

Corporate Peer Challenge Mid Devon District Council

6 – 9 March 2017

Feedback report

1. Executive summary and context

Mid Devon District Council (MDDC) has successfully negotiated a difficult period of external intervention and change over the last 10 years. Following a critical Audit Commission inspection there was a period of the council working to an improvement plan. This external intervention and oversight did see the council make improvements led by the previous Leader and administration.

Nevertheless the outlook of the council remained inward looking and self-contained. This showed itself in preference for direct service delivery and not being an active partner with neighbouring councils and other principal partners.

The record of council-wide improvement in recent years was recognised in a corporate peer challenge that the LGA was invited to conduct in July 2011.

A new Leader took office in 2014 and this has been important in leading the council through a period of change required in response to the government's programme of austerity. This has seen significant cuts in government grant that has reduced capacity and resources. Despite these financial challenges the council has successfully maintained service levels.

MDDC is a radically improved organisation and in a strong position to address future challenges. The Leader is working closely with the recently appointed Chief Executive to set the direction of the council. This team, along with the new leadership team and Cabinet is committed to a bold and ambitious programme which aims to deliver economic prosperity for the district.

Future challenges include continuing financial pressure that it is proposed will be met by developing a council-wide approach to business transformation, which will reshape what the council does and how it does it. The council is also starting to develop a commercial outlook, and a Special Purpose Vehicle (SPV) for property investments, including the building of market housing for sale and rent, is being progressed.

The council has adopted the economy as a priority in its current Corporate Plan and is committed to working closely with Exeter, East Devon and Teignbridge councils to achieve this through the new Exeter and Heart of Devon (EHOD) partnership. This priority is supported by the council's emerging Local Plan which is progressing to adoption and with work commencing on a Greater Exeter Strategic Plan (GESP) to take a strategic spatial planning view across the EHOD partnership area.

The council's ambition is supported by exciting growth opportunities at junctions 27 and 28 on the M5 which aim to make the most of the high quality transport infrastructure on the council's doorstep and which is an important strength for the Exeter and Heart of Devon sub-region. The development at junction 28 has also been boosted by the recent designation of the Culm garden village – one of only 14 announced by government.

There is a new outward looking focus, with the council open to new ways of working, which is confirmed by local partners who welcome this outlook. The opportunities described above will depend significantly on major financial commitments from other

partners, for example Highways England for motorway junction improvements, together with finance and resources from MDDC to leverage investment from other partners. This highlights the importance for the council to adopt a strategy of influencing partners to support decisions to achieve these objectives.

The recent history of improvement and change places MDDC in a strong position, with this supported by a comparatively good financial base. The council is moving in the right direction but in order to achieve the next steps it will be important that it:

- has a clear vision of the future direction of council over the next five years
- can manage and deliver major projects and programmes
- can successfully implement its programme for change and transformation while also yielding up savings for reinvestment in council priorities
- takes a longer-term view of savings and resources needed along with the future capacity of the council to deliver necessary change.

2. Key recommendations

We have included a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions. The following are the peer team's key recommendations to the council:

- 1) produce a vision to describe what the council will look like in five years' time to achieve collective buy-in
- 2) produce linked strategies on transformation, commercialisation, asset management and workforce planning to underpin the priorities set out in the Corporate Plan
- 3) produce a longer-term savings plan that mirrors the time frame of the Medium Term Financial Plan (MTFP) and includes projected savings from transformational programmes and projects that will yield up the necessary resources to invest in the council's priorities
- 4) produce an economic development plan that conforms with Exeter and Heart of Devon strategy for economic growth and prosperity but provides greater detail on what this will look like for Mid Devon, the benefits that will be delivered, and how this will be achieved
- 5) ensure that major projects are supported by a robust business case agreed by the council
- 6) ensure that major transformational change programmes and projects are managed by proportionate arrangements for project and programme management by having regard to their scale and importance for enabling the council to deliver its priorities
- 7) agree a strategy for influencing partners to win more external funding to support investment in major schemes in Mid Devon
- 8) review internal and external communications, along with community engagement, and take advantage of IT and social media efficiencies that can support these
- 9) act on the staff survey findings to demonstrate a visible response to potential areas of staff concern and a commitment to act on these where necessary

- 10) continue with the commitment and resources to work closely with developers to build out consented housing allocations and ensure that approved development can progress in a timely fashion.

3. Summary of the peer challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the council's requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Mid Devon District Council were:

- Mel Barrett, Chief Executive, Basingstoke and Deane Borough Council
- Councillor John Cotton, Leader of South Oxfordshire District Council
- Karl Roberts, Director of Place, Arun District Council
- Vic Allison, Deputy Managing Director (and s151 officer), Wychavon District Council
- Phil Bird, Corporate Programme Manager, South Cambridgeshire District Council
- Rebecca Johnson, Adviser, LGA
- Andrew Winfield, Peer Challenge Manager, LGA.

Scope and focus

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

1. understanding of the local place and priority setting: does the council understand its local context and place and use that to inform a clear vision and set of priorities?
 - future service delivery and council's role in direct delivery and other enabling/commissioning models
 - opportunities for enhanced sub-regional partnership working in delivery of council objectives
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?
 - arrangements to liaise with businesses to support their growth and to encourage inward investment
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?

- organisational culture and ability to adapt for new ways of working
4. financial planning and viability: does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- review aim of leisure provision to be self-financing
 - opportunities for new partnership working models and commercialisation - from shared services to SPVs
 - arrangements for long-term financial planning for sustainability post end of RSG, service efficiencies and resident/business liaison on future funding/service delivery
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?
- opportunities to leverage additional resources
 - review of digital transformation and opportunities that may offer within refreshed business transformation agenda.

Within the above five questions were additional areas, shown as bullet points under each numbered theme, that the council asked the peer team to consider/review/provide feedback on.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. 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 for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at Mid Devon, during which they:

- spoke to around 100 people including a range of council staff together with councillors and external partners and stakeholders
- gathered information and views from around 40 meetings, and additional research and reading.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (9 March 2017). In presenting feedback to you, we have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1. Understanding of the local place and priority setting

The council is at an important position for setting its future direction. A new Leader took office in 2014 and a new Chief Executive just over a year ago. The council has developed a new Corporate Plan (January 2016) that sets out its priorities and ambitions to 2020. The peer team believes that the council is on the cusp of important change but this will need considerable collective effort, focus and perseverance to achieve this.

The economy is now a priority in the Corporate Plan, with this growth detailed in the emerging Local Plan. The council knows that economic growth is important not only for the prosperity of the area - residents and businesses - but also for the council with the importance of a buoyant economy to provide the level of business rates which will replace revenue support grant (RSG) from 2019-20.

Given its rural locale the council has a good understanding of what growth will look like and is planning for this on two tracks. First, it recognises the potential to make improvements to existing town settlements. For example, the recently approved Premier Inn, the town centre masterplan and retail investment at Tiverton and the major development planned for Culm and Cullompton. Alongside this the council is working to progress major new developments at junction 27 of the M5 (including high quality tourism, leisure and retail mixed use) and junction 28 (Cullompton and the Culm garden village, which proposes 5,000 homes).

The latter will provide around 50 per cent of the district's medium- to long-term growth and will be an important element of the future Exeter and Heart of Devon Economic Partnership (EHOD) sub-regional economy. [The EHOD sub-region takes in the local authority areas of Exeter City, East Devon, Teignbridge and Mid Devon district councils.] The importance of this sub-region is that it defines the overall travel to work, housing and functional economic area.

The council is clearer now in which direction its economic future lies. This has involved a strategic repositioning to face Exeter and take advantage of partnership growth opportunities through the recently established EHOD. This was described to the peer team as "a strong Exeter is a strong Mid Devon". This is a significant development providing the council with an important opportunity for economic growth along with greater clarity for future partnership working at a strategic level in the sub-region.

The importance of the EHOD partnership to Mid Devon is already clear and will increase over time. The four councils produced 'A shared strategy for economic growth and prosperity 2017-20' (adopted November 2016). This has already led to: the pooling of business support and improved access to match funding (a council contribution of £25k has produced a shared pool of £325k); the procurement of a joint business support service for existing businesses; and the development of a Growth Hub bid in association with Devon County Council. The four councils have also identified four areas where they share common economic development objectives, being: inward investment, strategic planning, employment and skills and business transformation.

These will provide future opportunities to develop closer working arrangements and increase capacity by scaling up.

However, the rationale and benefits of economic growth for Mid Devon have not yet been fully set out for members, staff and stakeholders to commit to. Delivering the council's ambition will require obtaining broad support for economic growth and to describe what this will look like, to ensure that priority growth projects continue to have full support in the future.

Producing an economic development strategy for Mid Devon – the previous strategy ended in 2016 – would help on this. This interruption in 2016 is understandable with priority given to working with neighbouring councils to produce EHOD's strategy – see above. However, with that work now complete, and with the emerging Local Plan nearly finalised (submission is proposed for end of March 2017), it will be important to produce a council economic development plan that conforms with these strategies but provides greater detail on economic growth for Mid Devon, what this will look like, the benefits that will be realised and how this will be achieved.

This will also be important as there is a risk that Mid Devon could become a 'dormitory' for residents who live in Mid Devon but work in Exeter. Currently 37 per cent of the workforce commutes out of the district, of which nearly half travel to Exeter. MDDC's economic development strategy therefore, should seek to shape what sectors will form the future economy and how these will be supported. This level of detail will also be important for EHOD partners and for the Heart of the South West Local Enterprise Partnership (LEP) to understand how these priorities may be supported.

Despite the broad support and buy-in from members and staff for the priority of economic growth there are foreseeable risks in delivering housing growth. These include the current lack of a five year housing land supply which exposes the council to "further tests of land supply at appeal". The peer team found that there was a high level of members' concern for speculative development that the council could currently do little to control. Another related risk is that the emerging Local Plan projects an average housing delivery rate of 393 homes per annum. This is much higher than has been historically delivered, with this ranging from 288-320 per annum between 2012-2016. Mitigating these risks will be important to assuage member concerns and to retain support for economic growth.

The council understands the housing delivery pressures and has tactics to address these for example, there is the deployment of a dedicated officer for the Tiverton Eastern Urban Extension to progress delivery. This will need close attention to ensure future delivery levels are achieved. It will also need a continuing commitment and resources from the council to work closely with developers to build out consented and planned housing allocations and ensure that approved development can progress in a timely fashion. Failure to do this could make it more difficult to maintain a five year housing land supply.

Business transformation is recognised in the Corporate Plan as an "overarching priority". The council recognises that financial pressures of recent years have reduced capacity and that, in the years ahead, maintaining services at current levels will be increasingly difficult. The council is proposing to consider different models to inform the

development of a transformation strategy that will guide the council on how it will do things differently in a financially constrained environment. The importance of this is recognised by a post in the new structure of Director of Corporate Affairs and Business Transformation. Now that the leadership team is complete it will be important to accelerate development and delivery of a transformation strategy and programme.

The council's priorities, as set out in the Corporate Plan are, in the view of peer team, the right ones at this time. However, these have not been shared with residents. This is due, in part, to cuts in resources for community engagement. In coming years, this type of engagement with residents and businesses will increase in importance as the council shifts to a greater reliance on business rates and changes are made in the way that services are provided. These will require higher levels of community engagement and buy-in.

4.2. Leadership of place

There is clear evidence that the council has made strong progress to become more outward looking, with the organisation now open to engage with partners and discuss a range of proposals. The most significant of these is the EHOD economic partnership, with this gearing up for the four councils to work together, with Devon County Council, to develop a Greater Exeter Strategic Plan to run to 2040. Partner local authorities have responded positively to the new MDDC leadership and are keen to work in partnership. However, these same partners are still wary that the council may "retreat into its comfort zone or shell" and need to be reassured that MDDC is a dependable partner, in for long haul and willing to share the risks as well as the rewards.

The approach of the new council leadership approach has also seen a shift to be more business friendly and to support business expansion. This is important where 92 per cent of the economy is founded on micro-businesses with 9 or less employees. With these businesses expected to form a significant proportion of the future economy then continuing and extending support will be essential. Current mechanisms include: the Mid Devon Business Forum and provision of business advice and support, including business expansion. The peer team expect that these support arrangements could be enhanced in the future through working with EHOD partners and the LEP.

It is clear that MDDC cannot deliver its major strategic growth ambition by itself. For example, key funding decisions on junctions 27 and 28 improvements will be made by Highways England. These will require considerable spending commitments, with these made against strong competing bids around the country. Getting approval for such key decisions will require the council to develop influencing strategies to gain support to enable delivery. It will also need to build a strong evidence case for funding, for example by conducting traffic modelling to show traffic numbers now and projected at Culm/Cullompton and junctions 27 and 28 and a commitment of contributory funding through, for example, land value uplift at junction 28. Key partners to influence will include Devon County Council, the EHOD councils and the LEP and will need to clearly demonstrate the wider economic benefits for the sub-region.

Finally, as part of the developing outward looking and open outlook from the council it will be important to cultivate a more pro-active approach to obtain a fair share of financial support available. This could include, for example, funding from the Homes

and Communities Agency (HCA) which would assist the council priority of housing, including affordable housing.

4.3. Organisational leadership and governance

The council understands that winning staff hearts and minds is important as the organisation undergoes a period of change. Whilst staff survey results show that there is more work to be done, the organisation is well placed with staff understanding that change is underway and resources in place to undertake staff and leadership development. Staff empowerment was a key message conveyed by the new Chief Executive during a series of 'question and answer' sessions conducted in October 2016.

Similarly staff spoken to expressed the view that the new leadership team is instilling a sense of excitement for the future.

The organisational culture of the council is adapting to the new direction being taken. The new start is built on a strong working relationship between Leader and Chief Executive, which is leading to a shared vision and the means of delivery. This is supported by a good range of communications, including: the Link weekly newsletter, featuring a weekly column from the Chief Executive; a learning and development newsletter; staff briefings from the leadership team, with a monthly core brief and a mix of face-to-face communications such as team meetings, one-to-ones and appraisals. This has been underpinned by some recent work on organisational values – the Four Ps of pride, performance, people and partnerships

Innovative use is made of Policy Development Groups (PDGs) that offer a chance for non-executive members to be involved in policy making. This is a novel concept that provides an opportunity for wider member involvement in the work of the council and, potentially, offers a resource for the council to develop new policy areas and recommend these to Cabinet. From discussions with members and officers it is clear that the council could further develop the democratic structure in order to make the most of members' talents for both the PDGs and the scrutiny function. For example, the PDGs are currently largely receiving officer update reports, operating more like old-fashioned council committees and generating little in the way of new policy ideas. Changing this to be more productive will need a change in outlook and practice from members and officers but would offer the council a potentially valuable resource.

The council is also aware that recent change has impacted on staff morale. This has reflected in the staff survey conducted in December 2016 where a number of concerns are highlighted. It would appear that much of this is might be attributable to recent changes within the council, some uncertainties over the recent organisational restructure, which is not yet finalised in some service areas, and an overall loss of capacity with posts being lost. The peer team feels that it is important for the council to act on survey findings with urgency to demonstrate that there is a commitment to understand these concerns and to act on these where that is shown to be necessary.

The council would benefit from more effective internal communication on its vision for the future over the next 5 years. Although the council's priorities are clearly set out in its Corporate Plan this does not provide a description of what future change will look like.

Setting this out in broad terms would go some way to allay fears and uncertainty and could include a description of:

- future financial pressures and how these will be met
- the form of transformational change and future means of service delivery
- projected future service resources, funding streams, capacity needs and skills
- the future economic profile for Mid Devon and the EHOD sub-region
- the commercial activities that might develop to provide important income streams to support service delivery
- the appropriate level of future internal communications and how these will be delivered.

Finally, the peer team believes that it will be important for the council to review its external communications arrangements, where recent change has led to a reduction in capacity. Reviewing these, along with an assessment of future communications arrangements, would enable the council to:

- update the community engagement strategy, to complement residents' satisfaction survey work, and inform future conversations with stakeholders
- consider the extent to which IT - for example web-based surveys and social media use - can provide a more inclusive and cost efficient means of communications.
- reduce the risk of reputational damage.

4.4. Financial planning and viability

The council is in a good financial position. This has been managed well from where it was 6-7 years ago when there were: low levels of reserves, poor accounts closure and an ineffective finance system.

This has been achieved by good financial management and a reduction in spending, to deal with RSG reductions of nearly 60 per cent since 2010. The reliance on New Homes Bonus (NHB) has been minimised and that reduces the risks associated with the government making further changes to NHB in the future. The council has managed cost pressures well by reducing its expenditure through efficiency savings, including a reduction of staffing by around 40 FTEs, and achieved without significantly reducing service levels.

Financial savings and additional income to balance the budget have been achieved by a number of initiatives, including:

- commercial property acquisition at Fore Street and Market Walk, Tiverton and projected return on investment of 9-11 per cent
- DWP co-location of services at the town hall providing income and business rates
- renewable solar panels on most corporate buildings
- introduction of charged for garden waste service and a working arrangement with Devon County Council to increase recycling and reduce operational costs
- devolution of assets to the community.

The financial pressures have been met through efficiency savings that appear more short-term and opportunistic than strategic and planned. This was acknowledged as incremental 'salami slicing' rather than longer-term strategic planning. This approach has tended to make the council budget year by year rather than working to a longer-term savings plan.

However, there remains a funding gap from 2018-19, along with continuing financial pressures and uncertainties particularly from the move to 100% rates retention in 2019-20. This suggests that a longer-term outlook to savings would now be appropriate.

The council would benefit from a detailed and longer-term savings plan, agreed by members, with the added benefit of projecting the savings they would seek to obtain from transformation and commercial ventures. These programmes would need a visible, planned and properly resourced approach with potential savings linked to the savings plan and the MTFP.

It would be beneficial for this savings plan to be published, with the implications for change widely understood across the organisation. This would assist members and staff, many of whom are currently uncertain of the future level of savings required. A longer-term savings plan would also drive corporate ownership of major projects and add urgency to their need to achieve savings. It would also set out the opportunities, from business transformation and other efficiencies, to create budget headroom and provide the council with options, particularly for much needed increased capacity for priority projects.

The link between growth and financial stability for the council is clearly recognised and being acted on. The economy is a corporate priority, not only to provide prosperity for the district but also important as a source of funding from business rates. In addition, the growth in housing will result in NHB and an increased council tax base. These income streams will be vitally important with RSG ending in 2019-20.

It will be important to have an internal debate to be clear about what transformation and commercialisation mean for MDDC and what form they will take. Transformation and commercialisation initiatives are being developed by the sector in response to financial pressures, operating by the freedoms conferred by the General Power of Competence (the Localism Act 2011) at a time of historically low interest rates. Across the country there are range of transformation and commercial initiatives often viewed as highly innovative and the council will need to understand both what is possible and what would most suit its requirements.

Business planning for major projects is important and needs to be developed as a routine discipline for larger projects that involve financial investment and/or an element of risk. The peer team was told that transformation was likely to, initially, involve a digital shift to managing customer transactions. The basis for this is sound with the current high level of personal and resource-intensive customer interactions. However, the council will need to define what form this 'channel shift' will take, the IT investment required, project implementation, the financial risks, payback and implementation timetable and to consider these as a business case proposition. Similarly, it will be important to ensure that there is a clear business case for the proposed Special Purpose Vehicle (SPV) for all the property investments it will undertake given that such organisations tend to be less tax efficient than councils.

An important underpinning feature for commercialisation should be the council's use of assets to support achievement of council priorities, for example affordable housing. These will be important to generate income streams to contribute towards the council's revenue budget and, especially, to create budget headroom to provide additional capacity for priority projects.

Fulfilling commercialisation aspirations will require the council's asset management strategy be updated. The strategy is currently focused on maintaining assets and disposal of these for a capital receipt. This misses the opportunities for the acquisition of assets and how assets might be deployed for commercial activity. The peer team recommends that the asset management strategy be developed to identify and progress commercial opportunities.

The council has committed to "ensure the financial sustainability of our leisure centres" (Corporate Plan), which was described as getting the three leisure centres to be 'cost neutral' by 2019-20 - without subsidy. This current subsidy is around £750k, including capital charges.

The council is engaged in an impressive programme of change for leisure: with cost subsidy being reduced in recent years; a staff restructuring undertaken; marketing being given more priority; and leisure activities and usage being reviewed. Continuing change is supported by a Business Plan 2017-18. This has been accompanied by council investment in refreshed changing room facilities at the two swimming pools and a commitment of £700,000 extension to the gym and parking at Exe Valley. This investment is intended to improve the product offer for customers and increase membership levels.

However, the view of the peer team is that getting leisure centre provision to be self-financing, will be extremely challenging under the current operating model. Instead it seems likely that the level of subsidy could be reduced to around £250k but without being completely eradicated. The council may need to choose, at a later time, between other delivery options or to accept that there will be a cost to the council taxpayer. In planning to reduce the level of subsidy it is recommended that a three year project plan be developed to set out the reduction in subsidy planned and how this will be achieved.

The council is moving into a period of great change with a significant growth programme and continuing financial pressures. It may wish to consider whether the level of reserves is sufficient given the riskier operating environment and corporate ambitions or whether this should be increased.

Finally, the council has made considerable progress in recent years to reduce revenue costs and gain service efficiencies. It may find benefit in undertaking targeted work to review and confirm that current service arrangements/delivery models provide value for money. To some extent this is achieved through the performance management arrangements and monitoring of key performance indicators. This could be enhanced by benchmarking with other councils, that share similar characteristics, and by engagement with residents and businesses on their satisfaction with the services received.

4.5. Capacity and capability to deliver

The council is in a good position to manage the change ahead. It has a recently appointed Leader of the council working with a well-regarded Chief Executive, now bedded in, and with a new leadership team recently finalised.

Active participation in EHOD provides an example of the 'new' Mid Devon that embraces the priority of the economy and sees the benefits of this for a more prosperous population, supported local businesses and increased housing provision to meet current and future need. This is supported by enthusiasm from local authority partners for enhanced collaborative working and recognition of the contribution that MDCC can make to collective capacity.

Although historically the council has had a preference to retain services in-house it would be worth maintaining an open mind on future opportunities for alternative provision. The council's outlook has been influenced by the benefits of in-house provision include direct control over the deployment of resources and service standards. It has had adverse experience of outsourced services, which led to these being returned in-house. Nevertheless with continuing financial pressures the council should be prepared to explore the potential benefits that might arise from future opportunities. For example, the peer team were made aware EHOD partners working on the shared IT service, known as Strata. The benefits from shared services could include, for example, not only financial savings but the building of service capacity and resilience for smaller services scaled up. An example that the council has recently undertaken is a shared building control service with North Devon District Council.

Likewise the council is devolving community assets to town and parish councils including public toilets and smaller parks. This is picking up momentum and provides an opportunity, along with the consideration of shared services, for the council to reflect on what its core services are and those that may lend themselves to being provided by other means. An understanding of what constitutes the council's core services will be increasingly important with the continuing public spending pressures at least to the end of this Parliament.

There is a quickly growing understanding of the need to run services more like a business and to be more commercial and entrepreneurial in outlook. Linked with this is the need to understand service costs, optimise resource allocation and consider how services may be provided in the future. This is informing the need for transformational change, recognised by members and officers, although not always with a shared understanding of the form this may take. It is for these reasons that it will be important to take account of similar approaches in other councils and then to consider what will be most appropriate for Mid Devon.

Future change for the council will place continuing demands on staff resources and skills and will make workforce planning increasingly important. The current workforce plan expired in 2010 and a one is needed to anticipate the impact of future change. This will need to take account of: how the workforce will be supported during change; to consider the skills that the future workforce will require; and the extent to which these skills are developed through training, recruitment or other provision.

There is a good business planning and performance management framework to support delivery of the Corporate Plan. To strengthen this further, in light of the planned change programme, it will be important to:

- strengthen the 'golden thread' between staff appraisals, business plans and the corporate plan
- develop new techniques, for example benchmarking, market testing, resident satisfaction surveys to confirm good service levels and value for money
- ensure that the priorities driving the corporate plan have a sharper focus and structured approach to distinguish between programmes, projects and 'business as usual'. This would enable larger projects to be brought together for regular corporate oversight by the leadership team, sitting as a corporate programme board or similar, to ensure members' priorities are on track to be delivered
- a more developed and consistent approach to programme and project management. These skills are not currently consistently well-developed across the council and it will be necessary to increase project management capacity. Likewise, it will be essential to recognise the importance of strong project ownership, benefits realisation and governance at corporate and delivery levels.

The council will need to consider what capacity and resources will be needed to deliver future change. Such capacity/resources could be staff numbers, specialist skills or financial resources to leverage additional resources. This could apply to a range of scenarios from significant spending for motorway junction improvements, with funding decisions out of the council's control, to those that also carry significant investment and borrowing, for example on transformation and commercialisation. The peer team believes that current levels of capacity cannot meet the new and additional demands for growth and transformation on top of 'business as usual'.

Finally, working arrangements with the voluntary sector now has a sharper focus with the council agreeing outputs and outcomes from funding agreements. On speaking to the voluntary sector representatives, the peer team was clear that they could offer much more on areas that the council is currently delivering. They would welcome the development of strategic conversations about what they could do and how this might offer benefits for the council.

5. Next steps

We appreciate that senior managers and political leaders will want to reflect on these findings and suggestions in order to determine how the council wishes to take things forward.

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

In the meantime, we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA 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 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 12-24 months.