

Cllr Steve Jordan and Andrew North
Cheltenham Borough Council
Municipal Offices,
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Cheltenham,
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14 October 2014

Dear Steve and Andrew

**Cheltenham Borough Council
Corporate Peer Challenge 16-19 September 2014**

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited to Cheltenham to deliver the recent corporate peer challenge as part of the LGA offer to support sector led improvement.

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Cheltenham were:

- Dr Pav Ramewal, Chief Executive, Sevenoaks District Council
- Councillor Stuart Bray, Leader Of Hinckley and Bosworth Borough Council (Liberal Democrat)
- Councillor Tony Jackson, Leader Of East Hertfordshire District Council (Conservative)
- Laura Taylor, Director of Commissioning and Governance, Basingstoke and Deane Borough Council
- Paul Clarke, LGA Programme Manager

1. Scope and focus of the peer challenge

You asked the peer team to pay particular attention to the following areas as part of the challenge:

- The effectiveness of your Governance arrangements and scrutiny
- The effectiveness of your approaches to risk and decision making and project management
- The potential challenges and opportunities of the future operating model(s) of the council

All of the above we have addressed within the core components looked at by all corporate peer challenges which are outlined below.

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
2. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

We hope the feedback provided, which is structured to address the areas you wanted us to focus on, will help CBC build upon your self- evident strengths and stimulate your future plans.

2. The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. 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 for the peer challenge 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 letter provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors.

3. Summary of feedback: overall observations and messages

Cheltenham Borough Council (CBC) has significant ambitions for Cheltenham, the place and the council. These ambitions are achieved through a resolute focus on proactive partnerships that deliver tangible outcomes.

We were very impressed with the clear political leadership. Every person who commented upon the leader of the council did so in glowing terms. We attended a cabinet meeting where we saw very effective portfolio holders with a clear grasp of their responsibilities. From what we saw and heard there was a real demonstration of community leadership by all members.

Although referred to as 'a town within a park' and with a proud Regency character, the council and its partners are nevertheless focused on regeneration and growth. The Cheltenham Development Task Force helps drive this growth and helps deliver significant change which is keeping the place prosperous.

The council itself has a workforce focused upon outcomes. Its commissioning culture is embedded and people know what is expected of them and they are empowered to deliver.

The council has like many, a track record for delivering financial savings. An effective medium term financial plan exists and is regularly reviewed and updated in the light of new priorities and financial challenges.

Although we did not specifically focus on this as part of our challenge we were impressed with the ambition underpinning the delivery of a Joint Core Strategy (JCS) between Cheltenham, Gloucester and Tewkesbury. This is notable practice and it is important to recognize the real innovation and ambition.

The peer team found an effective approach towards Scrutiny. The chair is pragmatic, purposeful and focused. This approach permeates throughout the scrutiny members we met with. They feel as we do, that a fresh look at the work programme and a focus on helping to deliver the council outcomes we referred to above and scrutinize the significant changes in store for the council would be beneficial.

The production of the new corporate plan provides the ideal opportunity to refresh and align a number of strategies and plans that we saw. In our view a common timetable and focus will be a positive step. This will particularly help with communicating a clear and consistent message to your stakeholders.

The above is of particular relevance when considering the scope and the speed of change we saw at the council. Our reflection is as one stakeholder told us 'we all aren't on the same page'. This reflection did not amount to an unwillingness to be, but rather confusion about how plans for change related to each other e.g. the county wide Troubled Families versus the Borough wide Inspiring families programmes. This is something the council should address.

The sound financial planning referred to, we believe, can be augmented further. In our view longer term financial planning, further sensitivity analysis and scenario planning

could all be utilized to a greater extent to enhance and future proof the change plans the council is considering.

The member cadre is an impressive and engaging resource. We felt and several of them remarked, that it would add capacity at a time of change if the council could find proactive ways and means to utilise the considerable talents they possess.

We felt that some important systems that the council utilizes to support change need an overhaul. This maybe about process, it may be about culture but it is certainly about application. In our view a fundamental review of project management, risk management and procurement would benefit the council

The council and stakeholders employ many and creative approaches to engagement. We didn't always see how effectively that was coordinated or indeed the employment of a wider public and customer consultation. This is something the council may want to reflect upon

Staff and managers we met with were a joy. Our reflection is that they are engaged and 'up for change'. At the same time we detected some uncertainty about the future and some fatigue with change. We are certain the council is aware and will address this. Our thoughts were that it would be wise to survey the views of staff about this and refresh that evident enthusiasm. In our view this might just be one part of a package of proactive actions to ensure that the council is keeping a weather eye on the organisation culture, morale and officer resource.

IT is holding back the organisation's capacity and more importantly capability. The council is acutely aware of this and our reflections are that this 'Achilles heel' needs significant attention.

Overall therefore CBC is an impressive council. It is self-aware and the challenges we have outlined above are very much within their line of sight.

3.1 Local Context and Priority Setting

CBC's Corporate Strategy for 2010-15 outlines a clear vision, ambitions and priorities for Cheltenham and the council. This is updated and reviewed through an annual action plan. The council has many, varied and focussed ways of proactive engagement with the communities in Cheltenham and this helps drive its developing new corporate plan from 2015 onwards.

The Council demonstrates good knowledge of the local area and its characteristics; including the constraints it works within (Green Belt, AONB, ageing population, outflow of young people) and the challenges it faces (economic development, housing and affordable housing).

The Council has developed plans to ensure these are addressed and is moving to ensure these are all outcome based. It adopted a determined strategy to become a 'Commissioning Council' several years ago. This pervades all council activities from effecting financial savings to seeking new ways to deliver its services. This includes the establishment of a Housing ALMO, a relatively recent leisure and cultural Trust and a variety of shared working models and involvement of the Voluntary and Community Sector (VCS) in delivering services. .

The council is forward thinking and innovative in working in partnership across the public and private sector and we came across several significant examples:

- The County wide economic growth joint committee, a fantastic development between the county council and the six Gloucestershire districts. The growth deal to which it relates will help to create up to 5000 jobs and generate up to £40 million in public and private investment.
- There is a strong focus on outcomes, for example 'Cheltenham has a strong and sustainable economy'ⁱ , we saw translated into the thriving Brewery development. This makes the delivery of priorities clear and tangible
- Our team were very impressed with the 'Cheltenham Development Taskforce' a very small (one inspiring employee) arm's length body, with key skill inputs helping plan and deliver significant projects for the town, for example a strategy for Cheltenham's high street upgrade.
- The relationship between the council and Cheltenham Borough Homes was mature, challenging and achieving strong and sustainable outcomes. Again the delivery of the excellent social housing project in St Pauls is a manifestation of this.

The council is rightly preoccupied with delivering value for money. A core ambition is the 2020 project. The council working with its GOSS partner councils (Cotswold, Forest of Dean and West Oxfordshire DCs) is now considering the creation of a single employment model as the natural progression to the shared services arrangements. It is at an early stage but again this reflects the ambition and focus on CBC.

All of the above bodes well and our advice in terms of priority setting is about focus and communication. Understandably at a time of change a range of plans and strategies which underpin the councils priorities have developed. However, the timescales and messages don't always overlap. The production of the new corporate plan provides an ideal opportunity for the council to streamline and focus these.

The 2020 proposals we know are developing, but many people we spoke to expressed uncertainty and a lack of clarity in respect of this. In line with the above remarks about plan alignment we would advise a clear, concise and consistent communication and change plan to underpin 2020. Additionally this partnership is both highly innovative and radical. It will be important that as this progresses that the

council is both aware and manages the corporate risks that this will create. We are sure they will.

We didn't always see how effectively you coordinated or indeed employed a wider public and customer consultation. The last significant consultation took place in 2009 in relation to management of government funding cuts and resident priorities. This is something the council should reflect upon as the scale and significance of change occurs and the potential for this to impact upon services delivery increases.

In our view your reducing organisational capacity needs to be squarely focused on the right outcomes. We detected some confusion about the relative importance/rating of priorities for various initiatives. For example, the council has a Regulatory and Environmental Service transformation (REST) project, so people asked us how this relates to its 2020 proposals. Furthermore, the council is focussed on delivering its 'Inspiring Families' project, so again stakeholders reflected how does this relate to the county wide 'troubled families' plans. We only beg a question, with an emphasis on being clear on your priorities and deploying your capacity to deliver them.

A final thought relates to the increasing significance nationally for all councils, including districts to focus attention on delivering the 'health agenda'. During our 4 days we heard very little about how you were doing this and in our view it merits further reflection.

3.2 Financial strategy and viability

We were very impressed with both your track record in terms of finance and your future plans. You should be applauded for your achievements of delivering a fundamental savings programme over the last 6 years, amounting to current annual savings of £7.5m, with a further £1.7m identified for the next 3 years.

We spent time with your lead finance officers and through them and the effective stewardship of the Council members we equally recognise you have a robust Medium Term Financial Plan and a clear strategy in place to deliver projected savings.

Your 2020 vision will help bridge the currently identified £1.2m gap in finance and you have used your capital programme and ear-marked reserves both imaginatively and prudently. The recent sale of two of the Council's car parks is a significant example where the Council has been able to consider a range of economic development and regeneration projects that will be funded by the capital receipt.

The Commissioning approach we have already referred to has enabled all of these savings to be realised at very minimal impact to the delivery of services to the community. This is an outstanding achievement.

As referred to you plan fastidiously in terms of finance. Indeed you have a 'Bridging the Gap' strategy, which is regularly reviewed and updated. We noticed that this had a high degree of red or amber risks. However, on exploring this with officers, it became clear that these risk ratings were largely due to the Council not being able to meet the saving in the relevant year, but it was clear to us that in many cases the saving would be achieved in later years. Therefore, the Council may wish to reconsider the classification and criteria for high risk savings to avoid causing unnecessary confusion and concern.

We felt that you could consider scenario planning as a more prominent feature of your future financial plans. At a time of significant change we felt this would be a useful discipline. This would allow you with member oversight to really spend time looking at options relative to your priorities, capacity and financial capability. An example of this might be how you might scenario plan for and employ strategies should, your ambitions within the 2020 vision not be met.

You have effective financial stewardship and a realistic medium term plan. A next step maybe to consider even longer term financial planning, at least in line with your 2020 vision and ideally over a ten year period. In our view this could really help the council take the next progressive progression on your journey of effective stewardship.

None of us underestimates the size of the financial challenges ahead. We did detect that your systems and people are as one stakeholder said 'starting to creak'. Again a timely reflection upon the financial capacity within the Council we believe would be wise.

3.3 Political and managerial leadership

We were very impressed with the sustained and visible political leadership at CBC. Everybody we spoke to expressed their real confidence in the leader of the council. We saw properly briefed and confident cabinet members. Your reputation for delivering through partnership and the leadership this portrays is undisputable.

From our short time with you we were very clear that the chief executive and his senior team are committed to innovation and change. They are on the front foot, making this happen, not passively responding to circumstances. We are also clear that the empowering style that they seek to promote does exist throughout the council. People know what is expected and they for the most part deliver well within this framework.

We received very positive feedback in relation to your first line managers and front-line staff. They felt, despite IT and capacity issues, that they had the latitude and freedom to operate in a way that allowed them to be productive and effective and that there was good communication with the senior team.

We saw good member and officer relationships at play and the member mentoring scheme, employed for new members, which offers them a senior officer as a key link in their early period as a member is to be commended.

Your approach to scrutiny in our view is effective and progressive. The chair of scrutiny is keen that the management and governance of scrutiny helps both inform the future policy of the council and takes an active challenging role in the performance of the council.

The 2020 project will have real significance for the council, its staff and its operating model. We sensed a real commitment from the senior leaders to this and we are confident they will progress this with the strategic pragmatism which they constantly employ.

A request of the peer challenge team from the council was to focus on how open and transparent the council is. From our best endeavours after four days with you and from what we read and heard it is our view that the council and its leadership really does seek to be both. We heard about a scrutiny process which encourages open debate. We were told about regular political group leaders' meetings with the chief executive. We saw, read and were told about member briefings, seminars and engagement at all levels in the organisation. All of the above and much more besides reinforced our view.

A reflection we had from the peer challenge was that CBC should refresh its thinking about when and how members are involved in issues and doing this at the 'right time'. This is about effective leadership, decision making and good governance and will reinforce positive intent. One suggestion might be to take, for example the Crematorium or Museum projects, where it is fair to say there have been issues about engagement and communication. We advise you reflect on how, when and why members could and should have been engaged. This will be good organisational learning and can also be used to focus attention on key issues relating to accountability and use of information.

Some members expressed the need for clarity about as one of them said 'who does what?' You have a range of delivery vehicles and partnership arrangements and members would benefit from being kept sufficiently informed about their purpose and changes. In truth this relates to officers too, as we attended meetings or discussions with your officers where confirmation was sought from them about which person and which organisation was responsible for certain activities. Again we raise this as a core communication issue.

3.4 Governance and decision making

You put in place new constitutional arrangements from April 2012. It is clear and well understood.

We saw strong political commitment to support good governance. The administration respects and promotes effective scrutiny and policy development. Your 'call in process' appears both practical and effective. Indeed we heard about an inclusive and progressive scrutiny culture and process including a strong cross- party commitment and involvement.

You have a clear performance management framework in place. From this we were easily able to see strong and sustainable links to your corporate plan and MTFP

Whilst all the above is a strong base, again there were areas where we thought you could reflect upon. For example, there was some evidence that scrutiny groups are resource hungry. You have a commitment to review and set an effective work programme for scrutiny and our advice is to ensure scrutiny focusses on high value areas and through this you will make better use of the resources you have available.

You are an organisation in constant change and this has kept you on 'the front foot'. However, it brings challenges and we have made reference to some uncertainty from members and staff about who is doing what, when and how. One stakeholder told us, 'Sometimes we drop the ball'. As a consequence you have had some significant project management issues. Where these have gone wrong it is important that you learn from your mistakes and through doing so reinforce your openness and transparency. We have also made reference to projects such as the Wilson Art Gallery and Museum. Your approaches to procurement and risk equally merit attention.

This openness comes with accountability too. We did see empowered staff but you do need to be confident that they also know when to ask for help and recognise their own mistakes or project failures. This is something we would encourage you to reflect upon.

We felt that it would be very worthwhile to begin a debate within the council about what and how effective governance through adapting to change should look like and be managed. Again, this presents an ideal opportunity for your scrutiny governance arrangements and your projects, risk and procurement practices, including the relevant control, monitoring and approval mechanisms being used.

A final reflection from us is again back to a key area from the challenge and that was about communication effectively through change. A strong message from many stakeholders and especially staff was a request for more effective information sharing about corporate work streams to ensure staff and members are up to speed.

3.5 Capacity

Your approach to proactively dealing with capacity was neatly summed up by one of your external stakeholders. You have a 'Coalition of the willing'. You are preoccupied by building capacity, resilience and efficiency through partnerships, for example: The significant back office work through GO shared services, managing the housing challenge through Cheltenham Borough Homes, waste management through Ubico, leisure and cultural provision through a trust and at a community level, the VCS in delivering some services.

In recent years you have seen a 55% reduction in workforce with little impact on frontline services. Much of this reduction has been achieved through new and different delivery arrangements but nevertheless it is very impressive.

You understand change very well and the peaks and troughs that this brings. We saw that you would both plan longer term and support shorter term when demand and pressure on retained staff occurs. You are proactive in addressing your resource capacity and capability.

The Council has a number of projects and priorities running which will create demand and pressure on the retained workforce. The Council is also very clearly moving in to areas of work and managing services that will be unfamiliar to many that work in local government. This in itself is creating a skills and capacity gap and therefore, training, effective approaches to organisational development and managing change will have increasing relevance.

There are areas where we believe you could help improve your capacity challenges. In overall terms we felt you should identify some core approaches to delivering member and customer expectations. You are undergoing significant change; it is a good time to engage with your key stakeholders about managing demand.

You have been making changes but not in all cases have your processes kept pace. We recognise your need to employ due process and employ good governance but we didn't feel that for all your arrangements this was proportionate and it would be useful for you to reflect upon this. The advent of the new Leisure Trust might be an area to use as good learning.

We have said you have empowered staff and that is a strong positive. We were a little surprised that you do not regularly through change test the 'organisation temperature' through staff surveys. Again, this is something for you to reflect upon.

You will know we heard more disquiet about your IT effectiveness and the lack of IT investment than anything else from staff during our four days. Anecdotes abounded about its ineffectiveness. This is a major issue that is sapping your scarce resources

and needs to be addressed in order that you are able to maintain and sustain the pace of change to date.

We had a thoroughly engaging staff focus group and made a commitment to them to highlight some key messages that would promote positive engagement as you embark on further change, we believe the following 'staff asks' will merit your reflection and attention:

- Greater visibility of the senior team
- Ensuring appraisals are effective and make a difference to staff
- Promote more effective working with members
- Develop a communication plan for change (you said... we did)

Key suggestions and ideas for consideration

The peer team developed some suggestions for you to consider. These are based on what we saw, heard and read and we fed the list below back to you at our feedback session on the last day. Drawing on our experience of the sector and knowledge of local government improvement, the following are things we think will help you to make best use of your skills and experience, deliver some quick wins, and develop the strengths you will need to see your change agenda through:

- Align strategies and plans in line with your new corporate plan and then effectively communicate to all
- Consider longer term financial planning, greater level of sensitivity analysis and scenario planning
- Reflect how you utilise the considerable talents that members bring
- Consider how Scrutiny might reappraise its work programme with particular reference to the opportunity to play a part in scrutinising the progress of critical projects
- Clarify and communicate the purposes, accountabilities and key personnel for your range of 'delivery vehicles'
- Consider a fundamental review of project management, risk management and procurement
- Reassess how you effectively manage the interface between priorities and capacity
- Consider ways to engage and consult more widely the public and customer through consultation
- Consider a staff survey and keep focus on staff morale through change
- Keep your IT requirements and plans front and centre

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to signpost you to other sources of information and examples of practice and thinking.

I have included the contact details for Andy Bates who, as you know, is our Principal Adviser (South West). Andy can be contacted via email or telephone at andy.bates@local.gov.uk (07970914345). He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

All of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

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On behalf of the challenge team

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