

[Home](#) > [Bournemouth, Christchurch and Poole Council: external assurance review](#)

[Department for Levelling
Up,
Housing & Communities](#)

Independent report

External assurance review of Bournemouth, Christchurch and Poole Council

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Applies to England

Contents

1. [Executive summary](#)
2. [Key findings](#)
3. [Recommendations](#)
4. [Background and purpose](#)
5. [Terms of reference for the review](#)
6. [Financial stability and governance](#)
7. [Overall governance](#)
8. [Culture and leadership](#)
9. [Service delivery](#)
10. [Capacity and capability to improve](#)

11. Roadmap for improvement



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Note on the text: This review was undertaken by Lesley Seary at the request of the Department for Levelling Up, Housing and Communities. Field work took place from March 2023. The final report was submitted in June 2023, prior to the sad news of the death of Lord Kerslake. Lord Kerslake is referenced in this report in his capacity as Chair of BCP FuturePlaces Ltd.

1. Executive summary

1.1 The merging of the legacy councils to form Bournemouth Christchurch and Poole (BCP) was always going to be complex. The cultural, financial and service delivery change required was necessarily substantial. The successful management of these changes has the potential to improve services while delivering efficiencies. That opportunity remains but to realise these potential gains BCP must make some significant changes over the next year. This report sets out where and why those changes need to be made.

1.2 The formation of BCP was not supported by all the preceding Councils and there was a period of uncertainty until the summer of 2018. This led to a difficult start with a short time to prepare for reorganisation. Less than a year later the new Council found itself, along with all other authorities, needing to manage the local response to the Covid pandemic.

1.3 There remains a sense of three councils within one in BCP. Creating an allegiance to a new single council takes time and many elected Members show a strong loyalty to their former Council. Covid lockdowns and the move to remote meetings coming shortly after the start of the new Council has meant that valuable time was lost in creating a new culture and a sense of unity. The politics in the new Council have been contested, complicated and fragmented with changes in administration and three Leaders in four years. These changes have led to uncertainty which has impacted on longer term planning and consistency of direction.

1.4 Member relationships have been very poor. Meetings have been acrimonious with a high number of complaints to the Standards Committee. Relationships between Councillors and officers have not been positive and a number of people have described the culture in recent years in very negative terms.

1.5 The Council's Medium Term Financial Plan (MTFP) and budget, as currently agreed is unrealistic. It is predicated on the delivery of an overly ambitious transformation programme both in terms of levels of savings and timescales for delivery. BCP always needed and still needs to deliver widespread transformation, both in terms of bringing together staff, pay and conditions, ICT systems, property and ways of working from the legacy Councils. It was the need to fund this transformation programme that led the Council to pursue non-traditional financial options which proved ultimately fruitless. The Council has now set a budget for 2023/24 in line with conventional local government financial practice. However, it is clear that the Council's future financial sustainability is based on the successful

delivery of the transformation programme and delivering the projected savings to the agreed timetable. The financial targets in the transformation programme (and in the budget) are at the highest end of the projected range. This is highly ambitious and carries high risks around delivery of the programme on time and to budget. The Council needs to review the programme as a matter of urgency. The Council would benefit from commissioning an external financial resilience review to provide support and challenge in setting a new MTFP and budget.

1.6 The Council established a regeneration company, BCP FuturePlaces Ltd in 2021. Concerns have been expressed to me about the governance and remit of BCP FuturePlaces Ltd. The company now has an independent Chair and Non-Executive Directors. There is a Commissioning Agreement with BCP FuturePlaces Ltd but it has not been adhered to and as a result there seems to have been a degree of mission creep. The Chair, Lord Kerslake^[footnote 1] and the Council's Chief Executive both recognise that the relationship between the Council and BCP FuturePlaces Ltd needs improving. The Council should agree a business plan with a portfolio of priority projects and clear timescales for delivery.

1.7 In February 2022 Ofsted published the report of its inspection of Children's Services, which were found to be Inadequate. The Council is embarking on an improvement journey supported by a Department for Education (DfE) Advisor and a Sector Led Improvement Partner. The Council has a new experienced Director of Children's Services who has recruited a new management team. They are making inroads into the range of challenges they have inherited. Ofsted carried out a Monitoring visit in October 2022 and the DfE Advisor also provided a report the same month which said that there are cautious grounds for optimism about the future of the services. The improvement journey will take years rather than months and the Council will need to invest time, energy and resources into improving Children's Services.

1.8 The Council is facing significant pressures and challenges over the coming year as set out in this report. The Council recognises this and the Chief Executive has carried out his own internal governance review and set out a number of recommendations which are in the midst of implementation.

1.9 There is enormous potential across Bournemouth, Christchurch and Poole and a real commitment from everyone I met to improve the lives and opportunities for all its residents, businesses and visitors. Whilst there are challenges, the Council are aware of these. Fundamental to the change required is the setting of a far more positive culture and a sound approach to the Council's finances. The Council needs to use the fresh start provided by the local elections to reset the culture of the Council and to agree a clear corporate strategy and priorities to deliver high quality services for its residents, businesses and visitors. If the Council moves swiftly to deliver these recommendations then I believe they should be able to make the necessary improvements.

2. Key findings

2.1 The financial sustainability of the Council is vested in the success of its transformation programme. This programme has highly ambitious savings and delivery targets and needs immediate review by the Council. Following this review changes will need to be made to the MTFP. It is questionable as to whether the transformation programme is deliverable to the timeline currently set out. The programme has a significant amount of time critical change which needs to be delivered in 2023/24 including pay harmonisation, a significant reduction in posts in the organisation and new ICT systems. The sequencing of these changes is key and will need reviewing. As a result of the doubts around the delivery of the transformation programme and its savings the budget for 2023/24 and future years is challenging and contains a number of significant risks as outlined by the Chief Executive and the Director of Finance in their section 25 report accompanying the budget. The 2023/24 budget has £6.5m of unidentified transformation savings. These savings will need to be revenue not capital, attributable to the general fund and in budgeted rather than unbudgeted expenditure. The Council needs to undertake a robust and critical review of the transformation programme and assess whether the level of savings stated is deliverable and whether the timescales are realistic. The Council needs to review its MTFP, establish a sound budget setting process and begin the budget preparation as soon as is practicable after the elections to ensure that the Council can agree a complete and robust budget for 2024/25 and future years. The Monitoring Officer has recommended the development of a Budget Policy Framework in the Constitution which should assist this process. To support the budget preparation the Council should commission an external financial resilience assessment to provide challenge and assurance.

2.2 The governance culture needs significant improvement in the short term. At its inception in 2019 the Council was led by the Unity Alliance – an alliance of Liberal Democrat, Labour, Green and Independent Members from groups in Poole, Christchurch and Bournemouth. In 2020 the Conservative group took control with a minority administration. They subsequently formed a majority administration and at the time of the local government elections in May 2023 the Council continued to be led by a Conservative administration but without overall control. During its first four years the Council has had three different Leaders. These changes have led to a lack of clarity and consistency in direction and priorities. They have also led to political tensions. Both the Local Government Association (LGA) Peer Review and my own observations recognise that there is an unhealthy member culture. This has at times been unprofessional and divisive and has often resulted in poor behaviour in the Council chamber. Scrutiny is largely internally focused and centres on pre-scrutiny of cabinet decisions. Members have also been too involved in the operational management of the Council companies and Council services. However it is difficult to see how the Council can move to improve scrutiny and governance until the issues of the poor member culture are resolved. A new Council post the elections in May offers the opportunity to reset the culture of the organisation and to set a new tone for Member / Member and Member / Officer relationships. It is important the respective group leaders commit to improving governance and behaviours based on the Nolan principles. The induction programme for new Councillors should have a strong focus on behaviours. It would also be beneficial for leading Members in the Cabinet and the Shadow Cabinet to take advantage of

the LGA mentoring programme. The Council should continue to engage with the LGA and to accept the full range of support the LGA is offering.

2.3 The purpose of BCP FuturePlaces Ltd needs to be reviewed and a business plan and priorities agreed which align with the Council's corporate strategy. The Council has three arm's length companies – BCP FuturePlaces Ltd, Bournemouth Building and Maintenance Ltd and Seascope Group Ltd. In 2021 the Council established a company, BCP FuturePlaces Ltd, to carry out regeneration projects on behalf of the Council. Some concerns have been expressed to me about the transparency of the governance of BCP FuturePlaces Ltd. The original governance structure did not reflect good practice in terms of governance and elected Members were too involved in the day-to-day operational management of the company and in commissioning activity. BCP FuturePlaces Ltd now has an independent chair and three new non-executive directors. There have also been concerns expressed about mission creep and a lack of clarity around the priority projects. The new Chair and Board of BCP FuturePlaces Ltd recognise this and are committed to working to build positive relationships with Councillors and officers. The Chair has initiated a review of key aspects of the work of BCP FuturePlaces Ltd and has begun the process of developing a Business Plan for agreement with the Council. The Council should review its original purpose for BCP FuturePlaces Ltd and agree an annual business plan which sets out clear priority projects and timescales for delivery. The Council would benefit from having a more co-ordinated approach to carrying out its governance role in relation to its companies by setting out a clear timetable for agreeing the annual business plans for all the companies and receiving mid-year and end of year reviews.

2.4 The Council's key priorities embodied in the Big Plan and the Corporate Strategy need to be integrated and reviewed to reflect the priorities of the new administration. The changes in administration, outlined above, have led to a lack of clarity and consistency about the direction and priorities for the Council. The Council currently has 'The Big Plan' which sets out five big projects that the Council states will 'deliver big changes across the whole area and support the creation of 13,000 jobs'. The Big Plan is primarily focused on regeneration and place. The Council also has a corporate strategy which sets out the Council's vision, mission, ambitions, priorities and values. It is not clear how these work together. In the immediate aftermath of the elections it will be important for the council to understand and agree the priorities of the new administration and develop a unified corporate plan with a focus on both people and place, and a roadmap for the next four years.

2.5 The Council's senior leadership team requires strengthening. The Council has a very experienced Chief Executive but an inexperienced senior leadership team. Currently the Chief Executive has too many direct reports and this is diverting his focus towards day-to-day management rather than strategic leadership. The Chief Executive recognises this and has agreed a restructure to reduce the number of his direct reports and to add strategic capacity and capability to the senior team. There are currently two posts that are not filled on a permanent basis. It is important that these two vacant posts are filled as soon as is possible. The leadership team, both individually and as a team, needs development and

support so that they can act more effectively as a strategic and corporate leadership team. This should enable the Chief Executive to spend more time on strategic leadership and building the culture of the organisation.

3. Recommendations

1. The Council reviews the Transformation programme and agrees a realistic and deliverable programme by October 2023. The Council sets up effective mechanisms for Member oversight and monitoring of the delivery of the programme by June 2023.
2. The Council establishes a sound budget setting process and begins preparations for the 2024/25 budget as soon as possible after the local government elections and has proposals drafted for a sustainable MTFP and three-year budget by the end of September 2023.
3. The Council commissions an external financial resilience review to report by September 2023 to enable it to inform the MTFP and budget setting.
4. The Council, with the active leadership of the respective group leaders, uses the opportunity of a new Council to reset the Member / Member and Member / officer culture and relationships. The new Council must use the support offered by the LGA and set up a comprehensive programme of Member induction and an on-going programme of Member training. The induction programme should be in place by June 2023 and the ongoing programme by July 2023.
5. The new Council agrees a corporate strategy and clear priorities by July 2023.
6. The Council agrees a business plan for BCP FuturePlaces Ltd by September 2023 which sets the purpose of BCP FuturePlaces Ltd and a portfolio of priority projects with timescales for delivery.
7. The Council puts in place a regular annual cycle for the business plans, mid-year reviews and year end reviews of all its companies to be reported to the appropriate scrutiny and decision-making bodies. This should be in place by June 2023 to begin the 2024/25 process.
8. Permanent recruitment takes place into the vacant Corporate Director posts by November 2023 and an externally facilitated development programme is put in place for the senior leadership team.

4. Background and purpose

4.1 BCP was formed in April 2019 and comprises the towns Bournemouth, Christchurch and Poole. It followed a complex local government reorganisation (LGR), bringing together district and county level services from across four preceding Councils. The creation of the new Council was not supported by all the preceding Councils and the decision was uncertain until the summer of 2018. In 2020, BCP, along with the rest of the country, had to focus on the Covid pandemic. This, together with the uncertainty re the local government reorganisation has left a legacy in terms of the transformation needed to establish the new Council at both a political and administrative level.

4.2 Politics in BCP are contested, complicated and fragmented. Prior to LGR the Councils of Bournemouth, Christchurch and Poole were all led by Conservative administrations with majority control. Following the election in May 2019, six political groups were established with two unaligned councillors. The composition of the Council has changed over the past four years with a larger number of movements between party groups than one would expect to see in a council. In May 2019 the Unity Alliance was formed, comprising Councillors elected to represent the Liberal Democrats, Christchurch Independents, Poole People, Labour, other independents, Green and alliance for Local Living. The Unity Alliance formed the administration until September 2020 when a second vote of no confidence in the leadership resulted in a Conservative minority administration taking control. The minority administration moved to a majority Conservative administration in October 2021 and then reverted to a minority administration from June 2022 when four Councillors left the Conservative group and then established their own Poole Engage party (initially called Poole Local). During the first four-year period of BCP, the Council has had three Leaders of the Council.

Following the local government elections in May 2023 no party has overall control - the Liberal Democrats are the largest party holding 28 of the 76 seats on the Council. Together with the Christchurch Independents, Poole People Party and the Bournemouth Independent Group, they have formed the Three Towns Alliance which forms the new administration.

The many changes have led to uncertainty which impacts on longer term planning and consistency of direction.

4.3 Bournemouth, Christchurch and Poole Council had been in discussion with DLUHC for some months regarding mechanisms for funding the Council's transformation programme.

The Council had proposed setting up a subsidiary for the purposes of purchasing the Council's beach huts and to use the proceeds generated to fund the on-going costs of transformation using the general Flexible Use of Capital Receipts direction. Following an update to the statutory guidance in August 2022 it was clear that this route fell outside the guidance and could not be pursued. The Chief Executive of BCP wrote to the Secretary of State in July 2022, following discussion between the Leader of the Council and the Secretary of State, setting out that the Council would like to pursue a Capitalisation Direction to provide the funding needed for the transformation programme.

4.4 In September 2022 the Minister of State wrote to the Council Leader stating that the government continued to have significant concerns about the strategic financial direction of the Council. He required the Council to produce a full plan for addressing its budget gap in 2023/24 and beyond by the end of September 2022. He further emphasised that this plan should seek to use all the resources available to the Council to close the budget gap and be within the spirit and intent of all local government guidance and should aim to eliminate any amount of exceptional financial support required going forwards. Secondly, he stated that the Council would need to agree to an external assurance review of its finances and governance arrangements. The Council, via a letter from the Chief Executive,

accepted the conditions placed on the availability of a capitalisation direction and indicated the Council would engage positively and proactively with the governance review.

5. Terms of reference for the review

5.1 You asked that this review is focused on five areas.

1. Financial stability and governance
2. Overall governance – including Council companies and specifically BCP FuturePlaces Ltd
3. Culture and leadership
4. Service delivery
5. Capacity and / or capability to improve

5.2 In carrying out the work I have reviewed a wide range of documents, watched recordings of meetings of the Council, visited BCP and met with around 12 Members, including the Leader at the time of the elections and the new Leader, elected at the Council meeting on 23 May 2023. I contacted the former Leader of the Council (Councillor Mellor) both directly and through the Chief Executive's office, to invite him to meet with me. However I didn't receive a response. I have spoken with a range of senior Council officers. I invited all the local Members of Parliament to meet with me. Three MPs accepted the offer and I spoke with them. I have spoken to the DfE Advisor, external partners, the LGA, CIPFA, the Chief Executive of the Hospital Trust and the Chair and the COO of FuturePlaces Ltd. The Council had an LGA Peer review in 2021 with a follow up visit in 2022. I spoke with the Peer Review lead Chief Executive, the LGA regional improvement lead and the member of the Peer review team who led on Finance. I also spoke with the Council's external auditors.

I have been given full cooperation and support from the Council and I am very grateful to the staff in the Chief Executive's office who have arranged meetings and provided documentation for me.

6. Financial stability and governance

6.1 Over the past two years BCP has taken an unorthodox approach to budgeting. The intention was to minimise council tax increases and service savings and instead look to ways of raising finance in a way more familiar to the private finance sector than the public sector. Proposals to sell the beach huts to a Council owned company formed a key plank of the 2022/23 budget and led to an intervention from the government where DLUHC clarified the capital regulations and made it clear that this approach was not permitted. The Council then looked to explore other routes to raise capital. This led to exchanges with government ministers and civil servants, culminating in a letter from the minister setting out the need for BCP to develop a traditional local authority budget.

6.2 In September / October 2022 officers worked to develop such a budget, however there remained concerns that the administration was still exploring alternative approaches. This led to a formal letter from the Council's external auditor on 10 February 2023 expressing concerns about the possibility of late amendments to the budget. The concerns were twofold. Firstly, from a governance perspective the auditor was concerned that late amendments would provide limited opportunities for officers to advise Members on any proposals. Secondly should any amendments be innovative but higher risk than given previous experience it would be vital that proper due diligence was given to the risks and rewards and legality of such proposals. The auditor expressed concern that the Council may put at risk its future financial sustainability by entering into high-risk projects without the full and proper consideration that good governance requires. The Council did not go down the route of alternative approaches and an orthodox budget was agreed by the Council at its meeting on 21 February 2023. Savings from the transformation programme which the Council has embarked on form a central plank of the budget and the transformation programme is explored in more detail below.

6.3 During this process officers, in particular the Chief Executive and the section 151 officer, worked hard to provide clear advice to Members. The section 25 advice in both the 2022/23 and 2023/24 budgets is very clear and explicit about the financial risks facing the Council.

6.4 The Cabinet, Council and the relevant Overview and Scrutiny Committee receive regular budget monitoring reports. At its meeting on 7 September the Cabinet agreed that no new financial commitments would be made until such time as there was a balanced budget in place for 2023/24 other than with the specific agreement of the Chief Finance Officer in consultation with the relevant portfolio holder. This expenditure freeze enabled the Council to deliver an underspend in 2022/23.

6.5 In common with a number of other councils, BCP is experiencing challenges with a growing deficit on the Dedicated Schools Grant (DSG). At 31 March 2023 the Council is predicted to have a DSG deficit of £37m which is particularly impacted by the expenditure on the High Needs block and support for Education, Health and Care Plans (ECHPs) for young people. The budget for 2023/24 assumes this deficit will grow to £64m by 31 March 2024 at which point the Council will have overall negative reserves. The government has taken a decision to allow councils to ignore this deficit until the 2026/27 financial year. If there is no corrective action or changes BCP are estimating that their deficit will have increased to around £160m by 2026/7. The long-term impacts are potentially significant and the short-term effects are also impacting the Council's budgets because of the cost to the Council of managing the cashflow of the payments. This is resulting in an estimated annual revenue cost of around £2.5m for 2023/24. The Council are part of the DfE Delivering Better Value in SEND programme and are expected to engage with the programme to draw up plans as to how their deficit will be funded / managed beyond 2026/27.

Transformation Programme

6.6 The financial sustainability of the Council is vested in the success of its transformation programme. It is clear that a new unitary council needs to carry out and deliver a comprehensive transformation programme. BCP inherited numerous legacy ICT systems from the previous Councils and working across three different systems and with different models of service delivery in areas such as children's social care, planning, finance and HR leads to inefficiencies and poor service delivery. The approach to LGR does not provide upfront investment for the costs of bringing councils together which will deliver savings. It has been the need to find a mechanism for the upfront investment which has been at the core of many of BCP's challenges.

6.7 The Council has had external advice from KPMG in putting together its transformation programme. A report to Cabinet in November 2019 on scope identified that the programme could potentially deliver up to £43.9m of gross annual savings by year four based on an investment of £29.5m. The savings would be both General Fund and Housing Revenue Account.

6.8 On 7 July 2020 the Council agreed the extension of investment in the programme to £38m – referencing the accelerated leap forward in different ways of working because of Covid and need to accelerate the pace at which savings and efficiencies are generated. The report also approved the procurement of a strategic partner and set out that £43.9m now be adopted as the minimum expectation of savings and efficiencies.

As part of 2021/22 budget report investment in the programme was extended to £45m to recognise the additional potential redundancy costs.

6.9 In the budget report for 2022/23 the Cabinet, at its meeting on 9 February 2022, agreed that investment in the programme be extended to £67.9m to cover the costs of employees working on the programme who are therefore not available to support day to day or statutory improvement duties, along with investment in data and insight capability and an increase in the programme contingency.

In the 2023/24 budget report in February 2023, the Council reduced the transformation investment programme to £57.36m to reflect a reduction on the annual recharge of internal base revenue costs to £3.2m for three years in line with the evidence base.

6.10 Transformation programmes typically set out a range of potential financial benefits and usually councils would use a mid-point to provide a target for savings. The indication for potential savings for BCP has been in the range of £26.7m to £43.8m. The Council was clear in the budget report to Cabinet on 8 February 2023 that due to the increased level of investment in the programme the Council would continue to use the highest end of the range as the basis for financial planning (as it has since 2019).

6.11 The future financial sustainability of the Council continues to be vested in the success of its transformation programme. This has been recognised by the Chief

Finance Officer and the Chief Executive in their section 25 report which sits alongside the 2023/24 budget report to Council. In that report they recognise that experience from peers is that transformation programmes are often overly optimistic around the savings that can be delivered both in terms of value and timing.

6.12 The Council delivered £7.1m of its £8.7m annual savings target for transformation in 2022/23. This left £1.6m still to be delivered and the 2023/24 budget assumes this shortfall will be delivered in 2023/24. The budget report only identifies £0.81m leaving £0.79m still to be identified. In addition the 2023/24 budget has £6.5m of unidentified transformation savings. These savings will need to be revenue not capital, attributable to the general fund and in budgeted rather than unbudgeted expenditure. Further in the 2023/24 budget there is an assumption of £26.1m savings in service transformation in children's and adult services. Evidence from 2022/23 shows that in Children's Services investment is needed as part of its improvement journey rather than to deliver savings and within Adult Social Care there has only been a relatively small transformation programme around investment in technology.

6.13 It is clear from discussions I had with Councillors that there is widespread support of the need for transformation. The programme was initiated by the Unity Alliance and has been continued by the Conservative administration. There does not seem to have been a great deal of strategic Member oversight of the transformation programme. This is something which has been recognised by the Chief Executive and the previous Council Leader and I understand arrangements are being put in place to ensure that there is regular engagement of both the Cabinet and wider Members in monitoring the delivery of the programme.

6.14 It is clear that the transformation programme, and as a result the budget, has heroic assumptions both in terms of savings and timing. It is essential that the Council reviews the programme and assesses what is realistic and deliverable. It will be crucial to agree a realistic and deliverable programme with the new administration after the elections so that the 2024/25 budget can include deliverable rather than aspirational savings. The Council needs to put in place arrangements for effective Member oversight and monitoring of the delivery of the revised programme to ensure it delivers on time and on budget.

6.15 The review of the transformation programme will impact on the Council's MTFP. The council needs to put in place a realistic MTFP. The Council does not have an embedded orthodox budget setting process in place. It needs to put in place a Budget Policy Framework linking the budget to the Council's priorities as set out in the Corporate Plan. The Monitoring Officer has recommended this should be developed and agreed as part of the Council's Constitution. The Council needs to review the delivery of the 2023/24 budget and begin the process of putting in place a budget setting process to enable it to develop the 2024/25 budget as soon as possible after the elections in May. To support this the Council should commission an external financial resilience review in order to provide external challenge and assurance and provide firm foundations for the MTFP and the budget going forward.

7. Overall governance

7.1 Prior to the local government elections in May 2023, BCP had a Conservative led administration but without overall control (35/76). The other political groups were Liberal Democrats (13), Christchurch Independents (7) Poole Engage (5) Poole Independents (5), Bournemouth Independent and Green (4), Labour (3), unaligned (4).

At its inception in 2019 the Council was led by the Unity Alliance, following two votes of no confidence in 2020 the Conservatives took over as a minority administration. In October 2021 the Conservatives moved to a majority administration. Then in June 2022, following four Councillors leaving the Conservative group the Council once again became governed by a minority Conservative administration. During this four-year period the Council had three different leaders.

7.2 Following the local government elections in May 2023 no party has overall control. The Liberal Democrats are the largest party (28/76). The other groups are Conservatives (12), Labour (10), Christchurch Independents (8), Poole People (5), Green Party (5), Independents (3), Poole Engage (2) unaligned (2) and there is one vacancy.

The Liberal Democrat leader has worked with other parties and has formed the Three Towns Alliance which consists of the Liberal Democrats, the Christchurch Independents, Poole People Party and the Bournemouth Independent Group. This is now the new administration and Councillor Slade was elected Leader of the Council at the Council meeting on 23 May 2023.

7.3 Relationships between Members have been poor and this is dealt with in more detail in section eight which covers culture and leadership. It is clear that the poor behaviour has stood in the way of effective governance and that this culture needs to be addressed to enable the Council to function effectively, particularly in terms of the approach to Scrutiny and the conduct of Council meetings.

7.4 The Council has four scrutiny committees – Corporate and Community; Children's Services; Health and Adult Social Care, and Place. Scrutiny has focused rather heavily on pre scrutiny of Cabinet decisions rather than having a broader focus or looking at policy development. I was told by a range of people that politics has got in the way of effective scrutiny. When scrutiny has looked at wider issues the feedback has been more positive – I was told of a good example of scrutiny inviting the Police and Crime Commissioner and neighbourhood watch representatives to a scrutiny committee. The Centre for Governance and Scrutiny summarise scrutiny's role as providing a space to bring critical friend challenge and support to decision making; providing a way of challenging and supporting partner organisations; bringing issues that matter to local people and the local community into decision making; and surface issues that the Council should be engaging with but which are not yet part of formal decision making.

From what I have seen there is an opportunity at BCP – as there is with many other councils – to develop the scrutiny role along the lines above rather than

simply to focus on pre-cabinet scrutiny. There is an opportunity with a new Council to ensure that Councillors have training and support to enable them to develop their role in overview and scrutiny. This should be built into the Member induction and ongoing training programme.

7.5 The changes in political administration has meant a lack of consistency in approach and priorities. For example the Council currently has two key strategic frameworks – The Big Plan and a Corporate Strategy. Councillors retain a strong loyalty to place and there exists some feeling that the new unitary Council was very focused on Bournemouth to the detriment of Christchurch and Poole. One of the ways in which this seems to manifest itself is in a tension between what is seen as a Bournemouth led approach to regeneration and the different priorities in Poole and Christchurch.

It will be important that, following the elections in May, the Council agrees on a clear corporate strategy and priorities, which focus on both people and place to provide a roadmap for the budget and other decisions over the coming four-year period.

BCP FuturePlaces Ltd

7.6 BCP FuturePlaces Ltd was established in 2021 and is the Council's wholly owned Urban Regeneration Company. It was set up to ensure that that BCP has the capacity, expertise and resources to drive investment in regenerations and unlock value from major council owned sites. Initially its Board of Directors comprised the Leader of the Council, the Deputy Leader of the Council (who chaired the Board), the Council's Chief Executive, the Managing Director of BCP FuturePlaces Ltd and the COO of BCP FuturePlaces Ltd. In June 2022 the Council changed the funding mechanism which means that BCP FuturePlaces Ltd is funded in the first instance by a loan. The Council approved an £8m working capital loan facility so that BCP FuturePlaces Ltd can manage its cashflow prior to a scheme being included in the Council's Capital investment programme which will then enable BCP FuturePlaces Ltd to invoice for work undertaken to date.

7.7 Concern was expressed by a number of people I spoke to about the Leader and Deputy Leader being members of the board and any potential conflict that might result from this in terms of accountability. The Council stressed that the appointment of the Leader and Deputy Leaders was an interim arrangement until an independent Chair and Non Executive Directors could be appointed. However it is poor practice for the Chair and Vice Chair of a council company to be the Vice Chair and Chair respectively of the Cabinet to whom the company is accountable. This has led to suspicion and concern about the role of BCP FuturePlaces Ltd and its relationship with the Council. The Council's commissioning role has not been clear and as a result there seems to have been a degree of mission creep and work commissioned from BCP FuturePlaces Ltd outside of a proper process. Concerns have been expressed regarding the lack of transparency in the relationship between BCP FuturePlaces Ltd and the wider Council at both a Member and officer level.

7.8 On 7 September the Cabinet met and considered a report on the appointment of an Independent Chair and Non-Executive Directors for BCP FuturePlaces Ltd. The meeting agreed the appointment of Lord Kerslake as independent Chair and that the Deputy Leader would step down as Chair of the Board when Lord Kerslake took up his position. The records at Companies House show that Lord Kerslake was appointed as a Director on 1 October 2022 and the Deputy Leader, Councillor Philip Broadhead resigned on 8 November 2022. Three further Non-Executive Directors, Pat Hayes, Ian Marcus and Karima Fahmy were appointed as Directors on 19 January 2023 and 13 February 2023 respectively. The former Leader of the Council, Councillor Drew Mellor resigned on 19 January 2023.

The Chief Executive of the Council, or his representative, continues to serve as a board observer in his capacity as BCP Council Shareholder Representative.

7.9 The new Chair of BCP FuturePlaces Ltd recognises that relationships with the council could have been managed better in the past and that successful delivery of key regeneration projects will be dependent on good working relationships between BCP FuturePlaces Ltd and the Council. He has and is working hard to establish and maintain good working relationships with Councillors. He has met individually with key Councillors and set up a Member – BCP FuturePlaces Ltd Engagement Forum. These developments have been commented on favourably by Councillors I met with.

7.10 The Chair has also initiated a review to look at three key issues: governance and the relationship with the Council; finance; and the balance of the BCP FuturePlaces Ltd programme against its available resources.

Both the Chair of BCP FuturePlaces Ltd and the Chief Executive of the Council agree that there needs to be clarity around the priorities for the regeneration company. There are plans to use the Business Planning process to agree the portfolio of projects and the priorities for BCP FuturePlaces Ltd. Work on this is underway and is due to be finalised with the new administration following the May elections.

7.11 The Council needs to be clear and restate what its role is with regard to regeneration and major projects and what is the role of BCP FuturePlaces Ltd. The Council needs to agree a very clear business plan for BCP Future Places Ltd and a small list of priority projects. For these projects the Council needs to be clear what its expectations are around delivery and timescales and it must then hold the company to account through its commissioning role and through Member oversight and scrutiny.

8. Culture and leadership

Member relationships and Member / officer relationships

8.1 It is clear that Member behaviour has not been of the standard expected. People have described a level of toxicity they have not seen elsewhere either as

Councillors or council officers. Meetings have been acrimonious, and this has got in the way of effective governance. I was repeatedly told that Council and other meetings are often bad tempered and behaviour between Councillors, and from Councillors to officers has been poor. I have witnessed this through watching recordings of meetings online. There have been a number of complaints about the way that Councillors have used social media and a high number of complaints made to the Standards Committee. The Standards Committee has met 15 times since mid-2019 to hear complaints against Councillors. On occasions these have also had to be reported to meetings of the full Council as Councillors have failed to abide by the sanctions agreed by the Standards Committee. Many more complaints have been dealt with under the informal process permitted under the Constitution and determined by the Chair in consultation or resolved informally by the Monitoring Officer under her delegated powers. The former Leader who was in post from February 2023 made efforts to reach out to other Councillors and to set a new tone. The new Leader post the May elections recognises that the culture has been poor and is committed to working to develop a healthier culture.

8.2 Relationships between Members and officers have not been positive. A significant number of people described the culture over the past few years in very negative terms. They spoke of an unwillingness to listen to advice from officers and the behaviour of some Councillors towards officers was described as unpleasant. They also spoke of elected Members becoming too involved in the operational management of Council services.

Following the resignation of the previous Leader, the former Deputy Leader was elected as Leader at the Council meeting February 21 2023. Whilst there was only a short period of time between his election as Leader and the local government elections in May 2023 there were signs that that he was demonstrating a more inclusive leadership style. People have commented that he was working to reset relationships both with opposition Members, officers and also with key external organisations such as the Council's external auditors. The current Leader, elected following the local government elections, recognises the need to set a new culture and tone. She has reached out to other groups on the Council and has stated that she wants the new administration to be based on openness, transparency, accountability, honesty and integrity. It will also be important that she ensures that Councillors recognise the appropriate boundaries between the elected Councillor role and the role of officers in operational management.

8.3 Post elections there is an opportunity to reset relationships and behaviour. I have spoken to the Local Government Association about the role they can play in helping the Council. The LGA are very clear that they can and will provide support and mentoring both in general terms and also through the political groups.

8.4 BCP has a very experienced Chief Executive. There has been a high turnover in the senior leadership team since the Council was formed but there is now a more settled team and some key appointments have been made including an experienced Director of Children's Services. However, the senior leadership team is largely an inexperienced team and has limited experience of working in a complex political environment. The Chief Executive has recently carried out a

restructure of the senior team designed to add strategic capacity and to reduce the number of direct reports the Chief Executive has. The Chief Executive currently has too many direct reports and is spread too thinly. A new senior leadership team will enable Corporate Directors to take responsibility for their area of expertise and allow the Chief Executive to focus more on strategic leadership, leading the culture change, driving the transformation programme and working with external partners. The current senior leadership team has two vacancies. When the vacancies are recruited to after the elections in May, it will be important to put in place a strong development programme both on an individual and team basis. The Chief Executive has recognized this and is arranging a development programme, including coaching and mentoring for all directors. It will be important for a team development programme to sit alongside this.

9. Service delivery

9.1 Generally speaking, BCPs services appear to perform reasonably well, with the exception of Children's Services which is covered in more detail in paragraphs 9.4 to 9.7 below. Some concerns have been raised with me that the Council has focused on regeneration projects at the expense of ensuring the key environmental services are delivered well, particularly in the town centres. The LGA Inform performance report shows the Council to be performing at or near the average for its statistical neighbours for most key services. The performance of the planning team has been under scrutiny and a Planning Improvement Board has been established chaired by the Chief Executive to drive performance improvements. The 2021/22 annual report of the Local Government Ombudsman shows that the number of complaints dealt with are comparable to those of other similar Councils. Although the Council is performing below the average for providing satisfactory remedies to complaints before they reach the Ombudsman. The Council does not have a centralised case management system for complaints which makes it difficult to get an accurate picture of complaints received or a corporate review of how well complaints are dealt with.

9.2 In common with many other unitary authorities there are challenges at the interface of health and social care, particularly in terms of hospital discharge and social care. There are challenges with the increased acuity of people being discharged from hospital and the hospital itself is concerned about the numbers of patients well enough to be discharged who remain in hospital.

There seems to be a good relationship between the Chief Executive of the Council and the Chief Executive of Dorset University Hospitals Foundation Trust. Meetings have begun between the executive leadership teams of both organisations to strengthen working relationships at an operational level and work is underway on a new discharge to assess model.

9.3 The Council appears to be taking a serious and robust approach to preparations for the new Care Quality Commission (CQC) assessment framework. The Health and Adult Social Care Overview and Scrutiny Committee received a paper on preparation for CQC assurance at its meeting on 6 March 2023. The

Council has also been working with the LGA on arrangements for two external peer reviews to support their preparations. These are scheduled to take place in March and June 2023. As a part of the Chief Executive's restructure of the senior leadership team the Council is currently recruiting to a Corporate Director for Well-being.

9.4 In February 2022 Ofsted published the report of its inspection of Children's Services which was carried out in December 2021. This inspection gave the Council a rating of Inadequate. The Council was already receiving external support from the DfE's improvement advisor following a focused visit in October 2020 which identified significant weaknesses in the quality of Children's Services. A Statutory Direction was issued by the Department for Education (DfE), a new DfE Advisor was appointed and a Sector Led improvement Partner, Hampshire County Council, was appointed in April 2022. The DfE Advisor has now also taken oversight of the Council's SEND improvement work.

9.5 The Council now has a new permanent Director of Children's Services (DCS) who, in the words of the DfE Advisor, is establishing herself rapidly and constructively. She has recruited a new management team and they are making inroads into the range of challenges they have inherited. The Council, and in particular the DCS, are working constructively with the DfE Advisor and making encouraging inroads into the challenges they face. The DfE Advisor is now more confident that the Council recognise that the problems in Children's Services are deep seated and structural and sit outside as well as within Children's Services. The Chief Executive is engaged in the improvement journey and has intervened personally to resolve difficult issues. The Director of Finance also attends the Improvement Board and along with the Chief Executive provides appropriate support and challenge. Regular meetings of the representatives of all political groups are held, attended by the DfE Advisor, the Chief Executive and the Cabinet Portfolio Holder. The DfE Advisor has commented that the Scrutiny Committee and particularly its Chair (prior to the elections) have been engaged in a proper and appropriate way. The Chair of Scrutiny prior to the elections has now been appointed as the Cabinet Member and therefore the Statutory Lead Member for Children's Services. Given the position of children's services the change in both the Cabinet Member and Scrutiny Chair roles will need careful management and both Members will need focussed support to discharge these key roles.

9.6 The Council recognises that the improvement journey will take years rather than months and that it will require investment in time, energy and resources into Children's Services. The Council has taken important steps in implementing a single case management system across the service. In January 2023 it implemented a new pay structure for children's social care staff which has matched pay to neighbouring local authorities. There are early signs that this is having a noticeable impact on the recruitment and retention of staff.

9.7 The DfE Advisor's first monitoring report in October 2022 stated that 'there are cautious grounds for optimism about the future improvement of the services although the pace of progress will be an issue'. He was also realistic and noted that there are also a number of substantial barriers to improvement. Ofsted carried

out a second monitoring visit in October 2022. They noted that from a 'very low starting point there has been a concerted effort by senior leaders in Children's Services to put the right structures in place, to encourage more timely decisions and actions and to better safeguard children.'

Their report recognised that the Council, supported by improvement partners, now has a sensible, sustainable plan in place aimed at providing a better-quality service for children. Whilst both the DfE Advisor and Ofsted recognise that progress is being made they are clear that there is much more to do before children receive a consistently good service. They are both clear that this will be a long journey and the Council as a whole will need to commit time and resources to support the improvement journey.

10. Capacity and capability to improve

10.1 My discussions with leading Councillors and the Chief Executive indicate that they are aware of the challenges and problems they face and that they need a clear improvement programme.

The Chief Executive has carried out his own internal governance review and has discussed this with the Leader prior to the local government elections in May 2023. The review has come up with 33 recommendations and the Council has begun to make the changes necessary to implement the recommendations. The Leader prior to the local elections recognised the need to rebuild relationships with external partners and he had met with the Council's external auditors. He also recognised that relationships between Councillors and between Members and officers were unacceptable and stated that he was looking to establish a new and more positive culture. I met with the new Leader post the local government elections and she is strongly committed to resetting the culture of the Council and has already reached out to other parties on the Council. She has been working closely with the Chief Executive and is clear that she wants to reach out to partners and establish and maintain positive relationships with the wide range of partners in the area. She has also been clear, in her public comments, that the Council needs to earn the trust and confidence of all the residents. It will also be important that in her leadership she resets the relationship with officers and ensures that Councillors respect the proper boundaries between the role of elected Councillors and the role of officers in the day-to-day operational management of the Council's services.

10.2 The Council have put in place clear financial monitoring arrangements and expenditure controls for 2022/23 and are on track to deliver an underspend in the budget for 2022/23. They have looked for alternative methods to fund the transformation programme and have sold assets to generate capital receipts to enable the programme to be funded through the flexible use of capital receipts. Nonetheless as set out in the report there are some significant challenges and risks for the Council in delivering its budget in 2023/24, particularly the savings from the transformation programme. The Council's new interim Corporate Director of Resources recognises the work needed to put in place a realistic MTFP and a robust budget setting process and work is underway on this.

10.3 The relationship between the Council and its regeneration company BCP FuturePlaces Ltd has been tense. There has been a lack of clarity about the priorities for BCP FuturePlaces Ltd and a feeling amongst some people in the council that it has had mission creep and expanded its role into areas which would normally be led by the Council. The new Chair of BCP FuturePlaces Ltd recognises that prior to his arrival the relationship with the Council was not positive and that successful delivery of regeneration projects will be based on having good working relationships with Council staff and transparency and engagement with Council Members. BCP FuturePlaces Ltd now has a highly experienced Chair and good independent directors. An open dialogue is being established with Councillors and work is underway, with the Council, to agree a business plan.

10.4 However there are still challenges facing the Council. Post elections the Council has a new Leader, a new administration and a new Cabinet. There are also a significant number of new Councillors. Member development and support will be key for the new Council. I have spoken with LGA officers who are ready and willing to support the Council and the political groups following the elections and to help with a programme of Member development. It is an offer the Council should take up.

10.5 The existence of two strategic plans – the Big Plan and the Corporate Strategy is confusing. The Council needs a single plan which sets out clearly the priorities for the next four years and which can provide the framework for the MTFP and drive resource allocation.

10.6 The future financial sustainability of the Council is predicated upon the delivery of very challenging targets in the transformation programme. Reviewing the programme to ensure it is achievable in both savings and timings along with ensuring that there is clear strategic Member oversight of the programme will be clear to its successful delivery. The Council needs to begin work on its 2024/25 budget as a matter of urgency post elections and an external financial assurance review would provide a base for the development of a realistic MTFP.

10.7 The executive leadership is not very experienced and is not currently able to support the Chief Executive in the strategic leadership of the Council, this means that a heavy burden is falling on the Chief Executive personally. The Chief Executive has put in place a senior officer reorganisation which will result in him having fewer direct reports and will provide greater strategic support. Two of the new posts were vacant at the time of the review and it will be important that these posts are filled with permanent appointments as a matter of urgency. The individual Directors and the senior team will then need some development support so that they can work together and drive the change needed across the Council.

10.8 Children's Services will require continued corporate support. The new DCS is well regarded by the DfE Advisor but she cannot transform services alone. The whole Council has a role to play in the improvement journey and it should be a clear priority for the Cabinet and the executive leadership team. The Council will need to ensure adequate resources are found to enable and support the improvement journey.

10.9 Whilst there are challenges, the Council are aware of these and there are signs that a number of them have started to be addressed. Fundamental to the change required is the setting of a far more positive culture and a sound approach to the Council's finances. There is a great deal which needs to happen in a short space of time. If the Council moves swiftly to implement these recommendations and those in the Chief Executive's report then I believe they should be able to make the necessary improvements.

11. Roadmap for improvement

1. The Council reviews the Transformation programme and agrees a realistic and deliverable programme – October 2023
2. The Council set up effective mechanisms for Member oversight and monitoring of the Transformation programme – June 2023
3. The Council has in place a Medium Term Financial Plan and a draft three year budget – September 2023
4. The Council commissions an external financial resilience review to inform the budget process – September 2023
5. The Council puts in place a comprehensive Member induction programme and an on-going programme of Member training – July 2023
6. The Council works with the LGA to provide mentoring and support to Members – July 2023
7. The Council agrees a corporate strategy and a clear set of priorities – July 2023
8. The Council agrees a business plan for BCP FuturePlaces Ltd setting out a clear portfolio of priority projects with timescales for delivery – September 2023
9. The Council puts in place a regular cycle for business plans, mid year reviews and year end reviews of all its companies – June 2023
10. Permanent recruitment to the vacant senior leadership posts – November 2023
11. Individual and team development programmes put in place for senior leadership team – July to December 2023

1. This review was submitted prior to the sad news of Lord Kerlake's death.

[↑ Back to top](#)

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