

Corporate Peer Challenge **Gloucester City Council**

14-17 November 2017

Feedback Report

1. Executive Summary

Gloucester City Council is now characterised by confidence in its political and managerial leadership arrangements and strong working relationships between officers and cabinet members. This signifies an important improvement in leadership since 2012 and has been achieved by closer working of senior members to consider upcoming issues, fortnightly 'Leadership' meetings, the reinstatement of Group Leader meetings and cabinet briefings ahead of formal cabinet.

Political Leadership is supported by a Managing Director (a role combined on a 50/50 basis with that of Commissioning Director at Gloucestershire County Council) and two Corporate Directors with broad organisation-wide responsibilities. The shared Managing Director post with the county council has led to a strengthening of relationships, the development of shared back-office services and the offer of county council services to the city council. This has been positive but the peer team believe that more can be obtained from this partnership in relation to joint strategic commissioning and the alignment of community support resources, particularly with the current discussions taking place on co-location at the Shire Hall.

Over recent years the council has undertaken a major programme of improvement to address a number of significant internal issues and potential points of failure. This improvement now places the council in a strong position to plan for the future. In 2013 the council received a corporate peer challenge, which described "a very difficult and challenging situation in late 2012". These issues were acknowledged by the council and the intervening period has been used to address each of these and turn them around. Particularly important has been: political leadership; the rebuilding of member and officer relationships; and the strengthening of governance and financial management arrangements. This has re-established confidence in these essential building blocks.

The council's strategic direction is clearly mapped out in the recently adopted Council Plan 2017-2020. This plan was developed through evidence of need, partner feedback, political priorities and resident/business consultation. This provides a firm basis for setting out council priorities.

The council has moved from a financially "precarious" position in 2012 to one that now provides a firm foundation to deliver on council priorities. Getting to this point has involved: building up reserves; a record of successfully making savings; regular monitoring reports to members; investment in business continuity; developing a five year Money Plan.

Gloucester City Council has led a significant level of top quality regeneration over a sustained period that has now formed a critical mass to position the city as a desirable destination and described as "on the up". This is evidenced by 52 per cent growth in the visitor economy from 2013 to 2015, which contributes £145m gross value added (GVA) to the local economy. This is all the more impressive by being achieved with comparatively low land values, some contaminated land areas requiring remediation and site complexities arising from archaeological interests. These factors can make development and inward investment a more difficult proposition.

The council is now in a strong position to take this further, in particular through building on its relationships with the county council, key local stakeholders and the Gloucestershire Local Enterprise Partnership (LEP). There are related key issues that impact directly upon the city's economy, including: some areas with high level deprivation – 10 Lower Super Output Areas are in the 10 per cent most deprived nationally; the outward migration of many young people for education and work and comparatively low skills levels. A shared partner commitment and combined resources could develop programmes to make sustained and long-term inroads on city deprivation issues. The social benefits could include raising education and skills levels to deliver prosperity across the city and contribute towards a higher value economy.

The council is taking forward a large-scale ambitious and innovative transformation project called 'Together Gloucester'. Beginning work in July 2016 the council brought together a group of volunteer staff with the aim to redesign the organisation. They were given a brief to start with a blank sheet of paper and design an organisational structure capable of delivering council priorities for the next four years. At the same time the intention was to dismantle organisational silos and promote flexible, cross-service working. The intention was also to move to a 'channel shift' in customer engagement so that residents, businesses and visitors can get more information and engage better with the council online. The first phase of the Together Gloucester transformation programme, an organisational restructure, has been completed achieving important financial savings.

The council is to be congratulated on completing the first phase of Together Gloucester to time and in meeting financial saving targets and is now well placed for the next phases. These will be based on developing an IT platform promoting new forms of customer access, customer self-service and 'channel shift'. This is the route that many councils are now taking and seems to the peer team to be the right course to follow. However, the reception of Together Gloucester has been mixed and the future transformation route has not yet been clearly mapped meaning many staff do not see or understand the end destination. It is also not clear who will lead on the next phase of the programme and what other colleagues' roles will be in support. Both these areas will need attention.

Emphasis has been attached to the work to provide greater resilience in business continuity and the ability to respond to an emergency. Since the data breach in 2014 the council has invested to upgrade its IT hardware and software and has undertaken work to meet Public Service Network (PSN) standards. Preparations are underway for the General Data Protection Regulation (GDPR) and there is further work underway to strengthen IT arrangements. The council maintains necessary plans – business continuity, corporate recovery, emergency response and flood response – and works with partners closely on planning, preparation and exercises, particularly on the emergency and flood response plans.

Over the last 4 years the council has made significant progress from the "difficult and challenging situation" it was in. This was important and essential work to enable the council to gain the confidence of residents, businesses and partners that it could deliver local services, address financial pressures and be a dependable partner to work with. Having achieved this, the council has a range of options that can be developed for planning ahead. This is a strong position for the council to find itself in.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

- 1) Produce a transformation programme to explain in clear terms the vision for Together Gloucester and how the design principles will shape the emerging operating model.
The organisation's perception of Together Gloucester is mixed and this is affecting staff morale. A transformation programme should provide a strong narrative on why Together Gloucester is important for the future, what the objectives are, how roles and expectations will change and how the council will secure the necessary resources and tools for success.
- 2) Develop a communication and engagement plan around the Together Gloucester programme that creates a shared understanding amongst staff, councillors and partners about how the transformed organisation will respond differently to achieve the council's corporate objectives. This should also say more to clarify the part that Asset Based Community Development will play in supporting change.
- 3) Allocate lead and supporting roles for the Together Gloucester transformation programme to manage a range of critical issues including transformation and ICT investment, organisational and workforce development, accommodation, 'channel shift' and business process improvement.
- 4) Build on the council's reputation for collaborative partnership working to maximise opportunities to progress areas of common interest with a wide range of partners. Find effective ways to harness the co-operation, spending power and resources of local, county and regional partners to shape and deliver Gloucester-based solutions which have a beneficial social impact and make the most of the council's Asset Based Community Development approach.
- 5) Identify and promote Gloucester's unique selling point (USP) and make sure it is used consistently by the council and its partners for inward investment, tourism, cultural and economic development, regeneration, marketing and promoting the city.
- 6) Exploit the city's USP to establish a stronger identity for Gloucester within the county, the region and nationally, particularly in terms of the city's ambition to become UK City of Culture in 2025; and progress this through strong engagement with Leadership Gloucestershire.
- 7) Adopt an increasingly selective approach to development and inward investment. The council's past success in regeneration and its reputation for delivery have built confidence in the city and its attractiveness as a retail, inward investment and cultural destination. Use this strength to promote a clear narrative and vision for the future of the city and progress only those projects which deliver the vision.

- 8) Continue to work with Vision 2050 to be able to shape a strong future for Gloucester as a key player in Gloucestershire's prosperity.
- 9) Consider how best to secure beneficial economic, community and social impact including through increased GVA, economic growth and income levels, stemming the loss of young people from the area and shaping the skills and labour market.
- 10) Develop a housing strategy covering Gloucester, Cheltenham and Tewkesbury to build on the Joint Core Strategy work across the three councils. This would complement the council's housing strategy to: direct sub-regional work with registered housing providers and other key housing partners; address current housing issues and need; the use of current housing stock and future housing need in support of the city's growing economy.

3. Summary of the peer challenge approach

The peer team

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 Gloucester City Council were:

- Karime Hassan, Chief Executive, Exeter City Council
- Councillor Linda Robinson, Leader of Wychavon District Council
- Lucie Breadman, Assistant Director Community Services, Colchester Borough Council
- Shirlene Adam, Strategic Director – Operations, Taunton Deane Borough Council and West Somerset Council
- Denise Edghill, Head of Economic Development and Skills, Southampton City Council
- Chris Bally, Assistant Chief Executive and Chief Information Officer, Suffolk County Council
- Amy Haldane, Local Government Association
- Andrew Winfield - Peer Challenge Manager, LGA.

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: does the council understand its local context and place and use that to inform a clear vision and set of priorities?

2. Leadership of Place: does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. 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?
5. Capacity to deliver: is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, the council also asked the peer team to consider/review/provide feedback on:

- the council's progress since the 2013 peer challenge. Both in terms of officer-member relations and the impact of the recently completed 'Together Gloucester' organisational redesign, and whether these changes position the council to deliver on council priorities.
- whether the reduction in resources following 'Together Gloucester' has adversely affected the council's ability to maintain business continuity and emergency response
- to review the council's partnership working arrangements
- to review the extent to which the council is maximising the social benefits from the city's physical regeneration programme
- if the council has the right balance and level of resource to successfully deliver its ambitious transformation programme? If not, what more could/should it be doing?

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. 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 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. The team then spent 4 days onsite at Gloucester, during which they:

- spoke to more than 150 people including a range of council staff together with councillors and external partners and stakeholders

- gathered information and views from more than 40 meetings, visits to key sites in the area and additional research and reading.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of the on-site visit on Friday 17 November. In presenting feedback, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the council is already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

The council has a clear idea of its priorities in delivering services to residents and businesses. It has recently adopted a Council Plan for 2017-2020 with the aim of making Gloucester 'a city that works for everyone'. The Plan sets out the council's core values and four priorities, with these developed through a combination of: customer insight data and evidence of need; feedback from partners; the political priorities of the administration and resident/business consultation via the council's website and social media channels. It was also informed by a comprehensive consultation programme involving over 1,100 people, a further 620 attending events. This provides a well-founded set of council priorities that are clearly articulated.

Looking to the future the county of Gloucestershire is looking ahead, to what the county and its constituent places will look like, in the programme titled Vision 2050. This is being collectively shaped by the forum Leadership Gloucestershire that brings together public service leaders from across the county.

Partners across the board were able to confirm that the council has a positive outlook to work with others to deliver on shared priorities. The council recognises that to deliver present and future place shaping depends on strong and supportive partnership collaboration. This is demonstrated by the partnership with the county council on the shared Managing Director post, by shared services with neighbouring councils and by many other examples, including: health and wellbeing, community safety, the Civic Trust (to help protect an important heritage asset and maintain its future use as a heritage hub for the city), with the business community in creating a Business Improvement District (BID), with private sector development partnerships to deliver regeneration. Another example is the creation of the Gloucester Culture Trust, a diverse and broad based cultural partnership involving the council, university, artists and producers, the LEP, Cathedral and young people. However, the peer team did pick up that relationships between Marketing Gloucester and the Culture Trust could be strengthened to improve the alignment of resources and outcomes. This may simply be clarity on respective roles and protocols for working on areas of overlapping interest.

A major example of partnership working is in evidence with the emerging – and subsequently adopted - Joint Core Strategy (JCS) which will provide an important strategic spatial plan for future growth to 2031 and longer-term place shaping across the three council areas of Gloucester, Tewkesbury and Cheltenham. Working across

council areas on strategic spatial planning is always a challenge but perseverance has paid off with the JCS now adopted. This is important for the three councils and for Gloucester it will be crucial to meet future housing need with the absence of large strategic housing sites within city boundaries. The JCS is also having the beneficial effect of promoting conversations across the three councils on how they may develop opportunities for closer working, in particular to coalesce on shared areas of interest to promote inclusive growth. This includes, for example, retaining young people within the local economy, poverty, skills development, meeting housing need and providing safe places for people to live in. In future these closer council relationships will become increasingly important to deliver the shared benefits from across the functional economic area.

The peer team found strong support for the concept of Asset Based Community Development (ABCD) from staff and partners with a clear political direction and lead from the portfolio holder. ABCD is an approach to sustainable community-led development. Beyond community mobilisation it is concerned with how to link micro-assets to the macro-environment and its premise is that communities can drive the development process by identifying and mobilising existing, but often unrecognised assets. As part of this ABCD encourages communities to challenge and create local social improvement and economic development and build increased community resilience. ABCD is a priority for the council which requires that staff and members commit to this style of working. The council is investing with partners in Community Builders, who are working in six of the city's wards. Despite this the peer team also found that ABCD can be viewed by some as an unclear concept which would benefit from interpretation across service areas, and with partners, to avoid ambiguity or misunderstanding.

Together Gloucester has gained a high internal profile from the recent organisational redesign. However, there would be merit in setting out a clearer narrative on why this is important and, in broad terms, what the end destination might look like. For example, although senior officers are clear that this is, "in part predicated on technical transformation" there are many in the staff cohort with only a low level of understanding of these phases and what the council may look like in a few years' time. For some there was the misunderstanding that Together Gloucester was now complete with the finalisation of the recent restructuring. Similarly this narrative could be also beneficial for the Council Plan, where priorities were not always well understood by staff, and for the Regeneration and Economic Development strategy where the council's ambition was not necessarily readily understood by external partners. It would be beneficial for the council to set out its vision and key strategies, and their interrelationship, in a consistent and unambiguous narrative so all audiences understand this.

The above strategies and plans do have measures and actions which will enable progress and outcomes to be monitored. However, over the last two years performance management has been less transparent with the absence of a council-wide performance management system. This is due to a change with the introduction of a new system (Pentana) and also with the recent service planning activity. The latter includes developing an agreed set of key performance indicators (KPIs) which will be presented in Pentana for future performance management. Pentana will also be important to provide information on service pressure points. For example, not surprisingly with the changes to customer service, the peer team picked up a number of

staff concerns on customer service response and access. Although managers were aware of these issues, the absence of an operational performance management system meant there was less quantitative data to fully gauge the extent of the problem.

The use of data – especially performance and customer insight data - will be increasingly important for the council to target future activity and resources. The use of customer insight data can provide a detailed view of resident and business need, down to any level of geographic disaggregation the council chooses, and inform decisions on council intervention and the allocation of resources, with these then targeted to have most impact. Developing this will require resources and capacity that could be co-developed with principal partners.

The council has an ambition “to generate social value from regeneration activities”. It recognises that its work on: spatial planning; urban design; master planning; the use of s.106 funding and asset transfer can deliver positive social and community impacts. However, the council is interested in developing this area further for future regeneration work, especially for residents from more deprived neighbourhoods. A model that could be considered would be to co-design social impact programmes with the county council, making use of customer insight data, mentioned above, across the city area where there are a significant number of residents from deprived areas of Gloucester who form the same client base for both councils. The county council spends an estimated £85m in Gloucester. This frames the potential for joint work on the social impact from regeneration. Such opportunities could include:

- in recognition of the disproportionate spend by the county council in Gloucester on children in need and wider vulnerable people support services, to develop opportunities for joint strategic commissioning with the county council (social care and public health) through piloting activities that build in an asset based approach to addressing economic, social and health objectives
- to further optimise additional income and social gains through planning and procurement for example, s.106; employment and skills plans, Local Labour agreements, developing further ideas to respond to the requirements of the Social Value Act 2013
- the development of KPIs from regeneration work, for example: local jobs created, targets for local apprenticeships, work placements, pre-employment training and upskilling the workforce
- co-investment in capital funding projects with the county council to address shared objectives
- to develop Vision 2050 to underline the importance of city ambitions and the important economic role that Gloucester has to play in county-wide place-shaping
- the scope for a Gloucester-specific approach, for example by piloting projects for future rollout across county.

The county council indicated to the peer team that they would certainly welcome and consider proposals along these lines that would meet shared priorities in the city.

4.2 Leadership of Place

City-wide regeneration has been a clear priority for the council for many years and has delivered a notable body of work. This work is guided by the council's Regeneration and Economic Development strategy 2016-21, which acknowledges that the city is responding to a legacy of unsympathetic 1960s and 70s architecture and the need to address this in a way that retains the wonderful heritage the city has to showcase.

The peer team toured the city and were impressed by the level and quality of inward investment that has been achieved at the Gloucester Docks and Quays; with the council setting a marker by locating there in the mid-1980s. The council also recognises that the historic city centre requires regeneration and work is currently being undertaken, and planned for the future. Current activity includes a range of redevelopment work at King's Walk – long identified as a strategic opportunity in the city's retail circuit, with its location the entry point to the city for those arriving by bus and train - and a focal point for the planned city regeneration. The record of delivering quality regeneration has now achieved critical mass so that the city is becoming a retail, inward investment and cultural destination, from those within and outside the county, along with an increased sense of pride.

The council has led on regeneration with a strong track record of delivery, a proven ability to secure funding and showing it is able to bring forward development. This demonstrates to potential investors that the 'council is open for business' and that it can be relied on as an effective partner. It has demonstrated civic leadership to enable regeneration that without its intervention would not have proceeded. The council is clear that it will lead on regeneration and will take on risk, where appropriate, to enable the right form of development. For example, at King's Walk shopping centre – a key component for the wider King's Quarter regeneration – council efforts to bring forward regeneration through private sector partners had stalled. The council showed leadership to unlock private sector funding through an innovative approach on an 'income strip' deal. This was only made possible through council intervention and by it being prepared to take on a commercial risk.

Similarly the council worked closely with the University of Gloucestershire to relocate their business school, and associated student accommodation, to the city. The latter at Blackfriars involved a planning commitment via a Local Development Order and the securing of Growth Deal funding from the LEP. The council has intervened at stalled sites at Black Dog Way and at Bakers Quay to unlock the development of residential, food and beverage units and a new Premier Inn. This model of council intervention provides confidence for development partners that the council is passionate about regeneration.

Housing delivery is being addressed by the council working with partners. This is important for the city where there is very limited availability of strategic housing sites and where deprivation is often focused on large housing estates. Housing (regeneration and new developments) outside the immediate city centre has a good record of delivery (bringing forward a sizeable urban extension with social and community infrastructure) and with £1.25m of targeted funding, via Gloucester City Housing, for masterplanning an estate regeneration programme for 3,000 homes at Matson and Podsmead.

There is evidence of local employment skills not being well enough aligned to meet current and future workforce requirements. Driving up gross value added (GVA), growth and income from current low levels is a priority for the city with severe labour risks, including: shortage of available labour; of labour with the skills required; and concomitant loss of young people from the area. The council will need to decide how to work with principal partners on labour market interventions to address the skills shortfall, which is not currently evidenced as being driven by others. The county council has recently established an Employment and Skills Board which could be an important forum for taking forward this agenda.

The council has demonstrated strong partnership and collaboration in its recently adopted joint core strategy and has a maturing relationship with Cheltenham and Tewkesbury councils. This will become increasingly important where economic and housing interests overlap, as well as a growing recognition that shared issues such as poverty, health, education and skills could be beneficially addressed by working together. A practical example of this is that the county's productivity has lagged behind national averages for more than ten years and one factor is high proportion of young people who leave the area. This is not only a loss to the area and economy but it contributes to a skills and employment gap, with potential inward investors increasingly needing to be reassured on both counts. The three councils could be in a position to work with the LEP, businesses, training providers and the county council to develop a programme of intervention to improve skills development and economic productivity.

The council is building up a strong model of partnership working with culture, arts and heritage sectors. The council has a Cultural strategy and in 2016 set up a Culture Trust. The new culture portfolio holder recognises the increasing importance of adding depth to the city's overall offer to add distinctive layers to the character of place. This not only makes it unique but also differentiates it from other economic centres and contributes to making the city a destination of choice. A contribution towards this is the city's success in being recently awarded £1.49m of National Lottery funding – from a council bid developed with culture partners - towards a Great Place programme to support the aspiration to become the UK City of Culture in 2025.

4.3 Organisational leadership and governance

There is now confidence within the council on the leadership and governance arrangements. A lot of work has been conducted since 2013 around political and managerial leadership and governance. This is characterised by strong working relationships between officers and cabinet members that are a significant improvement from 2012. Political Leadership is supported by a Managing Director (a role combined on a 50/50 basis with that of Commissioning Director at Gloucestershire County Council) and two Corporate Directors with broad organisation-wide responsibilities.

This positive shift has also been promoted by a closer working relationship with senior members and officers to consider upcoming issues. The fortnightly 'Leadership' meeting provides an opportunity for political and managerial leaders to share and develop a forward programme and to anticipate issues by joint discussion at an early stage. At the same time Group Leader meetings have been reinstated and are valued as a means for regular communication. This is also supplemented by cabinet briefings ahead of formal cabinet and bi-monthly portfolio holder meetings with service manager

leads. Another important area was work to update the Constitution, which has contributed towards greater confidence in governance arrangements. Complementing this is work on officer and member code of conduct and on behaviours and values to guide council activity and interaction.

The council has made significant investment (more than £1m during 2015-16) in its IT systems and infrastructure to provide a secure network and ensure business continuity and resilience against future data breaches and to ensure compliance with the Public Services Network (PSN). The latter was a priority following the data breach in 2014 which led to a high cost fine from the Information Commissioner. There is further work to do in this area, particularly if the council is to meet its aspirations around channel shift and compliance with the General Data Protection Regulation (GDPR), but it is clear that the technologies being implemented (Microsoft Office 365, Azure Secure Hosting and Dynamics) are industry leaders and widely adopted in local government.

Communications are good but can be further improved. The council's communications service is provided by the county council. Arrangements are made for county communications staff to attend senior management team and cabinet meetings. The products, including a weekly e-bulletin, a monthly newsletter, a members' bulletin and a digital residents' newsletter 'City Life' three times a year all of which are of high standard. The council felt that communications can be overly reactive so some direction and fine tuning with the provider would be beneficial. This could include recognising the need to make use of a variety of communications channels and also that communications should not just be top down but also bottom up, with responsibility shared across the council. The council will be able to improve communications further once plans to update its website, and create an intranet – not currently available – are realised and could be an opportunity for a council-wide communications refresh.

An immediate communications issue for the council is to navigate the changes introduced over the last 2 years with a new management team and, more recently, the Together Gloucester change programme. Not surprisingly, following the recent restructuring, there is considerable staff uncertainty and apprehension – with this confirmed in the staff survey and by meetings the peer team held. The working group established to draft and oversee an action plan to address the survey findings will be important to address staff concerns and to contribute to the new staff structure becoming settled. However, a Together Gloucester communications plan for the next 12 months would be of value in setting out a clearer narrative on why this programme was needed, the design principles used, what the end goal and vision is, changes in job roles now and in the future, and how a transformed council will respond differently to the expectations of customers and members. It should also describe arrangements for monitoring the new structure to identify pressure points that may need attention.

4.4 Financial planning and viability

The council has moved from a financially “precarious” position facing “meltdown” in 2012 to one that is now providing a strong and stable foundation to deliver on council priorities. The elements for this shift include:

- work conducted to build up reserves from very low to now healthy levels

- a record of successfully delivering savings over many years to meet funding gaps highlighted by reduced grant funding
- members now receiving regular monitoring reports and having confidence in council finances
- additional provision being planned in the 2018/19 budget proposed to support transformation work
- significant investment made to ensure business continuity and resilience against future data breaches
- the Aspire Trust has delivered significant financial benefit to contribute towards overall savings targets.

The recent restructuring, as part of the Together Gloucester programme, has achieved in year savings of £1.23m. This has substantially addressed the financial gap that the council was facing; being £1.475m for 2017-18. This has also provided the council with the headroom to consider how it may proceed to gain further savings and generate income to address future financial pressures.

This stable financial platform is supported by a five year Money Plan that promotes longer-term thinking and can project future income and expenditure changes and their impact on the council. One of these is New Homes Bonus (NHB) which the council uses the full benefit to support the revenue budget. With the recent changes to NHB - with funding reduced and longer-term prospects looking increasingly uncertain – the council is anticipating a future where this may no longer be available.

The council positively engages with the public on budget proposals; demonstrating its confidence to engage and discuss spending plans and willingness to take account of feedback. This is arranged by a round of consultation, which provides useful feedback on what the public view as more important services and their satisfaction with the council. This will be of increasing importance with continuing public spending pressures, likely to lead to difficult service decisions having to be made in the future.

The council has approved a bold undertaking to invest up to £80m through a property investment strategy. Like many councils across the country the council is looking at opportunities to develop new income streams, in the face of reducing Government grant, to supplement the revenue budget and secure continuing service delivery. No investments have been made to date and the council is watching closely Government for clarification on councils' ability to conduct property investment outside their administrative area. With the council a designated Housing Zone area, and with the Homes and Communities Agency – subsequently renamed Homes England - being encouraged to support delivery across a number of city sites, these could offer potential opportunities for that council property investment that would provide a commercial return and also deliver much needed affordable housing.

The council's plans to set aside resources for transformation are a good start but the peer team question if they will be sufficient and whether contingency arrangements should be made. The detail of this is not likely to be known until more work is conducted on transformation design principles and these will help shape the size and extent of future investment. It would be worth making contingency arrangements for

possible additional resource – an ‘invest to transform’ reserve - to ensure delivery of this important council programme.

The council may also wish to consider the current level of business rates contingency and whether this is sufficient to protect the council and service delivery from the impact of in year changes. Business rates are a volatile area and this has been experienced in the Gloucestershire business rates retention pool and the successful appeal by Virgin Media. Reviewing contingency arrangements could be useful.

Finally, the council may wish to consider the opportunity to be more explicit and visible in capital and revenue plans to more directly connect to corporate plans, priorities and programmes. The presentation of plans do not currently show linkages between priorities and where the money is being spent. Strengthening financial reporting to show clear linkages between council priorities and resources would be helpful for officers and members to make this association.

4.5 Capacity to deliver and customer access

The staff resource provides an important platform for the council. The peer team encountered a passionate and dedicated group of staff with good ideas, optimism and commitment to Gloucester. They generally accepted the need for change and understood that this was primarily driven by external forces that made change inevitable.

At the same time the council is providing a strong framework to support staff, to provide accountability and ensure activity contributes towards corporate priorities. Plans are in place around key processes, including:

- performance management
- staff appraisals
- talent management
- behaviour framework, for example councillor and officer conduct
- service plans
- organisational development.

The Workforce Strategy that is being developed provides an important opportunity to align the above approaches. At the same time it would enable the council to respond to the issue of skills development, particularly those that will be needed in the future around commercialisation, procurement, contract monitoring etc. The proposals to recruit 11 apprentices in the current year could be a means whereby the council starts to ‘homegrow’ some of the future skills that will be required.

The council was regarded as a “good and effective partner” across the board with partners met by the peer team. At a time of significant financial pressures for councils it is increasingly recognised that partnership working is essential to draw in resources and capacity. In the future it will be important to build upon this by structuring discussions with principal partners on strategic intent - what do we want to achieve from our partnerships collectively and what more could we do together?

A key business set of partners for the council are those organisations providing contracted and shared services (the latter with other councils). The total value of these contracts is around £10m and represents a sizable proportion of total revenue expenditure. Within this mixed economy model the council has been able to gain some efficiency savings from contracts with Amey (waste and street scene services), Aspire (leisure) and Civica (IT and revenues and benefits).

However, the council has experienced some audit criticism of contract management. The new organisational structure shows a shared and dispersed responsibility for these and has recently developed KPIs for some contracts, which will assist performance management. Despite this, in the short time available to the peer team, we were not convinced that the intelligent client contract arrangements are set at the optimum level – for example the way in which customer contact is managed and service quality issues are addressed - or that these arrangements were consistently applied. We suggest that these arrangements be reviewed to be made more robust.

There is a positive, open and honest relationship with the county council reinforced by a Memorandum of Understanding (MOU), signed by both councils in 2015, which commits to closer working and shared back office services. The shared Managing Director post has been the driver for this enhanced relationship which has helped to: build relationships; exercise informal influence; and ensure that Gloucester's voice is heard on the Commissioning Board. This is generally felt to have worked well with the county council recognising the value gained although both councils believe that more benefit can still be gained.

The peer review team felt that the HR and Communications service agreements with the county council are good examples of working together and obtaining better value for money. The peer review team were made aware that there are now service standards specified for both services, and that the councils are moving to an S101 arrangement, including putting in place monthly and quarterly monitoring arrangements. This may provide an opportunity to further improve value for money and performance management.

Additionally, the council is considering an offer to co-locate with the county at Shire Hall toward the end of 2018. This could prompt further sharing of back office services and infrastructure; particularly for the council where the recent restructuring has taken out capacity, some of which could be regained through joint working arrangements. One example of this was consideration being given to shared use of IT infrastructure but this not being proceeded with, principally because existing contracts expired at different dates with little time to align for new arrangements. In the future shared IT infrastructure could be reconsidered.

Other opportunities include a shared reception point to provide a 'single gateway' to the two councils and enhanced customer access. Another is to consider 'shared teams' where benefits could be obtained from closer working. Yet another is where the county council's recent disposal of buildings has generated significant capital receipts able to be used to fund capital investment. If the city council were to put forward proposals for joint working, joint investment with joint benefits across shared priorities then that is likely to be something the county council would consider. Especially as the county is considering investment in overlapping areas of interest with the city council, including:

property acquisition schemes, setting up a housing company, a health hub in the city, car parking facilities etc.

However, co-location will require the council to make decisions quickly on some of the above issues and opportunities. These could carry investment requirements that need budget provision and action planning. It would also require the council to develop a communications campaign to make residents and businesses aware of the changes, why they are necessary, the changes for access and when these will take effect. It would also need to take account of distinguishing who does what so that the two organisations' roles and responsibilities are clearly delineated.

The organisational understanding and perception of Together Gloucester is mixed and is affecting staff morale. The wider components of transformation and their inter-dependencies are less understood and will require leadership, planning and investment (temporary). As stated earlier many staff lack a clear understanding of the longer-term transformation programme and what this means for the council and the services it provides. Having just completed the restructure the council is entering a crucial period – transitioning from the old to the new operational model. Although some staff are clearly embracing this it is also evident that others are struggling and need support. For some this is the need for: clarity of their new roles whereas for some it is support to change systems, practices and processes. For others it is how to 'stop' doing things given reduced capacity or indeed confirmation of 'what' can be stopped.

The loss of capacity by the implementation of Together Gloucester is crucial. The restructure has seen the workforce numbers reduce from 247 to 187 FTEs, a reduction of nearly 25 per cent. This now requires a bedding down period for the new structure to ensure that expectations are recalibrated. This reduction in capacity will inevitably impact on levels of service output, which the council and service managers will need to monitor. The council will also need to manage expectations of customers/residents, businesses, councillors and all staff through continuing explanation and communication.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Andy Bates, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: email andy.bates@local.gov.uk and telephone 07919 562849.

In the meantime we are keen to continue the relationship we have formed with the council throughout the peer challenge. We will endeavour to provide signposting to

examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. Our expectation is that it will occur within the next 2 years.

Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the council will commission their next Peer Challenge before October 2022.