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Chief Executive
Oxford City Council
Town Hall
St Aldate's
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July 2014

Dear Peter

Oxford City Council - Corporate Peer Challenge
2nd-4th July 2014

On behalf of the peer team I would like to say what a pleasure and privilege it was to be invited into Oxford City Council to deliver the recent corporate peer challenge as part of the Local Government Association (LGA) offer to support sector led improvement.

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

- Nick Hodgson – former Chief Executive of Derbyshire County Council
- Councillor Jackie Meldrum – London Borough of Lambeth
- Averil Price – Director of Safer Communities, Chelmsford City Council
- Sarah Reed – Assistant Chief Executive, Sunderland City Council
- Clare Hudson – Programme Manager, Local Government Association
- Paul Clarke – Programme Manager, Local Government Association

Scope and focus of the peer challenge

You asked the peer team to provide an external reality check and reassurance that the Council's progress and plans – within the Council and the city - over the next few years are sustainable and that you have the capacity and capability to move confidently into the future.

To do this the peer team reflected on the areas considered by all LGA corporate peer challenges:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?

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

You also asked the peer team to provide feedback on how the Council can become a more effective 'leader of place' through your partnership working and collaboration. Finally you requested we provide some observations to help inform your future approach to community engagement.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The 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 3 days onsite at Oxford, during which they:

- Spoke to more than 90 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings and additional research, reading and site visits.
- Collectively spent more than 200 hours to determine their findings – the equivalent of one person spending nearly 6 weeks in Oxford.

This letter provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (2nd-4th July 2014). 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.

Summary of feedback: overall observations and messages

Oxford City Council is a good council delivering some impressive outcomes. The authority is clearly building on its notable and sustained improvement journey over the past few years. The significant progress made has been externally recognised extensively through a range of awards and accreditations, including the 'Best Achieving Council' award at the Municipal Journal Awards 2014. There is much to celebrate and be proud of at Oxford, and our feedback is presented in the context of the Council striving to be even better, and wanting to move from 'good to great'. We think the Council should be confident about its capacity and capability to meet future challenges, whilst not being complacent about the scale and complexity of the task ahead.

The Council is benefitting from strong and stable political and managerial leadership, underpinned by good member-officer relationships and a mutual understanding of the respective leadership roles. This is helping to create a positive energy across the Council. Staff are clearly proud and passionate to work for the Council and are obviously motivated and empowered to do their best for the organisation and the city it serves. Key challenges moving forward will include further fostering and embedding the 'one council' approach – to develop the understanding and inter-relationships between different services that impact on customer journeys - and ensuring workforce development can keep pace with the organisational change required to deliver the ambition of building a 'World Class City for everyone'. There is a good awareness of the challenges ahead and an acceptance that further organisational development is likely to be required to meet them.

Effective and strengthened financial management, the significant efficiency savings delivered, a well-developed trading approach to deliver income generation, and a prudent approach to risk have all helped the Council to respond well to the financial challenges to date. Plans in place for the medium term beyond 2015/16 have helped to put the Council in a position of financial resilience relative to many other local authorities. The Council is confident about its strategy which is predicated on further efficiency savings, increasing the business of traded services and other invest to save initiatives. The strategy seems relevant and robust, but like most councils you will need to ensure the organisation is able to respond to unforeseen longer term scenarios and risks.

The Council has a good understanding of the place, informed by robust analysis and consensus on the key challenges and priorities for the City. There is an evidence-led approach to policy development and a corporate planning and delivery model which looks to align the Council's priorities, organisational capacity and resources with the agreed priorities. However, given the unique context and complex set of issues in Oxford, coupled with a diverse range of stakeholders and views, and political differences, there is inevitably less consensus and agreement about how to tackle

some of the key priorities, such as housing growth and economic development, and the pace at which this needs to be delivered.

There are good examples of the Council working in partnership with others on shared agendas which you can build on. You have successfully engaged a range of organisations through a plethora of initiatives and projects to deliver positive outcomes, and the organisation is generally well respected by those it works with. The Oxford Strategic Partnership, for example, appears to be well regarded as a mechanism for the key agencies and organisations in the City to come together to consider strategic issues and priorities.

It is clear the Council is keen to provide strong and visible leadership to the city to enable the delivery of its ambitions. To do this effectively an enhanced and more sophisticated influencing role by the City Council, as the 'leader of place', will be required we think. Relationships based on mutual respect and shared understandings are of course critical to this. Notwithstanding that the Council has promoted partnership working with the County Council and districts through the City Deal, Strategic Economic Plan and the development of the Growth Board, you are aware of the need to develop some of these key relationships further.

Summary of feedback: priority setting, financial viability, leadership, governance and capacity to deliver future ambitions

Understanding of local context and priority setting

The Council has a clear and ambitious vision to 'make Oxford a world-class city for all its citizens'. This is well-articulated in your Corporate Plan, a document that has been developed with key stakeholders and in consultation with the people of the city. The Council has a good grasp of the strategic challenges moving forward which is informed by a strong understanding of the local context. Members, officers, partners and other stakeholders all spoke knowledgeably about the place and there is a consensus and widespread agreement and support for the five corporate priorities. The focus on a vibrant and sustainable economy, meeting housing needs, strong and active communities, a cleaner greener Oxford, and an efficient and effective council all look relevant given the local context and challenges facing local government more widely.

To deliver on the priorities the Council has shown a willingness to invest and operate beyond its 'statutory' remit. Notable examples of this include the decision to invest in programmes to improve quality of teaching in primary schools, particularly in deprived areas, having identified that educational attainment in the City's state schools is significantly below the national average. In light of reduced direct spending by the County Council on services for young people in the City, you are also investing in your Youth Ambition Strategy. This demonstrates the striving nature of the Council and we

recognise that this ambitious agenda is evidence-based and driven by your desire to address inequalities in life chances across the City. We saw no signs that this investment and involvement currently risks dissipating the Council's effectiveness, but like all authorities it would be prudent to keep priorities and investment in them under regular review to ensure they remain realistic, deliverable and sustainable.

Given the complexity and uniqueness of the City (including a world renowned university sector, historical heritage, major tourist destination, and a stark demographic contrast with the rest of the county) it is understandable that, whilst there is general consensus on overall priorities, there are a diverse range of views and political differences about the City's growth – particularly in terms of addressing the long term housing shortage - the actions and interventions required, and the pace at which things should happen. The challenge for the Council - and one that you have recognised - is how best to use your democratic mandate to more effectively convene, co-ordinate and harness the range of aspirations, views, and ultimately resources directed to the economic development of the City. We comment later in this letter about the further development of the Council's 'leader of place' role.

The vision for how the organisation needs to develop to move beyond being an effective and efficient service delivery organisation to become a true 'leader of place' was less clear to us. The Council is clearly evolving into an efficient and productive organisation. But is this going to be enough to deliver the leadership role required to realise the ambition of 'making Oxford a world class city for all'? We posed the question of whether the Council currently has the organisational structures, skills and capacity to make this step change? We heard relatively little from officers and elected members about how the shape, style and role of the organisation would further evolve over the next few years, beyond the expansion of traded services and development of new revenue streams. We suggest more narrative around this should be considered. This could help to both 'test' your capacity to deliver on this as well as develop a broader consensus amongst your partners about your emerging placed based leadership role.

Financial planning and viability

Financial management at Oxford has clearly been strengthened over the past few years. Budget planning and performance monitoring have improved and helped the Council to achieve significant savings and develop a robust medium term plan. Impressive efficiency savings (approximately £8 million) have been realised over the past four years. This has helped the organisation to minimise cuts to frontline services, whilst delivering significant new investment in the city's infrastructure and avoiding compulsory redundancies. All of this has combined to put the Council in a position of financial resilience, certainly when compared to many other local authorities. We think you are well placed to respond to the continued financial challenges facing the sector.

Looking ahead, the Council has a solid and sound medium term financial plan in place, and a balanced budget is set out for the next four years. The strategy includes further efficiencies, but is largely predicated on further increasing income generation through an expansion of traded services and new revenue streams, as part of your 'public enterprise' ethos. Given the track record of the Council's services trading successfully, we think this is realistic and robust, and seems to be a logical direction of travel. It is nonetheless a strategy with some potential risks, and there are some possible scenarios that might threaten the plan such as increased competition from other providers. We asked whether there needs to be more of a 'plan B' should the projected increased income generation not be realised in the longer term? There may be potential to develop a Commercial Strategy that brings together the three main areas of income – i.e. from council assets, by trading with other councils or other parts of the public sector and through selling commodities e.g. recyclables.

The Council rightly sees creating a vibrant and sustainable local economy as a key part of the overall financial strategy, including rebalancing the distribution of employment so there is less dependency on public sector jobs. Collaboration with neighbouring councils and partners through the LEP and City Deal has secured external funding to enable the growth of the knowledge based economy and tourism. The Council itself is providing apprenticeships and increasing its' spend with small and medium sized businesses in the city. All of this is noteworthy.

You also have an ambitious capital programme to dispose of underused assets and make significant revenue contributions, as well as helping enable an injection of more than £130 million of capital investment into the city's infrastructure. However, some elements of the programme are proving difficult to deliver. We heard that the programme was frequently under-delivered over the past few years. Part of the issue may be down to it being too ambitious, but it also appears that you need to invest in more skills and capacity. This could be by bringing in temporary or interim capacity or more formal joint venture or framework type arrangements to help deliver the programme. Either way, the issue clearly needs addressing as the delivery of your capital programme is an important part of both the Council's financial strategy and the delivery of key priorities.

The approach to risk and contingency planning to date has helped encourage the development and implementation of new and innovative projects and schemes. The levels of contingency required were rightly prudent, but with a growing track record of delivery and many of the key financial risks mitigated, you are now sensibly reviewing whether contingency levels for new schemes can be set lower. In theory at least this should release more resources to support the delivery of priorities through other projects and activities. Nevertheless, with a major investment programme including significant regeneration schemes in play, and coming on-stream, it will be sensible to regularly consider the financial risk the Council carries on these.

Political and managerial leadership of the organisation:

The Council is benefitting from strong, stable and visible political and managerial leadership. This is widely appreciated by staff and partners and helps cultivate a well-motivated, enthusiastic workforce and a positive energy and culture across the Council. There is a good understanding amongst elected members and officers of the respective leadership roles and responsibilities, underpinned by good member-officer relationships. Arrangements are in place to facilitate a regular dialogue between directors, service managers and portfolio holders. The development of portfolio plans will help progress to be jointly monitored.

There is a clear desire to develop relationships and mutual understanding between officers and elected members further. You rightly see this as critical to further enhancing the effective and productive culture being developed at Oxford. For example, you are developing the 'member guarantee' to set out minimum standards for responding to member queries and questions. We think there is potential to do even more here, such as including elected members in the programme of 'soft skills' training you run for frontline officers, providing 'political nous' sessions for officers perhaps through joint officer/member sessions and further improving induction for new members.

Management structures were last reviewed in 2007, which resulted in a significant reduction in management posts and a flatter structure created. The current structure seems to be serving the organisation well, particularly in terms of providing stability. The numbers of management posts does not appear to be out of kilter with other district councils, especially considering the ambitious and complex agenda the Council is delivering. Nonetheless you will undoubtedly wish to keep structures, capacity and skills to drive the new ways of working under review. Your proposal for a review every three years to ensure that the structure is fit for purpose in light of future fiscal and policy challenges appears prudent to us.

There are clearly good and productive working relationships with trade unions, helped in part by the clear public service ethos and 'public enterprise' ideology of the administration. The relationship and mature engagement have helped you successfully introduce and implement innovative pay deals and new staff initiatives, some of which are impressive. Aside from producing notable practice and outcomes, this is helping to provide stability through the change process.

The benefits of cross party engagement are recognised by members and officers. You are keen that timely and genuine opportunities are provided for non-executive members to inform policy development and there are various arrangements and fora to help enable this, including the Cross Party Working Group, Scrutiny and all Member Briefing sessions. Backbench policy leads and champions for key issues and areas of

business – such as ‘older citizens’ and ‘mental health’ – have been appointed by the Executive and are helping to provide additional political leadership capacity, as well as opportunities for personal development and potential succession planning. Given the Cross Party Working Group was introduced some time ago to facilitate consistency in policy development in a period of political instability you may wish to review it to ensure it is still meeting the needs of all parties.

Governance and decision-making

The Council is obviously committed to ensuring sound governance, good ethical standards and transparency. The comprehensive review of decision-making arrangements and a fundamental refresh of the Constitution undertaken in 2012 have brought about improved and more streamlined decision-making arrangements. Whilst we did not examine your governance arrangements in detail, the processes and protocols one would expect to see in a well-functioning local authority look to be in place at Oxford and the most recent Annual Governance Statement did not identify any major issues of concern. You are clearly a Council that seeks regular external challenge and validation, evidenced by the abundance of awards and accreditations achieved over the past few years across a number of service areas.

There are, though, facets of the current governance and decision-making arrangements that could be further developed we think. Systems of political delegation need regular review. In particular there is scope to further enhance and improve the opportunities for all members and communities to inform and influence decision making and policy development. For example the role of Scrutiny could have a more proactive improvement focus, and be a conduit for communities of interest. Currently the emphasis appears to be on a holding to account role. Whilst this is a valid and important function, there may be a greater impact if Scrutiny became more of a conduit for communities and played a bigger and earlier part in the policy development process. We heard mixed views about the current practice of all Cabinet reports being submitted to the Labour Group and the perception that this slowed the decision-making process. If this is an issue, consideration could be given to the creation of Delegation Sub-Committees for individual Portfolio Holders to deal with day to day issues

There appeared to be a large number of forums and meetings, perhaps unsurprisingly given the ambitious and complex agenda at Oxford. This wasn't something that came up as a major theme during our visit but nonetheless, we think there is an opportunity to rationalise the number of officer boards and partnership working arrangements. It is sensible for any organisation to regularly review and rationalise the number of meetings, forums, boards, panels and committees to ensure they all serve a current purpose and add value.

You have evidently made improvements to the elected member induction and development programme and there is some notable practice including new members having an officer 'buddy' assigned to them, and linking attendance at compulsory training (code of conduct, licensing, planning) to the member allowance scheme. We liked the introduction of a short induction film from the Chief Executive and Directors explaining what they do, and you may wish to consider video recording the monthly member briefing sessions to increase their coverage (we understand that only about 25% of councillors currently attend the sessions). We questioned whether more can be done to tailor the ongoing member development programme to the needs of individual members, perhaps through personal development planning.

Capacity to deliver

The Council has made notable investment in its staff which is enabling the workforce to be motivated and proud to work for the Council and City. We were impressed with the 'partnership payment' linked to savings, performance and attendance targets. The pay deal negotiated outside the national agreement which provides staff an annual 1.5% cost of living increase for the next four years in exchange for no strikes is clearly helping to create stability and certainty. Reward and recognition mechanisms, flexible working practices, the creation of modern office environments, and investment in staff health and well-being initiatives, all appear to be helping to raise staff morale and reduce sickness absence. You rightly recognise the importance of organisational culture and your values focusing on providing excellent public service seem well embedded following the launch of the Council's Values and Behavioural Framework last year.

The Council makes good use of external expertise and capacity, recognising that new and sometimes temporary skill sets are required to deliver its ambitions, priorities, and new agendas. Growing the sales expertise of the Direct Services Organisation (DSO) on an 'invest to save' contract, ensuring school improvement expertise and joint posts relating to the city centre development are good examples of this happening. Given that, as one person put it, 'ambition is always slightly ahead of capacity' there may be a need for the Council to draw on more external specialist knowledge and skills, for example major capital programme management.

More generally we think you will need to ensure workforce development keeps pace with the pressures and challenges faced by the organisation. There is a clear aspiration to expand traded services and develop new revenue streams. But developing further narrative about how the organisation needs to develop to move beyond being an effective and efficient public service delivery organisation to become a 'leader of place' might help inform the debate on the future organisational structures, skills and capacity required.

In the meantime there is potentially more to be done by the Council to maintain and foster a 'one council' and partnership approach to delivering shared services and priorities. For many smaller delivery partners the Council still appears siloed - for example experiencing different commissioning practice and processes across different services and departments.

There is also we think, some potential tension between expanding the Council's role as a 'seller of services' and being seen as a 'partner of choice'. When a local authority is trading services there is an obvious danger it might be perceived as an organisation promoting its' services, and indeed a view expressed by some partners was that sometimes in their dealings with the Council they are not always sure 'which hat is on' (managing development within the city Vs promoting traded services) and this can create tension. We know you have created a 'Direct Services' brand for your trading activity and it will we think be increasingly important to ensure this is the brand used to sell and promote services.

Leadership of place: community engagement

You have rightly acknowledged a need to look at how the Council engages with its various communities across the City, including the need to target areas of deprivation and build on the Council's track record of working with local people to develop strong and active communities. Area Committees were disbanded as part of the Governance Review in 2012, and notwithstanding the role of the frontline councillors in leading and engaging their communities, the Customer Contact Strategy, and mechanisms already in place, you are keen to develop the organisation's current approach.

We know the City Executive Board considered a proposed Community Engagement Policy Statement (at its meeting on 3rd July). This provides a good starting point setting out a framework and sound principles for how the Council engages with its residents and communities to develop a greater understanding of their needs, and to increase the level and quality of involvement in the decisions that affect their lives.

In light of the complex and overlapping communities of place, interest and identity that characterise Oxford, you are understandably keen to adopt a proportionate and targeted approach to engagement, albeit ensuring there is a co-ordinated and coherent programme approach that is adequately resourced.

In developing this further we suggest a need to consider:

- The purpose of the engagement activity: is the engagement about consulting, communication, decision-making, empowerment, capacity building/development or promoting social cohesion?

- What is already happening: is there a clear and comprehensive understanding of what other organisations and agencies are doing? Is there scope to harness and build on existing activity as leader of place?
- The role of the frontline councillor and how it might be further developed and supported, in light of the expectations and getting the right balance between representative and participative democracy.
- Further developing the intelligence led approach – building on the excellent social research and high quality quantitative data already provided – perhaps by providing more local and neighbourhood or area based analysis to inform local councillors and their communities.
- Harnessing the digital agenda and new technologies: whilst you are committed to continue to use multiple engagement channels, is there scope to become more 'digital by default'?
- The potential for more co-production: building on the neighbourhood management approach already deployed in some areas of the City (e.g. Barton) where residents work in partnership with mainstream service providers on local priorities, but moving beyond this to genuine empowering of volunteers and building the capacity and resilience of communities to do more for themselves.
- The capacity of the Council to respond to the engagement it undertakes: the Community Engagement Policy acknowledges the principle of feedback, and the importance of policy-makers being prepared to change their plans as a result of community engagement. But how far is the Council willing to allow local tailoring of service delivery in different communities?

Leadership of Place: partnership working and collaboration

There are already good examples of partnership working and an appetite and willingness from a wide range of partners to work collaboratively on shared agendas through a range of strategic, delivery and community partnerships and joint ventures. These are enabling a range of impressive activity and outcomes, including physical regeneration, carbon reduction and community safety.

You are keen to consolidate and grow the recognised city leadership role the Council plays to further develop credibility with major partners and stakeholders. There is understandably a diverse range of views, and political differences, about how to tackle some of the key priorities, particularly housing growth within and beyond the city's boundaries, that are key to realising the Council's ambitions. There is recognition that relationships with neighbouring councils and the County

Council in particular will be essential to deliver the housing growth and economic regeneration aspirations to create a world class City and through consolidating the Oxford brand. Working to develop more of a political understanding and consensus with the County and District Leaders will be critical, and might perhaps be best negotiated on specific critical matters and practical issues rather than on broad strategy or ideology.

An enhanced influencing role will be critical to leading a world class city (locally, nationally and internationally). We suggest this should include a more comprehensive approach to winning 'hearts and minds' and nurturing relationships, accepting that some stakeholders will need more than a clear evidence base to be convinced of the need for change and the pace required.

A wider and more sophisticated approach to corporate affairs and communications will also be required, one that goes beyond the traditional means of formal communications and includes the 'soft' channels and 'behind the scenes' activity including lobbying, stakeholder mapping, and relationship management. You are already doing elements of this but we suggest it will need developing further. This is likely to develop into an approach akin to the 'head of corporate affairs' role to be found in many large private sector organisations that may need to call on additional and/or different skills, resources, and capacity.

More could be done to improve the understanding of delivery partners, large and small, of the City agenda and the role and contribution they each make to it. Many of the partners we engaged with during the peer challenge process welcomed the opportunity of hearing from other partners and were keen to explore potential relationships, linkages and opportunities for collaboration. As the 'leader of place', it may be worth considering some kind of forum, outside of decision-making partnerships and their formal governance arrangements, that provides an opportunity for partners to come together to do this on, say, a six-monthly basis.

In pursuing your ambitions and priorities, we think there will be a need to become increasingly clear about when you are being the 'leader of place' or when you are a 'seller of services' given that the respective roles/functions of the Council will undoubtedly ramp up over the next few years. We have mentioned the importance of brand and identity earlier in this letter.

Our key recommendations

The peer team developed some key suggestions for you to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, we have made several suggestions throughout the letter of things you may wish to consider. The following are the key things we think will help you progress the work you have embarked upon:

1. Capitalise on the external awards and accolades to further strengthen the Council's reputation and credibility to deliver for the City.
2. Continue to further improve organisational efficiency and grow capacity in order to meet your growing ambitions.
3. Better co-ordinate partner involvement to harness energy, commitment, and resources of partners.
4. Further develop your influencing role and strategy through a more sophisticated and wider approach to corporate affairs, communications and branding, and in doing this be clear what the purpose of the influencing is

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the Council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this, and I know that you are keen to invite the peer team back to help the Council to maintain focus and momentum. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to provide further information and signposting on the above to help inform your ongoing consideration and thinking.

I thought it helpful to provide contact details for Mona Sehgal who, as you know, is our Principal Adviser (South East). Mona can be contacted via email at mona.sehgal@local.gov.uk (or tel. 07795 291006). She is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient and continued route of access to the Local Government Association, its resources and any further support.

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

Paul Clarke - Programme Manager (Local Government Support)
Local Government Association
On behalf of the peer challenge team

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