement team-throughout 24/25</p> <p>Further development of Quality assurance / performance framework - September 2024</p> <p>Embedding strategic priorities for the partnership-throughout</p>	<p>Cabinet</p> <p>Director of Childrens Services</p>

Recommendation	What will Good Look Like?	Proposed Action(s)	Owner(s)
<p>Ensure that regeneration opportunities are supporting inclusive growth</p>	<p>All programmes and projects focus on social and environmental outcomes, as well as economic and financial</p> <p>Partners on regeneration projects support delivery of inclusive growth objectives and outcomes</p> <p>Good practice, lessons learned, outputs and outcomes are reported and visible internally and externally</p>	<p>2024/25</p> <p>Establish structures and methodology to ensure consistency of approach across all regeneration (and other) projects-ongoing</p> <p>Inclusive growth objectives and outcomes incorporated into procurement and other external engagement / contracting opportunities-ongoing</p> <p>Frequent, transparent and robust reporting on inclusive growth to be developed and implemented and reported to Cabinet and / or Overview and Scrutiny Committee-ongoing</p> <p>Continue to ensure that the opportunities for children and young people to be involved in the design, delivery and implementation of regeneration opportunities are taken and reported on</p>	<p>Cabinet</p> <p>Executive Director of Place</p>

Recommendation	What will Good Look Like?	Proposed Action(s)	Owner(s)
		through Child Friendly Sefton, which will in turn ensure regeneration maximises the benefit for children and young people.-ongoing	
Develop the wider assurance framework within the Council	The assurance framework will provide evidence based assurances on the management of risks that could impact the delivery of the corporate plan, service plans and transformation programme	The council will be able to demonstrate via quarterly performance reports to cabinet and cabinet members and via its internal system of management and control that these risks are being managed effectively- from July 2024.	Cabinet Assistant Director of Strategic Support
Consider the use of meetings and their impact on capacity	All Members and Officers recognise the importance of meetings but also take individual and collective responsibility for the time they take and their impact. As priorities and demands change, so must the way we deliver and we need to ensure internal and partnership meetings are always purposeful and add value.	Ongoing. All meetings to have clear terms of reference and work plans reviewed every year for the financial year in line with service plans and corporate priorities.	Cabinet Chief Executive All meeting chairs
Review and refine the Council's performance management framework	All Members and Officers understand the Council's approach and their role in performance management, and that approach focuses on both proving what has happened already (celebrating success) and improving what happens next (learning lessons and focusing on continuous improvement). This	All corporate KPIs reviewed for 24/25 and performance against these will be supported by benchmarking and comparison vs targets where appropriate -July	Cabinet Chief Executive and Assistant Director of Strategic Support

Recommendation	What will Good Look Like?	Proposed Action(s)	Owner(s)
	will be supported by the use of benchmarking and annual or cyclical targets	2024 This approach will flow from service planning to reporting to cabinet on a quarterly basis.	
Develop a culture of high challenge, high support behaviours across the organisation	A council where Members and Officers feel valued, appreciated, and empowered to deliver for their service and community, and we constantly challenge ourselves to go beyond our comfort zone, focusing on continuous improvement and innovation despite the wider systemic pressures in local government. Where we recognise the critical importance of strong relationships, trust and proactive and open communication to ensure we can have the difficult conversations that make continuous improvement possible.	This will be able to demonstrate its ambition and priorities for the borough via the corporate plan, service plans and transformation programme and this will be reported on via regular and informed performance reporting and the wider assurance framework.- from July 2024 There will be a clear communication and engagement plan within the councils to ensure that all staff are engaged at each level of the organisation and understand the ambition and objectives of the organisation and the standards that are required to meet these objectives- from June 2024	Cabinet Chief Executive, Executive and Strategic Leadership Teams

Recommendation	What will Good Look Like?	Proposed Action(s)	Owner(s)
Build on the findings of the recent staff survey and consider the benefit of a resident survey	A council which actively seeks out feedback on performance from staff, residents and partners and uses this information to celebrate successes and to drive continuous improvement.	<p>Staff Survey completed – April 2024. Action plan agreed June 2024</p> <p>Residents Survey and action plan completed – April 2025</p>	Cabinet Chief Executive

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 13

Report to:	Cabinet Council	Date of Meeting:	4 April 2024 18 April 2024
Subject:	Acquisition of Magdalen House, 30 Trinity Road, Bootle		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	Derby
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No, but the information appearing in the Appendix of the report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

To report on the principal terms and conditions agreed for the acquisition of the freehold interest in Magdalen House, Bootle.

Recommendations:

Cabinet is recommended to recommend to Council :

- (1) That approval be granted to acquire the freehold interest in Magdalen House on the basis of the price detailed within Appendix 1 of this report;
- (2) That approval be granted for Corporate Legal Services to complete the necessary legal documentation.
- (3) That approval be granted to seek PWLB funding to meet the capital costs required; and
- (4) to approve a supplementary capital estimate detailed within Appendix 1 of this report for inclusion within the Capital Programme to be funded by borrowing. Repayments will be met from the annual rental saving.

Council is recommended to:

- (1) Approve the acquisition of the freehold interest in Magdalen House on the basis of the price detailed within Appendix 1 of this report.

Agenda Item 13

- (2) Authorise Corporate Legal Service to complete the necessary legal documentation.
- (3) Approve seeking PWLB funding to meet the capital costs required.
- (4) Approve a supplementary capital estimate detailed within Appendix 1 of this report for inclusion within the Capital Programme to be funded by borrowing. Repayments will be met from the annual rental saving.

Reasons for the Recommendation(s):

1. An acquisition would allow the Council to occupy the Property rent free for the Useful Economic Life (UEL) of the Property and remove the requirement to pay dilapidations (based upon continued office uses).
2. The Council would gain control and flexibility to react to its changing occupational needs and requirements, and with regards to the future of Bootle town centre (and beyond) – this includes future opportunities around decanting into Bootle Town Hall, as associated capital costs to accommodate would no longer be required.
3. The capital expenditure in acquiring the property is less than the remaining rental and anticipated dilapidation liabilities.
4. The capital costs for acquisition will be sourced from PWLB.

Alternative Options Considered and Rejected: (including any Risk Implications)

Do nothing and remain as tenant.

The risks: The 'do nothing' approach was considered to be financially disadvantageous and also limits the Council in being able to affect change to meet its future occupational needs.

What will it cost and how will it be financed?

(A) Revenue Costs

The proposed acquisition of Magdalen House is to be funded entirely through PWLB borrowing resulting in a cash positive position. The revenue implications for borrowing will be funded from the current rental budget.

(B) Capital Costs

The capital costs for acquisition will be sourced from PWLB.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

The acquisition of Magdalen House will be resourced internally from officers in Legal and Property Services teams.

<p>Legal Implications:</p> <p>The Chief Legal and Democratic Officer will advise on the necessary legal documentation for the freehold acquisition.</p>								
<p>Equality Implications:</p> <p>There are no equality implications.</p>								
<p>Impact on Children and Young People:</p> <p>None</p>								
<p>Climate Emergency Implications: To be considered.</p> <p>The recommendations within this report will</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Have a positive impact</td> <td style="padding: 2px; text-align: center;">Yes</td> </tr> <tr> <td style="padding: 2px;">Have a neutral impact</td> <td style="padding: 2px; text-align: center;">No</td> </tr> <tr> <td style="padding: 2px;">Have a negative impact</td> <td style="padding: 2px; text-align: center;">No</td> </tr> <tr> <td style="padding: 2px;">The Author has undertaken the Climate Emergency training for report authors</td> <td style="padding: 2px; text-align: center;">Yes</td> </tr> </table> <p>It is envisaged that post acquisition a strategy will be determined to explore the various options available to the Council, via grant funding, to improve the energy efficiency of Magdalen House to improve its carbon footprint.</p> <p>In this regard the topic of improving the building's energy efficiency has been discussed with the Energy and Environmental Management Team.</p>	Have a positive impact	Yes	Have a neutral impact	No	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	Yes							
Have a neutral impact	No							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable.
Facilitate confident and resilient communities: Not applicable.
Commission, broker and provide core services: Not applicable.
Place – leadership and influencer: Not applicable.
Drivers of change and reform: Not applicable.
Facilitate sustainable economic prosperity: Achievable. See Reasons for the Recommendation(s) above.
Greater income for social investment: Achievable. See Reasons for the Recommendation(s) above.
Cleaner Greener: Achievable upon developing specific strategy for the building.

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What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7613/24) and the Chief Legal and Democratic Officer (LD 5713/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable.

Implementation Date for the Decision

Immediately following the Council meeting.

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Appendices:

The following exempt appendix is attached to this report:

Appendix 1 – Financial Details

Background Papers:

N/A

1. Introduction

An opportunity has arisen for Sefton MBC to acquire the freehold interest in Magdalen House, which would end the c.8.5 years remaining on the current lease and provide the Council with full control over its future occupational requirements, whilst also delivering a saving on rent, future dilapidation liabilities and potential longer term call on capital requirements.

2. Analysis and Findings

Work has been undertaken to develop a comprehensive analysis of projected liabilities associated with Magdalen House, together with recommendations on the ideal course of action balanced with risks and rewards. **Appendix 1 of this report gives further details and calculations in relation to this.**

The conclusions from the analysis and the main reasons for the proposed acquisition of the freehold interest in Magdalen House are as follows:-

1. An acquisition would allow the Council to occupy the Property rent free for the Useful Economic Life (UEL) of the Property and remove the requirement to pay dilapidations (based upon continued office uses).

2. The Council would gain control and flexibility to react to its changing occupational needs and requirements – this includes future opportunities around decanting into Bootle Town Hall, as associated capital costs to accommodate would no longer be required. To build the equivalent space within other Council owned operational property would far exceed the acquisition cost of Magdalen House.
3. Furthermore, the Council would have control over a significant asset close to Bootle town centre, strengthening its ability to influence long-term vision and future uses of the site. Ownership of the asset by the Council provides control over the quality of office accommodation, whether for the Council or for future tenants and occupiers, or over potential future uses of the site if long-term strategy for the area proposes alternative uses for consideration. Ownership by a third party limits the Council's ability to control outcomes in terms of long-term uses, whereas the acquisition provides time for the development and implementation of the strategy for the long-term.
4. If it is decided that the Council does not wish to remain in occupation of Magdalen House, it can be repurposed (for other uses), refurbished and relet as offices and / or redeveloped. Of major importance, these options will provide future income and/or capital receipts to be achieved on Magdalen House. These options can be delivered by the Council or in a joint venture initiative if so required.
5. In owning the freehold of Magdalen House, the Council has the opportunity at any given time to switch back to a tenancy by way of undertaking a Sale & Leaseback-(S&L), which would yield a much high capital receipt than the proposed purchase price. An S&L is a very common mechanism whereby an owner of a property switches to a lease and receives a capital receipt in return for paying rent. Importantly this allows the owner of the property to largely influence the terms of the lease in their favour (e.g. limit liabilities on future dilapidation claims – via a schedule of condition, and limit future increases in rent at rent review).
6. Net Present Value calculations in the Investment Appraisal demonstrate a saving to the Council by acquiring Magdalen House.
7. It would de-risk the cliff edge date of 2032 for moving to Bootle Town Hall.
8. Based on property advice, the residual value of the asset in 2032 is expected to be closely aligned to the proposed purchase price, and to a large extent underpins the price to be paid. Further investment into the Bootle area will only positively impact upon the future residual value of Magdalen House and its location. Should the Council wish to lease the building beyond 2032, to a third party, then based upon comparable market rental evidence, we would expect the property to generate an income way in excess of the current passing rent.
9. It is proposed that the loan for the purchase of the asset will be 40 years. In the event that the asset is disposed of the advice received is that the council would not have a long term liability it cannot finance based on the following:
 - Borrowing only when required – loans are not usually linked to specific assets and the Council borrows when required. Therefore, in reality the Council would be unlikely to take out a loan specifically for this acquisition given the relatively low value but consider it as part of the Council's wider cash flow.

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- Repayment – The Council reviews its loans each year and considers whether it is worth repaying these early and any borrowing linked to this acquisition would be considered as part of the whole outstanding debt rather than on an individual basis. Essentially, if the asset is sold in 2032/33, this doesn't automatically mean the loan would be repaid.
- Using capital receipts to reduce the overall Capital Financing Requirement (CFR) – The Local Authorities (Capital Finance and Accounting) (England) regulations 2003 [Regulation 23] – and as clarified by consultation guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC) in December 2023 – states that an authority can use capital receipts to reduce the overall CFR. This results in a corresponding reduction in the Minimum Revenue Provision which is the amount the Council must set aside each year as a provision for the repayment of debt. In the event that the asset is sold in 2032/33 in return for a capital receipt – this would be used to reduce the CFR and this would effectively free up some or all of the budget used for this element of the MRP charge. This budget could then be used to fund the cost of renting or purchasing alternative premises instead. This would depend on the value of the receipt received and would need to be approved in line with the Council's MRP Policy Statement.
- Inflation – Inflation would erode the value of any annual annuity loan repayment to the PWLB over the medium to long term. Therefore, the estimated annual repayment of £0.3m would reduce in real terms value over the term of the loan and therefore the call on the budget would reduce in real terms.

10. The capital expenditure in acquiring the property is less than the remaining rental and anticipated dilapidation liabilities.

On the basis of these conclusions and findings, the Council's Property Services team engaged in negotiations with the vendor's agent, which resulted in the Council making a formal offer for the freehold interest, which was subsequently accepted. The offer was made conditional on contract, Cabinet and full Council approval being received.