Corporate Peer Challenge

South Somerset District Council

13th – 16th March 2017

Feedback Report

1.   Executive Summary

South Somerset District Council (SSDC) has in previous years been regarded as being at the leading edge of local government. The Council has good self-awareness, acknowledging that it has been through some difficult times, including a period with no Chief Executive, and that it has in recent years lost that edge. In view of this the Council has started a very ambitious transformation programme that will affect all services and how it operates generally. Financial pressures are part of the reason for change, but the main driver is accessible customer service and supporting local communities.

The Council has a good understanding of the diverse communities it serves. The district council area comprises a large and varied geographical area with a mixture of very rural areas and urban communities. This creates a variety of different local needs and priorities. Despite this complexity SSDC and its individual local members understand both their own immediate locality and the needs of the district overall. This understanding is significantly assisted through the Council's area based committee system and locality working.

The Council is in the process of refreshing its Council Plan and has already used its local understanding to create clear priorities. There is a need to develop a clear system and structure for prioritising individual projects within these overall priorities. As part of this it is important that local members bear in mind their responsibility for the district area as a whole and not just their immediate locality.

There has been prudent financial management over many years and this has enabled SSDC to manage past financial challenges. The Council is in a relatively strong financial position in comparison to many other councils, is debt free and has significant financial reserves and capital receipts - of which around £15m are at present unallocated.

Despite this comparatively good financial position there are still significant financial challenges that must be tackled. The current Medium Term Financial Strategy (MTFS) identifies a revenue shortfall of £4.7m over the life of the strategy. It is anticipated that £2m of this will be met by the transformation programme with £2.7m to find through income generation and cost reductions. There is, therefore, a heavy reliance on transformation/ greater commercialisation being achieved and producing the anticipated savings/ income generation. It must also be borne in mind that some income generation will take time. This financial shortfall, therefore, remains a risk and the Council is aware of this. In addition there is a need for a clear structure for the process of allocating money to future capital schemes.

The transformation programme is ambitious and the Council is placing great emphasis on this to preserve and improve services as well as meeting its financial challenges. The Council has taken external advice on the transformation programme and set aside significant financial resources to fund its implementation. There are, however, two main issues that need to be addressed swiftly if the programme is to be successful:

- There is not a consistent understanding throughout the organisation of what the transformation programme is intended to achieve. Many people stated that they have not heard a simple and clear vision for how the Council will operate. It is essential that all levels appreciate what is trying to be achieved and why. There is a need for an engagement approach that builds on written communications and emphasises face to face messages from the top

- The Council is lacking capacity in key areas which are necessary to implement the transformation programme. The most obvious of these are strategic programme management, strategic human resources, commercialisation, marketing and communications. Investment should be made now to increase capacity in these areas and the Council is likely to have to look externally for many of the skills and experiences it requires. This needs to be followed by the development of detailed implementation plans for each workstream within the transformation programme.

The Council also plans to create a more commercial culture and increase income generation. It needs to back up its commercial intentions with a clear council wide commercialisation strategy. This strategy must be realistic regarding the areas in which commercialisation is most likely to be successful and be clear where commercialisation will not be pursued. There is a need to distinguish innovation from distraction i.e. do not pursue ideas that will take up financial and time resources with only a limited chance of return. Whilst there is a good focus and developing strategy on property, it is not clear how non-property opportunities will be analysed, supported and grown. The commercial strategy should be clear as to what the assessment criteria will be. Clear commercial targets must be set and these must be understood. The Council should recognise that to be successful in its commercial and income ambitions it will require new and different roles, skills, experiences and approaches to those currently within the organisation.

Good progress has been made on resolving the senior officer structure, but the Council still has a long way to go on its transformation journey. This includes the need for a clear culture change programme that creates a commercially minded culture but which retains the strengths of the current customer-focused culture within the Council. This journey will require considerable resolve, some difficult decisions and willingness at all levels to embrace the changes that the Council has identified as required. At present the Council has shown considerable political and financial commitment to making the transformation happen.

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) **Articulate the transformation vision simply and clearly.** It is essential that all levels within the Council appreciate what you are trying to achieve and why. Create an approach to engagement that builds on written communications and emphasises face to face messages from the top

2) **Invest in further capacity as soon as possible.** The scale of the transformation and commercialisation programmes is large and complex. You should invest in additional specialist resources now especially strategic programme management, commercialisation, strategic human resources, communications and marketing.

3) **Develop a detailed implementation plan for your transformation programme as soon as possible**. This will require detailed workstream outputs. Dependencies and integrations between these workstreams must also be identified and communicated. These should dictate the Council's timescales.

4) **Ensure the Chief Executive and SLT have appropriate personal authority and visibility to see through the changes required.** It is important that members understand their strategic role and allow the Chief Executive and his Senior Leadership Team (SLT) personal authority to implement the culture change and system issues which are part of the transformation programme.

5) **Make sure your Transformation Implementation Plan is adaptable, and explicitly includes how you will undertake strategic workforce development and your desired cultural change.** The plan must be adaptable to your own needs and capable of being adapted further as it proceeds. It needs to have a clear statement as to the development needs that will be required of the workforce and a definition of the cultural changes the Council requires.

6) **Create a co-ordinated commercialisation approach that has a clear focus on what areas you will and will not pursue.** The Council needs to back up its commercial intentions with a clear council wide commercialisation strategy. This strategy must be realistic regarding which areas of commercialisation are most likely to be successful in and be clear where commercialisation will not be pursued. There is also a need to establish clear governance arrangements around this programme including the creation of new trading operations.

7) **Ensure a more structured, rigorous and timely process to the assessment of capital investments**. The Council should ensure that a clear criteria and process for determining capital allocations within its overall strategy is in place. This should support as far as possible its commercialisation/ income generation ambitions.

8) **Take action to see if there are any 'quick wins' to help the Council's financial position by:**

   - **Reviewing reserves and capital allocations to see if all are required.** The Council has significant reserves and capital allocations in addition to its unallocated capital receipts. The scale of these justify review, as there may be scope for re-allocation or further support to revenue pressures.

   - **Reviewing charging for services and car parking.** There is scope for a financial 'quick win' as regarding charging for existing services including adding premium charges when the service is 'gold standard'.

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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 South
Somerset District Council were:

- Colin Carmichael, Chief Executive, Canterbury City Council
- Caroline Adlem, Head of Traded Development, Essex County Council
- Councillor Peter Fleming, Leader, Sevenoaks District Council
- Angela Glithero, Assistant Director Resources and Improvement, Economy, Transport and Communities, Derbyshire County Council
- Steve Jorden, Head of Paid Service, South Hams District Council and West Devon Borough Council
- Councillor Steven Lambert, Aylesbury Vale District Council and Buckinghamshire County Council
- Jonathan Lund, Corporate Director, Gloucester City Council
- Bob Ross, LGA Peer Challenge Manager

Scope and focus

The peer team considered the following five questions which form the core components
looked at by all Corporate Peer Challenges cover. 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?

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In addition to these questions, in view of your ambitious transformation plans you also asked us to look at how the Council is progressing its:

• Transformation Programme and associated benefits
• Income generation / commercialisation ambitions and targets
• Cultural change in the organisation to ensure one team focused on the customer and the council's goals for its communities, with a more commercial, business-like approach.

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. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared 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 four days onsite at South Somerset, during which they:

• Spoke to more than 100 people including a range of council staff together with councillors and external partners and stakeholders.

• Gathered information and views from more than 45 meetings, visits to key sites in the area and additional research and reading.

• Collectively spent more than 280 hours to determine their findings – the equivalent of one person spending more than 7.5 weeks in South Somerset.

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 their on-site visit (13th – 16th March 2017). In presenting feedback to you, 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 you are already addressing and progressing.

4. Feedback

4.1 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?

The District Council area comprises a large and varied geographical area. This is made up of a mixture of very rural areas and urban conurbations which creates a variety of different local needs and priorities. In addition to local district council ward members, these needs are represented by 121 parish councils (and County Council councillors) which will inevitably create demands for local services. Despite this complexity SSDC and its local members understand both their own immediate locality and the needs of the district overall. This understanding is significantly assisted through the Council's area based committee system and locality working.

Although the peer team understands that the Council Plan is being refreshed, the Council has already used its local understanding to create clear priorities for the district area. There did not appear to be a clear system and structure, however, for prioritising individual projects within these overall priorities. It is important that such a system exists and is used - particularly as the area based structure can otherwise create pressures for local projects that could cloud overall corporate priorities. It is important that local members bear in mind their responsibility for the district area as a whole.

The Council is successful in engaging with a wide variety of local stakeholders and is willing to work in partnership with them. These stakeholders range from large corporate organisations, business networks, housing associations etc. to small community groups, voluntary organisations etc. The South Somerset Together forum was described by various partners as useful for sharing information at a strategic level. In addition the Council also gives grants to assist local innovation and self-help in order to protect local facilities and services e.g. community shops.

The area based committee system is supported at officer level by locality working and community offices staffed by Customer Advisors. This assists local people to raise queries, concerns etc. and there were also numerous examples of these officers being able to 'pull together' local partners to 'make things happen' locally. Examples of this are the partnership with local businesses to encourage people to use Yeovil town centre, which is being led and resourced by businesses with 'enabling' support from the Council, and work with Chard Town Council and the County Council on providing local community support. This emphasis on local working is crucial to the success of the Council's transformation programme and future operating model which is intended to strengthen locality working – although attention is again drawn to the need to ensure a clear focus on overall district priorities.

4.2 Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?

The Council's understanding of its area is backed by tangible action 'on the ground'. This includes investment in economic development schemes, rural housing programme etc. Local collaborative working is strong and district partners spoke highly of the Council. However, some broader partners (i.e. those outside just the immediate district area) reported that there was a perception that the Council could be too risk averse and, particularly at officer level, that the impression is sometimes given that it has to be 'South Somerset's way or not at all'. It should be noted that there were also reports that this reputation and perception is improving.

The Council's ambitions for local services is backed by a willingness to accept risk in some cases in order to drive forward projects within the district. A particularly notable example is the Westlands centre which serves a variety of local need in Yeovil but which has potential to have a financial cost for the Council. Similarly there are initiatives such as the Yeovil Innovation Centre which is planned to have an expansion in 2018. Such initiatives and willingness to accept reasonable risk are generally welcomed by the peer team but two points should be stressed:

- The Council must ensure that it has a clear, structured and robust method of appraisal of the business case for such initiatives which includes sufficient challenge e.g. has the council truly challenged the case for an expansion of the Innovation Centre which is only 85% full and with other office space available in Yeovil?

- As stated before, there is a need for an over arching strategy to meet the Council's priorities. Projects need to demonstrate that they deserve priority within that strategy

One particular observation of the peer team is that economic development is stated as one of the main priorities of the area. While there are examples of specific projects to support this, the peer team felt that the Council has not invested sufficiently in the officer resource to support the priority and that the size of the economic development team was small in relation to the task it faces.

4.3 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?

The Council has in previous years been regarded as being at the leading edge of local government. However, it acknowledges that it has been through some difficult times and that it has in recent years lost that edge. Changes in senior management over the past 18 months, including a temporary period with an acting Chief Executive whilst the future leadership requirements were determined, has clearly been a difficult and testing time. It is pleasing to see that the Council is now coming through that period with the formation of a new Senior Leadership Team under a new Chief Executive, committed to

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the change programme the Council has embarked upon. To continue this progress it is important that the political leadership remains consistent and united in their overall strategy for the district and that the new officer structure is fully in place as soon as possible. This new officer team must also ensure that it is consistent and seen to be united in its managerial leadership approach.

There is wide spread backing for the new Chief Executive and much reliance is placed on him for the planned transformation of the Council. The peer team stresses that such a transformation is a very large task and one person cannot achieve it on their own. There must be realism as to what can be achieved and in what timescale – the peer team feel that so far there has been little time to achieve tangible results other than progress on the officer restructuring (which should be completed as soon as possible).

There are two points allied to this which are also dealt with in section 4.5 of this feedback:

- The Council has gaps in officer capacity and to fulfil its transformation programme needs to be prepared to invest in additional resources to see this through effectively

- Middle management understanding of and involvement in the transformation programme is required to supplement senior management capacity. The peer team did not see much evidence of this as yet and steps should be taken to harness this potential capacity as soon as possible - particularly as these managers showed a clear willingness to be involved.

Councillor and officer relations were observed and consistently stated to be good and promoting effective working. However, there is a need to ensure that the respective roles are clearly understood and respected. This will be particularly important when the transformation programme is fully underway and a large amount of operational details will need to decided upon and implemented. It is accepted that, particularly during the period without a Chief Executive, members may have been required to 'fill the gap'. This is not only understandable but also kept the Council operating. However, it is important that members understand their strategic role and allow the Chief Executive and his SLT personal authority to implement the culture change and system issues which are part of the transformation programme.

One aspect where the members must have a clear role is in the scrutiny of the transformation and commercialisation process. The arrangements for this were not clear to the peer team and even members seemed to have some confusion as to whether scrutiny members also served on transformation related boards. The structure and methods of scrutiny should be clearly understood – together with the acceptance mentioned above that this should operate at a strategic level.

Although the Council has come through testing times recently there are also many challenging times ahead as it deals with its financial pressures and the implementation of its transformation programme. This will require councillors to be strong and consistent in their resolve to meet these challenges and to stand collectively by the decisions that are made as the process proceeds. This process will affect the Council at all levels from

political leadership to front line services and a willingness to accept change at all these levels is required.

4.4 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?

The Council has adopted a prudent approach to financial management over many years and this has enabled it to manage past financial challenges. Examples of this prudent approach include hedging against a fall off in New Homes Bonus and the creation of an Efficiency Strategy in 2016. Partly as a result of this approach the Council is in a relatively strong financial position in comparison to many other councils. It is debt free and has significant financial reserves and capital receipts of which around £15m are at present unallocated.

Despite this comparatively good financial position there are still significant financial challenges that must be tackled. The current Medium Term Financial Strategy (MTFS) identifies a revenue shortfall of £4.7m over the life of the strategy. It is anticipated that £2m of this will be met by the transformation programme with £2.7m to find through income generation and cost reductions. There is, therefore, a heavy reliance on transformation/ greater commercialisation being achieved and producing the anticipated savings/ income generation. It must also be borne in mind that some income generation will take time. This financial shortfall, therefore, remains a risk and the Council is aware of this. In addition there is a need for a clear structure for the process of allocating money to future capital schemes.

There may be opportunities to improve the Council's financial position now which will contribute to its financial sustainability in the medium-term. Specific opportunities include:

- Reviewing whether all the reserves currently held will actually be required

- Being willing to review fees and charges (including car parking) to see if additional income can be generated. This should include looking at premium payments for 'gold standard' services which clearly exceed statutory requirement e.g. next day service for taxi licenses. Although this can raise sensitive issues many other councils are now actively pursuing these options.

- Reviewing where it invests its capital receipts and reserves to ensure that it is maximising their contribution to the Council's revenue position

- The Council has comparatively low targets for the collection of Council Tax and Business Rates, although it is understood that it has recently taken on extra staff to improve performance. It must ensure that it is maximizing performance in its collection

The Council should look to take early decisions and action on these matters given that the commercial and income generation ambitions will take a number of years before they start to generate additional revenue for the Council

The Council has around £15m in unallocated capital receipts. The peer team did not see evidence of a clear structure for the process of allocating money to capital schemes. This again ties in with the observations regarding the need for an over-arching strategy with a clear process for determining the priority of local schemes within that strategy. The Council should put in place a clear criteria and process for determining capital allocations and ensure that this aligns with its corporate priorities and supports as far as possible its commercialisation/ income generation ambitions.

During the transformation, commercialisation and financial challenges processes it is of course vital that the leadership has direct and easy access to top quality financial advice. The current long serving and well-respected Section 151 will shortly be leaving the Council and it is understood that plans are not yet being implemented for a permanent replacement. This position should be resolved as soon as possible and the new Section 151 officer placed at a level within the organisation that reflects the complexity and importance of the Council's financial position and the amount of transformation and commercialisation work that will shortly be underway.

4.5   Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

The Council has reviewed and is implementing a new senior management structure. At this point, the next layers of the management structure are not yet fully in place and this is hampering the overall effectiveness of the management of the Council and its transformation programme. In order to make progress at a sufficient pace the next management levels need to be embedded urgently rather than waiting for the decision making process outlined in the transformation timetable. It is also crucial that these levels visibly demonstrate collective and effective leadership. This is why the middle managers need to understand, own and are collectively involved in the transformation programme. Communicating the transformation vision to all levels of the Council is a difficult and time-consuming task. It is important that the Council empowers and involves service heads in spreading this message.

The peer team feels strongly that, even when the full structure is implemented and full advantage is being taken of current capabilities, the Council is lacking capacity and expertise in key areas which are necessary to implement the transformation programme. The most apparent of these are strategic programme management, strategic human resources, commercialisation, marketing and communications (also shortly section 151 as mentioned above). The peer team considers that in view of the scale of the transformation envisaged it is essential that extra capacity is taken on now in order to help contribute to developing the plans and to enable transformation to proceed at pace.

The effects of transformation will reach all parts of the Council. This will require appreciation of and adaptation to new ways of working, development of new skills, different team alignments and more flexible working for large numbers of staff. There are two vital elements that the Council must have in place very soon to support this in:

- A strategic workforce plan and organisational development strategy that clearly identifies the new requirements of the Council and how these will be met

- A commitment to invest in your people and organisational development so that the organisation can evolve as the Council envisages. In this respect it is noted that the Council achieved Investors in People Gold standard in 2015 and has stated its commitment to giving an increased focus on training and development.

The peer team heard reports of inconsistent and out dated management practices e.g. some micro-management, measuring of time at work rather than output etc. There was not time for the team to examine these in detail but they were sufficiently widespread to gain some credence. The team feel that this is an issue that should be recognised and dealt with by the senior and middle management and there be a conscious effort to encourage more modern management techniques e.g. agile working etc.

This last point is particularly important as all staff seen were found to be enthusiastic and committed. They are facing difficult times due to the financial challenges and transformation process and there is an obvious danger that morale may suffer. A visible demonstration of trust by all managers and the adoption of management techniques that recognise the commitment of your staff would help these morale issues.

4.6 Transformation

The Council has started a very ambitious transformation programme that will affect all services and how SSDC operates generally. This is in response to the Council's self-awareness that it is no longer 'leading the way' and will have to change to maintain services. Financial pressures are part of the reason for change, but the main driver is accessible customer service and supporting local communities. The Council has been willing to learn from others and has visited and is working with other local councils that have already undertaken such programmes. It is important that the Council does not attempt to simply 'lift' the solution from another council and that the programme is adapted to its own circumstances and is also capable of adaptation as it proceeds.

Financial backing is in place for the programme and transformation funds are available. Mention has already been made in the peer team's feedback of the need for some of these funds to be spent on creating additional capacity in key areas.

Throughout the peer challenge it was evident that there was not a consistent understanding of what the transformation programme is intended to achieve. A wide variety of people stated that they felt they have not heard a simple and clear vision for how the council will operate. They would welcome further detailed information in the near future. This level of awareness of the transformation is understandable at this stage of the process. However, there is a need for a robust engagement plan and communication plan. This should include an emphasis on personal communication that builds on written briefings.

The programme and associated programme management arrangements for the transformation must be worked up as soon as possible. This will require detailed workstream outputs. Dependencies and integrations between these workstreams must also be identified and this should dictate the Council's timescales. This will be a

complex and time-consuming task and will require dedicated support. Allied to this, the importance of IT and choosing the right IT partners should not be underestimated as real transformation will rely on a credible, reliable IT solution that recognises the connectivity issues highlighted by many officers and partners during the peer challenge.

Clearly there will be an enormous number of detailed service decisions to be made as the programme progresses. It is important that these are evidence based. At present there is a not a structured approach to gathering such evidence. To enable robust decision making and prioritisation a clear corporate approach to data collection, analysis and intelligence gathering is required as part of the overall transformation programme.

A main IT supplier was in the process of being established at the time of the peer challenge. In addition consultants have been engaged to help with designing the transformation programme. This means that the Council will need to have very clear supplier management arrangements established. It was not clear to the peer team what was intended to be done in-house and what the suppliers will deliver. This must be specified clearly and understood by all parties and these arrangements need to be properly resourced in a way that allows business as usual to continue as programme implementation is progressed.

Strong resolve will be needed to see the transformation through. It must be stressed by all levels of leadership and management that transformation is not a 'passing phase' and that the commitment to change is non-negotiable.

The Council's current commitment to transformation is genuine and it is prepared to devote valuable resources to it. Although good progress has been made in resolving the senior officer structure there is still a long way to go on your transformation journey. Tackling the issues identified in this feedback is essential to its success.

4.7   Income generation and commercialisation

The Council plans to create a more commercial culture and increase income generation. To do this successfully it needs to back up its commercial intentions with a clear council wide commercialisation strategy. This strategy must be realistic regarding the areas in which commercialisation is most likely to be successful and be clear where commercialisation will not be pursued. There is a need to distinguish innovation from distraction i.e. do not pursue ideas that will take up financial and time resources with only a limited chance of return. Clear commercial targets must be set and these must be understood. Allied to this, there is a need for more widespread understanding of the difference between income generation, covering costs and the creation of genuine commercial surplus.

Although the importance of commercialisation/ income generation has been recognised in the new officer structure, there is not a clear rationale for what fits under the new Director, Commercial Services and Income Generation's remit. There is a good focus on property and there may be a commercial opportunity for you in making this service available to others. However, it is not clear how non-property opportunities will be analysed, supported and grown. The commercial strategy should be clear as to what the assessment criteria will be.

It is important that the Council recognises that it will need significant commercial, marketing and legal support if it is going to achieve its commercial ambition. At present the arrangements for this support are not finalised and this should be tackled as a matter of urgency. In addition, whilst on site the peer team heard various proposals mentioned for the potential establishment of new trading operations. The Council should ensure that it establishes clear governance arrangements for creation of new companies and commercial activities. It is also suggested that these arrangements are externally scrutinised e.g. through external audit or similar facility.

A brand management strategy should be established if the Council intends to expand its commercial activities, including the possible establishment of new delivery and/ or trading organisations. This should ensure the application of consistent rules to the extension of the Council's brand. It is desirable to avoid a flood of new company names and logos with little or no obvious connection to the council.

As mentioned in section 4.4 regarding financial planning and viability there is scope for income generation through charging policies for existing services. There is no overall strategy or criteria for how these charges are currently set - including how to maximise income or even recover costs. Such criteria should be established and as part of its overall commercialisation approach the Council should consider reviewing all of its fees and charges to

- Identify all existing fees and charges, how these costs are calculated and what they include
- Ensure all costs are allocated, including provision for risk, product investment, prudent planning etc. where full cost recovery is appropriate
- Identify any new areas where fees and charges could be introduced
- Establish the ability to cost recover / make surplus (i.e. through charging powers – some opportunities may need a separate company to make surplus, if it is felt there is a market opportunity to do so).

4.8   Cultural change in the organisation

The Council has an ambition to create a more commercial, business-like approach with an appropriate organisational culture to support this. Although the reasons for this are clear, it must not lose the many advantages of its current culture as this was found consistently by the peer team to have a strong focus on customers and communities. Staff were found to be genuinely friendly, proud of working for the Council and had created supportive teams helping each other and customers. This attitude should not be lost during any 'culture-shift'.

This ambition for cultural change is not currently backed by a change plan and progress is at a very early stage. This emphasises the need for a strategic HR resource that can create such a plan and identify what systems, rewards, engagement and motivation techniques will be employed. In addition staff development (as mentioned previously) will be essential if staff are to have a true understanding of commercial techniques and mindsets.

It is understood that there are plans in place to update/refresh the Council's attitudes and approaches framework. This refresh provides a useful opportunity for a cultural change plan. Strategic HR, when it exists, should take the opportunity to actively engage staff and unions in the process to gain true ownership. It was noted that throughout discussions with managers and staff there appeared to be very little reluctance to change. Indeed many people spoken to expressed a desire to 'get on with it'. Advantage should be taken of this attitude to avoid any risk of it waning.

Building on existing mechanisms such as staff development appraisals and using them consistently across the Council will help to embed the new attitudes and approaches. Management development programmes have been run in the past and could be considered as a way of equipping managers with the skills to help deliver the transformation programme and contribute to the culture change. Having a learning and development strategy that focuses on transformation and working in more commercial ways would also help to reinforce the approach.

Overall, therefore, the peer team found work on cultural change to be at a very early stage. When this work really gets underway it is vital that the personal involvement of managers is required – they must be ambassadors for the Council's transformation

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

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 March 2022.