

LGA Corporate Peer Challenge

Epsom and Ewell Borough Council

5-7 March 2024

Feedback report





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1. Introduction

Corporate peer challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending 3 days at Epsom and Ewell Borough Council to provide robust, strategic, and credible challenge and support.

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

CPC assists councils to meet their best value duty with the UK Government expecting all local authorities to have a CPC at least every five years.

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

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

2. Executive Summary

Epsom and Ewell is the smallest district council in Surrey situated north of the county and bordering south west London. With a population of 80,000, the borough includes three town centres, Epsom, Ewell and Stoneleigh and is home to the Epsom Downs, which hosts the famous Epsom Derby as well as Epsom Playhouse Theatre, the University of Creative Arts and NESCOL, a further education college.

Epsom and Ewell has been a Resident Association (RA) led authority since 1937 and is made up of 35 councillors who make decisions through a committee system. The authority is unique in that it is one of two councils in England where Resident Associations have overall control and is the longest serving political administration in local government. The council employs 280 staff across a range of services who are

predominately based at Epsom Town Hall.

The council has recently experienced a period of instability. A new chief executive was appointed last year, who has embarked refreshing her senior team, including the appointment of a new section 151 finance officer, a new monitoring officer, a new head of human resources and a new head of information technology. Of the two directors who report to the chief executive, one is currently an interim. The other was only recently appointed into a permanent role. In addition, the chief executive was unavoidably absent for last year. The result of all of this has meant a long period where there has been a reduction in senior leadership capacity.

Members and officers are committed to serving the communities of Epsom and Ewell. Staff at the council are proud of the services they deliver and are highly regarded by partners and residents. Members are clearly engaged and well connected to the communities they represent.

As a small organisation which has continued to operate with limited resources, the council delivers a wide range of services within the borough. Based on the [LGA's LGINFORM report](#) the council performs averagely compared to its CIPFA (Chartered Institute of Public Finance and Accountancy) neighbours

Areas that the council performs well in are waste and recycling, recycling a higher percentage of its waste with 99.88% of bins collected on time. The peer team also recognised a significant and sustained improvement in the council's planning service and its development management outcomes after Epsom and Ewell was placed under special measures by DLUHC (Department for Levelling Up, Housing and Communities) following a drop in performance during Covid.

The council has four times the average number of placements in temporary accommodation compared to its CIPFA neighbours which is putting significant pressure on finances. The council is relatively stable financially, however the increase in temporary accommodation placements, means the authority now faces an overspend which it is using reserves to address. In light of this there is a need to look at the longer term vision to tackle the ongoing housing challenge

The council has delivered a similar budget for a number of years and not had a 'burning platform' to make difficult decisions in the past. However, the peer team heard that the council now needs 'a different mindset' and needs to be 'ready to take

difficult decisions to address the budget deficit.’

Epsom and Ewell developed a ‘Future 40’ community plan before Covid, following a borough wide consultation setting out the councils and residents’ aspiration for what the borough would look like in 2040. For the medium term, the council has a four year plan which an annual plan of work is created from. The four year plan expires in 2024 creating an opportunity for the council to urgently develop a shared vision and set of priorities which all staff, members and partners understand and are signed up to.

A shared vision and priorities that are jointly owned and led across the managerial and political leadership, should drive the council’s financial strategy. In order to meet this, both the learning and development of members and officers and their capacity to lead and deliver change in the organisation, needs to be addressed.

Decision making is also an area for improvement. There is an immediate need to make it clear and transparent how decisions are made at Epsom and Ewell and ensure this is communicated to all staff and members. This is an essential building block to the council successfully delivering any change or transformation programme. The town hall move is perceived as the main transformation programme by a number of staff that the peer team spoke to. Greater communication around the decision making process in relation to the move is required.

The town hall move is seen as an opportunity to present members with a range of options around the use of council land and any capital receipts. Senior management also see the move as an opportunity to trigger organisational change so the council can operate in a working environment adapted for delivering services in the 21st century. However this has not been widely communicated to all staff and members, although it is understood a communications plan has been developed which the peer team would encourage the council to implement as soon as possible. Concerns have been voiced that the council is not adequately prepared to embark on this major project which is due to take place in 2025. The peer team heard there was a lot of nervousness around the town hall move, both in the meetings they had with groups and with individuals, particularly in relation to timescales. Officers described themselves as ‘twitchy’ about the success of the move

Community partners and neighbouring boroughs spoke well of the council, however

there is more that the authority can do to maximise partnership working to help build capacity to deliver. This is both with community partners as well as looking at shared opportunities with neighbouring boroughs. The council is keen to seek income generation opportunities and be more commercial. However, a shared agreement between members and officers needs to be understood about what this actually means and the organisation's appetite for risk.

The Audit and Scrutiny Committee is generally perceived as good. The peer team heard that members provide fair challenge and understand their role. However, there are concerns about audit and scrutiny being diluted by being combined under one committee. CIPFA recommend that audit should stand-alone as a committee as both audit and scrutiny have specific roles, therefore it is important they are separated. The peer team would recommend the council explore options to decouple the audit and scrutiny functions with scrutiny subsumed into policy committees.

The peer team encourages the council to use the findings and recommendations in this report as an opportunity to develop a robust action plan as a base line for what the council needs to achieve in order to improve. The peer team looks forward to returning in ten months' time to review what progress has been made.

3. Recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

- 3.1 **Shared Vision:** Create a shared vision for Epsom and Ewell, be clear what your priorities are and deliver these over a five year period
- 3.2 **Capacity:** Create capacity for strategic political and managerial leadership
- 3.3 **Financial position:** Longer-term financial position must be urgently addressed and relate to the council's vision and corporate priorities, once these have been agreed
- 3.4 **Governance:** Governance needs to be reviewed to empower the political leadership of the authority, considering the uniqueness of Epsom & Ewell
- 3.5 **Decision Making:** Streamline and strengthen the council's decision-making process, ensuring that consensus is built in a timely manner

- 3.6 **Risk:** Before embarking on a commercialisation agenda, the council needs a shared understanding of the organisation's risk appetite
- 3.7 **Transformation:** A properly resourced Corporate Transformation Programme is needed
- 3.8 **Training:** Training for members and officers is needed to improve understanding of roles and responsibilities and increase skills and capacity
- 3.9 **Partnerships:** Maximise partnership working to help build capacity to deliver, and promote Epsom and Ewell's interests on the wider stage
- 3.10 **Housing:** Take a more strategic approach to tackling the housing challenge, work proactively with partners and address all steps on the housing ladder
- 3.11 **Audit and scrutiny:** Options to decouple the audit and scrutiny function should be explored with scrutiny subsumed into policy committees.

4. Summary of the peer challenge approach

4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Lead Officer Peer: **Kathy O'Leary**, Chief Executive at Stroud District Council
- Lead Member Peer: **Peter Fleming**, LGA Peer and Former Leader of Sevenoaks District Council
- Officer Peer: (Governance): **Tracy Manning**, Deputy Chief Executive and Monitoring Officer at Fylde Council
- Officer Peer: (Housing): **Jen Taylor**, Director of Communities and Housing, Malvern Hills and Wychavon District Councils
- Shadow Officer Peer: **Cerith Thomas** Improvement Officer at the Welsh Local Government Association (WLGA)
- Peer Challenge Manager: **Sophie Poole**, LGA Senior Advisor for London and the South East

4.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - **Does the council have a grip on its current financial position?** Does the council have a strategy and a plan to address its financial challenges?
5. **Capacity for improvement** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve?

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

In addition to these themes, the council asked the peer team to provide feedback on the council's approach to risk and housing. Risk has been addressed under the Governance and Culture and Financial planning and Management sections.

4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at Epsom and Ewell Borough Council and what the peer team should focus on. It also included a comprehensive LGA Finance briefing (prepared using public reports) and an LG Inform report outlining key performance benchmarking information for the council.

The peer team then spent 3 days onsite at Epsom and Ewell Borough Council, during which they:

- Gathered evidence, information, and views from more than 36 meetings, in addition to further research and reading.
- Spoke to more than 100 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

5. Feedback

5.1 Local priorities and outcomes

Performance

Overall, Epsom and Ewell performs averagely across the majority of its performance measures, compared to councils who are its [CIPFA nearest neighbours](#) that share similar traits. The council's headline performance report can be found on the [LGA's LGinform website](#).

Areas where Epsom and Ewell perform well are council tax and business rates collection, with one of the highest percentages of council tax and business rates collected compared to its CIPFA neighbours with just over 1% uncollected.

The peer team also recognised a significant and sustained improvement in the council's planning service and its development management outcomes after Epsom

and Ewell was placed under special measures by DLUHC following a drop in performance during Covid.

Epsom and Ewell also performs well in waste and recycling, recycling a higher percentage of its waste compared to its CIPFA neighbours and collecting 99.88% of bins on time.

The council has also won a number of Green Flag and Silver Guild Awards for its parks and open spaces including Nonsuch Park and Epsom Downs.

An area where Epsom and Ewell is an outlier is housing. The number of households on the waiting list is average compared to its CIPFA neighbours, and yet the number of households living in temporary accommodation is four times the mean average creating a significant overspend, while the number of affordable homes built in the borough is half the mean average. The peer team heard the challenges around creating new housing due to limited land supply. Epsom and Ewell occupies 13 square miles of land, 42 per cent of which is protected green belt, making it the most densely populated borough in Surrey. The council owns limited financially viable assets and does not own any housing stock so heavily relies on housing associations and private sector leasing to provide accommodation in the borough. The council is planning to move its current town hall location to a smaller council owned office building in Epsom town centre. This is seen as an opportunity to present members with a range of options around the use of council land and any capital receipts to address its housing issues.

The council spends significantly more compared to its CIPFA neighbours on adult services, public health and transport services, most of which would normally be delivered by the county council including a meals on wheels service, community alarms, a Community and Wellbeing Hub and a Transport from Home service, the cost of which is covered through county council funding and income generation.

The council's cultural services spend is nearly three times the mean average in part due to the council owning and maintaining the Epsom Playhouse Theatre and Bourne Hall. Both are subsidised and generate income. The council has recently introduced new performance management software called Ideagen which makes linkages clearer between the council's overall strategy, corporate plan, departmental plans and individual workplans.

Performance information is peer reviewed and checked with the heads of service as well as going to Budget Policy Chair meetings prior to going to the Audit and Scrutiny committee. However, it can be some considerable time after the quarter end before audit and scrutiny members see the data, meaning it is often significantly out of date, leading to less meaningful scrutiny and oversight.

Officers who work in the performance management team were described positively as ‘dogged’ in collecting data. Embedding a performance management culture across the council which is collectively understood and owned by all staff and members to continuously drive service improvement, is the next step but the council is moving in the right direction.

Local Priorities and Outcomes

It was clear to the peer team that there is currently no shared understanding of the council’s vision and priorities across the organisation, partners and communities.

The council has a long term strategy called ‘Future 40’, a four year corporate plan which comes to an end in 2024 and an annual plan that captures the agreed work for the year. However, staff, members and partners that the peer team spoke to either did not reference these documents or recognise the relevance of them to the work they did or the communities they represent.

Some members described that having a vision for the borough was ‘the job of Surrey County Council’ and that Epsom and Ewell’s role is ‘keeping the lights on.’

‘Future 40’, a community wide consultation which took place in 2018 and resulted in a long term vision for the borough, was described as ‘Epsom’s best kept secret’ and was ‘thin air and waste paper’ with councillors elected after 2023 ‘not being aware of its existence’. Some partners could name check ‘Future 40’ but said ‘since Covid there has been no obvious vision’. Some put this down to Future 40 being developed and driven by the previous managerial leadership who left the organisation before it was embedded while others felt it was ‘too strategic for people to get their heads around’.

Officers who made reference to the annual plan described the yearly rewrite as frustrating, with projects not realistically prioritised or delivered, meaning there is a lack of clarity for both officers and members around what the key priorities are. The

end to end process to develop the annual plan for each service also does not regularly check back with the officers responsible for delivering them. The process starts with a draft of the annual service plan being written centrally. Heads of service are invited to add their suggestions which are submitted to the senior leadership team before councillors are asked 'what they want in it' which is sense checked by officers before going back to committee chairs and the senior leadership team and eventually to the Strategy and Resources committee. This means that by the time heads of service see the final version of their annual plan they don't recognise a number of actions and have raised concerns that several are undeliverable. It is also not clear how this annual plan process links to the four year plan from 2020-2024. The refreshed four year plan to be developed from 2024 presents an opportunity for the council to review the current planning process and to be more outcome focused, with officers describing some of the current outcomes as not strategic. One example given of a current action was 'getting a report approved by committee.'

In the absence of a vision and priorities that are understood and owned by staff, members and the communities they serve, the council has become reactive as a consequence, with limited opportunity for horizon scanning. Staff, members and partners need to immediately decide how they are going to collectively address the key challenges facing the Epsom and Ewell community over the next four years and move away from the ad hoc approach that has currently been adopted.

A shared vision and priorities that is jointly owned and led across the managerial and political leadership, and which is understood by the staff, partners and residents, should drive the council's financial strategy and capacity to deliver. In the absence of the political and managerial leadership having a collective, open and transparent conversation around key issues which impact on the council's finances such as housing, different parts of the organisation hold conflicting views which is having a detrimental impact. For example, while there is a collective recognition there is a need to solve the housing crisis, the solution to the problem differs in the organisation with some seeing building affordable housing as the answer, while others believe the council should increase the amount of temporary accommodation available within the borough. In the meantime, the rapidly increasing demand for housing continues to increase with limited accommodation options available, meaning the council has had no choice but to increase spend on temporary accommodation, putting significant

financial pressure on the authority.

Where strategic priorities were mentioned to the peer team, this was by the services that delivered them. Housing officers for example described how parts of the organisation such as property and finance understood housing was a priority for the council. However services responsible for developing planning policy were only slowly beginning to engage in the challenge, even though it has a direct impact on housing deliverability. Cultural Services partners told the peer team that arts and culture in the borough had not been a priority 10 years ago, whereas now 'it's working well'.

Being a Residents Association (RA) led authority, the peer team could clearly see that members were 'ward focused'. Councillors are not registered with a political party or influenced by national 'party' politics. There is no borough-wide manifesto on which Resident Association candidates stand for election, meaning residents' views on a ward level influence council decisions. This leads to a distinct lack of strategic thinking and no ownership across all the members to provide a shared vision and priorities which clearly articulate the needs of the borough as a whole. Residents do not immediately recognise what the significant and pressing issues facing the area are, such as the housing pressure on the council's finances. This was evidenced when the peer team met with a group of local residents who when asked what the biggest issue is facing Epsom and Ewell, initially described local ward issues relating to community safety. While they recognised wider borough issues such as housing were important priorities too, it was not immediately obvious. While it is good to see locally focussed members, it is absolutely critical that all members take ownership of the wider vision and priorities and use their local connections to clearly articulate and communicate the pressures facing the borough to residents. This is a role for all members not just a few, this is even more important when the political 'leadership' of the authority doesn't, under the current system of governance, have the powers that would normally be invested in the executive function.

In terms of equality, diversity and inclusion (EDI), the council has an EDI framework however it was not clear to the peer team how this has been embedded and how it relates to staff, members or the communities the council serves. It is important that the council is inclusive and listens to the whole community, and proactively engages with the silent majority particularly residents in marginalised groups not just those

who are the most vocal.

5.2 Organisational and place leadership

It was clear to the peer team that staff and members are passionate and committed to the communities they serve.

The peer team heard that the chair of the Resident Association group has brought welcome energy and leadership within Surrey and nationally at the District Councils' Network (DCN) and the LGA to promote the interests of Epsom and Ewell. It is understood that some members question the value in this. However, it is important the chair continues to champion for the borough, so she is able to influence and lobby on the council's behalf around issues which impact on Epsom and Ewell residents, such as housing. The ability of the chair to do this relies on senior members' willingness to deputise in the political leadership space in her absence. The peer team acknowledged that the chair of the Resident Association group does not have the resources to 'lead' the authority in the way you would usually expect in a council due to the council's unique governance model.

The peer team also heard from staff and partners that they welcomed the chief executive's approachable style of leadership. Staff particularly value the chief executive's communicative and open-door approach and value her new initiative 'Coffee with Jackie' to connect with them.

The chair of the Resident Association group and chief executive work well together and have an open and trusted relationship. They are both committed to the council and the communities they serve.

However, prior to the current chair of the Resident Association group and chief executive there has been a lack of strategic leadership capacity over time, both politically and managerially, which has inhibited the council's ability to be proactive and look at the bigger picture. This view was shared across many people the peer team spoke to with the council being described as having no clear direction with 'nobody painting the vision for change' meaning the 'Epsom and Ewell mindset is siloed' with no holistic approach and decisions being made on an 'ad hoc basis.'

A reorganisation completed in 2021 led to the council losing staff resource and as a

result the council has become reactive, with no clear prioritisation and everything being seen as important with staff describing how they ‘drop whatever they are doing as soon as something comes up’: One officer described it as ‘the biggest fires being put out first whilst smaller ones burn elsewhere.’

A contributing factor is the need for a better shared understanding of the separate but complementary roles and responsibilities of members and officers, as it is clear that members and officers have different perceptions about who is leading and running the authority. Officers are perceived by members as being ‘highly operationally focused, slowing down delivery,’ leading to some members becoming too involved in operational matters which directors of the organisation are expected to oversee and consequently everyone is ‘pulled down into the detail’. Officers perceive the organisation as being member led saying that that they are expected to ‘drop the day job to respond to members’ pet projects and queries.’ A high performing council has a shared vision and a ‘one council’ approach where members and officers understand their distinctive but complementary roles in achieving the council priorities and collaboratively lead the council together.

Partners that the peer team spoke to were positive about working with the council and are keen to work even closer with the authority. The voluntary sector were complimentary about the current chief executive and those officers who they have direct contact with. There was a sense that the council was more open than before, and they appreciated the time that had been taken to meet and engage with the voluntary groups. Despite this increased engagement, partners said the council doesn’t ask for their help and felt there was more that could be achieved through partnership working. They would like to explore more opportunities to find joint solutions to the pressing issues facing communities particularly around the cost of living and housing. Partners gave the example of Bourne Hall as an asset where the council could draw in their expertise to help maximise its potential.

To achieve greater partnership working however, partners need to understand what the council’s vision and priorities are, which was not immediately clear to the groups that the peer team spoke to. The council needs to build a shared narrative of the place and develop its vision and priorities around this. Partners felt that Epsom and Ewell is geographically well-positioned due to its proximity to London with ‘good transport links and a good environment’ making it ‘a positive experience.’ Epsom and

Ewell is seen as having a strong heritage and cultural offer which the council has begun to harness at a local, regional and national level. However, it was felt that more needs to be done to ensure a place shaping agenda is more widely owned across the council so that people are proud of Epsom and Ewell as a place to live, to work, to learn and to visit, in turn helping to encourage more investment to the area.

Neighbouring authorities felt the council had enormous potential with NESOCOT, the University of the Creative Arts, the Epsom Downs and the Derby helping to put the borough on the map but wasn't currently making enough of those assets and 'not punching above its weight.'

To underpin this, the council needs to build on having a stronger narrative both externally and internally which articulates Epsom and Ewell's 'story' setting out a shared vision which is collectively owned by staff, members and partners and clearly shows how stakeholders are working collaboratively together to address the challenges the community faces and which celebrates key successes along the way.

5.3 Governance and culture

Governance capacity at the council has been limited until recently. The council appointed a knowledgeable monitoring officer 18 months ago who has been the sole legal advisor for the council. A new deputy has been appointed who joins at the end of April increasing legal and governance capacity.

The council's constitution has been reviewed and updated most notably around the scheme of delegation. However, there is frustration from some members around the length of time it has taken to agree this, with some members regarding it as being 'still nowhere near where it needs to be.' It is also worth noting that as Epsom and Ewell's constitution is bespoke and does not follow the usual model, it is more time-consuming and complex to keep updated compared to other authorities.

Further refinements to the constitution are still required which the monitoring officer is aware of. The new MO is seen as making a good start but needs support to deliver this. The appointment of the new deputy will increase the governance capacity required to complete this piece of work and provide much needed input into other governance and legal issues.

There is a good working relationship between the council's statutory officers who meet monthly to address governance risks and issues. The peer team were also encouraged to hear that both the monitoring officer and section 151 finance officer are now part of the strategic leadership team. This is a positive step and should continue.

There is a need to improve the member development programme as a matter of urgency with the current offer perceived as piecemeal and 'lacking'. Member induction was described by members as 'weak, dire and not engaging'. The council recognises there is a current lack of consistency and there is a need for a methodical and sustained approach to member development.

Member development that is currently taken up is provided through the Local Government Association leadership offer, which primarily provides support for lead members in a leadership role. Opportunities taken up in 2023/24 include chair of audit and scrutiny training, as well as risk management and finance training for the chair of the Resident Association group. Successful member development programmes should be broad ranging and as a minimum include finance, audit and scrutiny to ensure members fully understand the full extent of their governance role. Members should be involved in the development of any programme and there should be opportunities for all members to improve their knowledge, skills and expertise as councillors whether they are in a leadership role or a ward councillor.

There is universal frustration and confusion around the lack of transparency through the decision-making process which the peer team heard throughout the week. Some members described a 'culture of secrecy' due to the overuse of pink papers and 'too many decisions being made under part 2 as a media management strategy'. Staff also reported frustration around the time it takes for decisions to be made, with a lack of clarity around which items for decision should go to the senior leadership team and which should go to committee chairs. There is an immediate need to make it clear and transparent how decisions are made in a committee system at the council and ensure this is communicated to all staff and members to avoid further frustration and confusion. For instance, it is important to demonstrate each stage of how the council builds consensus through its decision-making process, by first considering whether the final decision will be made at committee or council, then clearly mapping out each step to develop the final report. This might start with the committee chairs, then to the

senior leadership team before moving through to wider members for consultation, so the content of the final report for decision is understood by everyone by the time it gets to committee or council. It is particularly important that the council's decision making process is communicated to staff who will be impacted by decisions made such as middle managers and front line staff.

Relationships between officers and members were mostly perceived as good. Members spoke highly of the services they come regularly into contact with such as housing, countryside and democratic services. The peer team did hear a small number of low level incidents with regards to member and officer behaviour. It is important that there is a culture of openness and transparency, and that officers and members understand the right channels to report and record any incidents to ensure good standards of behaviour are encouraged and maintained.

Under the core CIPFA principle of 'behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law' in the Annual Governance Statement, a number of key mechanisms for maintaining good standards are flagged as 'areas for improvement'. This should be addressed as a matter of urgency.

The council acknowledges that in addressing the culture of the organisation, there is a need to develop shared values and behaviours for staff and members that everyone signs up to.

There was positive feedback from internal and external audit with a welcome maturity from officers in welcoming audits on areas needing improvement. A good example of this is the Risk Management Strategy which received a poor audit in 2021 and resulted in a redefined strategy and framework which was developed with internal audit support. This audit is currently being revisited and the signs are looking positive in terms of an improved assurance rating with auditors noting 'E&E are on a journey in a positive direction'.

However, while the council is perceived as very engaged in the internal audit process, including development of the annual plan and management actions, the ability to undertake audits, or deliver improvements, is hampered by a lack of officer capacity in some areas and therefore it is important for the council to consider building some of this back in. When setting implementation dates within audit action

plans it is important that officers set realistic dates given the capacity challenges, and that members understand the capacity challenges to deliver.

The Audit and Scrutiny Committee is generally perceived as good with auditors saying that members provide fair challenge and understand their role. However there are concerns about audit and scrutiny being diluted by being combined under one committee. CIPFA recommend that audit should be stand-alone as a committee as both audit and scrutiny have specific roles and therefore it is important that the council gives early consideration in separating the audit and scrutiny functions with scrutiny subsumed into policy committees.

In terms of staff culture there is a strong staff consultative group however it needs a higher profile in the organisation so that staff have a clear and visible voice where they feel truly represented and fully engaged. The staff consultative group is there to act as a conduit between staff and management. However, the peer team were told about several decisions which have recently by passed the group with human resources directly engaging with staff. The group recently raised examples around staff security following an increase in aggressive behaviour from members of the public but felt there was inertia about addressing these issues. There is an opportunity for the council to build on its engagement with staff through a strengthened staff consultative group.

5.4 Financial planning and management

Epsom and Ewell understands its current financial position and demonstrates this through its Medium Term Financial Strategy (MTFS). The latest forecast at the time the peer team were on site, shows there is an annual shortfall which increases from £1.09m in 2024/5 to £2.46m in 2027/8. This is due in large part to increased demand for temporary accommodation which is well in excess of what the council originally budgeted for, despite also receiving a homelessness prevention grant. While the council achieved most of its income budgets there are adverse variances due to under achievement of income in car parking and place development (planning and advisory services). The council has a strategy to address this challenge, however it was not clear to the peer team how effective this will be without clarity on the council's vision and corporate priorities. There is a plan to achieve and maintain

sustainable and resilient finances however there is a lack of awareness from members and some officers that this relies on the use of 'one off expenditure' reserves in the MTFs which cannot continue indefinitely.

Looking beyond the MTFs, bridging the financial gap in the longer term appears to rely upon the success of the town hall move which the council is aware is a risk and will be a significant challenge. Officers and members have differing views around the scale of the challenge. Officers perceive the town hall move as an opportunity to release capital; however it is not clear if members share a similar view and appreciate the full scale of the challenge. The full cost of the move and determining what happens to the existing town hall and the financial implications of this, needs to be better understood by everyone in the organisation, not just those in the finance team. There is a need to urgently understand what the longer-term implications for the borough are and to urgently build this into the council's financial planning. The council should consider what a 'Plan B' would look like in case the town hall move is delayed or it becomes undeliverable.

The finance team were reported as having a good level of competence by internal and external audit. The recently appointed section 151 officer has a clear understanding of the financial position and the size of the challenge and has a good working relationship with the chief executive and chair of the Resident Association group. There is a robust process for reviewing and setting the budget. However, it is important that in balancing the budget, this does not overly dominate the council's long-term vision setting, and the council looks at innovative solutions to address its challenges. The council has delivered a similar budget for a number of years and has not had a burning platform to make difficult decisions in the past. However, the peer team heard that the council now needs 'a different mindset and be ready to take difficult decisions to address the budget deficit.' There were concerns raised about whether the political leadership, particularly committee chairs can make the difficult decisions required with examples given where members have been provided with evidence of non-statutory services not providing the level of return or benefits expected but will not make the decision to stop or reduce the service.

The council is exploring options for income generation, but this needs to be aligned with agreed priorities. It is not clear what invest to save opportunities the council is looking at, which could provide a financial reward at the end. The peer team were

told that the council's goal is to be more commercial, but the current risk appetite does not seem to support that ambition. A lack of shared understanding around corporate risk appetite across the organisation is inhibiting the council from making bold and innovative choices to tackle the challenges it faces. Senior managers in the organisation are concerned it is not universally understood that there needs to be a corporate ambition to be more commercial, and that processes and the current culture at the council doesn't enable commercialism. The peer team were told that 'Epsom and Ewell is at the fear point of the change curve' and is paralysed in moving forward. Councils across the UK are reviewing the assets they own to look at possible ways of raising income. It is understood that the council is developing an asset management strategy. However as one officer observed: 'we have the choice whether to sell our family silver but if we keep it, we need to polish it.'

5.5 Capacity for improvement

Staff understand their role and are passionate about the services they work for but are held back in their ability to deliver due to competing demands for their limited capacity and the urgency for officers to deliver a range of projects in a short space of time. There is an opportunity for the council to look at planning in the longer term so that timelines are spread out and capacity is managed and aligned to the priorities of the organisation. Members need to be realistic around delivery timeframes and understand the capacity and time pressures on officers.

The peer team found that the staff they met at all levels are competent and committed to delivering good services for the communities of Epsom and Ewell. The organisation is run on a lot of good will and the peer team heard how during Covid, teams across the organisation pulled together to either deliver new essential services required at the time as well as keep services running. A corporate reorganisation followed soon after which had a negative impact on staff morale. Trust in the officer leadership is starting to return with the new chief executive in post. However, staff are fatigued and want clear direction.

To build back trust there is a need for regular and structured staff and member communication at all levels, to help information flow up, down and across the organisation to create a culture of openness and transparency. There are bi-monthly

staff briefings by the chief executive and directors. However, the council heard from a number of different sources, that information is not always widely shared, with the town hall move being given as an example. Staff know it is happening but have no understanding around the project plan which is causing anxiety due to the perceived capacity that will be required to move offices alongside their day jobs. The peer team heard there was a lot of nervousness around the town hall move, both in the meetings they had with groups and with individuals, particularly in relation to timescales. It is important that the council regularly engages with staff about the town hall move even when there is nothing new to report, to alleviate officer anxiety. It is important that the council moves away from seeing communication as broadcasting information and instead perceive communication is an opportunity to engage, have a conversation and actively listen. Open communication is important for staff morale which impacts on the council's ability to retain employees in a competitive market for many professions.

The council is delivering a range of transformation projects across the organisation. However the town hall move is perceived as the only transformational project taking place at the council and is seen as 'an end in itself, rather than the vision being articulated first.' Staff told the peer team that they do not feel that the council is good at change management, and do not learn the lessons of projects delivered in the past, such as the previous restructure. There is an opportunity for the council to consolidate all of its transformational activity into one strategy which is shared with staff and members, so there is a broader understanding of the range of projects being delivered across the authority. This will help to create a culture of continuous improvement. It also provides an opportunity for senior managers to collectively ensure transformational activity taking place across the council is co-ordinated, duplication is minimised, capacity pressures are quickly identified, and that progress and impact is regularly tracked and evaluated

Project management was raised as a concern with bigger projects seen as 'incoherent and piecemeal.' Given the significance of the town hall project to the council's finances and transformation, there is a need for the project plan to be widely communicated to increase pace of delivery and avoid staff and member frustration. Building capacity in teams to deliver projects will be essential in doing this. Where the necessary skills and expertise do not exist, the council should bring this in on a short-

term basis. Again, the town hall was mentioned several times as the biggest project the council has embarked on, with some officers describing themselves as ‘twitchy’ about the success of the move, while others are broadly positive about the impact the move will have on the organisational culture. A clear and robust project plan needs to be developed to ensure the council is clear what key organisational outcomes it wants to achieve from the town hall move, with clear workstreams developed with staff so that everyone understands their part in its successful delivery.

There is currently an experienced interim head of human resources in place, seconded from Surrey County Council, with a permanent head starting soon. It is clear the reduction in human resources capacity has had a long-term impact and it is important that a workforce strategy for the future needs of the council is put in place. This is particularly important to ensure the smooth transition of staff to the new town hall, how the move will impact on the way they work and what skills they will need.

The council is a small organisation with low resilience, which means that any sickness and leave considerably reduces service capacity. The peer team were told that some teams consist of one or two people, therefore if a member of staff goes on holiday or is on sick leave, capacity reduces to 50 and in some cases 100 per cent. There is a concern that this is not understood by members and there is a perception that officers are slow to deliver.

While limited capacity is a factor, it is important that the council focuses its valuable resource on the agreed priorities of the council and builds in more organisational resilience, removing as many potential single points of failure as possible. This can be achieved by better cross service working, as well as partnership working with neighbouring boroughs and local partners.

The benefits presented by being a small organisation were also evident. The peer team observed a collegiate approach to deliver services and mutual support was given to and by colleagues. However much of this is done in an unorganised manner leading to wasted energy. Service managers saw value in having a more structured managers forum to share information and develop solutions together. Before Covid, a ‘managers huddle’ existed which was seen as a valuable tool to support organisational development, but this has fallen by the wayside.

Information technology capacity has been significantly reduced due to staffing

challenges. A new head of information technology has recently been appointed and is due to start soon. The information technology team has been gradually rolling out new infrastructure across the organisation, but a lack of investment over a period of time has meant that greater resource is now needed to bring Epsom and Ewell up to date digitally and stay ahead of the curve. As part of this, there is a need to invest in updating the digital and technical skills of the organisation and a structured programme to roll this out should be developed as part of the council's transformation programme.

There is an ambition to bolster learning and development across the council. This will need to include a full programme of activity underpinned by a workforce strategy that identifies what skills the organisation needs for the future, as well as embedding the basics, such as ensuring managers have regular annual appraisals and one to ones with their staff to identify learning and development opportunities. There is also no obvious succession planning and no clear leadership training so that senior officers are up skilled to operate at a more strategic level.

In terms of building more capacity, there are limited 'how to' training sessions for staff when new systems and processes are rolled out which creates inefficiencies and inconsistency in process with staff finding work arounds. When new initiatives are rolled out it is important that training sessions are built into project plans to avoid this in future. Managers that the peer team spoke to said they would value training across a range of subject areas including finance.

5.6 Housing

Housing officers understand the scale of the challenge and are facing it with resilience, energy and creativity. The peer team were impressed by the Housing Team and also heard lots of positive feedback from a range of people, particularly from partners. The team understand the scale of the national crisis in preventing homelessness and demand for temporary accommodation, but it needs to be recognised that there is only so much one team can do.

The peer team heard good examples of other departments 'owning' the problem as a corporate priority, for example in property, but there needs to be further strengthened engagement across planning policy for example. This has begun to develop but will be vital to realising the council's ambition to reduce reliance on expensive temporary

accommodation.

The delivery of housing, including affordable housing through the council's new Local Plan is critical to solving the issue in the longer term. Residents that the peer team spoke to did acknowledge that housing is the biggest challenge that the borough is facing, but it needs to be understood that the town hall site is not the panacea. There is concern that some parts of the council see the town hall move will solve the housing problem. There is a need to consider carefully if this is about a capital receipt from the site and then using this to create housing, including affordable housing elsewhere in the borough.

The council is considering all solutions to address the housing problem and has honest conversations with residents about alternative options, such as choosing to move permanently out of borough. Some residents are reluctant to go to temporary accommodation if they have to leave Epsom, even if it is a short distance outside the borough and it improves their housing situation.

In the short term, officers are spotting and exploiting opportunities but do not have the capacity to grow them, for instance the Private Sector Leasing scheme appears to be delivering results but requires additional capacity to expand safely and effectively. Officers also reported that there are lots of ideas and suggestions 'out there', many of which they are considering, but that this means it is more difficult to take a planned, rather than 'scatter-gun' approach. However, any solutions will require more resource.

A prevention approach will be vital which the housing team understand but again there is a lack of strategic focus and capacity to follow through on the options that will make the biggest difference, as well as missed opportunities to reach out to partners for their contribution. A successful example of a prevention approach, includes the Skills Hub, which 'pays for itself' by reducing the number of residents affected by the benefits cap.

The council is disadvantaged by not having its own housing stock, relying on the Citizens Advice Bureau and other voluntary sector and housing organisations to support residents and prevent homelessness. There is an opportunity to work with partners and other services across the organisation to create an early warning system for residents who may potentially become homeless. For instance, people

who cannot pay their council tax may be financially struggling and could potentially be assisted quicker before they cannot pay their rent and lose their home.

The peer team heard from both members and officers understanding of how to address the housing problem doesn't align, and this is causing frustration on both sides. This is in part due to there being a communication problem and not building consensus around how to address the problem together. The council needs to articulate a clear direction, which is shared and understood by the political and managerial leadership and implement it.

The chair of the Resident Association group has joined a national debate to influence the change that the council needs at Epsom and Ewell, however the council needs to be more assertive in working with its partners to find solutions.

6. Next steps

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

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

The planned timing for the progress review at Epsom and Ewell Borough Council will be around December 2024

In the meantime, William Brooks, Principal Adviser for South East, is the main contact between your authority and the Local Government Association. As outlined above, Will is available to discuss any further support the council requires.

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