

Adrian Pritchard Chief Executive
Colchester Borough Council
Rowan House
33 Sheepen Road
Colchester
CO3 3WG

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Dear Adrian,

Colchester Borough Council - Corporate Peer Challenge

On behalf of the peer team, I would like to thank you for inviting us to deliver the recent corporate peer challenge in Colchester Borough Council (CBC). It was a real pleasure and the team felt privileged to be allowed to conduct its work with the support of you and your colleagues who were open and engaged with the process.

Corporate peer challenge is part of the approach to sector led improvement and you asked the team

- to provide an external reality check and reassurance that what you are doing, and planning to do through the Universal Customer Contact (UCC) Review and new operating model looks relevant, realistic and robust given the nature and scale of the challenges facing Colchester
- and to test, stretch and further evolve your thinking for your future plans around income generation and commercialisation

To do this the peer team considered the ability, resilience and capacity of the council to deliver its future ambitions by looking at the core components that all corporate peer challenges cover:

1. Understanding of 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?

It is important to stress that this was not an inspection. Peer challenges are improvement focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement plans. The peers 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.

This letter provides more detail on the feedback that was presented at the end of our recent onsite visit. In presenting this the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. Our intention is to provide recognition of the significant progress CBC has made whilst also stimulating debate and thinking about future challenges. The feedback is for members and officers of CBC.

Key conclusions

Throughout the peer challenge the peer team met a range of officers, partners and members. The enthusiasm was palpable and people are clearly up for the challenges ahead.

With the investment in Colchester, the opportunities to develop a stronger tourism offer and economic growth there is great potential for the place and the council. There is a strong demonstration of the desire and aspiration for growth in Colchester and the council and its partners really want to take the borough forward.

During the peer challenge the team were taken on a walking tour and were struck by what Colchester has to offer. The team visited key cultural and heritage facilities such as First Site and the recently opened Castle Museum and were impressed with the facilities and the opportunities they will bring – Colchester is a hidden gem

The peer team understand the challenging political context with the council operating a joint administration between the Liberal Democrat, Labour and Independent Groups. This consensual working is effective amongst cabinet and the managerial and political leadership is well regarded in Essex.

There is, however, a need to have the confidence to maximise opportunities and to build upon the solid progress made to date.

The council has great people with many creative ideas, but there are too many priorities and a tendency to over-complicate things. CBC needs to step back and review the priorities to ensure that resources are focussed on the key issues. There is also a need to better communicate and engage with its staff and the team recommend developing a comprehensive internal communication strategy and action plan.

The senior leadership of Colchester is well regarded. The Chief Executive, along with the executive management team (EMT), and cabinet work well together and the council has a track record of achieving savings whilst maintaining service delivery.

CBC is, however, facing some significant financial challenges and it should ensure firm plans are in place to deliver future years' budget gaps and that these are effectively communicated. The Universal Customer Contact Fundamental Service Review (UCC FSR) and new operating model provides a platform to deliver both improved services and realise savings but they will not in themselves bridge the gap. CBC therefore needs to clarify how future savings will be delivered and the benefits realisation managed.

The council has a clear focus on commercialisation and income generation. It has a desire to mainstream a business culture across the organisation. It has some good people in

place, with additional specialist staff recruited and a training programme about to be delivered.

Going forward it should clarify and communicate what the organisation means by commercialisation as there are some mixed messages. CBC also needs to fully test the contribution that commercialisation can realistically make to its budget, so that everyone understands that this approach is not a one solution fix.

In addition to the commercialisation work, CBC should continue its focus on reducing costs to make savings from all internal services. It needs to explore all options for cost reduction such as more sharing services with other councils including the county council.

The council has surveyed its assets but has yet to evolve an asset management strategy to fully realise the potential of its wide pool of assets in the town and across the borough. Asset acquisition and disposal through a strategic approach and through the use of prudential borrowing and capital receipts could make a substantial contribution to the council's financial strategy. This can help to avoid service reductions and yield income to assist the council's priorities.

The council is well placed to address this challenging agenda. It understands the challenges ahead, it has a strong desire to learn and deliver services that are right for the people of Colchester, and together this provides great prospects to exploit the opportunities available throughout the borough.

Local context, vision and priorities

Colchester is an ambitious Council with an understanding and aspiration to deliver high quality and accessible services for its residents.

It is well regarded and is effective in working with local authority partners with an example being its Information Technology (IT) collaboration with four other Essex authorities

There were positive examples of supporting vulnerable people and work on equalities and safeguarding. The work it has delivered on welfare reform where it identified and targeted work with 850 vulnerable people is good and although not a statutory function the borough council is positive about safeguarding its residents. It has a clear safeguarding referral process into the county council and monitors all referrals until acknowledged. There are issues around the county council feeding back to CBC and closing the communication loop.

The council also undertakes positive work on equality and diversity and aims to mainstream this through the delivery of a proportionate approach to Equality Impact Assessment (EqIA) rolled out as part of the project management methodology delivered by the Enterprise Programme Management Office (EPMO).

CBC has a knowledge and understanding of the excellent opportunities for the growth of Colchester. This provides a strong platform for the future, however, the council needs to set a clear organisational vision that drives its transformation and ensures the council fully understand and maximises the growth opportunities for Colchester.

As with many councils, CBC attempts to deliver too much. The team received evidence of a significant number of priorities but there is a need to manage capacity to ensure effective delivery of key projects and manage political expectations. The council does not have the resources to deliver everything at once.

Political and Managerial Leadership

The Chief Executive and Leader are very well regarded at a local and county level. Despite the political differences in Essex, the Leader was seen as being approachable and someone that other local authorities could work with. Similarly the Chief Executive was well regarded by local authorities and other partners such as the business sector.

Effective succession planning is good practice in any business and with the forthcoming change in council leadership CBC needs to ensure it has clear succession plans in place across both political and managerial leadership.

There was evidence that members and officers work well together and the informal cabinet meetings were regarded as a positive opportunity to discuss issues prior to formal cabinet meetings.

There was clear evidence of consensual and effective working arrangement amongst cabinet and again despite the challenging political context the operation of a joint administration between the Liberal Democrat, Labour and Independent Groups was seen as effective.

The peer team would, however, encourage cabinet to look more externally and to ensure that they lead the borough and not just the council. With the recent focus on internal Fundamental Service Reviews (FSRs) and the delivery of savings, it is understandable that business has been focussed internally but going forward CBC has opportunities to engage with external partners on both a county and regional level. These partners could include the county council and the South East Local Enterprise Partnership (SELEP).

Cabinet also needs to have the confidence to make difficult decisions going forward and it should clearly understand the risk of doing nothing. There is an example of where the council has made a difficult decision around the closure of the Abbots Activity Centre, where Scrutiny made an effective contribution. This approach should be continued.

Members and senior officers were visible and accessible to staff. The open plan working is positive and enables staff to see and access senior managers on a day to day basis. Also members were seen as active in their wards and delivering strong community leadership and this was visible and valued by staff, particularly those who worked in the community themselves.

There is a need to engage more effectively with unions, staff representatives and frontline staff, particularly those who work remotely. There are already examples of roadshows and visits and clearly there are many ways to engage staff but the council may wish to investigate the establishment of a works council. This would enable senior managers and the political leadership to formally engage on a planned basis and provide clear governance and feedback structures for discussions.

Governance and Decision Making

In addition to cabinet there were some examples of cross-party working through the Trading Board, scrutiny and a member group reviewing the Northern Gateway development.

The Trading Board in particular provides a good opportunity to effectively appraise, challenge and scrutinise commercial and income generating opportunities. This is a clear priority for the council and the Trading Board should ensure it is effectively testing the contribution that commercialisation can realistically make to CBC's budget and to developing the high level strategy for delivery.

Effective scrutiny is an important element of council governance and in CBC scrutiny is chaired by the opposition. This does not happen everywhere and is seen as a positive. However, scrutiny needs to be further developed. The peer team understand that the scrutiny committee has not recently scrutinised any external organisations. It is good practice to develop a scrutiny programme that effectively challenges and contributes both externally and internally. CBC may wish to engage with the Centre for Public Scrutiny (<http://www.cfps.org.uk/>) to further develop this area of governance.

In addition to the development of scrutiny, general member development could be strengthened. The team heard and received evidence of poor attendance at planned development sessions and we encourage Group Leaders to further promote the benefits of development and attendance. The council is also seeking to renew its Member Development Charter and needs to improve take up and engagement if it is to achieve this.

The Local Government Association can support this and the new [Highlighting Political Leadership](#) offer may be of interest.

There is also a need for members to fully engage on the council's key priorities of commercialisation and Universal Customer Contact (UCC). UCC in particular is a key strand of council business and members should ensure they are fully aware of the programme.

As mentioned previously the informal cabinet meetings with EMT develop options and work well together. The council should, however, ensure it is not overly cautious and miss opportunities ahead or drag out difficult decisions. As CBC moves forward with its savings plans it will need make decisions and stick to them. For example the peer team heard differing opinions with regard to changes in waste collection and recycling. Although a contentious issue, it is important that changes are delivered and that decisions are adhered to.

The peer team also encourage the opposition leadership to meet with the Leader of the council, Chief Executive and EMT on a regular basis, as this is good practice. This would provide an opportunity for the sharing of information on a regular basis and ensure that opposition is fully apprised of key issues.

Financial planning and viability

The council has a strong approach to financial management and a track record of achieving savings whilst maintaining service delivery. The financial gap for 2014/15 is clearly understood and manageable.

CBC currently has £2.2m of New Homes Bonus (NHB) running through its base budget, and therefore needs to ensure that firm plans are in place to mitigate any future reduction in NHB as well as deliver projected future years' budget gaps.

There are asset management opportunities going forward, but it is not a short term fix. CBC should recognise the potential this could give them, and explore all options to fully understand what is available and whether they are focusing enough resources on this.

Commercialisation and increased income depend on the timely realisation of UCC FSR savings, political decisions and the development of skills across the council. For example, in addition to the prioritisation issues highlighted elsewhere, there is a need to clarify how cashable savings will actually be delivered from the UCC FSR as the impact is likely to be on a variety of roles within many service areas.

To ensure the council can deliver on its commercialisation and income generation priorities it needs to develop the commercial skills of finance staff as well as front line managers, so that unit costs and cost recovery are clearly understood.

There is also a need to develop real time management information, in order to enable service managers to access 'trading account' information to help them develop service areas as business units.

The council may wish to consider its strategy for Special Expenses, with regards to where a service is provided by a parish or town Council, and is therefore paid for by the council tax payers in that parish or town area, and by a billing authority such as CBC. Such services are called "Concurrent Functions" – that is they are services provided at more than one tier of local government.

Universal Customer Contact Fundamental Service Review (UCC FSR)

As with other areas of CBC, the staff encountered in the customer services function were enthusiastic and committed to providing high quality services for their customers. They were proud to work for CBC and saw their role as key in delivering the council's future agenda.

The council has very effective working with the Essex County Council (ECC) and this is demonstrated through the Community Hub at the library in Colchester town centre. This has become the focus of CBC's customer partnership with ECC with a shared delivery point for face-to-face services and assisted self-serve to encourage channel shift.

The Community Hub is an important element of the county's strategy for face-to-face services across Essex, and the Hub in Colchester is a pilot for the whole of Essex.

This model will be deployed in three ways depending on size, footfall and population served. All three will be piloted in Colchester, and are:

- Community Hubs for major population centres such as Colchester
- Town Hubs for smaller towns, making full use of the voluntary sector
- Neighbourhood Hubs, suitable for smaller locations

Although still in the pilot phase this has the potential to become notable practice.

The work undertaken to improve the council's approach to project management by the EPMO is excellent. They have developed a suite of guidance including quick guides for both project management and project governance that is appropriate and proportionate. They have introduced a robust monitoring process and have worked with managers to ensure plans and milestones are in place. This has significantly helped to improve project management across CPC and provides an excellent platform to build upon.

The team did hear, however, that there are 91 projects running and that more attention needs to be focused on understanding critical paths in order to direct resources and ensure benefits are realised. This links back to the team's key message about reviewing and reducing the number of priorities. The council should consider moving to a corporate programme management approach and have a strategic programme board to review priorities, allocate resources and oversee delivery.

CBC's work on behaviour change has been recognised nationally as it was shortlisted as a finalist in the prestigious MJ Achievement Awards and was considered to be notable.

Over the last 18 months the council has undertaken an organisational review of services and delivery to achieve behaviour change. This has involved gaining insight into the way customers engage and interact with the council, evaluating this activity and implementing a successful transformation programme to deliver efficiencies.

The Judges noted that: "This project was done on a hugely impressive scale with regards to achieving behaviour change, backed up by a striking use of customer insight data to inform its roll-out."

The council recognised the need for radical and ambitious change to continue to deliver for its communities and undertook the UCC FSR. With nine work streams and a £4m savings target, this is an ambitious project.

There is, however, confusion over the UCC FSR going forward and there is an urgent need to rebrand it and develop a tailored communications plan for the next stages of delivery so that people are clear about what is happening, when it is happening and why it is happening.

The planned savings are ambitious and as yet there are not clear plans in place for how they will be achieved. CBC therefore needs to clarify how savings which will be generated across a range of service areas and constitute parts of peoples jobs will be captured and crystallised.

The team were asked to provide an external reality check and reassurance that what CBC are doing, and planning to do through the UCC FSR and whether the new operating model looked relevant, realistic and robust given the nature and scale of the challenges facing Colchester.

In terms of its **Relevance** - there is a need to fully connect the customer and commercial priorities to maximise the opportunities available. It took some time for the peer team to fully understand the new operating model so there may be benefit in refreshing this and clearly communicating it to all staff. It is important that individual employees understand their contribution to either the customer or commercial priorities, or both.

Is it **Realistic** – projects are being managed through the EPMO and although there are good project management processes in place and CBC are confident of delivery, the peer team have some specific concerns regarding the timelines for the delivery of enabling IT,

which are seen as being very tight and there is also a need for comprehensive strategic oversight.

The experience of peer team members in delivering similar IT projects has been challenging and the team encourage CBC to ensure a **Robust** coordinated approach to programme management is applied across customer contact, commercialisation and IT.

Income generation and commercialisation

CBC has a key priority in further developing its approach to income generation and commercialisation with clear objectives in place to achieve this. However, clarity of which service areas are subject to income generation or commercialisation and how effective asset management plays into that would help to further progress this.

There is a strong economic growth strategy and the opportunities for regeneration are significant with:

- More than 50 acres of developable council land at the Northern Gateway earmarked for commercial leisure and recreation which could deliver an equivalent £30m land value to the council
- Curzon has committed £2m of investment to bring a new type of cinema as part of a town centre project at St Botolph's on council land
- Vineyard Gate's £60m investment, including £6m from the council on a commercial basis, will create 70,000 square feet of new retail

As mentioned previously the council has surveyed its assets but has yet to develop an asset management strategy to fully realise the potential of its wide pool of assets in the town and across the borough.

The property acquisition strategy is a key component for the delivery of the council's savings and it should, therefore be appropriately resourced to ensure its delivery. The strategy should also be fully understood and owned by members and officers.

Business partners in Colchester value the borough council and stated that "we can do business with Colchester". They were particularly complimentary of the Chief Executive and his team but asked that they develop and articulate a strong vision for the town of Colchester. The council could also further develop external partnerships with the county council and SELEP.

The council has invested in additional capacity in developing its commercialisation service and the people the team met were enthusiastic. In addition the council is about to roll out a training programme across the council.

As this is a key priority for the council there is a need to further develop and invest in the appropriate capacity and skills required to realise the potential of the council's asset base. In addition there is a need to improve the provision of data particularly around the property strategy.

As the council further develops its plans there is a need to clarify and communicate what the organisation actually means by commercialisation. There is a high level of awareness of the need to be more commercial and business like but the peer team received mixed messages from staff and from members of what this actually means and the impact on services going forward.

There is also a need to robustly test the contribution that commercialisation can realistically make to CBC's budget. There is a danger that people will view commercialisation as the answer to the council's budget challenges and although the work can effectively contribute it will not be the sole solution and will form part of the council's plan to deliver its savings by:

- Looking for opportunities for efficiencies and savings through FSRs
- Sharing services and partnership opportunities
- Increasing income
- Turning capital assets into revenue-generating opportunities.

There is also a need to develop the strategy for delivery and to fully understand the risks associated with the council potentially planning to assume the role of developer, joint venture partner, joint service provider or private landlord.

Going forward CBC should create a strong commercial brand and develop an effective approach to marketing. Branding is not about logos, but about how customers recognise and perceive the services provided by CBC. Staff and members should be engaged in this process as this would help develop an understanding of the offer and ensure buy in.

As referenced the council has a key plan to turn capital assets into revenue generating opportunities. There is a need to fully test the benefits versus the resource cost and to apply robust risk management when delivering this.

Organisational Capacity

Throughout the peer challenge the team were struck by the excellent people who were proud, engaged, motivated and up for the challenges ahead. This is a credit to the leadership of the organisation.

In order to deliver its transformation agenda the council has also invested in additional capacity, IT, training and development.

In order to maximise this capacity the council needs to reduce the number of priorities so people are clear and fully understand what is important and what their role is.

To do this and to ensure effective transformation, more engagement with staff is needed. There is an opportunity to develop a comprehensive internal communications strategy and action plan and ensure that messages are delivered in a clear and timely manner.

There is a lot riding on the delivery of IT developments and staff expectancy is high, but not always matched by delivery. It is crucial that CBC is realistic about both the contribution that IT can make and the timeframes required in implementing and embedding the new IT capacity and that the risks involved are fully mitigated.

This could be addressed through a review and revision of the councils approach to corporate programme management.

Moving forward - suggestions for consideration

Based on what we saw, heard and read the peer team were impressed with Colchester and felt that it is an impressive place with an ambitious agenda and it has a clear focus on commercialisation and income generation.

The enthusiasm of officers, partners and members was palpable and the council is well regarded by public sector partners and businesses.

There are some great people with many creative ideas and partners say that “we can do business with Colchester”.

There is great potential going forward and the peer team suggest you consider the following seven key actions to build on the council’s success.

These are things we think will help you improve and develop the effectiveness and capacity to deliver your future ambitions and plans.

1. Have the confidence to maximise the opportunities and to build upon the solid progress made to date
2. Step back and review your priorities to ensure that you are focusing on the key issues and have the right skills in place.
3. Ensure firm plans are in place to deliver your IT programme and future years’ budget gaps
4. Clarify how the UCC FSR future savings will be delivered and benefits realisation managed
5. Clarify and communicate what the organisation means by commercialisation and fully test the contribution that it can realistically make to your budget
6. Develop a corporate strategy for asset acquisition, management and disposal
7. Develop a comprehensive internal communications strategy and action plan

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the peer team to present its feedback at the end of the onsite visit. There is also a signposting note which we hope will be of use.

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 we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Rachel Litherland, Principal Adviser (London and the East of England) is the main contact between your authority and the Local Government Association. Rachel can be contacted via email at rachel.litherland@local.gov.uk (or tel. 07795076834) and can provide access to our resources and any further support.

In the meantime, 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.

Yours sincerely

Gary Hughes

Programme Manager (Local Government Support)

Local Government Association

Tel. 07771941337 Email gary.hughes@local.gov.uk

On behalf of the peer challenge team:

- Mark Cullinan - Chief Executive, Lancaster City Council
- Cllr Keith House - Leader, Eastleigh Borough Council
- Cllr Glen Sanderson - Councillor, Northumberland County Council
- Jackie Yates - Executive Director, Oxford City Council
- Claire Upton - Brown - City Development Manager, Portsmouth City Council

Appendix 1 – Feedback slides

Appendix 2 – Signposting note