


LGA Corporate Peer Challenge

Cherwell District Council

29th November – 2nd December 2022

Feedback report





1. Executive summary	3
2. Key recommendations	5
3. Summary of the peer challenge approach	6
4. Feedback	8
5. Next steps	27
6. Useful resources and signposting	27

1. Executive summary

Cherwell District Council (CDC) has been through significant change during the past few years with additional challenges including supporting communities with the COVID-19 pandemic and more recently the ending of the strategic partnership with Oxfordshire County Council (OCC).

CDC has had previous experience of decoupling, as it did in 2018 when the strategic partnership with South Northamptonshire District Council (SNDC) ended. This experience held CDC in good stead to manage the decoupling with OCC in a mature and effective manner, avoiding numerous potholes.

The decoupling from the partnership has broadly been perceived by members, officers and partners as positive, with the transition managed sensitively to ensure that the workforce risks were mitigated throughout and support to communities not adversely impacted.

The ending of the partnership resulted in the council moving at pace to establish a new senior team including statutory officers. There are still some transitional arrangements to work through as the organisation evolves and adjusts to best support the delivery of the council's priorities.

CDC is now a solo authority for the first time in 11 years; this is an opportunity for staff, members, residents and partners. Becoming a standalone council again provides its challenges as well. Post-decoupling there is a need for the council to develop a compelling vision for CDC and the district as a whole. The council should produce a renewed corporate Business Plan with focused Cherwell-specific strategic priorities aligned to the Medium-Term Financial Strategy (MTFS) and the transformation plan. A new Business Plan will assist the council in reorientating the organisation following the readjusted delivery model.

Officers and members are united in their commitment to CDC and progressing the interests of local residents. Members recognise the talent amongst the council's officer cohort: *"the officers at CDC are first class"*. The peer team were pleased to see the wide variety of talents and backgrounds of the elected members which brings a real strength to the council. The Leader in particular was recognised across the council as capable, dependable and seen as an asset to the authority.

It was clear during the Corporate Peer Challenge (CPC) that CDC has ambitious plans for the place with a proven track record of delivery. This can be shown with the regeneration of Bicester and the ongoing master planning of Banbury town centre.

CDC has particularly strong place leader credentials, consistently punching above its weight in driving and shaping strategic partnerships. Good examples of this are the leading role officers and members play in the Future Oxfordshire Partnership (FOP) and the emerging transition to the Oxford – Cambridge Pan Regional Partnership.

CDC have ambitious regeneration plans across the district. It is crucial that the council continues the good work with regional partners to meet collective priorities. The decoupling with OCC also provides CDC with greater opportunities to strengthen ties with other district councils, for instance, in collectively looking at county-wide growth opportunities and the related infrastructure requirement at a more macro level.

The council has been successful in delivering against its financial challenge to date. Plans are laid to set a balanced budget for 2023/24. This said, the financial gap across the MTFS period of £18m is significant and the organisation will require substantial transformation, on a scale the council has not completed before, to meet the savings requirement. It is critical that the scale and the challenge of the future financial pressure is clearly understood across all parts of the council. Clear plans and effective leadership are required to deliver this, along with robust monitoring by both the managerial and political leadership.

The transformation journey that the council is about to undertake is fundamental to the successful delivery of the council's corporate priorities and the MTFS. Difficult decisions will need to be made going forward concerning both policy and resource allocation. Informed engagement and open communication will be essential throughout this period. The council needs to progress this transformation by developing a strategy and action plan providing a framework with key milestones for delivery.

Given the scale of the challenge facing the council, investment in capacity is crucial to enable the council to deliver the significant efficiencies and savings. Capacity is required to lead, co-ordinate and drive the transformation plan. The delivery of the transformation will be the responsibility of all members and officers and a central

focus on this will be of crucial importance.

CDC has embraced the growth agenda, and to date the council has taken the approach of 'growing its way' out of trouble. This strategy has contributed to the substantial level of business rates and New Homes Bonus (NHB) grant it receives. The groundwork CDC has laid to generate the business rate return it gets has reduced the council's need to make the level of savings and efficiencies other councils have done so over the last decade. The council though is exposed to considerable risk of a future business rates reset and the ending of the NHB.

Attracting growth and inward investment remains a core principle to CDC, something which it has become adept at doing. The council, though, does experience some barriers to unlocking further growth in the district with a considerable one being its infrastructure challenge. CDC can articulate its infrastructure gap well and should continue to work collectively with partners to lobby funders to seek to meet this challenge.

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: Vision and narrative

Post-decoupling the council urgently needs a compelling vision and narrative for the district and the role the council will play in delivering it.

2.2. Recommendation 2: Savings

A whole council approach is needed to meet the savings requirement. The council should identify what it will do less of in the future, and the impact this will have on the size of the organisation.

2.3. Recommendation 3: Priorities and assets

The council needs to prioritise initiatives which will have a positive impact on the budget, including a review of assets.

2.4. Recommendation 4: Resourcing

The council will need to resource and embed sufficient corporate, strategic and performance management capacity to plan, deliver and oversee the substantial transformation journey at pace, and provide strategic oversight.

2.5. Recommendation 5: Regeneration

The council has significant regeneration ambitions and recognises the need to invest in the property portfolio. The council now needs this ambition to deliver prudent financial returns alongside social and economic objectives.

2.6. Recommendation 6: Communications

Communication will be vital for the next part of the council's journey. The council should develop a communications and engagement strategy that covers both internal and external communications.

2.7. Recommendation 7: Partnerships

The council should continue to partner appropriately; this is part of the CDC's DNA. Being visible and leading where possible, benefits will accrue to the council because of its leadership of partnerships.

2.8. Recommendation 8: Infrastructure

The council should leverage support from willing districts to align growth plans with OCC and help secure infrastructure funding. Carefully consider how the council is perceived by government, and whether Cherwell and Oxfordshire is an attractive place to invest?

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 team reflected the focus of the peer challenge and peers were selected based on their relevant expertise. The peers were:

- Lead Peer: Ian Fytche, Chief Executive, North Kesteven District Council
- Conservative Member Peer: Cllr Peter Fleming OBE, Leader, Sevenoaks

- District Council
- Liberal Democrats Member Peer: Cllr Rowena Hay, Leader, Cheltenham Borough Council
 - Labour Member Peer: Tom Beattie, Former Leader, Corby Borough Council
 - Officer Peer: Terry Collier, Deputy Chief Executive, Spelthorne Borough Council
 - Officer Peer: David Shepherd, Strategic Director for Growth and Regeneration, Kirklees Council
 - Officer Peer: Vicky Willett, Director of Change and Delivery, Chorley Borough Council and South Ribble District 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 feedback on

two additional areas:

6. **Growth and infrastructure** - Is the council's growth ambition clearly established? Does the council have the resources to support the delivery of its ambitions?
7. **Decoupling of the strategic partnership with Oxfordshire County Council:** Has the organisation successfully decoupled from its formal strategic partnership? Has the council used this opportunity to renew Cherwell District Council?

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

- Gathered information and views from more than 70 meetings, in addition to further research and reading.
- Spoke to more than 145 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

CDC is a north Oxfordshire district spanning 227 square miles with an estimated population of 150,000. Cherwell is strategically important and a regional economic

driver, home to considerable cultural and retail assets such as Bicester Village which attracts significant numbers of economic tourists.

Cherwell is a relatively prosperous district, ranked 52nd out of 379 areas on the UK Prosperity Index. This said, there are pockets of deprivation and the district's index ranking has declined from 41st in 2011¹. The council have prioritised three main areas for improving the district's prosperity focusing on the natural environment, infrastructure and enterprise conditions.

The council has gone through a period of significant change. 2022 has been a year of decoupling, transition and stabilisation. The peer team heard numerous times during the CPC that the council is at 'year zero' as a solo authority after 11 years in partnership arrangements.

To marshal through the changes the council developed interim plans in the form of the Annual Delivery Plan for 2022/23. 10 priorities were designed, focusing activity during 'year zero'. This helped the council navigate a challenging year providing clarity for members, officers and partners. There has been a strong focus on maintaining performance and customer service during a year of significant change.

The council asked the peer team to consider the 10 Annual Delivery Plan priorities, the four strategic aims set out in the council's Business Plan 2022/23 and the 20 actions which directly follow through from this. The peer team felt that this is a particularly high number, and a process of prioritisation is required. If the council were to identify three or four top priorities this would make it easier to focus mindsets and ensure resources are spread to deliver on these priorities.

It is understandable interim plans and priorities were established to focus the organisation during a year of considerable change. Now, though, it is important the council develops a new three-to-five-year Business Plan, aligned to the MTFS investment plans and budgetary framework, with a focused set of three to five outcome-based priorities designed to deliver its vision for the district. These strategic priorities should be focused on having a positive impact on the council's financial position.

¹ UK Prosperity Index 2021 Legatum Institute. *UK Prosperity Index 2021*. Available at: <https://li.com/reports/uk-prosperity-index-2021/>

An integrated planning framework for the medium term should be developed, creating alignment between corporate priorities, the MTFS, transformation strategy and action plan and service plans, building a 'golden thread' from corporate vision through to everyday service delivery.

There is an appreciation by both members and officers for the need to develop this compelling vision for CDC as a solo authority. A central narrative is needed for Cherwell, to create a focus for prioritisation. It is important the council uses data and engages closely with key partners, to gain insight from residents and inspire delivery over the medium to long term.

A 'golden thread' should be embedded throughout the organisation and run through the corporate planning process, aligning service planning, project and programme management and integrated with the budget and MTFS.

Of the four strategic priorities set out in the Business Plan the council can evidence innovative initiatives focused on delivery. This is particularly the case in relation to the *'healthy, resilient and engaged communities'* priority. The council's Families Active Sporting Together (FAST) programme has been successful in improving accessibility for physical activity and sporting opportunity. The programme has reached more than 7,000 individuals and 3,000 families. FAST has been held up as a national exemplar by Sport England and the approach the council championed has now been adopted across Oxfordshire.

The council takes on a system viewpoint in delivering its strategic priorities, often beyond traditional district councils' responsibilities. A good example of this was the council's repurposing of the Local Strategic Partnership to align with the new Integrated Care Board's (ICB) priorities. This is impressive and demonstrates the council's commitment to system leadership. In doing so this enhances the council's ability to leverage potential resources.

CDC declared a climate emergency in July 2019 and has ambitious plans of being net carbon neutral from council operations and activities by 2030. The peer team heard positive progress the council's making against its priority of *'supporting environmental sustainability'*. Such as the electrification of the council's fleet of vehicles, planned increase in EV charging infrastructure and installing solar canopies at car parks. The council has also been successful in winning £6m in carbon

reduction funding. To continue the good work done so far, the council should look to refresh its climate strategy and action plans alongside the Business Plan and the MTFS to create a robust pathway designed to achieve the net zero ambition.

The council's capacity in progressing the environmental sustainability priority has been reduced following the decoupling. At present, there is only one dedicated officer working on climate change. The peer team would question whether the council is suitably resourcing this council priority. The council should look to work more closely with local community groups to harness their ambition and strength to deliver the collective ambitions of progressing environmental sustainability.

The council has established performance monitoring mechanisms. The Corporate Leadership Team and the Executive receive a monthly Financial Management, Performance and Risk Report. Improvements are planned to the performance management framework in line with the Annual Delivery Plan. The framework should also be refreshed alongside the new Business Plan to track and scrutinise delivery over the next three to five years. Data and insight gathering will be important as the council navigates its significant transformation journey. The peer team would encourage the council to include more benchmarking and comparative analysis. Platforms like LG Inform can be useful in contextualising how the council compares to similar authorities.

The council demonstrates good practice in carrying out regular residents' surveys. The most recent survey was carried out in the summer of 2021. The results from this survey showed a downward trend from previous surveys on the perception that CDC provides value for money – down from 55 per cent in 2016 to 29 per cent in 2021. It is important the council uses the intelligence the residents' survey provides to inform decision making to address these concerns and maintain trust and credibility with residents.

4.2. Organisational and place leadership

The council had to build up a resilient and effective leadership team quickly following the decoupling with OCC. New corporate directors and assistant directors were appointed. To do this so quickly and stabilise the authority was impressive.

The positive attitude and commitment CDC officers have is notable. The peer team heard a genuine desire to deliver on behalf of Cherwell residents. Officers have gone through a significant period of change and there is an appreciation that difficult decisions will be required in the future. It is important that this good will is rewarded with rounded engagement and involvement in the upcoming organisational transformation.

During the decoupling with OCC, it was necessary that strategic decision making rested with the senior leadership of the organisation. Now, though, is the time to empower officers to step into the corporate leadership space and decentralise decision making. All of the senior leadership team will have an important role to play in the delivery of savings and successfully implementing the organisational transformation.

As a result of the decoupling, CDC lost significant resources in communications. The council is in the process of appointing a new head of communications. This is an important role and will come at a crucial time. There are plenty of opportunities to develop and innovate the council's internal and external communications. The staff briefings and weekly staff and councillor bulletins are appreciated by officers and members. The peer team found the council's internal communications approach to be quite traditional. The council should consider exploring other modes of communication such as utilising video and short clips. The council should look to develop an internal communications strategy that sets a clear organisational narrative.

As a solo authority the council should look to develop its external communications to increase the visibility and reach of its campaigns and social media messaging. There is a reticence from some elected members to fully engage in modern methods of communication. This may be down to previous bad experiences or a lack of knowledge. There could be a benefit in members taking up the [LGA's social media training](#) offer to learn more about different social media platforms, receive advice on creating content and learn the best ways to engage in a healthy online discourse.

The council should also look at ensuring there is a consistency of corporate branding across different platforms. Local businesses told the peer team that they felt engagement with the council could be improved. They highlighted that the council

used to send out a 'Cherwell Business News' bulletin, which was appreciated but concluded a few years ago.

Overall, on communications, the council needs to develop a comprehensive communications and engagement strategy with clear and measurable objectives. This strategy will need to be embedded across the council as effective communications are the responsibility of everyone. Communications mechanisms should be established to enable planning of strategic communications over the short and medium term.

Once appointments have been made, the council may want to consider a [LGA communications health check](#) which can give focused recommendations to assist with CDC's strategic communications.

The culture of CDC is inherently partnership focused; it is a part of the organisation's DNA. This is not something that has changed post-decoupling. The council's commitment to partnership work is valued by external organisations: "*Cherwell is a brilliant partner, they always put their hand up*".

The council is a driving force behind several cross regional partnerships such as the FOP. This is impressive and demonstrates the strategic leadership the council looks to take on. This is despite hearing from multiple external organisations that: "*partnership working in Oxfordshire is really tough at the moment*", as can be evidenced by the failure of the Oxfordshire councils to agree the Oxfordshire Plan 2050.

The regional co-operative approach which Cherwell has sought to take a leading role in has led to tangible outcomes such as securing over £500m of additional investment, through the City Deal, Housing and Growth Deal, Housing Infrastructure Fund and the Oxfordshire Rail Connectivity Study.

The FOP is an important strategic board in engaging key partners on regional growth but also as a collective voice for regional local government when working with other public sector bodies. As will be the planned Place Shaping Board from January 2023 – bringing together key partners in health, highways, Local Enterprise Partnership (LEP), housing and the business sector – focused on wider place making, ensuring the voice and input of local government is given appropriate and due regard.

CDC is a key partner for many across the sub region and the council's senior officers and members are crucial to the collective working continuing. An example of this is the emerging formal Oxford – Cambridge Pan Regional Partnership which has the support of a majority of the 34 councils involved, external partners told the peer team this would not be the case without the leadership shown by CDC's Leader and Chief Executive.

It is important that the council continues to partner appropriately as this remains a central characteristic to CDC. The peer team felt that the council should remain visible and continue to lead these partnerships where possible, by doing so benefits will accrue to CDC.

The council is ambitious with some impressive examples of delivery such as the regeneration schemes in Banbury town centre. The Castle Quay development is a key component of the regeneration of the town, providing a strong example of the power of local government as a place leader and as an investor in positive change. This regeneration has been progressed at speed with positive outcomes being delivered. The pop-up hub in particular has been very successful providing effective space for the local voluntary and community sector (VCS).

The next stage of development in Banbury will be crucial to the longer-term success of the Castle Quay site. The council recognises the need to reconfigure, bringing forward a mix of occupation. The public consultation for the master planning of Banbury will commence in January, it is important that the next steps are clearly articulated to ensure that all plans are joined up.

The council can point to strong performance in supporting its communities' housing needs. Cherwell's LG Inform Headline report² shows that the council has delivered above average number of affordable homes (261, mean for district councils 139) and a below average number of households living in temporary accommodation per 1,000 households (0.43, mean for district councils 1.39).

The council should continue the good work it is doing to date on delivering against its supporting '*healthy, resilient and engaged communities*' priority. CDC encourages

² LG Inform (2022) *Local Government Association*. Available at: https://lginform.local.gov.uk/reports/view/lga-research/lga-research-report-headline-report-bar-charts?mod-area=E07000177&mod-group=AllDistrictsInCountry_England&mod-type=namedComparisonGroup

active environments through its neighbourhood planning, a good example is the Bicester Healthy New Town Programme. Health partners feel engaged in Cherwell from the FOP to wellbeing provision in communities, they described the council to the peer team as: *“improvement and outcome orientated”*.

The VCS values the relationship with the council. Established partnerships bring a real richness for Cherwell as a place. The collective response to the COVID-19 pandemic cemented these relationships and they continue to prosper. Partners enjoy working with the council, they view CDC as an enabler, supporting the VCS to deliver.

The council were credited by external partners for their: *“excellent work in handling support grants”* during the pandemic. The peer team heard CDC took an innovative approach in commissioning the LEP to administer the distribution of some of the COVID-19 grants. This was done so the funding could be issued over a longer period of time as council issued monies had strict deadlines set. By commissioning the LEP, greater due diligence could be carried out before awarding funds.

The council has established relationships with the parish and town councils. There is regular engagement with good examples of co-working such as CDC initiating a practice exercise for Operation London Bridge involving the town and parish councils. There are though some areas where the working relationship could improve. The council should consider working at an earlier stage with parish and town partners regarding section 106 contributions.

4.3. Governance and culture

The cross-party relationships in Cherwell are mature and in a good place. Within the constitution there is an established officer-member protocol, a members' code of conduct and a planning specific code of conduct. The Leader is respected across the council and is seen as central to the constructive relationships between the political groups. The council's elected members exhibit a wide variety of talents and backgrounds that bring a real strength to the council. A healthy dynamic has been developed between members and officers, with collective leadership demonstrated, built on mutual respect.

The peer team heard from a variety of sources the significant improvement that has been made with the Overview and Scrutiny Committee. The new committee chair was credited with bringing fresh energy and strategic intent. Several examples of effective scrutiny were provided including some innovative practice with the Overview and Scrutiny Committee being a named responder on the consultation for the council's Local Plan. The positive progress that has been made needs to be embedded and the committee properly resourced so that scrutiny can continue to operate effectively and contribute positively to the council's governance system.

The council is in the process of carrying out a review of its constitution. One area that was highlighted to the peer team requiring refreshing was the officer scheme of delegation, the council should make this clearer and improve its record keeping on officer delegated decisions.

Relationships with the council's wholly owned housing company, Graven Hill, have been disrupted due to a number of officer changes and the decoupling with OCC. It is important that these relationships are strengthened. The peer team heard of a disconnect between the council and the company. Whilst a consistent approach is required for how the council handles planning applications, it is important CDC remains focused on its strategic objectives for Graven Hill. The council is due to undertake a review of the governance arrangements for its wholly owned companies. This review will include the roles and responsibilities of members and the client/'shareholder' functions. The peer team felt there is scope for improvement particularly around accountability for decision making including on financial matters.

The council has established risk arrangements with a comprehensive risk register. The risk register goes monthly to members and reports to the Accounts, Audit and Risk Committee (AARC). A mandatory programme of upskilling members and officers has been developed focused on topics such as counter-fraud and cyber security. Good progress has been demonstrated. As with all of local government there is though scope for improvement to fully embed a culture of risk management, with this influencing service and budget planning decisions.

CDC's member development programme continues to be developed, it is recognised and appreciated by members. There is a positive focus on continuous improvement. The peer team heard good examples including specialised compulsory training as

part of member onboarding before joining the AARC.

As mentioned earlier, officers and members are excited by the opportunity decoupling has brought. The ability exists to now be 100 per cent focused on Cherwell's priorities. A senior member commented that they have: "*witnessed a palpable change in mood: we're up for working on Cherwell*".

A challenge for CDC now is to develop the culture of a solo organisation. This identity setting is of crucial importance. Organisational development has a key role to play in supporting the development of Cherwell specific values and behaviours.

The council is carrying out regular pulse surveys, which is good practice. Something the last full staff survey and the peer team picked up was a varied response to #teamCherwell. This identity did not necessarily transcend the whole organisation. It will be important for the council to consider how best to develop core team values and ensure they are embedded across the council. Generally, though the peer team felt that the council was in a good position with its organisational culture. Officers feel supported and respected, with conscious effort and thought given to staff wellbeing.

The council is in the process of updating its *Including Everyone* equality, diversity and inclusion (EDI) strategy. It is important this is done with Cherwell specific actions informed by the new census information. Cherwell is a diverse area, a language audit which was carried out by the Sunshine Centre found more than 23 languages are spoken across the district. The council has done some excellent work on EDI, including working closely with the Banbury Mosque to support them in their wider community work with their food bank and their get active efforts with young people and women in terms of access to sport and in particular football.

The council has had external recognition for its EDI work having been shortlisted for the 2021 Local Government Chronicle award for its EDI framework. The council is committed to EDI and should look to build on the good work that has already been done. CDC could look at celebrating the district's diversity further through cultural events and corporate communications. On several occasions previously the council has looked at establishing staff networks such as LGBTQ+, BAME, disability and women's network which reflects best practice, if there is interest internally this should be something the council revisits.

4.4. Financial planning and management

CDC has a history of well managed budgets and finances. The council's immediate financial position is positive, the 2022/23 outturn is currently forecast to have a relatively small overspend, the council has consistently achieved a clean audit opinion on its accounts from the external auditors and a balanced position is well developed for 2023/24. There is a forward looking and anticipatory approach to financial planning, as evidenced by the recent good practice in proactively fixing borrowing rates. The council has a well-respected Section 151 officer who is supported by a competent finance team.

The council has achieved healthy levels of income generation, with planning fee revenue for 2022/23 forecasted at £1.8m. In March 2022 the council rolled out charging for green waste collection, there was a higher-than-expected uptake which is contributing to a forecast total waste income generation of £3m. Whilst achieving this level of revenue is positive, some caution needs to be given to assumptions around future income, with changes for charging of waste collection and revised recycling management arrangements brought about by the Environment Act 2021.

Cherwell is a high growth area and has done very well in growing the local tax base and generating significant levels of NHB grant. The council is aware of the favourable position it enjoys regarding the current business rates retention system with significant income being achieved (£11m). Deferred reforms to the business rates retention system have favoured the council but it is now increasingly likely reform will adversely impact this position, albeit not now until after the next General Election.

CDC has also been including NHB (£4m) within its 2022/23 base budget, but assumed a phased reduction in line with government announcements. Subsequent to the peer team being on site at the council, in the Provisional Funding Settlement for Local Authorities for 2023/24 CDC's NHB allocation fell significantly to £1.6m. This was against a planning assumption of a one-off allocation of £1.6m when consulting on the 2023/24 budget. The council has benefitted from the allocation of the 3 per cent minimum spending power grant allocation of £2.8m which compared to an assumed £1m Lower Tier Services Grant allocation within the 2023/24 budget consultation. Whilst this has protected CDC in the short term potentially the spending power grant is only a one-off, and therefore the council cannot assume it will

necessarily receive this level of support in future years.

As mentioned previously the council has considerable growth and regeneration ambition, the peer team did though hear from sources that they're: *"worried that the level of ambition the council has is not matched by its financial position"*.

The council's financial position over the more medium term is particularly challenging. The council has a MTFS up to 2026/27 and had at the time of the CPC, an indicative budget gap of £17.8m. This is a very substantial gap, equivalent to more than 50 per cent of the council's net budget. The scale of the challenge makes the council an outlier compared to other similarly sized authorities. To meet the budget challenge the council will need to redesign all aspects of the operating model and reduce net expenditure by approximately 45 per cent over the next three years to meet this budget gap. Based on the projections at the time of the CPC the council will need to move from a service expenditure of £40m in 2022/23 to £18m in 2025/26.

Whilst the Government's Policy Statement for 2023/24 to 2024/25 has made clear that a Fair Funding Review and Business Rates reset will not happen before the next General Election, which in turn, once one allows for consultation on proposals by the Government elected at the next election, that changes are unlikely to be implemented until 2026/27. This does provide Cherwell potentially a little bit more medium-term certainty and breathing space, however, it is important the council uses this space to progress its transformation efforts to put itself on a more sustainable footing.

The council has an outline plan for meeting the savings requirement over the MTFS. At the time of the CPC this savings plan was being developed and had not been shared widely, it is important the council prepares for broad engagement on the plan, so staff and members are aware. As mentioned previously meeting the savings requirement will require wholesale organisational transformation, on the scale the council has not completed before. It is critical that the council's planned actions to tackle the financial challenge are accelerated. A comprehensive plan is required, clearly setting out how the savings will be achieved within the necessary timescales. The council should also ensure that there is sufficient member ownership and oversight of the savings and transformation programme.

A whole council approach will be required to deliver the savings and transformation

programme. When the council develops its new Business Plan, aligned to an updated MTFS, it is important difficult decisions are taken, it should identify what CDC will do less of in the future, and the impact this will have on the size of the organisation.

The peer team feel that alongside the budget approval process for 2023/24, the council should develop and approve a transformation action plan aligned with the MTFS period. This action plan should identify key milestones and next steps to implement the necessary transformation. It is important that this action plan is driven by the senior leadership team and is suitably resourced.

The scale and the challenge of the future financial pressure needs to be more clearly understood across the council and at the time of the peer challenge had a lower profile than might have been expected. There was a general expectation that the council will continue to be able to deliver similar services and work closely with partners as a funder, yet this will become significantly harder given the extent of the budget gaps.

The council is planning on bringing forward an asset review which will be important. CDC has a good number of capital assets which provides it with several opportunities. The council should optimise its asset portfolio to generate revenue savings and capital receipts. This is a way the council can get a return but should be done strategically as capital receipts can only be spent once.

The council has invested heavily in regenerative ventures like the Castle Quay development. This has been funded by borrowing and repayment costs are considerable. At present income from the asset is covering the interest but not Minimum Revenue Provision costs. The Castle Quay acquisition by the council was not based on purely commercial terms, CDC has been clear on the role Castle Quay plays in the wider regeneration of Banbury town centre. As with most retail assets across the UK, asset values have reduced significantly as a result of demand changes influenced by wider economic concerns. Castle Quay has had a 66 per cent drop in its valuation - from a £60m valuation to £20m - although it is recognised that this only becomes crystalised if the council sought to reduce its ownership holding. CDC is planning on bringing forward a reconfiguration of the Castle Quay site to drive further regeneration in Banbury, this will be important as the council is exposed to

considerable risk here.

Along with all of local government, CDC is facing significant inflationary pressures which is impacting on medium term planning. The council has done well though to factor into an updated MTFS the impacts of inflation and the challenge associated with re-establishing pre-pandemic levels of car parking income. The increased energy costs facing the council are considerable, particularly with CDC responsible for this as part of its leisure contract. More generally the leisure contract the council has with its provider is quite expensive, and the peer team understands the council is exploring its options here. Whilst a negotiated exit or a renegotiated specification and contract may be preferable, allowing CDC the opportunity to review the extent of leisure provision that meets with its budgetary means, this will be difficult in the current climate of high energy costs and any early exit from an existing leisure contract will come at a price.

The business model of the council's wholly owned housing company, Graven Hill is undergoing a review, with the original model of self-build being expanded into other areas such as custom build, passivhaus and smaller units such as apartments. The council is also reviewing the existing protocols around interactions between the company and CDC.

The financial governance of Graven Hill is important as the council is the financier and equity provider of the company. The council receives significant annual interest payments (£4m in 2022/23) from Graven Hill generating a surplus for the council over the rates it borrows at. The council has not included yet a £2.5m dividend return from Graven Hill into the MTFS, this is a sensible approach to err on the side of caution with the number of uncertainties given the challenging economic environment and resultant impact on business plans may make the level of dividend less than what is planned for at present.

4.5. Capacity for improvement

After 11 years in shared management arrangements 2022 has been a year focused on decoupling, stabilising the authority and rebuilding for the future. The transition from the strategic partnership with OCC has broadly been seen by officers and members as positive and has driven a more focused and stronger emphasis on

Cherwell as a place.

The decoupling though has resulted in some capacity gaps in key areas including administration and governance, communications, contract and risk management, legal services and performance. Establishing the council as a solo authority remains a work in progress with systems and key processes still being developed. As the management structure continues to evolve, the council should carefully consider addressing the capacity gaps to ensure delivery of both the business and transformation plan. This evolution does not necessarily mean more staff, the council should look to invest in its existing workforce to upskill and develop to support a culture of continuous improvement. This should be done though all within the parameters set by the MTFs.

As outlined earlier in the report, the transformation of the organisation will be the central challenge the council faces in the coming years. CDC is at the start of the organisational transformation, which the council recognises: *“we’re five per cent there on our journey”*. The delivery of a transformation plan will be critical to the realisation of savings the council needs to achieve.

Officers, members and partners need to be engaged throughout the transformation journey and agreeing the process for this upfront will ensure there is the appropriate consultation, buy in, political oversight and governance in place.

The council has a transformation strategy in development, crucial next steps include progressing further this strategy and developing an action plan to achieve the MTFs targets. Key building blocks for the transformation are being put in place, for example with the development of a digital strategy. This should be integrated into an overarching transformation programme with a single transformational vision for the organisation.

The council will need to resource and embed sufficient corporate, strategic and performance management capacity to plan, deliver and oversee the substantial transformation journey at pace.

CDC should consider establishing a corporate programme management office (PMO) to provide strategic oversight and a better control of resources on the transformation projects. Accountability and project ownership will be crucial for confident change management, clear lines of reporting should be established along with the adoption

of robust project management methodologies and tools including on risk and financial controls. The PMO can also help the council identify the inter-dependencies between projects and provide clear identification of any pinch points or duplication.

It is still early days, but it was clear from conversations the peer team had with a range of stakeholders that more work needed to be done, quickly, to communicate and engage with staff and members on the transformation programme. This should help to build a better understanding and buy in of what the transformation programme is, areas covered, objectives, how people can get involved and the timeline for implementation. Ensuring both the Leader and Chief Executive remain visible to staff, continuing their leadership from the front, will be critical.

The council has an established organisational development offer which is valued by staff. This will be important throughout the transformation journey. Organisational development should underpin the transformation work with a structured plan and programme of activity that will support the workforce through the change process. This activity should be focused on core organisational values and behaviours. The council has invested in organisational development and should continue to do so particularly in areas such as leadership programmes, apprenticeships and a graduate scheme.

CDC has brought in an agile working policy which is generally well received by staff. 85 per cent of respondents to September's Pulse Survey feel the council provides good and flexible working conditions. This is an asset to the council and will help with the recruitment challenges CDC faces. The council is not alone here; this is an issue all of local government is facing. It would be advisable for the council to look at adopting new recruitment techniques and refresh the external marketing of CDC.

4.6. Growth and infrastructure

The council has historically taken the approach of 'growing its way' out of trouble by identifying growth opportunities. This strategy has helped to contribute to significant levels of business rates growth and NHB grant to the council, reducing the overall level of savings that have been required at a time when other councils have had to make significant reductions. As mentioned earlier, the considerable level of business rates income (£11m) - in part brought about by the council's embrace of growth - puts

the council at greater financial risk of a business rates reset.

CDC's approach to the growth agenda though is not solely financial, this is recognised by partners: *"places like Cherwell help prove that growth isn't always bad by demonstrating environmental and social gain is core to the economic improvement for all"*.

CDC has considerable ambition and vision for transformational growth. The council has pioneered leading-edge developments contributing to growth with examples including Graven Hill and the Bicester Eco Town. The key components are there for the council to build an investment prospectus. This should be done in partnership with OCC and the other districts, demonstrating externally the attractiveness of investing in Oxfordshire.

The district and the surrounding area are home to significant economic, touristic and culturally important establishments. Bicester Village brings 7.5m annual visitors to the district, a large local employer and a generator of substantial business rates. The world leading universities in Oxfordshire should lead the region's knowledge economy, driving business growth and provide a coherent inward investment narrative. More could be done to maximise the opportunity of having such prestigious academic resource so close by.

Cherwell has a notable platform for growth in areas such as Bicester. With the £3bn East West rail investment which runs through the town creating significant opportunity for plan led growth. This makes the town an attractive place to invest. Large technology companies have already chosen to locate themselves in Bicester, bringing demand for skilled jobs.

The progress at regenerating Banbury town centre is impressive, however, the next stage of the development is crucial. The council recognises the need to reconfigure Castle Quay, reducing the number of empty units by diversifying and bringing forward a sustainable mixed-use development. The council needs to communicate its vision for Banbury, adopt a master plan and clarify its role in securing future phases.

The council has a significant property and asset portfolio, providing it with several opportunities. Plans are being developed to optimise the portfolio with the intention of delivering financial returns alongside progressing the council's social and economic development objectives.

The LEP has a high opinion of CDC and the leadership role it takes on. The council is viewed by external partners as being: “*the growth engine for the county*”, CDC is pivotal to realising Oxfordshire’s growth potential. Considerable growth is forecasted in and around the city of Oxford in future years, much of which will need to be accommodated in Cherwell. It will be important that CDC has the capacity to manage this growth so it can continue to provide benefits to existing and future communities.

As mentioned previously, the council has a real strength in its partnership working. These external partners often share the council’s ambition for growth and want to contribute and influence its plans, for instance the ICB feels well engaged by CDC but would like to be more involved in the curation of growth plans to align with their strategic planning for healthcare facilities. Similarly housing partners share the council’s growth vision and would welcome greater engagement on issues relevant to them such as the Local Plan review and town centre regeneration.

The council is consistently above target in terms of housing delivery. Good working relationships are established with registered providers and collectively a proactive approach is taken to secure the kind of homes people need. £2.6m worth of Oxfordshire Housing and Growth Deal funding has been put into building affordable homes, including zero-carbon social housing and extra care housing to allow people to live independently as they age.

For the council to continue to deliver on its sustainable growth ambitions CDC must be an effective planning administration. The council has recently invested in its planning service; however, capacity gaps remain. CDC commissioned an external review of the service and developed an improvement plan. It remains important that capacity within the planning department is maintained and potentially increased in line with growth expectations, otherwise there will be a brake on development resulting from a slowdown in the planning process.

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. Outside the framework of the Oxfordshire Plan 2050, CDC should look to leverage support from willing districts to align growth plans and work in partnership with OCC in helping to secure infrastructure funding.

Inextricably linked to unlocking the potential of growth across Oxfordshire is resolving the current infrastructure challenge. The council, along with other authorities across Oxfordshire, need to give careful consideration as to how the region is viewed by central government. In order to unlock the necessary funding, aligned and cohesive plans for growth and infrastructure will be required. The region has done well previously in getting funding from government such as £500k to support the work and transitional arrangements in setting up the Pan Regional Partnership. A strong platform already exists which will help the region's lobbying efforts. The infrastructure requirement is considerable, within the existing programme there is a £30m deficit.

4.7. Decoupling of the strategic partnership with Oxfordshire County Council

The strategic partnership with OCC concluded only a few months ago. References the peer team heard to the decoupling from staff, members and partners was consistently positive. The decoupling has delivered increased management resilience and a refreshed and stronger focus on Cherwell as a place. This is an exciting opportunity to be 100 per cent focused on CDC, it has brought a renewed energy for officers and members.

CDC's previous experience of going through decoupling, as it did in 2018 when the strategic partnership with SNDC ended, held the council in good stead to progress the decoupling with OCC, avoiding numerous potholes.

Staff and partners referred to the decoupling being managed sensitively and praised senior officers and members for handling the transition with maturity and respect. Stabilising the council and maintaining service quality was the key priority and this has broadly been done. The council rapidly built a management structure to ensure it remains a functioning and capable organisation to meet business needs and progress the council's priorities. The council recently appointed a new senior team including statutory officers. Time will be required for these individuals to adjust to a new organisation. A period of adjustment is what the whole council is experiencing, as the organisation evolves and expectations alter, members recognise the need for this as CDC: *"became used to the economies of scale of partnership working"*.

Whilst the decoupling was achieved at speed, a more incremental approach has

been adopted in certain areas which was sensible. CDC continues to have service level agreements with OCC for the delivery of seven services and a Section 113 partnership for regulatory services and community safety. Maintaining a productive working relationship with OCC is important as both authorities are co-dependent for delivering the councils' respective priorities.

Strategic partnership should remain a critical element of the council's future operating model. As mentioned previously, this is part of CDC's modus operandi. In seeking out future partnerships robust objectives should be developed based on how they will support the delivery of the MTFs and better outcomes for CDC.

The council should recognise what it has achieved in decoupling at pace. It is important the council reflects on this to consolidate progress and drive forward with momentum the transformation of the organisation.

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 LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in session, 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 your authority and the LGA. Will is available to discuss any further support the council requires – william.brooks@local.gov.uk.

6. Useful resources and signposting

- **Political mentoring** – through the LGA's political group offices member mentors from other councils can be arranged for senior councillors. Typical mentoring engagements stretch over six months, providing the space for honest conversations, to be challenged and supported in a confidential

environment.

- **National Member Development Programmes:** The LGA offers a range of training and development programmes, our [political leadership training offer](#) supports councils to build greater leadership capacity and develop politicians at all stages of their career, including face-to-face training as well as online training resources such as e-learning and workbooks. In particular, the following [leadership](#) programmes for Portfolio Holders may be of interest. To find out more or book contact: Grace.Collins@local.gov.uk
 - Leadership Academy: For Councillors in leadership positions
 - Leadership Essentials: Economic Growth
 - Leadership Essentials: Housing
 - Leadership Essentials: Finance
 - Leadership Essentials: Climate Emergency
 - 'Developing Your Political Leadership Skills - masterclass
- **Communications support** - <https://www.local.gov.uk/our-site-communications-support-offer>. The council could consider commissioning a:
 - One-day communications health check - includes a review of the council's comms functions, strategy and capacity, and provides a series of quick wins designed to help the council tackle key issues. A report will be supplied to the council two weeks after the health check.
 - A more comprehensive communications peer challenge - This takes place over 2.5 days. The review provides a more in-depth assessment of the council's comms activity. A report is provided to the council three to four weeks after the review.
 - We would recommend, as a first step, a meeting with the council to discuss requirements and then we can draft a proposal based on whether a one-day or three-day review would be preferable.
- [Social media guidance for councillors](#)
 - The LGA can also provide bespoke social media training for members.