Corporate Peer Challenge

Cheshire East Council

13-16 January 2020

Feedback Report

1. Executive Summary:

Cheshire East council has made significant improvements in recent years to address issues of misconduct and to transform the culture of the organisation.   This reform has been made whilst managing wider financial pressures, increased demand and maintaining service standards. The opportunity now exists for Cheshire East to build on these foundations. The council can use their successful approach to organisational change to make wider reforms and service transformations to improve outcomes for residents.

Cheshire East was established in 2009 and covers 450 square miles, with a population of 380,800 residents in 175,000 households. The largest proportion of residents live in the Crewe and Macclesfield areas, with significant settlements in market towns such as Sandbach, Knutsford and Wilmslow. The borough is well connected through road and rail links, including Crewe railway station, which serves as a major junction on the West Coast Mainline, supporting travel to Manchester, Liverpool, North Wales and the Midlands.

Cheshire East has a strong social and economic base, illustrated by several indicators, including the low levels of free school meal eligibility (8.7% against a North West average of 16.2%), high levels of owner-occupied housing (75% against a North West average of 64%), and average household income (£35,800 against a North West average of £27,200). However, there is a considerable range to household income in the borough, varying from £19,900 to £66,600 between the most and least deprived wards. This demonstrates a level of inequality that exists within the borough, with six areas within the most deprived 10% nationally. This, alongside the geographic diversity of the borough has contributed to the notion amongst officers and members that Cheshire East is a "*place of places*", made-up of multiple identities, issues and needs.

The council was led by a Conservative administration from 2009-2019. However, the 'all-out' elections of May 2019 resulted in the council entering 'no-overall control', with there being no individual majority party across the 82 councillors. Since the election, the council has been led by a Joint-Administration comprising Labour and Independent councillors, with a Labour Leader and Independent Deputy Leader.

Historically, Cheshire East has faced a number of internal and external investigations into the practice of the council and the conduct of senior officials and elected members. These investigations were identified and referred for investigation by senior officers regarding matters of procurement, land transactions and the treatment of whistle blowers, and have undoubtedly been damaging to the reputation of the council and the morale of staff. However, it was not the role of the Corporate Peer Team to revisit any individual instances or issues but instead to consider any subsequent learning and improvement that had been applied by the council.

Following the appointment of the Acting Chief Executive in 2017 the council requested a review of the workplace culture that was completed by the LGA. In addition to the themes covered in all corporate peer challenges (CPC), this CPC provides an opportunity to assess progress against the findings and recommendations in culture review. The Peer Team also

reviewed the wider corporate health of the organisation, with a specific focus on the processes of internal assurance and audit.

Shortly prior to the CPC, the council's Acting Chief Executive announced that she would be leaving the organisation to take up a Chief Executive post at another council. The Peer Team heard a range of positive comments regarding the contribution that she had made to the council's improvement, emphasising the importance of securing the correct replacement.

The Corporate Peer Challenge Team spent four days on site in Cheshire East. During this time the Team spoke to a broad range of stakeholders, including staff, councillors, and partner organisations. The team received a broad range of feedback and were struck by the positivity of the staff working for the organisation, and the remarkable progress that has been made in improving workforce culture in a relatively short space of time. The importance of this work was illustrated by clear leadership and commitment, including the determination of councillors to drive and prioritise improvement. These messages were received from multiple levels within the organisation and this improvement has been embedded across multiple teams and locations.

These improvements in culture have also supported the council to advance their internal assurance, with officers stating their comfort to '*call out*' and '*professionally challenge*' practice when appropriate. Alongside this cultural shift, the Team recognised the practical actions that have been taken, including improved management oversight and the development of supporting assurance frameworks and action plans.

The council has a good understanding of the socio-economic needs of the borough and undertakes regular activities to gather the views of residents including resident surveys, and thorough approaches to budget consultation. However, as a new administration, there is naturally further work to be done to set-out the priorities of the organisation following the May 2019 elections. The renewal of the council's Corporate Plan provides an opportunity to communicate these priorities within the context of needs, resources, and local partnerships.

Following the May 2019 election, the joint administration confirmed their commitment to operate an "inclusive model of governance". Following the Peer Review on 30 January, Group Leaders have agreed to defer a decision to change the Council's model of governance; moving from a Cabinet and Leader model to a Committee System with a view to implementation in May in 2021. The importance of this transition cannot be overstated. The council needs to be assured regarding the impact of any changes on timeliness of decision making and collective oversight. It is also important that the appropriate training for members and officers is undertaken and capacity is in place so that the Committee System is successful.

Cheshire East has a net revenue expenditure of approximately £270 million. There has been an estimated reduction in Government funding to Local Government of 49.1% from 2010-2018, this equates to a reduction of 28.6% in the council's spending power. Whilst the council has been required to make savings in recent years, there remains a strong local financial base, including council tax, business rates and new homes bonus. This has resulted in the council having a low exposure to settlement funding assessments from

Central Government, and wider grants. These grants currently account for approximately 15% of the council's income.

However, the council had forecast to overspend their budget for the past two years (but balanced at year end) and is forecast to overspend for 2019-2020 which clearly needs to be addressed. Finally, unallocated reserves are currently at £10.3 million, this is below the comparator figure for other Unitary Authorities, and the council needs to consider their wider approach and strategy for increasing these reserves. Within this context, the challenge remains for Cheshire East to ensure that they are managing the finances of the council as effectively as possible, and the opportunity exists to review approaches and appetites towards risk across councillors and senior managers to reflect the priorities of the organisation.

The Peer Team recognise the progress that has been made by the council in addressing historic issues and improving the culture of the organisation. The team were also impressed that whilst these improvements were delivered, the council had continued to deliver effective services, including high-performance in areas such as housing delivery. As the Council builds on the progress made to date, the opportunity exists to apply the skills and experience of cultural change initiatives to wider change programmes. This will involve managing the implementation of the Committee System and being prepared for the associated transition. Furthermore, the Joint Administration is presented with the exciting opportunity to communicate medium- and long-term ambitions for the borough through a new Council Plan and aligning resources to these goals through the Medium-Term Financial Strategy. This will support partners and residents to better understanding the aims of the council, whilst also setting out an approach to wider improvements and transformation.

2.   Key Recommendations:

There are a range of suggestions and observations that are included within the main body of this report, that will help to inform potential 'quick wins' and practical actions. The following notes represent the key recommendations from the CPC Peer Team to Cheshire East Council, and reflect the feedback delivered on Thursday 16 January:

1. **Continue with the council's commitment to staff culture and wider workplace wellbeing:** This includes making sure that the progress made to date extends to all teams and considering how shared practice within the organisation could support any outstanding pockets. There is also a need for the council to mitigate the risk of regression following the departure of the Acting Chief Executive who has been central to this work. Finally, the council implement plans for what the next wave of the "Brighter Futures" programme considering how this capacity and momentum could be used to address other issues.

2. **Develop and launch a new Council Plan:** The current corporate plan expires in 2020. This presents an opportunity to progress the work underway to set out the priorities of the new administration, including their commitment to addressing climate change, in a clear and consistent manner to residents, staff and partners. This corporate plan should be set within the context of the needs of the borough, the views of residents, the resources available, and the political priorities for the coming years.

3. **Provide clarity regarding the process, decisions and timelines for the introduction of the Committee System:** The Peer Team recognise that the Joint Administration is committed to replacing the Cabinet and Leader model with the Committee System. The committee system has set out a clear timeline for any transition, however, ongoing work is required to provide clarity to staff regarding the date of implementation as well as training opportunities and requirements.

4. **Finalise technical and political decisions that will underpin the new Committee System:** There remain several key decisions that need to be made regarding the transition towards the Committee System. This includes technical decisions regarding the number and scope of committees, the role of Committee Chairs, and the size of each Committee. However, there also remain several important political decisions that need to be finalised regarding the structure and operation of the new system. Alongside these political decisions associated with the new approach to governance, the council needs to consider the levels of decisions and delegation which it is comfortable to be made by officers across the organisation, reflecting the recent staff survey finding to empower staff and distribute decision making across the organisation. This should include reflecting on current arrangements in-light of proposed reforms.

5. **Consider the strategic and operational context in which the Committee System will be operating:** It is important that the implementation of the Committee System is not viewed as a technical process in isolation alone. Therefore, the council will need to assure themselves of the following alongside the new model of Governance:

   – The timeliness of decision making.
   – Collective oversight for strategic issues that cut across multiple Committees.
   – The impact of the new model on partnership working.
   – The relationship of decision making with neighbourhood forums.
   – The training and development required for councillors and officers.
   – The communication and engagement required with staff throughout this process.

6. **Refine the council's approach to strategic finance and create dialogue regarding collective appetite to risk:** The council has taken a very prudent approach in addressing financial challenges to date. However, further improvements could be made including:

   – The relationship between transformation programmes and budgetary pressures.
   – The monitoring and tracking of benefits and savings across the organisation.
   – Review the council's appetite towards risk in core budget assumptions, and the relationship with reserves.
   – Simplifying the council's Medium-Term Financial Strategy to ensure that it is more focused and succinct.
   – Review the medium-term financial strategy to ensure resources reflect the content of a newly developed corporate plan for a four-year period.

7. **Communicate priorities for working in a partnership environment and learn the lessons of historic practice and approaches:** The council works in a complex partnership context and should consider the areas of work that it wants to prioritise. This

should be communicated clearly to partners to support clarity on ambition. The council should also consider the lessons learnt from successful partnership projects, as well as instances which have not gone to plan.

8. **Refine the work programme and focus of Scrutiny Committees to support internal challenge and improvement:** The council may benefit from considering the relationship between breadth and depth within Scrutiny Committees, and the topics and issues that would most benefit from Scrutiny input or working groups. The council should also be proactive in identifying their approach to enabling effective challenge within any Committee System in the future.

9. **Develop new approaches to engage councillors in neighbourhood working:** The council should consider new ways of working that give more focus to the role of councillors as community leaders. This could potentially include the development of neighbourhood budgets, providing the opportunity for councillors to support local schemes, including the development of a new conversation with residents regarding expectations as the council moves forward.

10. **Review the findings of the 2019 Resident Survey to inform future relations with residents:** The council is currently processing the results from their most recent resident survey since 2017. This information should be used to identify areas of improvement in customer relations and support the council's next wave of cultural change.

3.   Summary of the Peer Challenge Approach:

3.1   The Peer Team:

Peer Challenges are delivered by experienced councillor and officer peers from across the sector. The make-up of the peer team reflects the requirements of the council and the specific focus of the peer challenge. Members of this team were selected based on their relevant experience and expertise, and their involvement was agreed with the Council prior to arriving on site. The peers who delivered the Cheshire East Corporate Peer Challenge were:

•   **Tracey Lee** – Chief Executive of Plymouth City Council;

•   **Cllr Hannah Dalton** – Epsom and Ewell Borough Council;

•   **Sarah Messenger** – Workforce Consultant Local Government Association;

•   **Cllr Chris Read** – Leader of Rotherham Metropolitan Borough Council;

•   **Neil Thornton** – Executive Director Corporate Services, Rochdale Borough Council;

•   **Tim Watkinson** – Principal Advisor Local Government Association;

•   **Matthew Dodd –** LGA Challenge Manager.

3.2   Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges that the LGA undertakes. These are the areas that are critical to a 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:** Do 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?

Additionally, Cheshire East asked for the CPC process to consider two additional areas:

1. **Workforce and Culture:** What progress has been made following the 2017 Workforce Review into issues of bullying, harassment and working environment?

2. **Internal Assurance and Audit:** How effective are the systems and processes that the council has put in place following investigations into areas of historic practice?

3.3   The Peer Challenge Process:

It is important to stress that the CPC process is not an inspection. Peer challenges are designed to focus on improvement, and each is tailored to meet individual councils' needs and context. 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 and evidence that they read.

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge every four to five years. This was the first CPC which Cheshire East has undertaken, but where appropriate these findings have been

cross-referenced against other external reports. There is an expectation that the Council will consider a further CPC from 2023 onwards.

Prior to arriving on site, the Peer Team were provided with a Self-Assessment developed by the council. This document is designed to highlight good practice and the current issues of the council in order to support the peer team to identify emerging questions and themes. Moreover, this document provides an important opportunity for Cheshire East Council to reflect on their achievements and progress to-date and consider their ambition and actions for future years. In addition to this Position Statement, the Peer Team prepared for this challenge by reviewing a wider range of supporting documents and information, in order to ensure that they were familiar with the council and the challenges it is facing. The team then spent four days onsite, during which they:

- Spoke to **more than 180 people** including a range of council staff, elected Members, external partners and wider stakeholders.

- Gathered information and views from **more than 40 meetings, focus groups and discussions**. This including **attending and observing business meetings** of the Council, including Cabinet on Tuesday 7 January.

- **Visited key sites of the borough** including Crewe Lifestyle Centre, Jubilee House, and Nantwich Library to look at the practice of the council in action. Members of the team also visited other council locations and offices, including Westfields and Delamere House to engage with **staff at other locations.**

- Collectively spent **c. 270 hours on-site to determine our findings,** the equivalent of one person spending **eight weeks in Cheshire East.**

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 their on-site visit (16 January 2020). In presenting feedback to you, they have done so as fellow local government Officers and Members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time, and we appreciate that some of the feedback may be about issues that you are already addressing and progressing.

4.   Feedback:

4.1   Understanding of the local place and priority setting:

As the only organisation that works across the specific geography of "Cheshire East", the council is unique in serving the population of the borough. The council was able to provide a depth of information regarding the needs of the borough. This information helped the Peer Team to better understand the profile of Cheshire East, and the population that the council serves:

– **Ageing Demographics:** The age profile of the borough is older than the national average with 22.5% of residents over the age of 65, compared to an average across England of 18%. This profile is due to become more prominent over coming years,

with a forecast increase in residents over the age of 65 by 17,000, compared to a decrease of over 6,000 in working age residents.

- **Housing and Development:** Over the past three-years there have been 7,145 new homes that have been built in the borough. This included the delivery of 1,737 affordable homes during the same period. Approximately 28% of the houses in the borough are detached, compared to a North West average of 13%.
- **Business and Economy:** It is estimated that there are approximately 20,000 businesses that are located within the borough across several sectors. This has continued to the economic strength of the borough, estimated at £14.4bn.

Beyond an understanding of the population and needs of residents at a borough level the council has a very strong understanding of the needs and variations that exist between wards. Over the course of the time spent in Cheshire East, the Peer Team heard frontline staff, managers and councillors all refer to the tools and processes which are used to capture the different issues and needs at a ward level. The "tartan rug" which assesses wards through a red, amber, green system is an effective way for the council to understand local issues.

As well as the socio-economic needs of the borough, the council has in-place a robust scorecard approach to assessing the performance of services across Directorates. This helped the Peer Team to understand areas of both good and challenging performance for the council. This included the increasing visitor numbers to council owned leisure facilities (1,786,656), the strong local tax base for the authority (98.65% collection), and the average response time for answering calls within the customer contact centre (116 seconds). Throughout the team's time on site, a number of participants also raised issues regarding the levels of customer service and stated their ambition to improve council performance in this area. It was also clearly articulated to the Peer Team that issues of climate change are a priority area for the council moving forward.

In addition to the use of needs and performance information, the council has a clear commitment to engaging and consulting with residents. This has included the operation of a Digital Influence Panel which contains approximately 1,400 members and has been used to inform a broad range of consultations. This Panel replaced the previous Citizen's Panel and is used as a contact list and starting point for consultations. This includes the budget consultation which closed shortly before the peer team arrived on-site. The Peer Team also saw first-hand examples of high-quality community engagement through the work of the Connected Communities Programme during our time on-site. The Peer Team recognises the appetite and ambition of council to improve and extend consultation and engagement, and the ongoing work that the council is undertaking to develop a framework to support this.

The council's commitment to conducting bi-annual resident attitude surveys makes a strong contribution to their insight into the opinions and aspirations of residents. This survey was distributed to approximately 8,000 households (4.5% of the borough) in late 2019 and results will be available in early 2020. This process will provide a valuable update on the findings from the 2017 survey, which included 81% satisfaction with Cheshire East as a place to live, but a much lower satisfaction rate of 56% with "how Cheshire East runs things". This reflected a response of 56% for those who said that they did not believe the council "acts on the concerns of local residents".

These results were produced in September 2017 at the height of several high-profile local issues for the council. However, it is important that the results from the 2019 survey are distributed and understood across the organisation. This intelligence will indicate the extent to which the council's improvements in workforce culture have extended to external customers and residents and will provide essential information for were the efforts of the next wave of cultural transformation should be applied.

The current corporate plan for Cheshire East runs from 2016-2020. It includes core values and strategic outcomes and is well understood within the organisation. However, the process of developing a new corporate plan presents a timely opportunity for the Joint Administration to set out future priorities and focus and communicate the type of council that they want to create in line with the financial challenges facing the organisation, the needs of the borough, and the strategic context in which the council is working. This process will also enable the council to consider how priorities relate to the ambition of partners, and the aspirations of residents. However, it is important that the council distinguishes between the long-term corporate objectives that need to be included in a new council plan, and the short-term opportunities that can be progressed in the interim, and to avoid the risk of missing immediate opportunities for improvement or the clear short-term priorities of councillors.

It was recognised across the organisation that councillors have a unique understanding of their local ward and issues. There is an opportunity to bring together councillors with the wider engagement work that is taking place through the Connected Communities Programme and Equality, Diversity and Inclusion Champions. This work could be extended through the introduction of local neighbourhood budgets to support councillors in their role as community leaders to broker a new conversation with residents.

4.2   Leadership of Place:

The Peer Team recognise the complexity of partnership working in Cheshire East and support the pragmatic approach that has been taken to date. The council has made significant contributions to local forums for partnerships working including:

- The Constellation Partnership;
- The Cheshire East NHS Place Partnership Board;
- The Cheshire and Warrington Local Enterprise Partnership Board;
- The Cheshire East Health and Wellbeing Board;
- The Cheshire and Warrington Sub-Regional Leaders Board;
- The Cheshire East Leaders Board;
- The Place Board.

The Peer Team noted the complex structures and multitude of forums for partnership working in the borough and felt that they may benefit from being reviewed or simplified to ensure that they are effective and that there are clear lines of accountability.

The positive contribution that the council has made to the sub-region was confirmed throughout the course of the review. This included significant praise for the contribution that the council has made as Chair of the Sub-Regional Leaders Board; with specific

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praise for the annual conference, and the increased focus on bringing together the people and place agendas through the concept of inclusive growth. This positive approach towards partnership working was recognised by council staff in both operational and management positions, who spoke about the importance of working with partners.

Outside the contribution that the council has made to partnership forums, the Peer Team also heard positive examples of direct partnership working. This was illustrated by the work that was conducted by Cheshire East Council in partnership with Cheshire Fire and Rescue Service following the Beechmere Care Home Fire. Following the fire in August 2019, the Council worked in partnership with Fire and Rescue, as well as the wider care market to support the 123 residents of the extra care village who were affected.

However, despite some strong examples of partnership working, the Peer Team recognised that relationships across all local partners are mixed and includes instances and programmes of partnership working which have not run smoothly, including work on shared services and systems with some partners. As a learning organisation, it is important that the council continues to consider any lessons learnt from these programmes, and how these issues could be resolved or avoided in future. These lessons should be shared internally to support continuous improvement.

The partner organisations that the Peer Team spoke to through this process were keen to develop long-term strategic relations with the council. This could be supported through the clear articulation of the council's priorities through a new council plan, enabling a structured conversation built around long-term goals. This approach will also enable relationships between organisations to be grounded in the needs of communities, rather than being transactional in nature, or based on individual councillors or members. We also note, however, that the geography of Cheshire East inevitably gives rise to complex partnership arrangements, and that the Council will wish to prioritise how and when different relationships develop in order to secure maximum value. Given the resources and capacity implications of partnership working, it is important that the council considers which partnership initiatives are a priority, and resources them appropriately.

The council may also wish to consider and communicate its appetite for shared roles and shared services. There are several legacy arrangements that are in place that would benefit from a formal review, including the formal footing which underpins shared services with neighbouring authorities. Progress has been made through the establishment of a Shared Services Committee with Cheshire West and Chester. However, the opportunity exists for this forum to not only support accountability for current models, but to consider their strategic fit and the future appetite of the council. This work should be clearly communicated to partner organisations to support their understanding of prioritisation and pace within this context.

Finally, the opportunity exists for Cheshire East to play a more active role in engaging with local Members of Parliament. Following the 2019 General Election it is recognised that there will be potential changes to the policy context for local government, and it was felt by the Peer Team that the council may benefit by working closer with local MPs to set out their asks and offers to central government.

4.3 Organisational leadership and governance:

Following the suspension and subsequent resignation of the former Chief Executive in 2017 the council appointed an Acting Chief Executive. She is positively regarded by members of staff across the organisation, and partners, and has played a pivotal role in the council's approach to addressing workplace culture.   The acting CEX was praised by officers and partners for her transparency, openness and has modelled many of the behaviours that the council is keen to embed within the workforce. However, the acting Chief Executive will be leaving Cheshire East in the spring of 2020, and the appointment of a new individual will be an important cross-roads for the council.

These improvements in workforce culture are also reflected in improved relationships between councillors and officers. The previous nature of these relationships was particularly damaging and detrimental in 2017, and the Peer Team recognise the stark improvements that have been made. As well as the recognition for the contribution made by the Acting Chief Executive and Senior Leadership Team, the Team heard positive feedback for the leadership demonstrated by the current and previous Leader of the Council on this topic. The Team witnessed first-hand the approach and respect that exists between officers and members throughout the week. This progress has been because both officers and councillors have recognised the key role and responsibility that they have in driving and modelling change.

Following the 'all-out' local elections for all 82 councillors in May 2019 the council moved from being a Conservative administration to no-overall control. A Joint Administration was formed comprising 41 members of the Labour and Independent Groups, including 25 Labour and 16 Independent Group Members. The remaining 41 councillors represent the Conservative, Liberal Democrat, Real Independent and Non-Grouped Independents by 34, four, two and one seats respectively. This included the election of 38 new councillors who had not previously held office. Given the number of newly elected councillors the council should be live to considerations regarding the ongoing training, development and support.

The Joint Administration has settled into new roles and responsibilities well, and there is a clear commitment from the Leader and Deputy Leader to work effectively together. There has been a mature approach to joint working across the Joint Administration, as illustrated by the commitment to appoint Cabinet roles based on skills rather than political interest. The Peer Team appreciated the collegiate relationships that were in-place across Cabinet, and the enthusiasm that existed for the subject matters discussed.

In May 2019 the council passed a Notice of Motion supporting a change in the decision making and governance arrangements for the council. This motion stated that they would move towards a Committee model subject to a legally and constitutionally robust process. Following the CPC process the Council has confirmed that they are planning to implement this system from May 2021.   A change in governance models such as this is a major undertaking that will be central to the council's success over coming years. There are also several risks which need to be managed throughout this process. The Council has made good progress through the Working Group of the Constitution Committee to develop proposals, timelines, and the details of such a system. This has

included independent advice, visits to other councils that currently operate this system and several councillor engagement sessions.

During the Peer Challenge, there was ongoing discussion regarding the date and process for implementing this new system. Therefore, there is an urgent need to provide clarity regarding this process. This includes making several political and organisational decisions such as the implementation date, the structure and size of Committees, the role of Chairs, and the process for selecting them. It will be important for the culture of the organisation that this information is communicated to staff clearly, and that officers across the council and from multiple levels are engaged in the process. This should also include consideration of any additional capacity that is needed, and the additional training that will be needed for members and officers.

When moving towards the Committee System the council needs to also consider the levels of decision making and delegation that will be applied. It will be central to the success of the new system that decisions are taken at the lowest appropriate level, and that there is understanding of the due processes and approaches. This was illustrated in the 2019 staff survey when only 33% of respondents felt that decisions were taken at the right level.

Beyond the technical process of designing and introducing the Committees, due thought needs to be given to how they will operate within the current context of local government. Whilst many representatives of the council spoke of the need for a 21st century Committee System, this needs to include consideration of issues of collective oversight, timeliness of decision making, accountability and transparency. There will also need to be clarity regarding the relationship between Committees and how councillors work in partnership forums and local area arrangements.

Although the peer team did not explore the operation of scrutiny in depth, the Team recognise that the council has moved towards best practice by allowing opposition councillors to Chair Scrutiny Committees following the May 2019 elections. The Team praise this development in supporting political challenge to drive improvement. Further consideration is needed towards the wider approach of Scrutiny within these new arrangements, including the potential to focus on a smaller number of issues in greater depth, and having fewer items presented for updates on activity (which could be dealt with through group briefings). However, beyond these marginal improvements, a more fundamental decision is required regarding the approach, scope and functions of Scrutiny under any Committee System.

4.4 Financial planning and viability:

The council has an annual turnover of approximately £700 million, and a net revenue expenditure of approximately £270 million. The council is largely financed from local sources of revenue, with council tax accounting for 77% of all funding, and government grants only accounting for 5% of overall funding. The council also enjoys strong business rate growth, with an indicative increase of 5% a year. This has limited the level of reductions that the council has had to make in response to austerity, and they have been able to protect several service areas.

Historically, the council's budget has over-spent by £0.4 million in 2017-2018 and by £1.1 million in 2018-2019. In October 2019 the Council reported that they were forecasting to overspend by £7.5 million for the financial year of 2019-2020.   This forecast was largely due to budget pressures from demand-led services within the People's Directorate, previous pension costs, and the achievability of saving targets. These reflect challenges which are faced by many organisations, and the council should consider their approach towards savings across the organisation to share ownership and encourage informed approaches to financial risk.

In previous years there have been transfers from earmarked reserves to address these issues. The council currently has low levels of reserves (£10.3m) for an organisation of their size, and these levels have reduced over recent years. The Chief Finance Officer is aware of this and has publicly stated the intention to act to increase reserve levels in future.

The Medium-Term Financial Strategy reports a budget gap of £11million in 2020-2021, and on Monday 6 January the council closed their budget consultation which included emerging information on proposals to address this gap. The MTFS also provides information on the cumulative savings of £19.9 million that need to be delivered between 2021-2024.   It is also believed that the MTFS would benefit from being simplified, presenting a clearer narrative on the council's strategy and use of resources whilst also supporting improved member engagement on content.

Total capital expenditure in 2017-2018 was £88.2million compared to the budget of £120.4million. Expenditure on the capital programme in 2018-2019 was £96.8million compared to the revised budget of £153.8million. Given that the council has benefited to date from significant investment in infrastructure and has a high-level of aspiration for this programme in the future, it is important that the council balances this ambition with the practicalities and capacity to support delivery.

The council takes a pragmatic approach to the delivery of services, and this includes several alternative service delivery vehicles (ASDV) that deliver services on their behalf, including Ansa Environmental, Transport Service Solutions, Orbitas Bereavement Services, and Civicance, which are overseen by a Shareholder Committee. These Vehicles are currently generating a profit, and those with which the peer team engaged were delivering high-quality services. Moving forward, the council should consider their medium-term and long-term goals for their growth and operation.

The council will need to consider the decisions and analysis related to the development of any further ASDVs, including the risks, return, and relationship with wider commissioned services. The council is currently in the process of developing an ASDV for adult social care services (Care4CE) and will need to assure itself regarding the transition of staff to this new organisation and the associated organisational development work. Finally, this transition will require the council to develop new methods to monitor performance and manage quality within a contractual relationship, for services which had previously been under direct control.

The council has a "Brighter Future" Transformation Programme which contains five core work streams:

- Culture;
- Estates and ICT;
- Customer Experience;
- Commercial;
- Governance.

The Peer Team recognise the importance of these workstreams and that they have been prioritised as a result of their cross-cutting nature and impact on multiple services in the council. However, given the annual overspends within the budget that have been created due to demand led services, the council he council may wish to consider how best to support service transformation linked to existing budget challenges as well as the Brighter Futures Transformation Programme.

Moreover, further work is needed to fully identify and quantify the potential cashable and non-cashable benefits to transformation programmes. This should include an agreed approach to tracking benefits to ensure that it supports councillors to make future decisions regarding invest to save, and wider budgetary decisions. Beyond the strategic input of councillors on these decisions, the potential also exists to introduce neighbourhood budgets to support local schemes and initiatives, including the potential to link with other local funding sources and approaches.

The council would benefit from agreeing and defining their appetite and attitude towards risk financially. This includes consideration of risks from both a management and political perspective. This approach will be central to future transformation programmes and policy objectives but should also be embedded within all of the council's financial assumptions (such as future years income through New Homes Bonus, or the longevity of additional funding announcements). The council may benefit from support to developing their strategic approach to financial management that supports these conversations and enables closer alignment between the budget and priorities.

4.5 Capacity to Deliver:

Cheshire East employs approximately 3,800 staff (this does not include staff in Alternative Service Delivery Vehicles). The Peer Team could not help but notice the energy, passion and commitment of staff working for Cheshire East. It was clear to members of the team that they care hugely about the work that they do and the people of the borough. However, 74% of the council workforce is over the age of 40. This creates natural challenges for succession planning within the council. Whilst staff turnover has remained both stable and low between 10-11%, the council does face challenges due to the number of working days lost due to sickness and ill-health, this was narrowly above 10 days per employee in 2018-2019 against a public sector average of 8.5.

The Acting Chief Executive and wider Leadership Team are visible throughout the organisation and this is appreciated. Staff throughout the organisation spoke with respect for wider members of the Leadership Team, and the actions and behaviours which they have modelled. This has set a high standard for managers across the organisation.

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Cheshire East has a track record of delivering behaviour and culture change. This has been evidenced through the cultural transformation at the council, and the progress of the Brighter Futures Programme. The network of officers that have been created through the Brighter Futures Champions is a valuable resource, these officers have developed their skills and confidence, and are 'bought-in' to the organisation. This network provides an important tool as capacity for future work in this area.

Whilst great progress has been made through the Brighter Futures Programme, the council is clear that culture change is ongoing. With this in-mind, the council needs to continue to invest time, effort and energy into sustaining the change that has been achieved to date. This has been recognised as a key theme within the council's transformation programme and has been resourced appropriately.

The new member enquiry system that has been developed and implemented in 2019 appears to provide a streamlined way of managing queries and questions across a range of service areas. As with all new initiatives such as this, there will need to be a periodic review to ensure that the operation of this approach does not undermine the quality of councillor and officer relationships, and to capture the continuous improvements that can be made to systems.

Staff across the organisation recognised the potential for I.C.T to support their effectiveness in their roles. There were some frustrations with the current ICT systems, including confusion regarding the use of 'bring your own device' and the relationship with flexible mobile working and clarity is needed on this without delay.

The Peer Team noted the publication of the OFSTED report into children's services which was published the week before the CPC took place and rated the council as "requires improvement to be good". The council will need to consider the capacity requirements that are required to act on the findings of this report, and any wider corporate support and approach that may be needed for further progress over coming years. This will require careful balancing with the wider capacity required for corporate transformation, the delivery of savings, and wider service improvement.

The council's transformation plan includes a dedicated workstream on customer experience. As part of this work there is a need to define the standard of customer experience that the council wants to deliver. This work should involve reviewing current standards and focusing on services with known issues of poor customer experience. The planning service was one such area that was identified area which would benefit from an external review.

However, the biggest issue that has the potential to impact upon the capacity of officers and members will be the introduction of the committee system. This is likely to require more members to attend formal meetings, and careful consideration is needed for the corporate support and resources that will be required to support this new system, including the impact on key services such as; finance, policy, legal, and democratic services. Consideration is also needed for the practicalities of this transition, including the timing of meetings, and the potential impact of evening meetings on officers' wider commitments. The Council also raised the potential to 'double run' systems as part of

their governance transition, this has the potential to place further demands on the capacity of officers.

4.6 Workforce Wellbeing and Culture:

The transformation of the organisational culture within Cheshire East has been profound. When the LGA undertook a workforce review in 2017 it was clear that there were several staff who had experienced or witnessed bullying, felt unsupported by their line manager, or were fearful of the impact of change. This culminated in an unhealthy working environment, and in some cases, staff saying that they were 'ashamed' to admit they worked for the council.

Two years following this review, the council has been able to demonstrate the action plan that they put in place in response to the report, the changes in practice that have been made, and, importantly, the progress that has been made.

The challenge of changing an organisational culture cannot be overstated. This process can often be simplified to communication campaigns, relaunched values or training courses. But it is about changing the emotional relationship between the employee and employer, for example how staff feel when they enter the office, their relationship with their manager, and their wider psychological contract. This emotional relationship does not change easily or quickly.

Cheshire East Council understood that and put in place the key ingredients for success by having visible leadership at the top of the organisation modelling the behaviours that they wanted to embed. By encouraging and facilitating people to talk openly and honestly with each other, and equipping managers with the skills and confidence to manage people well, changing policies and procedures to ensure they are fair and easily understood. By seeking feedback and acting on what people say. The views of staff two years later illustrated that they had experienced and felt the difference.

Importantly, councillors from across all parties are positive about this programme of culture change and understand the ongoing role that they play in 'setting the tone' of the organisation. This was witnessed by the team first hand when watching officers and councillors interact. It is important that there is an ongoing conversation between members and officers to support this relationship. This staff survey also includes challenges for future improvement, such as 30% feeling that the council effectively managed change.

The council has also introduced practical changes to support this improvement, including wellbeing areas to offer a break to staff, and the development of a network of Mental Health First-Aiders.

A healthy organisational culture should be constantly evolving. Whilst there is still further work to do at Cheshire East to make sure that these improvements are made in every team and function, the council should be extremely proud of the progress made to date.

4.7 Internal Audit and Assurance:

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In light of the historic investigations the council was keen for the Team to give some attention to internal processes and assurance. Linked to the progress made on workforce culture, the environment within the organisation is now such that any identified concerns are very likely to be 'called out' or challenged, and staff are confident that senior managers would listen to their concerns.

There is also improved management oversight over the identified areas of historic concern. Most notably, procurement and land and property transactions. These controls provide more assurance to the council and should be kept in place to ensure that they are effective and proportionate. This oversight has been accompanied by improvements in systems and processes, including the development of a clear 'Assurance Framework' for Land and Property Transactions, that is in effect an action plan to ensure the necessary actions are implemented. The council have also set up an Asset Board to support the governance on these decisions. These processes have been recognised by both internal and external audit who have carried out reviews and test-checked the operation of the controls. Both internal audit and external audit have confirmed that the controls are now adequate and that the controls are operating as expected.

The required statutory roles of Monitoring Officer and Section 151 Officer are now both held by substantive officers rather than interims, with the importance of these roles recognised by senior management, including the Chief Executive Officer. The appointment of new individuals in key roles (e.g. Head of Audit and Risk, and the Chair of the Audit Committee) provides an opportunity to develop strong relationships across key roles. It was clear to the Peer team that internal audit is recognised and respected within the council.

As with all councils, there is ongoing work to maintain the progress made in this area. This includes regular reviews of core policies and practices to make sure that they remain fit-for purpose and are understood by staff. A review and subsequent awareness campaign of the whistleblowing policy would be particularly helpful. The wider Risk Management Framework of the council would also benefit from a refresh, this could be done in conjunction with the development of an Assurance Framework across all key risk or business areas, potentially utilising the three lines of defence model.

The Audit and Governance Committee of the Council has made improvements in recent years with much more effective challenge being provided through this committee, including reviews of contracts due for renewal. There is currently one 'independent person' on the Committee who is not a member of the council and can therefore help to provide independent challenge. However, the size and membership of the committee may benefit from review to ensure the committee can operate effectively and provide sufficient challenge across all areas of responsibility, including on financial matters.

5 Next steps

5.1 Immediate Next Steps:

We appreciate the senior managerial and political leadership of Cheshire East Council 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 work. 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 offer. Claire Hogan, (North West Principal Adviser) is the main contact between your authority and the LGA, and her email address is: Claire.hogan@local.gov.uk.

Claire will arrange to meet with recently recruited Chief Executive to discuss this final report, and any support needs that the LGA or those elsewhere in the sector may be able help with. Throughout the Peer Team's time on site, regular feedback was given to the Leader, Deputy Leader, Acting Chief Executive and Executive Director for Corporate Services.

The LGA are also are keen to continue the relationship that has been formed with Cheshire East Council through the peer challenge, building on the openness, transparency and principles of improvement. This will include signposting to examples of best practice in the sector, identifying opportunities, and communicating policy changes in-line with the issues raised within this report. This approach may also include instances when the practice of Cheshire East is communicated to other Councils in the sector to support their improvement journey.

5.2   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 18-24 months

5.3   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 four to five years. It is therefore anticipated that Cheshire East Council will commission their next Peer Challenge to take place from 2023-2024.

Finally, all the Peer Team would like to thank the officers and Members of Cheshire East Council for making us feel so welcome during our time on-site and for contributing towards the process.