

Corporate Peer Challenge **Exeter City Council**

4-7 December 2017

Feedback Report

1. Executive Summary

Exeter City Council can justifiably take pride in its leadership role, over the last 15 years, in promoting economic growth. The council's mission has been to "enhance Exeter as the regional capital ..." and the level of growth, development and inward investment has transformed the city into one of the leading economies in the South West.

Achieving this has involved different dimensions, including: what the council has done to achieve economic growth; its work with partners to extend this over the Greater Exeter sub-region; and with Devon County Council and others to set out the future vision to 2040.

The council has been a leading partner in extending this growth ambition to cover the Greater Exeter sub-region - the Exeter and Heart of Devon Economic Partnership (EHOD) - including East Devon, Teignbridge and Mid Devon district councils. This partnership incorporates three overlapping functional economic areas into a sub-regional entity with a combined population of 470,000 with enormous economic potential. This is commendable in moving the four councils beyond a view, founded on local authority boundaries, to one which recognises shared economic interests.

This partnership is ambitious. This is clearly set out in the Shared Economic Strategy 2017-20 and the intent to establish a "leading knowledge economy and entrepreneurial region in the UK". Achieving this will require work and commitment from all partners and is important as partners have tended to hold different positions on the speed of partnership delivery. Ensuring partner alignment and commitment will add impetus to EHOD delivery.

There is now widespread partner recognition that the Exeter economy is the driver for the sub-region. The four councils are working together, with Devon County Council, to develop a Greater Exeter Strategic Plan (GESP) - to be adopted in 2020. This will plan for future growth across a larger sub-regional area up to 2040 and will include identifying the next generation of strategic development sites so that growth can continue, with housing supply to support this. The incentive for councils is not only prosperity for residents and businesses but also to grow business rates as a source of income to replace the anticipated end of Revenue Support Grant by 2020.

It will be important for the council to ensure that GESP develops the detail on how and where future growth will be accommodated. EHOD's focus to establish a leading knowledge economy is acknowledged by reference in the Government's recently published Industrial Strategy (November 2017) that describes Exeter as an area building innovation and excellence in environmental sciences with the combined research strengths of the university and the Met. Office. Developing more detail on what the future economy - based on data analytics, digital technology and advanced environment science - might look like, along with where this might be located, the associated infrastructure and housing requirements, will be important. This will not only assist in developing EHOD's unique selling point (USP) but also clarify its 'offer' to inward investors and its 'ask' for resources to deliver this.

There is a similar requirement to set out the benefits of economic growth for wider regional partners. This is important as different areas see themselves in competition for limited

resources available to support growth and the perception, held by some, that EHOD makes too much of a claim on these. The partnership will need to explain and persuade wider regional partners that investment will bring benefits that extend far beyond the Greater Exeter sub-region.

The council has managed a period of change since 2010 in response to austerity. These include: setting aside unitary government proposals; reducing staff numbers (by 100) to 685 over the last five years; delivering the spending cuts needed without detrimental impact on services and, more recently, restructuring to establish a strategic management board (SMB) to move away from a 'silo' structure and style of working. This backdrop of reduced resources and managing significant change makes the achievements of economic growth even more impressive.

The council has a sound financial base and this provides the platform for future strategic planning and to inform decisions on resource allocation. There is also a good asset portfolio with plans being developed to establish a commercialisation programme to produce new income streams. These will be important to resource future ambition, support planned internal transformation work and the development of future council skill needs.

However, the council is aware that it has now reached a point where there are a number of internal areas of work that need attention. The recent restructuring has had the effect of postponing some major pieces of work that now require urgent attention. These include:

- updating the Corporate Plan and completing work on a longer-term Vision 2040
- promoting organisational values and behaviours as a precursor to introducing new ways of working, with this supported by a Workforce strategy
- the style of 'silo' working is likely to be embedded in the culture of the organisation and will need to be addressed
- an enhanced performance management framework to monitor performance against objectives and to act on underperformance
- progressing the major programme of digital transformation to 'channel shift' customer engagement, which will require significant changes to staff activity, skills and approach
- establishing a Housing Development Company
- progressing the development of commercialisation, linked to use of assets, to develop new income streams.

It will be essential to now consider a rebalance of council capacity and resources so as to manage focus between growth and other pressing internal priorities. The need to balance external drive and internal focus will equally be a matter for the Chief Executive, and may require consideration of splitting the Growth Director from the Chief Executive role.

The council can be proud of its prominent role to position Exeter as one of country's leading cities and as a principal business location in the South West and the benefits that this has provided for residents, stakeholders and businesses. It will be important that the new Corporate Plan's priorities reframes the council's outlook so that continuing emphasis is given to deliver growth but balanced with a commitment to address major internal transformation programmes.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

- 1) Finalise the council's Corporate Plan and link this to a performance management framework, a workforce strategy, a communications strategy and ensure that ambition is aligned to available resource in the Medium Term Financial Plan
- 2) Ensure the Corporate Plan provides a balance between the council's ambitions for growth and customer service transformation, including the development of a digital transformation strategy and action plan so that transformation can deliver financial savings and new means for conducting customer transactions
- 3) Ensure that the performance management framework enables all staff and delivery partners to be clear about what the council priorities are, how they contribute to these and how effectively they are performing
- 4) Separate the current post of Chief Executive and Growth Director into two posts of Chief Executive and a director with a portfolio focused on Built Environment
- 5) Ensure the Communications Strategy is underpinned by an annual campaign plan and develops an integrated approach to communications, consultation and engagement so that activity is prioritised and there is a corporate awareness of this
- 6) Undertake a staff survey (alongside other internal communication and engagement activity) and visibly demonstrate that the council is responding and acting on its findings.
- 7) Consider a programme of teambuilding for the new SMB to ensure maximum effectiveness.
- 8) Continue and strengthen the commitment to working with partners in Greater Exeter and beyond to support and resource future economic growth
- 9) Use the governance arrangements around GESP and Strata to develop opportunities for shared services with Greater Exeter partners to gain efficiencies and to build partnership relationships
- 10) Develop a savings plan for 2018-19 and 2019-20 with responsibilities allocated for different targets, and explore opportunities to develop new income streams through greater use of council assets.

Summary of the peer challenge approach

The peer team

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

expertise and agreed with you. The peers who delivered the peer challenge at Exeter City Council were:

- Jon McGinty – Managing Director, Gloucester City Council and Commissioning Director, Gloucestershire County Council
- Councillor Ric Metcalfe - Leader of City of Lincoln Council
- David Carter - Director of Place, North Somerset Council
- Donna Reddish - Assistant Director Policy and Communications, Chesterfield Borough Council
- Matt Nichols - Head of Local Government Communications Improvement, LGA
- Graham Cadle - Director of Customer and Corporate Services, London Borough of Croydon
- Andrew Winfield - Peer Challenge Manager, LGA.

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, the council also asked the peer team to consider/review/provide feedback on:

- the council's role as a place leader and place shaper for Exeter city and the Greater Exeter area
- where will the future supply of housing come from to support economic growth?

- an external perspective of council progress to date in relation to: vision, growth, transformation, housing, working in partnership, focus on the customer and supporting communities in achieving wider outcomes such as health and wellbeing and person-centred support services
- the council's future ambitions, especially the strong enabling and partnership focus, and to use the peer challenge to engage those partners in a constructive discussion and reflection about collective ambitions
- the arrangements for community and resident engagement and how these might be strengthened further
- the council's governance and financial sustainability plans in a funding regime where business growth and tax base will be key in the dynamic and changing world of local government.

In addressing the above bullet points this report has a specific section on communications and community engagement. The remaining bullet points are picked under the five principal corporate peer challenge themes.

The peer challenge process

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. 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 they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent 4 days onsite at Exeter, during which they spoke to more than 150 people including a range of council staff together with councillors and external partners and stakeholder. In addition they gathered information and views from more than 40 meetings, visits to key sites in the area and additional research and reading.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of the on-site visit on Thursday 7 December. In presenting feedback, 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 the council is already addressing and progressing.

3. Feedback

3.1 Understanding of the local place and priority setting

Exeter City Council has a strong understanding of the local economy and clear ambition which means that growth is shaped in line with a corporate vision. This ambition is

underpinned by strong political commitment, evidenced by being a council priority for 15 years, with this reinforced by community consultation.

This is supported by a strong record of economic growth with Centre for Cities data showing Exeter is part of a 'leading pack' of cities with growth of 20 per cent since 2011. Growth, recognised through gross value added (GVA), has been at 3.4 per cent per annum from 2000 to 2015 and has outstripped the Heart of the South West Local Enterprise Partnership (LEP) area (2 per cent) and the UK (1.9 per cent).

There is an impressive record of delivery in recent years. This has attracted the Met Office, John Lewis and (imminently) Ikea to locate to the city. In 2007 the Princesshay shopping development, bucking the trend of out-of-city shopping centres, opened and went on to win the International Council of Shopping Centers 'Best Medium Sized Shopping Centre in Europe' in 2008. Princesshay has successfully attracted shopping spend and investment into the city. Growth has contributed to: shaping a higher value economy; generating increased prosperity for the area and promoting inward investment.

The council is keen to shape growth rather than let it happen. It is actively working to shape a distinctive economic profile and location to attract future business investment. It is envisaged that this will be based on digital technology, data analytics and environmental science. Exeter is the fastest growing city for digital technology start-up companies, where the Exeter Business Park, Exeter Science Park and Sky Park are developing as hubs for these businesses that contain 3 of the world's top 20 'super-computers'. This future vision for growth will deliver a distinctive higher value economy which will support prosperity for the city and surrounding area.

The council is also eager to harness the use of data, technology and partnership working to improve services and to benefit residents. An example of this is the use of data analytics to understand the place of Exeter, its needs and where intervention can derive most benefit. The Integrated Care Exeter (ICE) project - a strategic alliance of 17 public, voluntary and community sector organisations - has developed a risk stratification tool based on data from records of 150,000 people registered with Exeter GPs and provides a rich data source to identify the characteristics and location of key target audiences. The council marshalled this data to make a strong, and recently successful bid, to become Sports England pilot to focus pioneering places for leading a healthy lifestyle in Exeter and Cranbrook.

This typifies the council's openness to working with any partners from different sectors, recognising that capacity can be enhanced and the perspective of partners can add an extra and complementary insight on resolving complex problems. Other examples include:

- Co-Lab, led by the voluntary sector and bringing together public, private and voluntary sector partners to work on shared local issues
- Sparx to support educational attainment
- Exeter City Futures which is giving its attention to congestion and low-carbon futures.

The council is proposing that Exeter City Futures be mainstreamed into the council during 2018 to lead on city-wide transformation. However, in doing this it will be important that the council define the Exeter City Futures' role and how it will be integrated within the organisation.

The council has a good understanding of the importance of key 'anchor tenants' and stakeholders in the city and actively nurtures strong working relationships to deliver on shared objectives. For example, the relationship with the university is key to support council ambition for economic growth and the council has promoted the provision of accommodation for the growth in student numbers - from 10,000 to 20,000 students over the last 10 years. The council has shown a judicious use of powers in balancing the need of local residents and students through the effective use of Article 4 direction – available to local authorities since 2010 - to restrict change of use from a dwelling house (Class C3) to a HMO (Class C4) houses of multiple occupation (HMOs). This has had the effect of controlling the growth and location of HMOs.

Community engagement can be developed further to consult on future council plans. As part of a future communications strategy it would be beneficial to commit to a regular and systematic approach to stakeholder and resident engagement to better understand local place. The increasing use of social media means that this can be done more speedily and more cost effectively than ever before. The council has not recently undertaken resident or stakeholder engagement to ascertain local needs and aspirations. The last consultation in 2014-15, as part of a 'Stronger Exeter – facing the future together' campaign, informed the subsequent Corporate Plan 2015-16. The benefits of engagement are to flag up proposed council priorities – and promote consultation on these - and to consult on major proposals as they arise.

A major city development proposal is the leisure centre development. However, many stakeholders – external and internal – are not clear on the purpose and priority of this. The proposal has planning permission for a £40m development, to include a leisure centre, a new bus station and recreational facilities. The council's investment was planned to be the key to unlock £125m investment for this key city centre location. The scheme's original partners have recently withdrawn and the council is minded to begin work on the leisure centre and attract new partner involvement. The peer team were not aware of alternative plans should the original vision not be achievable and have two recommendations. First, there is an ongoing need to engage with partners and stakeholders to reiterate the purpose and benefits of the scheme, and how it can help achieve wider goals. Second, it may be worth the council developing contingency plans and keeping an open mind about the best use of this site (and alternative potential locations for a new improved leisure centre), in case better redevelopment proposals come forward. The use of community engagement – described in the paragraph above – would be useful in this regard.

A question that the council is now asking itself is how it can enable all residents to derive value from future growth. This is due to awareness that not all the benefits of growth have been shared equally – for example on affordable housing provision, skills and training for employment, the loss of young people from the area; lower average earnings - and to ensure that residents are not marginalised by the next phase of growth? Work has begun with the Asset Based Community Development (ABCD) methodology, a recently developed Community Strategy and the use of Community Builders to conduct direct community engagement. Council commitment to this is

shown by its use of 15 per cent of Community Infrastructure Levy (CIL) to fund/create community development, community builders/ connectors and support the wider ABCD programme. This amounts to £3.75m over 6 years.

The council has reached a point where some major programmes of work now need priority, for example around digital transformation, organisational change and commercialisation. These areas are under-developed which has meant that potential income streams have not yet been established and new ways of working and customer engagement are behind where the council would wish them to be. There is corporate recognition that these now need attention to make speedy progress. It would be useful to rebalance the council's focus between growth and these other priorities in the next iteration of the Corporate Plan, along with the resources to enable these programmes to be delivered.

3.2 Leadership of Place

The council has made “a stronger Exeter” its over-riding priority since the mid-1990s and for growth to be the means to achieve this. This is clearly set out in the Corporate Plan with the mission of enhancing “Exeter as the regional capital working with our partners to improve the quality of life for all people living, working and visiting the city”. More recently this has shifted to be increasingly outward looking with Exeter recognised by neighbouring councils, partners and inward investors as the driver for the sub-regional economy. The Exeter and Heart of Devon Economic Partnership (EHOD) acknowledges the importance of Exeter within the wider sub-regional economy and the benefits of the partnership to enable growth and prosperity across the sub-region.

A key challenge for EHOD, and the Greater Exeter Growth and Development Board, which provides partner governance, will be the extent to which partners will commit to work together to support growth. The partners hold different perspectives on growth and the pace that the partnership should proceed. Establishing a shared understanding of growth and maintaining this commitment at pace will be a pre-requisite for success. A meeting of the board on 1 December 2017 considered a paper which set out options for the level of the board's ambition. The options included: transformation/ambitious vision; enhanced but more limited vision; and a minimalist vision to adopt the GESP. A landmark decision was made for the former transformation option. This is a promising and an important platform to build on but will require on-going partner commitment.

The council has demonstrated an ambitious, proactive and tenacious approach to growth. Exeter recorded the fastest rate of population growth and 4th highest rate of housebuilding of any city in the country between 2015 and 2016. It is testament to the council that much of this development could only have happened with its intervention to enable investment. For example, the council spent nearly £2.5m to refurbish what became the John Lewis car park and arranged, with Devon County Council, for one lane of traffic to be permanently closed in front of the John Lewis store for traffic calming purposes, along with public realm improvements for pedestrians. Such interventions were critical to make the development viable. Exeter is now prominent on the national stage with a record of impressive growth delivery: the council's role in driving and shaping this has been essential.

The council has demonstrated positive leadership in getting the housing market moving and improving housing supply through:

- making use of Housing Revenue Account (HRA) headroom to build council homes (currently circa 26 per year with plans to increase)
- working with the university to plan student accommodation with bespoke new build being a key element in response to a doubling of the student population over 10 years. This strategy has protected the private rented sector (PRS) to be largely retained for family housing.
- delivery of nearly 6,000 homes against the Core Strategy target of 12,000 homes between 2001-2026
- being flexible in affordable housing targets. The council met with volume housebuilders to understand their constraints to building. This led the council to adopt an approach where the affordable housing provision could be reduced where a viability case for this shown
- a proposal to create a new Housing Development Company to address a disparity in housing need and provision by the market. (Housing waiting list is over 3,000 with most looking for 1 or 2 bedroom homes whereas the typical housebuilder unit is 3 or 4 bedroom. At the same time the GESP has identified a growth need for 314 affordable homes per annum for the Exeter city area. Delivery via s.106 agreements averages 110 homes per annum which is leading to an overall shortfall.
- the Housing Development Company is proposing:
 - to use Estates Regeneration Fund of £1.295m towards an initial programme of over 500 new homes and regenerating 4,500 existing
 - the future potential to build 3,000 homes on brownfield land and regeneration of ageing housing stock with a net addition of 1,200 new homes
 - longer term aim of creating 13 urban villages within the city.
 - a longer-term ambition is to build housing to meet needs for affordable, social rent, market and commercial use. This links to council priority programmes of social inclusion and commercialisation, with a return on investment of 7 per cent anticipated.

The council recognises that infrastructure capacity is as a key issue/inhibitor for future growth. This is particularly the case with highway infrastructure with road traffic movement in the city growing with more than 37,000 commuters travelling to work in the city. (This data was recorded in 2011 and will have increased since.) The council has stated that, “we have lived off the legacy of infrastructure planning carried out a decade before...prior to the last recession.” With the council planning for the shape of its future economy, now marks a pivotal point to specify the infrastructure needed to address current pressures and support future growth. As part of future planning the council is proposing to pitch to Government - making a connection to the Government's recently published Industrial Strategy - for a City Development Fund of £200m. If successful this would significantly address future infrastructure requirements, with a distinctive element that the uplift in land values would be used to reinvest in the city.

Challenges remain about what actions are necessary to ensure growth reduces inequality in Exeter and how this can be more inclusive. Work has started with the

council's goal for "as many people as possible in Exeter and adjoining areas being able to contribute to, and benefit from economic prosperity". Important elements for this, include: the ABCD programme; ICE and the Exeter Health and Wellbeing Board; consideration of a Skills strategy for Greater Exeter; the work with the Ted Wragg Trust on adding skills and values onto the schools' curriculum; the provision of social and affordable housing etc. are largely in place. However, effective as these programmes are they operate separately and lack an overarching strategic action plan to integrate all elements to work together.

Related to this is the council's wish to retain younger people in Exeter and its economy. Forty per cent of residents 25-29 years leave the city area, compared with seven per cent in Bristol. A characteristic of city economies is the competitiveness for talent and the extent to which they can attract and retain young people so a key question for the council is what it can do, by itself and working with partners, to retain younger people in the city economy.

A similar challenge is posed for all the Greater Exeter partners. The peer team believe that one means to address this will be to articulate what the shape of the future economy will be; the USP which distinguishes it from others, and to then actively promote this. Over time this should build a distinctive Greater Exeter identity that will be understood not only by residents and businesses but also by potential inward investors. A key requirement will be communication to stakeholders outside the sub-region to quantify the economic benefits that ripple out from Greater Exeter to benefit rural Devon and beyond to Somerset. This will be important to gain a more broadly-based consensus to support Greater Exeter's ambitions.

Developing and shaping the future economy will require a clear definition of the sub-region's USP and Exeter's contribution towards that. This will require a narrative that understands:

- the economic profile now
- what this is expected to become
- the 'ask' to deliver this
- the 'offer' to potential investors and the benefit of the Greater Exeter as a higher multiplier per £ of investment
- the benefits for residents, businesses and how this will translate across the sub-region.

The peer team found that local councils and partners are keen to collaborate to strengthen partnership working and are enthusiastic of the council's partnership openness. This is evident from the EHOD and GESP partnerships and also within the city by the many partners that council engages with. All councils told the peer team that their relationships with the council are positive and constructive and they recognised the contribution the council makes to the Greater Exeter area and beyond. A turning point in recent years is the acknowledgement that Exeter is the driver for the sub-regional economy and this is reflected in the titles of the Greater Exeter Growth and Development Board and EHOD. This results in the council's reputation being held in high regard with the private sector and key stakeholders, with relationships described as

excellent. The council's Leader and Chief Executive were singled out by key partners for particular praise for their inspirational leadership.

However, these partnerships and relationships will need work to develop further. For example, there can be frustration within the council that partners are reluctant to proceed at the pace it would like. Similarly the peer team were told that the council's 'Exeter first' approach can create tensions and it needs to be aware that it can come across to partners as forward and dominant. All partners will need to consider how they work together to understand the positions and perspectives of others to improve effectiveness. For example, when neighbouring district councils are asked to provide land to meet Exeter's future housing need, it should be recognised that for their ward councillors this will not be an easy proposition to put to their constituents. A stronger appreciation of partners' local sensitivities will guide managing relationships to be more productive.

Tensions exist between the council and the LEP. An issue has been the absence of a council place on the LEP board. However, the peer team believe that this is less important than continuing to work with the LEP to gain the benefits and resources to support growth. The importance – described above – in developing a narrative on the future economy will be essential to set out the Greater Exeter rationale for growth, along with the benefits that this will offer the wider South West economy, covered by the LEP. This will also be important to influence LEP and Government investment decisions.

The sub regional discussions on a Combined Authority often seemed to the peer team like the 'elephant in the room'. The opportunities that appear to be presented through devolution felt to be fraught with fears – held by almost all councils - of being a precursor to local government re-organisation. In a similar way the Greater Exeter alignment could be seen by others as a power block positioning itself for unitary status.

These fears, although understandable, may be holding back the potential that devolution might offer to promote growth. It may be worth considering means by which council leaders and chief executives broker arrangements to provide guarantees and assurances that can break this deadlock.

3.3 Organisational leadership and governance

Stakeholders, staff and partners all commented positively on the strong relationship between "charismatic" Leader and Chief Executive. This provides a firm basis for political and managerial sides of the council to work together. In the cabinet this is supported by a diverse range of age, gender and experience of members: bringing different perspectives, ideas and challenge.

The council is making positive steps towards enhancing the scrutiny function. This includes significant success on pre-decision scrutiny – with all papers and decisions for cabinet going to scrutiny first. The People Scrutiny Committee, one of three scrutiny committees in the council conducted a review of Homelessness with Teignbridge District Council, which led to a joint Homeless Strategy and Action Plan.

The council has recently completed a successful senior-level restructuring, with the creation of generic Strategic Directors, to address "inconsistencies" in the former

Assistant Director model. This has realised savings of £2.5m and is planned to move the council from the former 'silo' structure and style of working to a matrix working arrangement where teams from across disciplines can be formed for specific projects. The Strategic Management Board (SMB) is recently formed and, in the view of the peer team, would benefit from further team building and profile raising within the organisation.

However, it is the view of the peer team that the style of 'silo' working is likely to be embedded in the wider culture of the organisation. This was described in reports to council as being prevalent at the time of restructuring and the creation of SMB, by itself, will not have addressed this. If this is correct then the opportunity could be for this to be identified by the service reviews taking place but should also be picked up in relation to the following:

- the work to update the Corporate Plan and to complete the work begun on a longer-term Vision 2040
- the major programme of digital transformation to 'channel shift' customer engagement. This will require significant changes to staff working styles, skills and activity.
- promoting organisational values and behaviours as a precursor to introducing new ways of working with this supported by a Workforce strategy aligned with Corporate Plan
- the need to establish a performance management framework with key performance indicators (KPIs) to monitor performance against objectives and to take action on underperformance
- an appraisal of growth and development reviews and the potential for reintroducing staff appraisals linked to target setting and identifying training and development needs.

The peer team expect that focus of attention for the Chief Executive will, by necessity, change in coming years from outward looking growth to major internal transformation programmes. These will require the post holder to give these programmes leadership and personal involvement. The peer team believe that now is the time to establish a separate a director with a portfolio focused on Built Environment. The earlier proposals for restructuring the senior management considered this option but felt that with the sub-regional and regional initiatives on the horizon, as well as the costs this would incur, not to proceed. However, now is the time to separate the two posts with the Chief Executive to continue with a strategic role on growth and partnership working but balanced to devote more time to leading and driving internal change.

3.4 Financial planning and viability

Exeter City Council has a sound financial base with a revenue budget providing 16 months of headroom before the next round of savings and a comfortable level of reserves (set above a minimum threshold of £3m).

The council would benefit from a savings plan that sets out how future savings will be achieved. The council has shown a record of savings - with £8.32m achieved since 2012 – and this has provided the council with a breathing space to prepare for the next

phase of savings needed, with this projected to total £2.75m for 2019-20 and 2020-21. A savings plan – linked to emerging work on commercialisation, digital and transformation – could set out where the savings/income generation is expected to come from with designated lead officers.

Commercialisation – involving a commercial use of assets and developing new income streams - is recognised as important but at an early stage of development. An initial review has identified opportunities with the focus at this stage on public realm, for example on trade and garden waste and recycling. It will be important to progress this review so that a commercialisation strategy can be developed, with this linked to contribute to the overall savings plan target.

Asset management is an area ripe for development. The council has a sizeable property asset investment portfolio valued at more than £39m with £3.3m income per annum. The council is aware that this has potential to be developed significantly for increased income and/or to support delivery of corporate priorities but this property portfolio is not currently supported by an asset management strategy. The peer team suggest that that this should be developed and directly link to the council's approach to commercialisation. In the future this could conceivably develop as a Greater Exeter asset management strategy to support economic growth and the development of income streams for the four councils.

There is a record of service underspends across all areas with Place being the largest. The peer team were informed that this was mainly due to capacity issues; that is resources not being sufficient to deliver funded programmes. This is a frustration for the council as it means that ambition in some areas is not being delivered. There are plans in place to monitor and manage this more rigorously for 2018-19 and it will be important that this can show reduced level of underspends along with service outcomes arising from this.

Major programmes are being planned – digital transformation, commercialisation, community engagement, GESP, organisational change etc. but these now need dedicated resources and attention. Due to the recent restructuring many of these have been pending over the last 18 months and will now need to be picked up with some urgency to begin sketching out programme requirements and timetables for delivery. All will need significant financial resources that have not yet specified or budgeted for. Successful delivery will reshape the future council and its ability to meet future need.

In the absence of an up to date Corporate Plan, the peer team were not convinced that financial resources are aligned to priorities. The format of the Medium Term Financial Plan does not link use of resources to corporate priorities and there is currently no use made of service or business plans. The council is planning to build on its performance management arrangements with its Performance Plus system and to extend the use of service/business plans. The peer team believe that this will be an important piece of work to integrate corporate planning, the allocation of resources along with the ability to measure performance against objectives.

Capacity to deliver and customer access

There are excellent examples of partnership working e.g. Co-Lab, Sparx, Exeter City Futures and Integrated Care Exeter - “Incredibly strong relationship” and “willingness to think outside the box” were typical quotes. The Co-Lab partner working arrangements were felt by the peer team to be inspirational and provide a model for future partnership initiatives. The bringing together of senior officers from the public and voluntary sectors showed an effective combining of skills and resources. Sparx is a privately funded initiative deployed in three schools to impact positively on educational attainment and future employment prospects. Effective partnership models can create capacity and stimulation for local solutions and can optimise resources and improve outcomes. As partnership working demands organisational resources a challenge for the council and its partners will be to review activity and the extent to which this is successful. This will ensure that there is a shared understanding of which arrangements are productive and beneficial and which may need to be discontinued.

Digital transformation is recognised by the council as an important area to develop but this is at a very early stage and will need increased priority. A key element in future customer access will be digital transformation which will change traditional customer engagement away from telephone and face-to-face contact to on-line self-service and a change in staff roles. The customer relationship management (CRM) system will be based on an established package called Firmstep, which the council has recently invested in. However, there is no digital transformation strategy and it will be important that this is developed quickly, along with communications to staff to set out the implications from this programme. The budget anticipates that this programme will contribute to the savings of £2.75m during 2019-20 and 2020-21, although delivery will need a great deal of work from a low base.

An example of what can be achieved in respect of digital customer interaction is the graffiti reporting app. which is a highly effective tool. When a photograph of a graffiti area is posted from a smartphone to the council this is immediately processed by the relevant work section with a photo back to the original reporter of the cleaned site. This is a good example of digital solutions delivering more efficient services, along with a more positive customer experience.

The council is aware of the need to improve its procurement arrangements; with these highlighted by external audit in 2015-16 and 2016-17. The difficulty is attributed to a national shortage of procurement officers and the council being unable to recruit. This needs a solution, particularly with the council looking to embark on a programme of commercialisation likely to involve procurement. Solutions could include: the council working with a private sector partner; operating a shared service with a neighbouring council (s); or linking up with the university or college.

The peer team were aware of issues not only on procurement but also planning – with the council at risk of designation. The issues for planning and procurement both appear to be based on recruitment and retention, where councils are competing with neighbouring councils and recruiting from a limited resource. In the future it would be worth exploring opportunities for shared strategic resources on areas like procurement, planning, inward investment, strategic asset management and commercialisation,

housing etc. with Greater Exeter partners. This would not only provide capacity and resilience but also build partnership relationships.

The staff perception is that the IT service is poor and the peer team felt that hardware and software systems are lagging behind what most councils are currently using. The client role is under-developed in specifying future IT requirements and to effectively monitor service delivery. This is a key area to address with IT providing a council cornerstone for future working, in particular for digital transformation, agile and mobile working. Putting more resources into the client function will also be important to realise the potential that Strata, and a shared IT infrastructure, could provide for wider shared services opportunities with neighbours. The benefits could include IT hardware and software upgrades at lower cost.

3.5 Communications and community engagement

There is now recognition of the importance of effective communications for the council. The recent senior team restructure positions communications strategically with a director post, with responsibility for communications and marketing, recently appointed. In addition, both internal and external stakeholders the peer team spoke to were positive about the changes made to the council's communications service during 2017.

The council's approach to communications is being overhauled and modernised (with a focus on creating digital, engaging content) with increasingly sophisticated micro-targeting of different audiences through the use of social media. The post holder has conducted an initial review of the service and progressed a number of areas including: the centralisation of marketing spend; a shift of emphasis to place-based communications; growing the council's audience through social media; logging all communications activity; and work to improve internal communications with a revamped monthly staff briefing and weekly e-bulletin.

The council's response to the Royal Clarence hotel fire – immediately opposite the cathedral – was exemplary and provides a model for how communications should be conducted for a high profile incident. This not only enhanced the council's reputation but it went a very long way to retain local business and community goodwill.

Partners highly value the new working relations established and view the council as approachable and collaborative. The council's commitment to partnership working is recognised, and open and trusting relationships have been developed. There is scope for greater collaboration with public sector partners, for example through greater sharing of data and resident insight. A Devon-wide communications forum could be a mechanism to help foster better joint working.

The council's community engagement work is highly valued by city partners. Representatives of community groups the peer team met spoke highly of the way the council provides financial support and helps to promote their work. The council could build on the strong relations it enjoys with these organisations to engage and consult with them more on wider issues, such as the development of Exeter 2040.

Progress has been made towards creating a more integrated communications model, but this now needs to be accelerated. Although communications spending has now

been centralised, there remain pockets of resource outside of the corporate team. For example, the team were told the museum employs two part time digital communications officers. The council should future proof its communications to ensure it has the right level of resources in the right places with the right skills. There is currently a heavy reliance on the Director of Communications, and the lack of resilience in the function was highlighted to the peer team. The council should ensure that all communications resources across the organisation are being deployed effectively, and then determine whether it has sufficient capacity to meet future challenges.

In the absence of an up-to-date corporate plan, there is also no communications strategy currently in place or annual campaign plan to prioritise activity. This will be important to establish a corporate understanding of this activity, the outcomes it plans to generate and how other internal stakeholders may be able to engage with it.

Consultation across the council is currently not properly coordinated or strategic. Individual service areas are said to often embark on consultations without informing the communications team. Developing an integrated approach to communications, consultation and engagement would lead to a more efficient use of resources.

From what the peer team were able to gauge onsite the arrangements for internal communications and staff engagement are not seen as effective as they could be. These will need attention, along with monitoring arrangements to measure how it improves over time. With the changes that the organisation has undergone, and will undergo in the future, it will be important to conduct staff surveys and act on results. As a first step, the council should carry out an internal communications survey to determine how informed and engaged staff feel, as well as how they prefer to receive information.

There has been a lack of resident insight underpinning communications activity, with no systematic work conducted on this since the budget consultation in 2015. The council is preparing for the next iteration of its Corporate Plan and also developing a longer-term vision with the Exeter 2040 Vision. This presents an opportunity to co-produce this strategic intent by involving residents, partners, staff and businesses to create a compelling vision that encapsulates all of the city's many assets - economic, cultural, people and historic.

Finally, with recent changes made in the council's structure, and with more change forecast with major programmes of work to be taken, it will be important to ensure consistency and understanding of messages and vision throughout the organisation. It would be worth considering a forward plan of communications at the time when these changes are being introduced to explain: why, when, how and where these changes will take place.

4. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Andy Bates, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: email andy.bates@local.gov.uk and telephone 07919 562849.

In the meantime we are keen to continue the relationship we have formed with the council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. Our expectation is that it will occur within the next 2 years.

Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the council will commission their next Peer Challenge before December 2022.