

Report to: Cabinet

Date of meeting: 15 January 2024

Report author: Chief Executive

Portfolio holder: Elected Mayor

Report title: **Watford BC LGA Corporate Peer Challenge, 14-17 November 2023, final report and associated action plan**

Nature of report: Discussion and approval

## 1.0 **Executive Summary**

- 1.1 In 2023, Watford BC invited the Local Government Association (LGA) to lead a Corporate Peer Challenge (CPC) at Watford. A CPC provides a robust, thorough and independent external assessment of a local authority's progress and performance and, through its findings, makes recommendations for further improvement.
- 1.2 Watford BC hosted the LGA CPC team from 14-17 November 2023. The team comprised a LGA lead and an experienced councillor and senior officers from other councils. Together, they reviewed a range of information the council provided in advance of the onsite visit, including a position statement, which outlined the council's achievements, areas of progress and good practice as well as where we identified future areas of focus. During their time at Watford, the CPC team undertook 55 internal and external meetings with over 150 people, which helped build their understanding of the council and inform their conclusions and recommendations.
- 1.3 The LGA's assessment and recommendations are set out in the LGA Corporate Peer Challenge Feedback Report (Appendix A) and are summarised in the report (4.10 - 4.17).
- 1.4 The council has found the CPC an extremely positive and valuable experience. It has provided the opportunity to reflect on the council's achievements, the significant progress made against the delivery of our Council Plan ambitions and, importantly, agree where we need to focus our drive and resources to continue as a high performing council that delivers for Watford and our community. This context is noted in the final CPC report:  
*WBC is delivering hugely ambitious plans for Watford, with an unwavering focus on the outcomes for its residents. To enable this to be delivered, WBC has forged strong external relationships and is an organisation underpinned by a culture of pride, ambition, and empowerment.*

1.5 Following receiving the report, councils are expected to develop an action plan, based on the recommendations and to publish both the action plan and the final report on their website (see Appendix B for Watford BC's action plan).

1.6 Councils must also arrange a follow up visit by the CPC team (the LGA lead, lead member and Chief Executive member) to discuss the council's progress since the initial review (currently scheduled for autumn 2024).

## 2.0 **Recommendations**

Cabinet is recommended to:

2.1 Note Watford BC's LGA Corporate Peer Challenge final report (Appendix A) and that this is now published on the council's website.

2.2 Note the CPC team's findings and the seven recommendations.

2.3 Consider and approve Watford BC's Corporate Peer Challenge action plan that addresses the team's recommendations (Appendix B) and note that this will also be published on the council's website.

2.5 Note the CPC team (lead member, Chief Executive and LGA lead) will undertake a return visit to Watford to assess progress. This is currently planned for autumn 2024.

## 3.0 **Report pathway**

3.1 Final review body: Not applicable

Contact Officer:

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4.5 All CPCs consider questions from five core component themes:

1. **Local priorities and outcomes:** Are 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? Does the current framework allow for the most effective decisions to be made? 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?

In addition, councils can ask the team to review other key areas. For Watford two additional areas of focus were identified for the team to consider:

6. **Place brand and narrative:** How can we build on the momentum we have created through the development of our place brand to support our ambitions for Watford, using it as a platform to move our place communications and marketing to the next level, reflecting those areas who are leading the way and learning from their experiences.
7. **Strategic communications strategy:** Do we have clarity on our key messages, objectives and audiences and do we understand and evaluate the impact of our communications across our channels and areas of activity.

4.6 The council's preparations for the Challenge included:

- Liaising with the LGA lead to establish the framework and governance for the Challenge, including the members of the CPC team
- Developing and agreeing the onsite timetable across the four days of the team's visit, involving 55 meetings with over 150 people including members, officers, partners and stakeholders as well as a meeting of Overview and Scrutiny Committee
- Developing the council's position statement, a key background document for the peer team, providing an honest and clear brief and steer on the local context and what the peer team should focus on, setting out the key issues, challenges and pertinent issues
- Compiling an evidence base of a wide range of information, documents and data to support the position statement

4.7 In addition, the peer team was able to review an information pack based on the council's performance data and financial information. Given the current context of local authority finances, which have been severely hit by rising costs, high inflation and increased demand for services, the team recognised the importance to the council of undertaking a thorough review of the council's finances and budget setting approach.

4.8 **Corporate Peer Challenge findings**

The LGA's report and findings can be read in full at Appendix A. In summary, the peer team found the council's journey since the last peer challenge has been transformational. There are many positive attributes and assets both within the council and borough, including: hugely ambitious plans for Watford, an unwavering focus on delivery and outcomes for residents, a good record of financial stewardship and clear understanding of our financial position, strong external relationships and an organisational culture underpinned by pride, ambition, and empowerment.

4.9 From their observations, the team identified seven recommendations for the council, with a number focusing on ensuring we maintain our strengthened emphasis on the council's financial sustainability and robust budget management.

4.10 **Recommendation 1 - Finance**

The council has identified significant revenue savings for 2024-25, however there still remains a revenue gap for 2024-25 and further savings are required in 2025-26. The council should continue at pace to agree all required 2024-25 savings before the end of 2023-24 and during 2024-25, identify the savings opportunities for 2025-26. Implementation of 2025-26 savings during 2024-25 would further reduce revenue pressures and provide a contingency against unforeseen budget issues.

The council has a relatively large capital programme that is subject to inherent risks associated with external factors such as interest rate changes, construction cost inflation, demand for residential and commercial premises and the cost of living. The council must continue to monitor these external factors, manage these risks and implement appropriate mitigating actions in order to ensure that the council is not overly exposed to new financial pressures.

Portfolio holders are briefed on the council's financial position and the quarterly budget monitoring report is provided to the Finance Scrutiny Committee. In order to improve transparency and provide a more robust management process, the quarterly report should also be provided to cabinet and timeliness of reporting should be improved (the 2023-24 Q1 report was presented to committee in September 2023).

#### **4.11 Recommendation 2**

A significant slippage of capital expenditure during 2023-24 indicates that the risks referred to above have already impacted upon project delivery. In order to manage expectations both externally and internally and ensure that objectives remain realistic and time-bound, a review of project milestones and risk mitigation actions should be undertaken. The results of this review should be published both internally and externally by the council.

#### **4.12 Recommendation 3**

The council should review its approach to communications to ensure that all members of the community are able to access council services. For example, the provision of a simple approach to gaining access to benefits including housing benefit. This review should include engagement with community groups in order to determine the efficacy of the communications plans.

#### **4.13 Recommendation 4**

In view of the fact that the shared services arrangements with Three Rivers District Council have been in place for many years, these arrangements should be reviewed to ensure that they meet the current objectives and business needs of the council whilst providing value for money and giving a springboard for future growth of shared service arrangements.

#### **4.14 Recommendation 5**

In view of the fact that the council is operating in a dynamic and fast-changing environment, strategic risks should be reported more frequently than the current annual report to the Audit Committee and a separate report should be provided to cabinet on a regular basis.

#### **4.15 Recommendation 6**

Significant work has already been undertaken in the development of the strong "Watford Actually" brand. Whilst being cognisant of the current economic challenges, work should now continue to identify and work with external brand ambassadors and roll out the branding strategy.

#### **4.16 Recommendation 7**

The council is to be commended on its plans to deliver an ambitious and far-reaching programme of activities. It will be essential that the council's plans for organisational development ensure that the skills of the workforce and internal capacity continue to be aligned to these growing aims and ambitions.

#### **4.17 Response and Action Plan**

The peers' recommendations are strongly reflective of the challenges set out within the position statement and the conversations and meetings they had whilst on site. Additionally, they complement and add value to the council's own plans for an enhanced

focus on the council’s financial sustainability and robust budget management. In view of this, it is recommended that Cabinet note and accept the LGA’s findings and seven recommendations outlined in the final report (Appendix A) and above.

4.18 An action plan that addresses the CPC recommendations has been developed (Appendix B). The plan will be published and outlines how the council will implement the learning and respond to the opportunities identified for improvement. A lead has been identified for each of the recommendations and delivery will be monitored through Corporate Management Board, Portfolio Holders and Cabinet.

**5.0 Implications**

**5.1 Financial**

5.1.1 The Chief Finance Officer and Section 151 Officer comments that the CPC has identified recommendations for the council’s financial management, which aligns with the council’s plans and approach to achieving a balanced budget and a sustainable financial future. The recommendations are included in the council’s CPC action plan. The action plan can be met within existing budgets and staff capacity.

**5.2 Legal issues (Monitoring Officer)**

5.2.1 The CPC has made recommendations relating to the council’s governance, which are included in the action plan.

**5.3 Risks**

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested control measure</b>	<b>Response (treat, tolerate, terminate, transfer)</b>	<b>Risk rating (combination of severity and likelihood)</b>
Failure to develop a robust and SMART action plan	Lost opportunity to learn and improve as a council	Ensure the action plan fully addresses the CPC recommendations	Treat	3 x 1 = 3
Action plan not monitored to ensure actions are delivered	Lost opportunity to learn and improve as a council	Ensure the action plan is included in the council’s monitoring	Treat	3 x 1 = 3

**5.4 People implications**

5.4.1 The CPC has made recommendations relating to the importance of ensuring the skills of the council staff and our internal capacity continue to be aligned to the council’s

ambitions and far-reaching programme of activities. This is included in the action plan and reflected in the council's emerging People Strategy.

Appendix A            LGA Corporate Peer Challenge: Watford Borough Council - 14 – 17  
November 2023 Feedback report

Appendix B            Watford BC LGA Corporate Peer Challenge 2023 action plan (Draft)