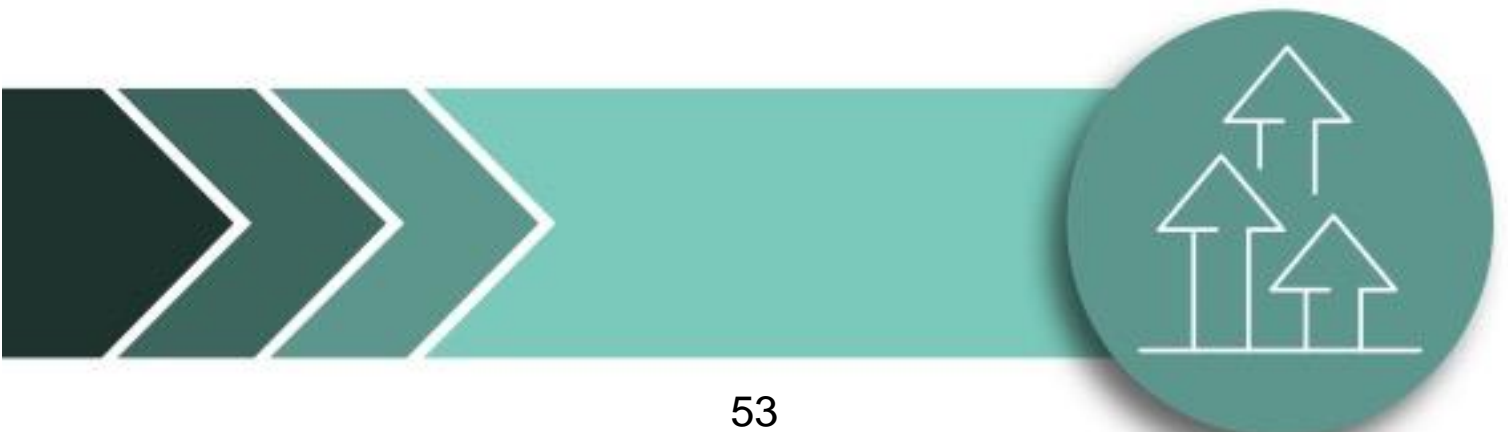# LGA Corporate Peer Challenge

Oxford City Council

11 – 14 July 2023

Feedback report

1. Executive summary

Oxford City Council is a particularly ambitious district council with a successful track record of delivery. The council demonstrates leading practice in several areas, most notably on net zero. The council should be brave and continue to act as an exemplar for other local authorities in tackling the climate emergency. Oxford has been named the greenest city in England[1] and it has the fourth highest recycling rate in the country.

These are considerable achievements, but the peer team picked up that not all partners were aware of the extent of the work. More can be done to communicate the co-benefits such as reduced energy bills and improved health outcomes which in turn ensures this is relatable for all.

The city of Oxford has the potential to "*be an unrivalled world-class city for research, learning and breakthrough innovation.*" The council has an important role to play in making this a reality. The rare characteristics of the city make the council's ambitious plans a possibility. Its exciting potential allows for transformative regeneration across the city, with development and growth sought after from both public and private sector partners.

There is a feeling of a 'tale of two cities' in Oxford, the wealth and grandeur of the city centre alongside pockets of considerable deprivation. The council has an important role to play to communicate how investment and regeneration can benefit the whole city. The council is committed to tackling inequality and its causes. Good examples such as the introduction of the Oxford Living Wage exist.

The council is a good partner and is respected for its convening role in collaboration and place shaping. The council "*punches above its weight*" in managing stakeholder relationships and leading cross-sector partnerships, such as the Future Oxfordshire Partnership (FOP), working as custodians of the city.

The council is an effective place leader and delivers good services for residents. The council should look to work even closer with other anchor institutions such as the universities and colleges, the NHS and the County Council. There are opportunities for further collaboration in areas such as capital programmes, procurement and

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[1] https://www.endsreport.com/article/1811920/ends-green-cities-index-2023-overall-rankings

looking at the entire public estate.

There are though, challenges for county-wide working, particularly around the alignment on a vision for house building and growth. The council needs to actively co-ordinate and co-operate with neighbouring local planning authorities. This is particularly important given the level of unmet housing need within the district.

The council benefits from effective leadership both politically and managerially. The capabilities of members and officers are widely held in high esteem both internally and externally. Relationships between members and officers are positive and based on mutual trust and understanding of their respective roles.

The council's governance system appears to be functioning well. Audit and scrutiny are both highly regarded and adequately resourced. There is an established risk framework with mitigations set out against high-risk areas. Member training is offered but could benefit from a refresh ahead of the May 2024 election.

Oxford City Council is an employer of choice because of its rare positioning. The council has been proactive in establishing a positive culture where staff wellbeing is prioritised. There are good relationships with the unions, who feel listened to and have an influential voice. The importance of equality, diversity and inclusion (EDI) is recognised, as evidenced by the council's EDI strategy being shortlisted for the 2023 *Local Government Chronicle (LGC) Diversity and Inclusion* award.

The council has been ambitious and clear about its position on generating income through commercial opportunities and has developed a commercial approach to achieve its intended outcomes. The council has called this approach 'The Oxford Model'. The model looks to maintain and grow income from a variety of sources such as rent, dividends from local authority owned companies and car parking income. The level of commercial income the council has been able to generate has protected service provision to date. However, the opportunities to maximise this income within the local government legislative environment and given the broader economic context will slow the income growth down. This will therefore require more difficult service decisions to be made in the medium-term. The council should be on the front foot planning for these.

The council has a good record of delivering against its financial strategies and budgets. There is a strong understanding of the council's financial position across the

council. The *Medium-term Financial Plan* (MTFP) is broadly balanced. Although, this is dependent on achieving forecasted returns from the wholly owned companies, commercial income and delivering savings through transformation. These mechanisms are notoriously difficult to deliver against budget and will require a sustained focus on monitoring and challenging actual positions throughout the years to guarantee a high rate of deliverability.

The council has a substantial capital programme which is another example of Oxford City Council's considerable ambition. Capital programmes by their very nature are difficult to deliver to time and budget and require relentless monitoring of risks to ensure that the programme delivers the outcomes required. This seems especially so for the Oxford City Council programme given significant slippage in the capital programme in previous years. It is important the council allocates the appropriate level of resources and project management expertise to oversee the delivery of the capital programme.

The council would benefit from a single core function, overseeing the multiple projects across the council providing corporate control and grip through greater use of digital tools. By bringing together the council's project managers, business intelligence unit and the Programme Management Office (PMO) the council can strengthen oversight, utilising project management experts to have the greatest impact. This will give members and officers greater visibility over use of resources and value for money enabling prioritisation of scarce resources.

The council's 'Fit for the Future' change programme is progressing. This programme seeks to modernise services, achieve efficiencies and deliver improved outcomes. It intends on doing this through utilising technology, service redesign and culture change. When looking at service and organisational structure it is important that the council's considerable ambition is considered in the context of organisational capacity. As the council pivots itself from delivering services to being place leaders, the transformation programme will be instrumental in delivering the cultural, behavioural and structural changes required to successfully deliver the outcomes.

The council has introduced an internal board structure to oversee the fit for the future change programme which appears effective. Programme tracking and scrutinising of projects is crucial as the transformation journey is fundamental to the achievement of

the council's corporate priorities and the MTFP. Care must be given to the fact that the internal resources of this programme will be the same internal resources delivering business as usual activity and other delivery programmes which will create an issue with prioritisation. This will be one of the greatest issues that the leadership team will need to address.

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:

2.1   Recommendation 1: Co-design shared outcomes
Convene the city's anchor institutions to work together in developing shared outcomes and collectively drive how these are delivered and procured.

2.2   Recommendation 2: Prioritisation
Match the council's ambitious plans to the resources required for their delivery. Be deliberate about adding and removing projects when something new is added. Strategically sequence the council's projects. Look to upskill and agilely move around staff to resource priorities.

2.3   Recommendation 3: Corporate centre / Programme management office
Ensure there is corporate control on the many projects the council is progressing. Consider making permanent the current PMO structure and invest in the council's project management specialists. Look to upskill and equip staff with the necessary training for performance and project management. A team based within the corporate centre of the organisation should oversee the council's multiple projects including the fit for the future change projects, savings programme, capital programme and the IT improvements. This will help the council in maintaining a corporate grip on project progress and see developments in the round.

2.4   Recommendation 4: Performance management
The council should refresh its performance management framework in line with the new *Council Strategy*. This framework should be linked to outcomes. The council

should look to use data more intelligently to improve service quality. A consistent performance and data-driven culture needs to be embedded.

2.5 Recommendation 5: Communicating the regeneration
The council should continue and go further with its inclusive economy campaign. Seeking to inform and demonstrate how the exciting regeneration projects can benefit all local residents.

2.6 Recommendation 6: Organisational structure
When looking at the organisational structure the council should have an outcome-focused mindset, using its data to drive policy and performance. The council should use its resources flexibly to allow for agility in serving the delivery of projects. Recruitment, retention and progression should be at the forefront when considering an organisational structure.

2.7 Recommendation 7: Hybrid working / IT infrastructure
The council's IT systems need to be improved; this is particularly important now most staff are remotely based. The council should look to put on more in-person events and team meetings, providing reasons for staff to come into the office. The team principles for hybrid working are important and should be refreshed and emphasised regularly.

2.8 Recommendation 8: Corporate Management Team (CMT) and Cabinet
Forward plan meetings between the CMT and Cabinet to co-design policy and keep all Cabinet members informed of projects across the council.

2.9 Recommendation 9: Member development
In preparing for the May 2024 member induction process, the council needs to strengthen its training provision for new and existing members. Training should also be developed for new and existing Cabinet members. An annual Cabinet development day should be considered. In strengthening the member development programme, the council is building capacity and expertise for the future.

2.10 Recommendation 10: The Oxford Model

- As with any model of delivery it is important the council regularly and systematically assures itself it is getting value for money, quality of service and achievement of its intended outcomes. The council should look to benchmark itself with other councils with wholly owned companies and consider an independent review to gain assurance on value for money and service quality.

- Ensure there is an alignment between the *Council Strategy* and the business plans of the wholly owned companies.

- The council should strengthen its client arrangements. This would then act as a mechanism to prevent the escalation of operational matters to the shareholder.

- The council should deliver communications and dedicated training for all staff on the reasons for and the intended benefits of the Oxford Model. This will strengthen the organisation's understanding of the approach the council has taken.

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:

- Lead Peer: Mark Davies, Chief Executive, Lancaster City Council

- Labour Member Peer: Alan Waters, Former Leader, Norwich City Council

- Liberal Democrat Member Peer: Cllr Stuart Bray, Leader, Hinckley & Bosworth Borough Council

- Officer Peer: Tracie Langley, Chief Operating Officer and s.151 Officer, Cornwall Council

- Officer Peer: Rob Meldrum, Director of Financial Services, London Borough of Hounslow

- Officer Peer: Angela Woodhouse, Director of Strategy, Insight and Governance, Maidstone Borough Council

- LGA Peer Challenge Manager: Harry Parker

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 addition to these themes, the council asked the peer team to provide observations and feedback on the council's wholly owned companies and investment portfolio and the council's fit for the future change programme designed to deliver cost savings and improve services. These are covered in the financial planning and management and capacity for improvement sections respectively.

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 they were familiar with the council and the challenges it is facing. The team then spent four days onsite at Oxford City Council, during which they:

- Gathered information and views from more than 65 meetings, in addition to further research and reading.
- Spoke to more than 130 people including a range of council staff together with 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

Oxford is a globally recognised international city with a fast growing and dynamic economy. The city has a world-renowned university sector, medieval heritage and is the tourism gateway for the rest of Oxfordshire and the Cotswolds. The city receives approximately eight million annual visitors, generating £780m for the local economy[2].

Oxford has one of the youngest populations in the country with a median average age of 31. There are more than 36,000 full-time students aged 16 years or over. The city is also one of the most ethnically diverse areas in the South East, with 46 per cent of residents identifying as an ethnic group other than White British[3].

The characteristics of the city make the ambitious plans the council have a possibility. Oxford is experiencing a huge demand for science, technology and commercial space. At the same time, it has an acute housing crisis both in terms of availability and affordability. These factors pose challenges and offer opportunities to the council.

Oxford City Council is a very ambitious district council which is committed to its vision of: 'building a world-class city for everyone'. The council has an established *Council Strategy 2020 – 2024* which is complemented by an *Annual Business Plan* published

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[2] https://www.oxford.gov.uk/download/downloads/id/2629/74_sustainable_tourism.pdf
[3] https://www.oxford.gov.uk/info/20131/population/459/oxfords_population

each March setting out the actions and intended outcomes it will undertake that year, linked to the council's overarching priorities. The four council priorities to: enable an inclusive economy; support thriving communities; deliver more affordable housing and pursue a zero-carbon Oxford are well understood and are embedded in the decisions and work the council is progressing. The peer team were impressed at the extent the political message and corporate priorities were lived and breathed within the organisation, and indeed the recognition of these corporate priorities by the council's residents, partners and neighbouring councils.

The council is currently undertaking a refresh of its *Council Strategy* for the next four years. It is important to maintain the alignment to the *Oxford 2050 Vision* and the *MTFP* throughout this development. The peer team would also encourage the council when setting the revised strategy to focus on intended outcomes which would then drive collaborative behaviours across the organisation.

During the review, the peer team heard consistently that the council needs to prioritise the most important measures, as *"we [currently] try to do everything."* While the peer team welcomed the strategic nature of the council priorities, the council should look to ensure the considerable number of actions and strategies that sit beneath it are suitably prioritised.

As part of the development of the new *Council Strategy*, the council's performance management framework should be refreshed. Corporate performance management should be improved with a framework providing rigour in tracking and scrutinising progress on delivering priorities. This refreshed performance framework should have a greater focus on outcomes as well as outputs.

The council's leadership recognise the need to improve in this area, embedding a performance culture organisation wide. The council should consider using [LG Inform](#) to benchmark its performance against other councils. Over time this could provide a basis for identifying areas of concern and deploying early intervention strategies. The council should also look at utilising specialised platforms such as Microsoft Power BI, implementing automations to bring forward consistency across the organisation.

An area where the council is leading the local government sector is on the net zero agenda. This was recognised at the *2023 Municipal Journal Awards* with the council winning the award for 'Leadership in Responding to the Climate Emergency'.

In September 2019, Oxford City Council was the first local authority to host a citizens' assembly on climate, demonstrating its commitment to the cause and public consultation on the matter. Ambitious plans were generated and committed to as part of the assembly, such as reducing the council's carbon footprint to net zero by 2030. A legacy arrangement from the citizens' assembly was the establishment of the Zero Carbon Oxford Partnership (ZCOP), a partnership of Oxford's main institutions and large employers collectively committed to Oxford achieving zero-carbon status as a city by 2040.

The council have brought forward several projects to achieve net zero, including: the implementation of the public sector decarbonisation scheme, investment in renewable energy production and the electrification of the council's fleet of vehicles. An impressive example of delivery, which saw the council win the *2023 LGC Award* for 'Climate Response', was for the Energy Superhub Oxford, which is Europe's most powerful electric vehicle (EV) charging hub. EV infrastructure is a particular strength in the district, Oxford has the fifth largest number of EV charging devices per 100,000 people in England[4].

Central to the council's leadership on net zero has been its commitment to partnership working. The council has worked in tandem with Oxfordshire County Council to bring forward the Zero Emission Zone (ZEZ) pilot. The ZEZ was introduced in February 2022 and charges all diesel and petrol vehicles entering the zone between 7am - 7pm. Joint working with the County Council on the pilot scheme's planning, engagement and communications was essential in the roll out and continues to be pivotal.

The wide-ranging measures and often politically brave decisions the council have undertaken underlines its commitment to significantly reduce air pollution and carbon, improve people's health and shift transport away from fossil fuels.

Along with every urban centre in the UK, Oxford has considerable inequalities: both in terms of income and life expectancy. The council recognises this: *"we're one of the most unequal cities in the country."* This is demonstrated with the Index of Multiple Deprivation recording that 10 out of the 83 neighbourhoods in Oxford are among the

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[4] https://www.endsreport.com/article/1823072/fantastic-achievement-oxford-named-englands-greenest-city

20 per cent most deprived nationally[5].

The council has a strong and evidenced commitment to tackling inequality and its causes. The council have successfully implemented the Oxford Living Wage, which has been set at 95 per cent of the London Living Wage. The council and its companies pay this, and the council is influencing local businesses to participate in the scheme and encourages payment of the living wage in all procurements.

The inequality in the city clearly plays out when looking at housing affordability. In 2022, Oxford was named the UK's least affordable city for housing, at 15.1 times the average salary, compared to 9.9 at the national average and 14.2 in London[6].

The council has ambitious plans for new homes, with a rolling target for 1,600 over the next four years. There are impressive examples of housing delivery such as Barton Park, a council joint venture with Grosvenor which has delivered 885 homes, 50 per cent of which are affordable.

A central part to delivering the ambitious house building numbers is through the council's wholly owned housing company, OX Place. The council set up the company in 2016 to increase the supply of social housing in the city in a cost-effective way. To date, OX Place has delivered 321 homes, with a further 1,600 homes in its forward pipeline. As part of the council's Housing Revenue Account (HRA) business plan the council will purchase 1,214 properties from OX Place over a 10-year development programme.

The council owns a stock of just over 7,800 properties, which is set to increase with the HRA purchases. This expansion will involve significant capital investment and associated borrowing over the next 10 years. With this projected level of activity, the company's project planning needs to be commensurate with business plans. This is especially important given the troubling economic environment with increased construction costs and higher interest rates.

The council has commissioned a stock condition survey which will help in informing the medium to long term capital programme. The council are aware of the need for estate improvements to maintain compliance with the Decent Homes Standard and

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[5] https://www.oxford.gov.uk/info/20131/population/459/oxfords_population
[6] https://data-tool.centreforcities.org/data-tool//#graph=table&city=show-all&indicator=housing-affordability-ratiosingle2019&tableOrder=tableOrder1,1

to improve the energy efficiency of its stock.

In 2022 the council commissioned Acuity to carry out a Tenants' Satisfaction Survey. This found that:

> *"Oxford City Council compares well with other landlords. Satisfaction on most of the key measures … are above the median. However, it falls below the median on … satisfaction with overall services (6 per cent below) and listening to views and acting upon them (5 per cent below)."*

Whilst overall satisfaction is above average, areas for improvement were identified, particularly around historical repairs and maintenance issues. The council have developed an action plan in response to the survey and should continue to progress these as it strives to be an effective corporate landlord.

Oxford City Council have followed good practice with its introduction of a house in multiple occupation (HMO) licensing and a selective licensing scheme for the whole private rented sector where more than 10,000 applications have been received. Both schemes demonstrate the council's commitment to improve the housing conditions in the rented sector.

4.2   Organisational and place leadership

Oxford City Council benefits from strong and effective leadership which is delivering for residents. The council has talented and passionate officers and members who are committed to delivering on the council's priorities. The Leader has demonstrated personal knowledge of local communities and her stable and committed leadership style is recognised across the council and by partners. The Leader has an active presence within national political structures, including being the Labour Group Leader and Vice Chair of the District Councils' Network.

The peer team picked up on the collective leadership which was demonstrated by the Cabinet and the CMT. Both are effectively led by the Leader and Chief Executive respectively. They are respected by partners and have a clear set of priorities. Both take on leadership roles beyond the confines of the council and effectively manage their internal and external facing roles.

The CMT appear to operate openly and effectively with appropriate levels of challenge and influence collectively and individually. There is a healthy tension

between the three statutory officers, a good indicator of strong governance. The council's senior managers are respected both within the council and with external partners.

The council recognises the importance of communications, it has invested and prioritised the function. Capacity is linked to the council priorities, with a mix of internal and external communications officers.

The Chief Executive is conscious of the need to engage with staff and is committed to doing this in a variety of ways, for example the leadership conversations. The peer team commends this visible leadership; however, it was commented on during the CPC that the visibility of the wider CMT could be improved.

A further area which can be improved, one where the council has already committed to updating, is the internal intranet. Regular internal communications are developed such as the weekly connected council bulletin. Not atypical for internal bulletins the read-through rate is quite low, the council should consider using other modes of communication such as utilising video and short clips.

The council described itself to the peer team as a 'campaigning organisation', there are several examples of this, such as the #OxfordNeedsHomes campaign. The council has sought to be an influencing organisation, which it definitely can be with the innovative practice it has delivered, particularly around net zero. However, the council will need to be proactive in responding to the level of interest and external challenge being a campaigning council can generate.

The council would benefit from a single core function, overseeing the multiple projects across the council providing corporate control and grip. By bringing together the council's project managers, business intelligence unit and the PMO the council can strengthen oversight, utilising project management experts to have the greatest impact. The peer team heard that at present project and performance management "*has not been unleashed"* to its full potential.

This central function should oversee the multiple council projects including: the fit for the future change programme, the savings programme, capital programme and the IT improvements. This would enable project managers to identify the inter-dependencies between projects and provide clear identification of any pinch points or duplication. It would also mean robust project management methodologies can be

applied across the organisation, scrutinising progress, minimising project slippage and being more confident about delivery of required outcomes.

In November 2022, Oxford City Council published its new procurement strategy. Within this it sought to embed the council's commitment to community wealth building and delivery of social value through procurement. Innovative commissioning has been demonstrated by the council, a good example is the EV Dynamic Purchasing System (DPS). Some good working has been carried out looking at a more joined-up approach to procurement across the public sector including the NHS and other district councils. The council should look to leverage the good relationships it has with its partners.

Oxford City Council is a trusted and valued partner. The council is committed to working in partnerships and in many instances, both convenes and chairs these, examples include the FOP and the Fast Growth Cities.

The council recognises that the delivery of the council's considerable ambition requires collaboration with partners. The peer team heard that where organisations' individual priorities align, partners collaborate effectively to progress these. The peer team would encourage the council to take this one step further and convene partners to co-design from the outset shared outcomes and drive how these are delivered and procured collectively.

The FOP has a role here, for 2023/24 Oxford City Council's Leader is chairing the partnership. Previously when Oxfordshire had success in securing external funding, it spoke with a unified voice, in doing so achieving the Housing and Growth Deal worth £215m. Oxford City Council can be a leading light in bringing partners together, championing the cause for investment in the county. The County Council and other districts recognise the value of the city council: "*partnerships would collapse ... Oxford is the de facto driving force.*"

There are though, challenges for county-wide working, particularly around the alignment on a vision for house building and growth. The council's 2036 Local Plan identifies an additional housing need of 28,000 units, there is capacity within the district for 11,000, leaving an unmet need of 17,000. The Oxfordshire Plan 2050, a strategic housing and infrastructure plan for the county, was unable to reach agreement in August 2022. Despite this ending, it is very important the council

continues to actively co-ordinate and co-operate with neighbouring local planning authorities. This is particularly important given the level of unmet need. The council should look to leverage support from willing districts to align growth plans and work in partnership with the County Council in helping to secure infrastructure funding.

In August 2022 the council, working with partners, were successful in securing £161m for upgrades at Oxford station, which is a crucial part of the wider West End redevelopment. The scale of the planned regeneration is significant and exemplifies the convening powers of the council, demonstrating on a large scale the opportunities that are being enabled through partnership working. The mixed-use development with residential, science, technology and office space is an exciting prospect, one which is needed given the demand for growth.

Oxford has an unrivalled level of intellectual capital and wealth in the broadest sense and key anchor institutions have an important role to play to maximise the opportunities this affords. The council should continue to act as a place led convenor for these anchor institutions, establishing focus on shared outcomes, utilising each other's capacity and expertise. Areas where this should be continued and developed further include on net zero, procurement and tackling inequalities.

Recent management changes at other key partner organisations present opportunities to expand collaboration. An area which was mentioned to the peer team was looking at the collective public estate. In doing so, reviewing capital programmes and consider an asset mapping exercise. The council should look at restarting its One Public Estate partnership as a governance mechanism and as a potential funding stream.

The peer team were impressed by the clear exposition by members and officers that the council's regeneration plans are people-focused and linked to the priority of tackling inequality. This though will be a challenge as there is still the feeling of a 'tale of two cities' with ambitious regeneration in the city centre at the same time as deprivation and the impact of the cost-of-living crisis being felt throughout the city boundaries. The council should continue and go further with its inclusive economy and growth campaigning, seeking to inform and demonstrate how the exciting regeneration projects can benefit all residents.

The council has worked closely with the County Council's public health team to carry

out four in-depth community ward profiles, these are asset-based to help inform bespoke decision making for each distinct place. For example, the community ward profile has played an important part in the master planning for the regeneration in Blackbird Leys.

Technical delivery in the council's planning department is strong. The peer team heard during the CPC though that there could be improvements in customer service, particularly around pre-application consultation. Whilst this is time consuming, effective customer management and engagement can lead to better applications and stronger overall outcomes.

The council is in the process of reimagining its leisure provision, moving towards an integrated health and wellbeing offer. This aligns with the vision of key partners like the NHS and the County Council: looking at preventative health measures and youth services. This demonstrates the council's willingness to invest and operate beyond its statutory remit. A good example of this is the council's success in being awarded £1.3m from the Youth Investment Fund, a bid which was led by the council on behalf of partners.

4.3   Governance and culture

Good working relationships between members and officers is a characteristic of Oxford City Council. These relationships are built on mutual respect, with a shared understanding of their different roles and responsibilities.

The council benefits from a diverse and talented set of members. The peer team heard of constructive and respectful debate between the different political groups. The council's Cabinet is a varied grouping in terms of age, gender and ethnicity, a leadership group who appear to operate effectively with portfolios aligned to intended outcomes.

The peer team heard from a variety of sources that there would be value in refreshing the informal CMT and Cabinet meetings. These should be refocused and forward planned to provide the necessary space to co-design policy and keep all Cabinet members informed of projects across the council.

Scrutiny is well regarded in the council, there is a commitment to pre-decision scrutiny which adds value to the quality of decision making. The peer team thought

the alignment of the scrutiny panels to priority areas, such as the Climate and Environment Panel and Housing and Homelessness Panel, was good practice. Members feel that they receive good support from officers for scrutiny activities.

The council's Audit and Governance Committee appears to operate effectively, focused on corporate risks and not on operational detail. More generally the peer team were impressed by the council's established risk framework, with a good understanding of the major risks and mitigations in place.

There is a developing challenge that the high number of programmes and projects, as well as the business-as-usual activity, that are being managed in different parts of the organisation, will start to compete for the same internal delivery resources. This will then impact on delivery of key programmes of change and the reporting to the Audit and Governance and Overview and Scrutiny committees will become disjointed. As mentioned earlier, a central PMO with single reporting would reduce this risk.

The peer team would encourage the council to carry out a best practice review of the current member training offer and introduce a fully structured development programme ahead of the May 2024 election. Member training currently sits under the Standards Committee, the peer team feel the council should consider establishing a member working group to oversee and influence the updated offer. The Local Government Association (LGA) can support and compliment a refreshed member development programme.

The training provision should include focused and timely support for specific roles, such as for new Cabinet members and committee chairs. The council should consider an annual Cabinet development day, building capacity and expertise for the future.

A consistent theme throughout the CPC was the need for the council to prioritise the implementation of a member casework system. This would help members keep track of enquiries and respond in a timely way. It would also allow for this source of information to be captured and persistent issues highlighted.

The peer team heard during the CPC that the council's internal processes can at times appear unwieldy. It is sensible for any organisation to regularly review and rationalise internal bureaucracy, meetings, boards and committees to ensure they all

serve a current purpose and add value.

Oxford City Council is a good employer, staff are clearly proud and passionate to work for the council. Officers feel empowered and supported by the council to do their best for the organisation and the city it serves. The council carried out a staff survey in February 2023, the results from this were broadly positive with an overall engagement (satisfaction) score of 82 per cent.

The importance of EDI is recognised at the council. The equalities steering group has an important role to play, which is chaired by the Executive Director for Communities and People. There are good reporting links from this group to CMT and the political leadership. The council enhanced its inclusive leadership ethos with the launch of its Anti-Racism Charter which seeks to address institutional racism and hate crime in the city of Oxford.

The council has a few successful staff networks. The peer team would encourage the council to look to increase the number of networks and put in place senior management sponsors. This would help the organisation to celebrate the council and the city's diversity further.

4.4 Financial planning and management

The council has a well-resourced and effective finance function. This is led by a capable, experienced and well-respected Section 151 Officer. There is a good understanding of the council's financial position across the council. The commercial approach the council has taken has lessened the dependency on core grant and council tax income. With the economic climate and the challenges all councils are facing, ambitious savings and service redesign will be needed in future years.

The peer team agrees with the external auditor that the council's budget processes and financial reporting are of a good standard. Integrated financial and performance reports are considered by Cabinet and Overview and Scrutiny on a quarterly basis.

For the 2023/24 budget the council increased council tax by 2.99 per cent. To balance the budget the council has projected £4m to be brought in through efficiencies and increases in sales, fees and charges. Additional budget pressures have meant a draw on £1.3m from reserves, which in the short term is manageable. Based on current available figures, the council has earmarked reserves and balances

of around £50m although suffice to say that only around £11 million is unallocated or unearmarked.

The council's *MTFP* is broadly balanced over the next four years. This though is dependent on the council achieving target returns from its local authority owned companies, maintaining and growing income from its commercial properties, car parking and other sources while achieving savings of £3.3m through transformation. The *MTFP* highlights other key risks including managing the impact of increased interest rates which potentially affects the viability of capital schemes as well as the capacity within the council group of delivering a capital programme of £767m.

The size of the council's capital programme is very large, particularly for a district council. There are several risks associated with capital programmes of this size, especially with rising construction costs and interest rates. The council will face a challenge in delivering the capital programme, especially given significant slippage in previous years. In 2021/22, 42 per cent of the programme was delivered and it was projected for 2022/23 just 40 per cent would be delivered. A large capital programme is another example of the council's considerable ambition; however, the peer team would question whether there is a gap between the level of ambition and the capacity and resources within the council group.

To date, the council has predominantly used internal borrowing, therefore the Minimum Revenue Provision (MRP) costs are managed. There are plans in the *MTFP* to borrow from the Public Works Loan Board where rising interest rates could have significant implications.

A key element to the delivery of the council's *MTFP* is the successful receipt of dividends and interest payments from the wholly owned companies. OX Place is forecast to deliver £15m worth of dividends by 2026/27. Up until now, only two dividends have been received, both from Oxford Direct Services (ODS), and these have been c.£5m below the planned level. The COVID-19 pandemic disrupted progress and impacted the level of income generated. To ensure the successful receipt of future dividends accurate and timely information will be required to manage this risk and enable the shareholder to effectively scrutinise progress. ODS is due to provide dividends of £14m over the *MTFP*.

Under the Oxford Model the council borrows to finance the activities of OX Place,

lending the money on to the company at a 'subsidy control' compliant interest rate. Approximately £82m has been advanced in 2023/24 to date and this is forecast to rise to £121m by 2026/27. To date this has been financed by internal borrowing with no recourse to external borrowing undertaken by the council, although this position is likely to change over the medium to long term. Interest payments, including the appropriate uplift for subsidy control, provides a financial return to the council for providing this facility.

The council's legacy of considerable assets has been essential to the council balancing its finances. The council receives £12m annually from its commercial assets. Given the importance of the commercial properties the peer team would encourage the council to invest in a dedicated asset management system. At present properties are being managed across multiple spreadsheets. An effective system would optimise the estate management process, providing clearer insight on the assets' condition and income level.

A further way the council is generating income is by being contracted by other councils to deliver services. For example, the council's Home Improvement Agency is delivering home adaptions and repairs for clients on behalf of South Oxfordshire District Council and Vale of the White Horse District Council bringing in £1.4m of income.

The council's accounts for 2021/22 are yet to be signed off by the external auditor. The reason for the delay was due to difficulties in preparations of the statements related to ODS which has held up the production of its account and consequently the Group position of the council. The ODS accounts delay was mainly caused by problems with the implementation of the new housing management system, QL. It is important that the council and its companies learn the lessons from the errors in implementing this system, particularly when considering the wider fit for the future change programme.

Oxford City Council has developed a commercially focused approach to achieve the ethical and social values of the council and deliver the council's agreed outcomes, something which the council calls 'The Oxford Model'. A key element of the Oxford Model is to maintain and grow income from a variety of internal sources. These include rent from its commercial properties, dividends and interest on loans from its

local authority owned companies, car parking income and other service income.

The Oxford Model has generated several positive outcomes, these include the considerable level of commercial income generated which has enabled the council to protect services. The peer team agree with the external auditors that the council is forward-thinking in terms of its commerciality. However, depending on commercial income to protect services will become more challenging as commercial income becomes more difficult to grow.

A strength of the model is the 'circular economy' benefit, with the retention of wealth within the city council group. The council will need to give the companies room to grow and succeed which may need a continual review of the governance and financial arrangements. Concentrating on ensuring that there is a robust business plan in place which is consistently delivered will be key for the successful delivery and growth of dividends back to the council.

Through the establishment of The Oxford Model, it is clear that it has been set up to be as near to direct service delivery as a commercial vehicle could be. Examples of this include staff's terms and conditions as well as the shared ethical and social values. Given how the council has established the companies, as close to direct provision as possible, a tension has been created and caution is required to not fetter the company from operating at its full potential through acting as an independent and commercial entity. The challenge for the council is to achieve more commercial flexibility without compromising the ethical values of the Oxford Model.

As the council proceeds with the refresh of its *Council Strategy* it is essential it looks for closer alignment with the companies' business plans, the *MTFP* and the HRA strategy. This is particularly important around shared priorities and effective planning for future borrowing.

Clear key performance indicators are a necessity so the shareholder can monitor and scrutinise to drive performance in the companies and ensure dividend payments are forthcoming. More generally client arrangements can be improved which are dependent on the strength of relationships. Healthy and robust client arrangements can prevent the escalation of operational matters to the shareholder.

The governance arrangements for the council companies appear robust, with the companies following CIPFA good practice guidance on Local Authority Trading

Companies.

The council should look to update its training provision for members and officers when in a shareholder capacity. This would support them in having an adequate understanding of each other's roles and responsibilities ensuring Companies Act compliance.

During the CPC the peer team heard from a variety of sources that the council and the companies would equally benefit from an analysis of operating through ODS, so these can be clearly expressed and understood by all parties.

Linked to this, an area where there is room for improvement is to review and ensure there are clear communications about what the Oxford Model is, the reasons for it and the intended benefits. At present, there is a patchy understanding across the organisation, the council should consider delivering a programme of training for members and officers on the Oxford Model and its rationale.

4.5   Capacity for improvement

The council is progressing its overarching transformation programme, which is entitled, the 'Fit for the Future' change programme. This programme seeks to modernise service delivery to achieve efficiencies and improved outcomes for citizens through better use of technology, service redesign, with a heavy focus on people development and culture change. £2m of ongoing savings from 2026/27 have been attributed to the change programme and have been included within the *MTFP*.

The council has adopted an interesting board governance structure for overseeing the fit for the future programme. Programmes are led by heads of service away from their traditional areas of expertise to embed organisational acceptance. The peer team heard reflections from officers that this governance approach feels effective in surfacing and addressing challenges whilst ensuring accountability for delivery.

Alongside the board governance structure, the council have brought forward a change agent network of officers at a variety of levels in the organisation. This is essentially a 'change champion' network and reflects good practice in implementing organisational transformation.

The principles of the fit for the future change programme appear sound. The peer team would encourage the council though to ensure that the transformation

programme is sequenced in a way that will ensure that the most impactful and important outcomes are delivered early and continually question what outcomes the changes are going to deliver.

Throughout the CPC the peer team heard concerns about the organisation's capacity to achieve its level of ambition. It is a necessity to be deliberate about adding and removing projects to enable progress in line with capacity. Strategically sequencing projects for delivery to avoid bottlenecks is an important step which will release capacity. The peer team would also encourage the council to agilely move staff around to service its priorities.

When considering the organisational structure, the peer team would encourage the council to make sure an outcome focused mindset is adopted, implementing a structure which is optimal for the delivery of the council's priorities. When thinking about the structure, the council leadership should have the recruitment, retention and progression of staff in mind.

The council is committed to carrying out a pay and grading review which is an important measure. The council has commissioned an external review of the council's pay data, carrying out a benchmarking exercise with other public sector employers. Staff are aware of the impending review of pay and grading, it is important clear and consistent communications are delivered regarding this.

The whole local government sector is finding recruitment and retention of professional staff extremely difficult. The peer team heard during the CPC that the council has struggled to compete in terms of pay in comparison to similar authorities which is compounding the recruitment challenges. This said though, the peer team heard from officers that the culture at Oxford City Council is a large pull factor, the council should consider how this can best be communicated in a campaign to address vacancies.

The council should look to build on the good work of establishing apprenticeship programmes in planning and environmental health. Consideration should be given to appointing more apprentices across the organisation and looking to participate in graduate schemes as well. This would help the council in 'growing its own' expertise.

The council is in the process of introducing a new programme entitled candid and caring, moving the organisation into a place where honest conversations about

organisational performance are routine. At present there is an inconsistent approach to appraisals. The peer team would recommend the council introduces a refreshed outcome focused appraisal process in line with the new *Council Strategy*. Human Resources has an important role to play to ensure organisational consistency and compliance. A robust appraisal process would assist the council in embedding a performance culture.

The council has embraced remote working, with most staff working full time from home. This is partly down to decisions made to reduce the council's office footprint, and as a result there is now very limited space for staff who wish to work in the office. The majority of the staff the peer team spoke to enjoy the ability to work from home and the flexibility this affords them. The peer team did hear though, that: "*more face-to-face*" working with in person events and team meetings would be welcomed. The value of office working, in terms of providing peer support and development, particularly for new starters remains current. The council have brought in team principles for how often staff should be in the office, these are important and should be refreshed and emphasised regularly.

The council's IT infrastructure is even more important given how remote focused the council are. Hybrid technology and systems need improving, including around a full migration to Microsoft Office and addressing connectivity issues in the Town Hall.

5. Next steps

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

Both the peer team and the LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a one-day onsite progress review, which provides space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Will Brooks, Principal Adviser for the South East, is the main contact between the council and the Local Government Association. Will is available to discuss any further support the council requires – william.brooks@local.gov.uk.

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