

LGA Corporate Peer Challenge

Cotswold District Council

Tuesday 11th to Thursday 13th October 2022

Feedback report





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1. Executive summary

External partners reflected having seen a fundamental shift in the council over the last three years. It has become an organisation, and with a leadership, that is ambitious and outward looking. The drive, energy and passion of the Administration and Chief Executive are clear to see.

The Cabinet is highly regarded both internally and externally and strong leadership is being demonstrated on the agendas that form the council's priorities. What the Administration stands for and is seeking to achieve is very clear. There is tremendous pride on the part of the Administration and officers in relation to what has been achieved in the period since 2019 and the agenda going forward is both exciting and compelling.

The Leader, Cabinet Members and the Chief Executive are visible and proactive with partners across a range of geographies. Partners highlighted the efforts being made by the council in the last few years and months to establish or reinforce key relationships. It is important to highlight, though, that the experiences of some local authority partners when they are engaged with the senior political leadership of the council can be mixed, with a need for the council to refine and adapt the approach sometimes going forward.

Since 2019, a number of changes to the council's Constitution have been agreed by elected members. Councillors recently requested that a comprehensive review be undertaken in light of it becoming apparent that no single overview has been maintained of how the Constitution should now read. There are additional aspects to the approach to governance which, whilst more mundane, can, when aggregated, easily escalate into undermining trust and confidence amongst stakeholders internally and externally. These different elements combined has led to the peer team's recommendation around the council reassuring itself that its governance arrangements are robust.

There are different views around the effectiveness of Overview and Scrutiny in the council. People reflected that the Chair is driven and keen to see the fulfilment of the valuable role that this important governance function can provide. Another key part

of the jigsaw is also already in place, with the Leader and Cabinet being very clear that they wish to be held to account more by Overview and Scrutiny. There is a strong sense of members of the Overview and Scrutiny Committee valuing it currently as a mechanism for being kept informed of key developments across the district. The fundamental consideration in relation to Overview and Scrutiny is determining, as a council, what it is there to do.

There is an absence of training and development provision for elected members which needs to be addressed. The council needs to ensure that an effective and timely induction programme is prepared for implementation following the elections in May next year. This should be supplemented with a rolling programme of elected member training and development covering all of the key elements of councillors' roles and weaving in regular all member briefings on key issues.

The Medium-Term Financial Strategy from February outlined a budget gap over the period up to and including 2025/26 of £8.9m – with just under £4m of this relating to the financial year starting in April next year. However, in the period since February, the council is confident that the gap for next year has reduced significantly. Ensuring an accurate understanding is maintained of the financial situation facing the council, through the guidance of the new permanent Section 151 Officer, will be crucial.

Cabinet has been demonstrating leadership around the financial challenge that exists for the council – reflected in the development of the Recovery Investment Strategy (RIS) produced in September 2020 and updated in July this year. This is designed as a framework within which the council can operate to deliver on its priorities whilst simultaneously closing the budget gap without having to look at cuts to services. Thinking around the refreshed RIS has developed since July in response to the fluid context the council is operating in. Given the state of flux being experienced, we recommend that the council takes stock again now of the strategy and what it can deliver.

Cabinet needs to continue to demonstrate the required leadership and collective responsibility for addressing the financial challenge. Proposals for addressing the financial gap are currently being developed and these will enter the public domain over the coming months. Cabinet and the managerial leadership need to ensure that

all necessary due diligence around the proposals is undertaken and that they are realisable and that a strong financial grip overall is applied.

In 2017 Cotswold District Council, West Oxfordshire District Council, Forest of Dean District Council and Cheltenham Borough Council became equal shareholders in a newly created company, known as 'Publica', delivering council services. The majority of the staff that had previously worked for one or other of the partner councils transferred into the employment of the new company.

It is clear that there are contrasting perspectives in the council and Publica regarding how effectively things are working in the partnership. There is much that Publica is delivering, including increased resilience in certain services and functions; fulfilment of the agreed financial objectives; and savings that go beyond the financial targets set out for Publica when the company was established. However, the contrasting perspectives remain and there is a fundamental set of considerations that need to be explored. Either clarity for now, or planning for the future, is required around these if the partnership is to be felt to be successful on all levels and, crucially, to be helping to drive the council's priorities. They include the continued appropriateness of some functions remaining with Publica; where direction is set from, clarity of roles and where accountability sits; whose 'people' officers within Publica are; and how performance and value for money are understood and managed.

It was clear from our discussions with staff at various levels of both organisations that capacity pressures are increasingly being felt and are impacting on both the delivery of council priorities and the well-being of staff. Ensuring the clear political objectives of the Administration are translated into manageable deliverables is a key managerial responsibility that sits across both the council and Publica.

Whilst Publica acts as the 'Chief of Staff', their employees are also "the council's people". It is in both organisations' interests to look after people's physical and mental well-being. Staff that we spoke to reflected concerns about the way they are treated by some senior leaders within the council and Publica. It is important for there to be a focus on organisational culture and behaviours and the well-being of staff and it is vital to ensure that people feel valued and respected and able to cope. What we gleaned from our discussions with staff regarding levels of stress, low morale and well-being should represent a major concern for the leadership of both

organisations.

Whilst the vast majority of officers delivering for the council in the Cotswolds are employed by Publica, there is also work to be done by the council in enabling the small core group of staff it has retained to have a greater sense of identity and belonging and feel better informed and engaged.

There needs to be more direct dialogue between the senior leadership of the two organisations in order to address issues. Steps have been made in this regard since the Cotswold District Council Chief Executive arrived in January 2021. This is positive but the sense is that there is a long way to go still in enabling the necessary dialogue to take place. Making sure it happens is fundamental to mutual success.

2. Key recommendations

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

- The council needs to reassure itself that its governance arrangements are robust
- Refine and adapt the leadership approach in engaging local authority partners in order to ensure shared objectives can be achieved
- Determine what Overview and Scrutiny is there to do and provide the appropriate support to it
- Establish a training and development programme for elected members and ensure good induction arrangements are in place for after the election
- Cabinet continue to be cognisant of the financial challenge that exists and demonstrate the required leadership and collective responsibility for addressing it
- Take stock of the Recovery Investment Strategy and what it can deliver
- Ensure all necessary due diligence is undertaken in relation to the budget proposals and that the proposals are realisable

- Address the concerns of staff about the way they are treated by some senior leaders within the council and the Publica organisation
- Undertake more direct dialogue between the senior leadership of the council and Publica in order to address the following issues:
 - The continued appropriateness of some functions remaining with Publica
 - Where direction is set from, clarity of roles and where accountability sits
 - How increased strategic capacity is provided to support the council
 - Translating the political objectives into manageable deliverables
 - Developing a focus on organisational culture and behaviours and staff well-being

3. Summary of the peer challenge approach

3.1. The peer team

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

- John Robinson, Chief Executive, Newark and Sherwood District Council
- Councillor Alan Connett, Leader, Teignbridge District Council
- Sarah Pennelli, Strategic Director and S151 Officer, Blaby District Council
- Deborah Poole, Head of Business Transformation and Organisational Development, Redditch Borough Council and Bromsgrove District Council
- Bev Thomas, Relationship and Commissioning Manager, Harlow District Council
- Chris Bowron, Peer Challenge Manager, LGA

3.2. Scope and focus

The peer team considered the following five themes which form the core components

of all corporate peer challenges. These areas are critical to councils' performance and improvement.

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

In exploring the above, the council asked us also to consider:

- How well equipped is the council to respond to the challenges and opportunities that are facing local government now and into the future?
- How well does the council ensure it delivers its ambitions and priorities through its existing partnership arrangement with Publica?

3.3. The peer challenge process

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

people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure that they were familiar with the council and the challenges it is facing. The team then spent three days onsite, during which they:

- Gathered information and views from more than 25 meetings, in addition to further research and reading
- Spoke to more than 100 people including a range of council staff, elected members and external stakeholders

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

4. Feedback

4.1. Local priorities and outcomes

The peer team met a wide range of external partners during the corporate peer challenge, at both the local and regional level. They reflected having seen a fundamental shift in the council over the last three years. It has become an organisation, and with a leadership, that is ambitious and outward looking. The drive, energy and passion of the Administration and Chief Executive are clear to see.

The council generally, and the Cabinet specifically, reflect a good knowledge and understanding of the place that the organisation serves. This includes median house prices being more than 13 times gross median earnings (which is the highest in the county); the district having double the national average of people working from home; the existence of pockets of deprivation within what is a relatively prosperous district; challenges for those residents reliant on public transport when it comes to accessing services, amenities, training and education; and 80% of the district being within an Area of Outstanding Natural Beauty (AONB).

The ambition, drive and knowledge and understanding of place are translated into

the Corporate Plan 2020 to 2024 – updated in the spring of this year – and reflected in the priorities and principles that are the focus of the organisation:

Council Priorities

- Deliver the highest standards of services
- Respond to the climate crisis
- Provide socially rented homes
- Make the Local Plan ‘Green to the Core’
- Support health and well-being
- Enable a vibrant economy

Principles

- Rebuilding trust and confidence in the council
- Providing value for money for residents and businesses
- Listening to the needs of the community and acting on what is heard

What the Administration stands for and is seeking to achieve is very clear and this is crystallised further by the political leadership who consistently cite ‘affordable housing, the climate agenda and the economy’ as the primary drivers. The agenda going forward is both exciting and compelling and there is tremendous pride on the part of the Administration and officers in relation to what has been achieved in the period since 2019, with the following providing just a flavour of this:

- Led the response in the Cotswolds to the pandemic, including the creation of the ‘Help Hub’ to support over 700 residents, particularly the elderly and the vulnerable, and the disbursement of £73m of Local Business Grant from government
- Driven forward affordable housing provision focused on social rented accommodation – with 2020/21 seeing 114 affordable houses built, thus exceeding the council’s target of 100, and a range of other initiatives with both the private sector and social landlords to boost further the provision of social, affordable and low-carbon housing over the coming months and years

- Rolled out a new waste and recycling service during the pandemic with the council's partner Ubico, with 144,000 containers now being emptied every week
- Established the Green Economic Growth Strategy and Cotswold Economic Advisory Group
- Commissioned a Framework Master Plan for Cirencester town centre
- Established 'Cotswold New Start' to support young people not in education, employment or training
- Drawn in funding to provide accessible toilet facilities for people with severe disabilities
- Established the 'Crowdfund Cotswolds' grants funding platform as a way to help communities raise money for local projects, generating over £400,000 funding thus far in support of more than 20 community-led initiatives. The approach won the 'Community Involvement Award' at this year's Local Government Chronicle Awards.
- Developed an innovative tourism charge scheme to benefit local communities, involving an extra 50p levy on car parking in Bourton-on-the-Water which is mainly used by visitors to this popular village. In 2021/22 this generated an additional £60,000 which has been used to fund a Village Warden, extra waste bins, parking control bollards and an accessibility audit looking at how the needs of disabled residents and visitors can be better met.
- Created the Green Investment Bond scheme – the first in Gloucestershire and only the fifth such scheme nationally – generating over £500,000
- Established the 'Clean and Green Cotswolds' environmental initiative
- Drawn in funding to enhance energy efficiency and reduce carbon in key council facilities including leisure centres

- Secured enhanced electric vehicle charging point provision, with more to be rolled out in the coming months
- Designed the Carbon Net Zero Toolkit with Forest of Dean and West Oxfordshire District Councils, as two of the key partners in the Publica arrangement, plus technical expert partner organisations – designed to show builders, architects, developers and homeowners how to make new build or retrofit projects ‘green to the core’. The toolkit has been made openly available as a resource for private and public sector organisations to adopt, in order to help others reach net zero and to speed up the UK’s collective response to the climate emergency.
- Exemplar areas of work ‘on the ground’, cited by partners, including around the climate agenda and through the Community Team which have impacted positively in areas such as health and well-being, frailty and social isolation – delivered in conjunction with partners including the voluntary and community sector

In service delivery terms, the council’s performance can be seen to be mixed when compared to councils serving similar areas. The following reflects performance information drawn from the LG Inform system that the Local Government Association hosts for the sector. The data is the latest available, which is from either 2020/21 or 2021/22 depending on the measure, and the comparator group (‘nearest neighbours’) are the fifteen other district or borough councils nationally that Cotswold District Council is deemed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to be most similar to.

Areas where the council can be seen to be performing well are:

- The amount of residual waste per household – with it being the third best performing (2020/21)
- The percentage of household waste sent for reuse, recycling or composting – with it being the second best performing (2020/21)

Areas that the council needs to be mindful of include:

- The percentage of council tax not collected – with it being the second highest behind West Oxfordshire (2021/22)
- The percentage of non-domestic rates not collected – with it again being the second highest behind West Oxfordshire (2021/22)
- The percentage of vacant dwellings in the area (2020/21)
- The percentage of Planning applications (major and ‘other’) decided in time (2021/22)

On most other performance measures recorded within the LG Inform system, Cotswold District Council appears around the middle within its ‘nearest neighbours’ group – including the time taken to process housing benefit new claims and change events (2021/22); the percentage of Planning applications (minor) decided in time (2021/22); and the number of households living in temporary accommodation (2021/22).

The following is a link to the LG Inform system - [Home | LG Inform \(local.gov.uk\)](https://www.local.gov.uk)

4.2. Organisational and place leadership

The Leader, Cabinet Members and the Chief Executive are visible and proactive with partners across a range of geographies, whether that be locally within the Cotswolds; across Gloucestershire; or on a wider regional footprint. The proactive element here is of particular note, with partners highlighting the efforts being made by the council in the last few years and months to establish or reinforce key relationships.

The Cabinet is highly regarded both internally and externally and seen to be of a high calibre and to be leading the place. Strong leadership is being demonstrated on the agendas that form the council’s priorities, reflected in the types of innovative examples already cited such as the work with partners to boost the level of affordable, social and low-carbon housing; the development of the Carbon Net Zero Toolkit; and the Green Investment Bond scheme.

Another area where leadership has been shown is the commissioning, with partners including the Town Council, of a Framework Master Plan for Cirencester town centre.

The creation of the 'Green Economic Growth Strategy' for the Cotswolds and the establishment of the Cotswold Economic Advisory Group are both good examples of strong place-based leadership, spearheaded at Cabinet level. The Economic Advisory Group draws together representatives from partners at different spatial levels, including the local Chamber of Commerce; Cirencester College; the Gloucestershire First LEP; and the Federation of Small Businesses with its reach across the West Midlands. Cabinet has also been showing leadership around, and demonstrating that it is cognisant of, the financial challenge that exists for the council. This is reflected in the development of the Recovery Investment Strategy (RIS) produced in September 2020 and updated in July this year. This is designed as a framework within which the council can operate to deliver on its priorities whilst simultaneously closing the budget gap without having to look at cuts to services.

It is important to highlight that the experiences of some local authority partners when they are engaged with the senior political leadership of the council can be mixed. Moving forward, it will be important for the leadership in Cotswold to refine and adapt the approach, according to the circumstances and context, in order to ensure shared objectives with local authority partners can be achieved.

The council's approach to external communications is seen to have improved significantly and to be engaging people across the district much more effectively now. Digital communications are playing a key role here, with social media channels reaching nearly 30,000 residents and businesses and more than 4,000 people having signed-up to receive the recently launched 'Cotswold Round-Up' E-newsletter. Digital consultation is also being undertaken, with it having been used in relation to the budget and the Local Plan, and all council meetings are now being livestreamed to make them more accessible.

Progress has also been made in 're-asserting' a council brand in a context of the Publica partnership, with examples including frontline staff returning to having council e-mail addresses and identity badges and the council logo re-appearing on adverts, letterheads and correspondence generally. There is still a way to go, though, in ensuring the public are clear that it is the council that is engaging and contacting them even where it is being undertaken by the Publica organisation.

By way of context, in November 2017 Cotswold District Council, West Oxfordshire District Council, Forest of Dean District Council and Cheltenham Borough Council became equal shareholders in a newly created Teckal company, known as 'Publica', delivering council services. The majority of the staff that had previously worked for one or other of the partner councils transferred into the employment of the new company, which now has around 650 employees. Cotswold, Forest of Dean and West Oxfordshire buy into all the services available from Publica whilst Cheltenham have opted only to receive support around HR, ICT and some financial services. Publica also provides HR and ICT services for Cheltenham Borough Homes, Cheltenham Leisure Trust and Ubico, which is the waste and environmental services Teckal company owned by the seven district/borough and county councils in Gloucestershire.

'Organisational leadership' is complex in this context – with the overwhelming majority of "the council's people" sitting in another organisation. This key corporate peer challenge theme feels inextricably linked to that of 'Capacity for improvement' and we have therefore opted to consider them together later in that section of the report.

Whilst the vast majority of officers delivering for the council in the Cotswolds are employed by Publica, it was important that we met a cross-section of those who are in the direct employment of the council. It was clear from those discussions that there is work to be done by the council in relation to this small core group of staff. The shift of so many colleagues to Publica, and the very strong brand and identity that was created in the early years of that partnership, means that some of those who have remained are seeking a greater sense of identity and belonging as part of the council. They also wish to feel better informed and engaged, which we would anticipate being relatively straightforward given the small number of people involved – although recognising that 'hybrid working' throws up some new challenges around this that will need to be overcome. As a simple example, the staff we met highlighted to us that they hadn't received any communications about the corporate peer challenge happening, beyond their being invited to participate in the focus group activity.

4.3. Governance and culture

The week prior to the corporate peer challenge, on Wednesday 5th October, an Extraordinary Council meeting was held dedicated to the Constitution of the Council. Since 2019, a number of changes to the Constitution have been agreed by elected members. Those councillors forming the Constitution Working Group recently requested that a comprehensive review be undertaken in light of it becoming apparent that no single overview has been maintained of how the Constitution should now read. Essentially the purpose of the meeting was to “authorise the Monitoring Officer to publish a final clean version of the Constitution”, ensuring that all revisions agreed since May 2019 have been incorporated.

This is one example of why the peer team are recommending that the council seeks to reassure itself that its governance arrangements are robust. During the course of our time in the Cotswolds we heard of issues around committee papers being published late; such papers being sent to members of the wrong committee or forum; and a lack of precision in reports, with the incorrect ‘Accountable member(s)’ or ‘Wards affected’ being shown. Aspects of what we are reflecting here may, in isolation, be seen as relatively mundane. However, when aggregated and seen repeatedly, which appears to be the case, at the very least the council’s reputation is negatively impacted upon. This can easily escalate into undermining trust and confidence on the part of elected members, the public and other stakeholders and start to prompt questions about the council’s attitude towards good governance, democracy and matters of openness and transparency. Given the scale of the types of decisions that are facing the council in the current financial context and the levels of complexity it is managing in the agendas it is facing, it is vital that all key stakeholders internally and externally have maximum confidence in the governance of the authority – hence the peer team’s recommendation around the council reassuring itself that its governance arrangements are robust.

There are a number of elected member working groups and forums in place which provide cross-party involvement. One of these is the Capital Programme Investment Board and this provides, through the challenge that is brought to bear there, an excellent example of the way in which the council can capitalise upon experience and knowledge across the wider elected membership. Other examples of cross-party engagement are the Constitution Working Group already highlighted and a joint working group with officers undertaking a review of Planning.

There are different views around the effectiveness of Overview and Scrutiny in the council. The Constitutional change that has been made which sees the Opposition chairing the Overview and Scrutiny Committee is a mature one that provides a good foundation. People reflected that the Chair is driven and keen to see the fulfilment of the valuable role that this important governance function can provide. Another key part of the jigsaw is also already in place, with the Leader and Cabinet being very clear that they wish to be held to account more by Overview and Scrutiny. They recognise this as a key element of leadership and ensuring the council is seen to be open, transparent and driving delivery and improvement. The fundamental consideration in relation to Overview and Scrutiny is determining, as a council, what it is there to do.

Based on our discussions and a look back at some agendas of previous meetings, there is a strong sense of members of the Overview and Scrutiny Committee valuing it at this point in time as a mechanism for being kept informed of key developments across the district – with most agenda items being badged as an ‘update’ for councillors. Looking at alternative ways of facilitating this information sharing and extending it to the wider elected membership, which currently is not accustomed to the concept of ‘all member briefings’, would seem appropriate. This would enable the efforts and focus of the Overview and Scrutiny Committee to be applied to both holding the Executive to account more and contributing to policy development. Whatever approach is applied going forward, it needs to be supported appropriately, with there currently being no designated lead officer for overview and scrutiny designated in the council and little in the way of guidance and support for the Chair.

There is an absence of training and development provision for elected members which needs to be addressed. When asked about this area, both councillors and officers highlighted that an induction programme was delivered following the 2019 elections. However, that is the extent of what people could indicate as being in place, although we know there has been input provided by the Local Government Association around overview and scrutiny training and development at certain points.

The 2019 induction is seen to have been late in taking effect. Councillors also felt it was limited in both scope and the extent of the insights provided, which came from an officer perspective. In the short term, the council needs to ensure that an effective and timely induction programme is prepared for implementation following the

elections in May next year. This should be supplemented with a rolling programme of elected member training and development covering all of the key elements of councillors' roles and weaving in regular all member briefings that fulfil the role that overview and scrutiny is currently partly fulfilling.

Some of the staff that we spoke to reflected concerns about the way they are treated by some senior leaders within the council and Publica. They spoke of an environment in which mistakes are focused upon in a way which feels neither proportionate nor constructive whilst, on the other hand, they felt there is seldom thanks for people's hard work and effort or recognition of the things that go well. There were some instances cited of staff being addressed very directly by elected members and staff talked of feeling anxious and stressed sometimes when being contacted by Publica's senior leadership. These experiences speak of a culture that needs to be addressed across the two organisations. The senior leadership of both the council and Publica need to reflect on the best ways to care for and motivate people. First and foremost, ensuring their well-being is the right thing to do. Secondly, in a context of councils finding themselves increasingly operating on the goodwill of their staff, and with the capacity pressures already being experienced, they cannot risk the debilitating effect of the council's people potentially experiencing the leadership of the two organisations negatively.

4.4. Financial planning and management

The council has a current net revenue budget this year of £12.5m. The Medium-Term Financial Strategy (MTFS) from February outlined a budget gap over the period up to and including 2025/26 of £8.9m – with just under £4m of this relating to the financial year starting in April next year. However, in the period since February, and despite pressures emerging through the global and national context, including cost inflation; demand on services; a lack of clarity around central government funding; and uncertainty around being able to maintain or increase income, the council is confident that the gap for next year has reduced significantly. Ensuring an accurate understanding is maintained of the financial situation facing the council, through the guidance of the new permanent Section 151 Officer, will be crucial.

The opening General Fund balance this financial year of £2.5m represents around 20 per cent of the council's net budget. The current budget was set to increase this balance to around £4m by the end of 2022/23 but this is under review given the context referred to above. Usable reserves total around £25m, which is seen to be a reasonable level, and work is taking place with elected members to review earmarked reserves to potentially provide increased scope. The council is debt free.

The council has consistently achieved a clean audit opinion on its accounts from the External Auditors. The council's budget monitoring process sees a quarterly report presented to both the Overview and Scrutiny Committee and Cabinet, with any variances over £10,000 highlighted along with the mitigating actions being undertaken.

Whilst a refreshed Recovery Investment Strategy was agreed in July this year, the thinking around it has developed since in response to the fluid context the council is operating in. As an example, we understand that the proposed 'Climate Change and Green Energy Investments' relating to solar provision, which were to be funded through borrowing, are now being reconsidered. Given the state of flux being experienced, and whilst recognising that the context means establishing certainty is difficult, we recommend that the council takes stock again now of the strategy and what it can deliver.

Cabinet needs to continue both to be cognisant of the financial challenge that exists and to demonstrate the required leadership and collective responsibility for addressing it. Obviously, proposals for addressing the financial gap are currently being developed and these will enter the public domain and be considered by the wider elected membership over the coming months, ahead of budget-setting in February. Cabinet and the managerial leadership need to ensure that all necessary due diligence around the proposals is undertaken and that they are realisable and that a strong financial grip overall is applied.

4.5. Capacity for improvement

As we outlined earlier in this report under 'Organisational leadership', aspects of that theme and the one of 'Capacity for improvement' feel inextricably linked in a context

of the overwhelming majority of officers sitting in another organisation. To contextualise this, well over 90% of officers linked to Cotswold sit within the Publica organisation.

Whilst, looking purely contractually, most officers in Cotswold are employees of Publica, they are also “the council’s people” – reflected in the way the political and managerial leadership of the council speak; the nature of what they are delivering – namely council services and functions; and the emotional bond with the organisation that exists for many, particularly those previously employed by the council.

It is clear that there are contrasting perspectives in the council and Publica regarding how effectively things are working in the partnership. The bottom line is that it is in everybody’s interests to ensure that the partnership works, in a context of the contract running until 2027.

Benefits being delivered through the Publica arrangement include increased resilience in certain services and functions as a result of having the staffing complement for at least three councils to call upon and deploy relatively flexibly; instances of the exchange of learning and cross-fertilisation of ideas across the partner organisations; and fulfilment of the agreed financial objectives.

The shared cyber security function provided by Publica for the four councils in the partnership is a good example of where economies of scale and resilience have been provided – with the existence of a specialist team that would most likely be beyond the resources of one of the partner councils acting alone.

Between April 2019 and March 2022, Publica delivered recurring annual core contract savings of £702,000 in respect of the Cotswold District Council contract which has a net annual value of £9.2m – representing savings of around eight per cent per annum. There have also been savings realised that go beyond the targets set out for Publica when the company was established. This includes £475,000 of one-off savings in the form of underspends, which have been returned to the council to reinvest. Other examples are Publica having enabled the council to secure accommodation savings through the letting of office space; a negotiated reduction in licensing costs for Revenues and Benefits software; and supporting the automation and rationalisation of green waste licensing – assisting the council to generate in

excess of £400,000 of additional income.

Publica as an organisation has recently received Investors In People accreditation. It has also established a learning and development programme for managers delivered through Oxford Brookes University. Officers directly employed by the council have been given the opportunity to engage in this programme too, alongside Publica colleagues.

Thus, there is much that Publica is delivering. However, the contrasting perspectives on how effectively things are working in the partnership remain and there is a fundamental set of considerations that need to be explored. Either clarity for now, or planning for the future, is required around these if the partnership is to be felt to be successful on all levels and, crucially, to be helping to drive the council's priorities:

- The continued appropriateness of some functions remaining with Publica
- Where direction is set from, clarity of roles and where accountability sits
- Whose 'people' officers within Publica are
- How performance in service delivery and organisational effectiveness is understood and managed
- How value for money is understood and demonstrated

Whilst Publica describes itself as 'Chief of Staff' when it comes to the employees working to support Cotswold, there is inevitably engagement between those staff and Cabinet members, ward councillors, the Chief Executive and other senior figures in the council. Equally inevitably, such engagement generates elements of direction-setting for those staff. At the same time, staff will be being directed by Publica's managerial leadership and a proportion of officers also have the demands of other partner council/s to consider. The different considerations, drivers, priorities and timescales of the different organisations will inevitably not always be aligned – sometimes leaving staff wondering where to take their direction from, what and how to prioritise and whose 'people' they are.

The peer team also heard of challenges and complexity in the processes across the two organisations to determine whether and how resource can be redeployed as priorities shift. One example was the liaison over who would be able to take a lead on developing the council's Corporate Plan produced earlier this year – with this being a priority for the council but Publica having the responsibility for identifying and deploying the resource. Another example relates to the project management support required to help drive the council priorities around climate change and the economy – with the council ultimately needing to provide further investment to Publica in order to secure the necessary capacity. A further example is that which we cited earlier of committee papers being published late; such papers being sent to members of the wrong committee or forum; and a lack of precision in reports. Responsibility for the production of committee papers sits with Democratic Services, within Publica, but clearly the issues are played out in 'the shop window' of the local authority and the reputational damage accrues to Cotswold District Council.

Aspects of what we have outlined here suggest the need for conversations between the council and its partner around the continued appropriateness of some functions remaining with Publica, such as strategic financial advice, Democratic Services and those that relate directly to the council's community leadership role such as strategic housing and Planning policy.

Another dimension and question here is whether and how 'internal' communication should take place directly between the council's senior political and managerial leadership and Publica staff. Staff we met conveyed a desire to hear at key junctures from the council's Leader and Chief Executive through the equivalent of what would be staff forums or Facebook Live sessions in many councils. This doesn't seem to take place currently but would be both beneficial and valued – returning us to the question of whose people Publica staff are.

All of the above serves to highlight what we see as a blurring of clarity both around respective roles at the senior levels of Cotswold District Council and Publica and where accountability sits. This needs to be addressed if delivery of the council's priorities is to be driven to best effect.

When asking how performance around service delivery is overseen by the council,

people generally pointed to the 'Financial, Council Priority and Service Performance Report' considered quarterly at both Cabinet and Overview and Scrutiny Committee. This report features an extensive narrative around key achievements, service delivery, project delivery and progress against council priorities; data relating to performance metrics; and a financial overview.

One of the council's priorities is 'Delivering the highest standards of service'. This raised for us a question as to how those standards are determined and delivery against them is assessed. Based on the content of the report, the answer would seem primarily to be how the Publica council partners compare with one another and whether delivery is on target – although how targets are determined is unclear. Through the use of LG Inform, and as outlined in section 4.1 of this report, comparative analysis can be undertaken on a broader basis, including with the fifteen other district or borough councils nationally that Cotswold District Council is deemed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to be most similar to. From this, it can be seen that in the last financial year, collection of council tax and national non-domestic rates in Cotswold was the second lowest performing behind West Oxfordshire in that CIPFA group. Another example would be the number of affordable homes delivered in 2020/21 being the sixth lowest in the family group and yet Cotswold's own ambitions were exceeded with 114 delivered against a target of 100.

We highlight the above examples not as a judgement but as a means of prompting consideration within Cotswold around how targets are set and performance is measured and understood – all in a context of the council aspiring to deliver on its priority of the 'highest standards'. It may be that there are aspects of the Cotswold context that mean comparisons with elsewhere have less value. For example, delivering housing growth in a district where 80 per cent of it exists within an Area of Outstanding Natural Beauty clearly brings its challenges. The question is simply whether the council is clear on how targets are set and how effectively performance management is driving delivery of the highest standards. We understand that there is a working group in place, including elected members, looking at the development of a new suite of performance metrics – which would suggest the council is keen to develop a stronger focus in this area.

These matters in relation to how performance in the delivery of council services and

priorities is understood in turn raises a question of how value for money is understood and demonstrated. This is amplified when the subject of 'organisational effectiveness' in Publica is considered. The quarterly performance report to Cabinet and Overview and Scrutiny Committee doesn't cover this element, which raises the question of how the council, and indeed Publica itself, understand key people issues across the organisation. Many councils have been undertaking regular 'temperature checks' during and since the pandemic to keep abreast of how people are, for example, coping in both their professional and personal lives; adapting to changing working arrangements; and feeling about the 'return to the workplace'. Staff turnover; vacancy rates; sickness absence levels and the related causal factors; and the findings from exit interviews are insights and measures that many councils will commonly be measuring and responding to.

As we previously touched on, whilst Publica acts as the 'Chief of Staff', their employees are also "the council's people". It is in both organisations' interests to look after people's physical and mental well-being and there can therefore be a legitimate interest on the part of the council in understanding core aspects of 'organisational effectiveness'.

It was clear from our discussions with staff at various levels of both organisations that capacity pressures are increasingly being felt and are impacting on both the delivery of council priorities and the well-being of staff. There would seem to be a number of issues that need to be considered in order to manage these pressures as effectively as possible and address resulting emerging tensions:

- In terms of an overall context, it is important to highlight that what is being experienced in the Cotswolds, in terms of the increasing, unrelenting and constantly changing demands on the council, is mirrored across all local authorities. Whilst recognising this doesn't in any way help to address the issue or reduce the impact, it is beneficial for people to understand that there are many causal factors outside anybody's control in the Cotswolds and that the experience elsewhere is unlikely to be much different. What the situation highlights is the importance of organisational adaptability, responsiveness and being 'fleet of foot' in order to cope as best as possible – which links back to our point from before around the processes to shape how Publica resources come to be re/deployed.

- In the current climate of unprecedented demands on councils, in terms of both their scale and nature, creativity and proactivity are at a premium. The same applies to strategic capacity to help organisations ‘horizon scan’; navigate emerging challenges and opportunities; and draw in learning. There is a key question around the extent to which these aspects are factored into the partnership both contractually and in terms of the approach within Publica and can therefore be drawn upon to support the work of the council. An obvious example would be the area of strategic financial advice, which is very different in nature to the more traditional and transactional aspects of financial management and support. Another example would be that of ensuring the Planning function operates as ‘an enabler’ to support, to the greatest extent possible, the council’s ambitions around the economy and housing whilst also continuing to protect all that is special about the district.
- We highlighted at the outset of this report that what the Administration in Cotswold stands for and is seeking to achieve is very clear. Ensuring the clear political objectives act as the driver and are translated into manageable deliverables is a key managerial responsibility that sits across both the council and Publica and requires good work programming. Alongside this, and given the scale of the ambitions the Administration holds and the demands that exist upon the people working for the Cotswolds, there is an essential requirement for senior officer liaison with elected members that involves mature dialogue, and probably negotiation too, around what is deliverable and when – with the outcomes from this then needing to be respected by all.
- Progressing casework issues for their residents is obviously a key priority for councillors. The means by which elected members bring these to the attention of officers are many and varied. It is also unclear how the response to them is prioritised and what the timescales for dealing with them are. This links to themes we have already outlined around where direction is set from, where accountability sits and whose ‘people’ officers within Publica are and it is generating ‘heat in the system’. Establishing greater clarity around the avenues that elected members should utilise, how prioritisation takes place and the timescales for responses would be very positive steps.

- Given what we have highlighted elsewhere in this report linked to themes such as capacity, organisational leadership and organisational effectiveness, it is important for there to be a focus on organisational culture and behaviours and the well-being of staff within Publica. It is vital to ensure that people feel valued and respected and able to cope in a context of the demands being faced. What we gleaned from our discussions with staff regarding levels of stress and low morale should represent a major concern for the leadership of both organisations.
- Recruitment and retention challenges are really impacting on organisational capacity. This, again, is not a situation unique to Cotswold and the situation is currently only worsening and being felt in many more services and functions within councils than before. There are no easy or quick answers here but ensuring that Cotswold is as attractive an employment proposition as possible will be beneficial.

There needs to be more direct dialogue between the senior leadership of the two organisations in order to address these issues. Steps have been made in this regard since the Cotswold District Council Chief Executive arrived in January 2021. One of the measures has been the development of a revised structure and membership for the Shareholder Engagement Forum, which acts as the key conduit between the Publica Shareholders (the Leaders of each council) and Publica's managerial leadership. This includes having broadened the forum membership to include the councils' Chief Executives. Another measure has been a re-focussing of the roles of the Publica Executive Directors, in the form of a locality lead being assigned for each of the partner councils, which is seen to have helped to create a more localised and direct link between Publica and the council in question and a better understanding of respective roles and responsibilities. This is positive but the sense is that there is a long way to go still in enabling the necessary dialogue to take place, in the right way, across the two organisations. Making sure it happens is fundamental to future mutual success.

5. Next steps

It is recognised that the council's senior political and managerial leadership will want to consider, discuss and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The corporate peer challenge process includes a 'progress review' session around six months on from the initial activity, with this providing the opportunity for the council's senior leadership to update the peers on its progress against the related improvement planning. In a context of local elections being held in the Cotswolds in May next year we will liaise closely with you to ensure the progress review is scheduled for an appropriate point in time.

In the meantime, Paul Clarke, Principal Adviser for the region within which the council sits, is the main contact between your authority and the Local Government Association. Paul is available to discuss any further support the council requires – paul.clarke@local.gov.uk