



# Corporate Peer Challenge **Sedgemoor District Council**

9-12 October 2017

Feedback Report

## 1. Executive Summary

Sedgemoor District Council has been characterised by purposeful leadership and by political and organisational stability; having had a long-standing Conservative administration and management team. However, the recent retirement of the Chief Executive presents an opportunity to consider the council's future direction and priorities, and appointing a permanent Chief Executive must now be a priority.

The council's finances are sound and there is a strategy to 'smooth' the projected financial gap over the next five years through 'managed use of reserves'. At the same time the council is working to a programme of targeted efficiencies and income generation to fully address the financial gap by 2021-22. This is a prudent approach but may require even more oversight with some uncertainties on the efficiency programme.

Overall, despite austerity, reductions in Government funding and staff resources, service levels have been maintained. Service delivery is at a high level with examples of top performing services demonstrated by planning and benefits and an impressive record of economic growth and housing delivery, in particular of affordable housing.

The council needs to urgently review its relationship with Homes in Sedgemoor (HiS), which manages the council's housing stock. The relationship is at a low point and council priorities for housing are not aligned with those held by HiS. This is unsustainable and is holding back the council from realising the potential from its housing stock asset.

An important element of the future council working arrangements is the early development of a commercialisation programme. The council's risk appetite is shifting from a formerly traditional risk averse outlook to one more aware of income generation opportunities and the need to develop new financial streams. However, there is more to do to communicate why this new approach is necessary so that it is more widely understood.

Another important future area for the council is customer access. It is unclear if the current proposal is solely the replacement and integration of IT systems or whether it also intends to provide a platform for the digital transformation of service delivery as well as customer engagement. This will be an important area to clarify.

The council is in an advantageous position to shape the future economy for the area. There is a strong record of inward investment creating significant potential for further growth. Legacy funding will be important to develop the skills of young people in Sedgemoor to gain future employment in the growth sectors of nuclear, engineering and manufacturing. This will form part of the council's drive to shift inward investment to a higher value economy with higher salaries to build local economic prosperity.

The potential of the local economy should benefit council finances. With the ending of local government Revenue Support Grant current Government thinking is to replace this with full local retention of business rates. The strength of the Sedgemoor economy and the opportunity to gain from localisation of business rates places the council in a strong position to benefit, when this is introduced, to provide an important source of revenue and enhance the council's ability to provide services to its community.

## 2. Key recommendations

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

- 1) Take steps to recruit and appoint a permanent Chief Executive as quickly as possible. This should be based on a clear understanding of where the council would like to be in 5 years' time and the person specification required to achieve this.
- 2) Address the management structure 'disconnect' in line management responsibility between group managers and management team and the overlap of responsibilities with different portfolio holders. This has led to uncertainty on responsibility and accountability.
- 3) Reconsider existing practice so to ensure that the Leader of the council is able to select the executive members that he or she believes are needed to deliver council priorities
- 4) Review the relationship between the council and Homes in Sedgemoor. The relationship is deteriorating and cannot be allowed to continue where the two are at odds on the vision for the future use of the council's housing assets.
- 5) Develop a customer access strategy that considers what the council might look like in five years' time and how future customer access needs may be met
- 6) Develop a 'risk aware' corporate outlook that can understand and support the necessary programme of commercialisation and income generation necessary to obtain financial income streams to support the revenue budget
- 7) Develop a commercialisation strategy and framework to set out the principles of the council's approach in terms of: reputation, risk, borrowing, rates of return, the use of business cases to support decision-making and linking investment to delivery of corporate priorities, for example on housing
- 8) Revise decision-making arrangements so that these can be quicker to respond to opportunities to develop income streams and commercial opportunities
- 9) Develop a Workforce Development Strategy to support the council in planning for the use of resources to meet future requirements
- 10) Maximise the opportunity that the elections in 2019 offer to attract and support a new cohort of members. This could involve work to encourage residents to consider becoming a councillor and, following the elections, to set in place detailed induction, support and development arrangements.

### **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 your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Sedgemoor were:

- David Marchant - Chief Executive, Castle Point Borough Council
- Councillor Peter Fleming - Leader of Sevenoaks District Council and Deputy Chairman of the LGA
- Nik Hardy - Head of Economic Growth, Allerdale Borough Council
- Stuart Reid - Head of Finance, South Tyneside Metropolitan Borough Council
- Angela Probert - Chief Operating Officer - Strategic Services, Birmingham City Council
- Fern Barber, Project Manager - Children's Improvement, London Borough of Croydon and National Graduate Development Programme
- Andrew Winfield - Peer Challenge Manager, LGA.

#### **Scope and focus**

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

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

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

- the council's understanding and response to the potential impact of Hinkley Point C to maximise benefit and minimise impact and the inter-relationships with other council 'business as usual' activities
- the council's approach to economic growth and its track record of delivery and the potential for income generation through business rates
- the council's approach to housing delivery following the recent adoption of a new Housing Development Strategy, to make best use of council assets and contribute towards increasing levels of affordable housing within the district
- the council's preparations and initial plans for the customer access strategy and programme to enable digital transactions
- the council's evolving approach to income generation and commercialism to assist in balancing future council budgets.

## **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent 4 days onsite at Sedgemoor, during which they:

- spoke to more than 130 people including a range of council staff together with councillors and external partners and stakeholders
- gathered information and views from more than 50 meetings, visits to key sites in the area and additional research and reading.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of the on-site visit on Thursday 12 October. In presenting feedback, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things the council is already addressing and progressing.

## **4. Feedback**

### **4.1 Understanding of the local place and priority setting**

Relationships between councils across Somerset have improved. This may be due, in part, to the impact of austerity and the requirement for councils to seek efficiencies and

explore opportunities for collaboration. This has prompted the development of shared service arrangements, for example the Somerset Building Control partnership involving Mendip, Taunton Deane, West Somerset councils and hosted by Sedgemoor. This is also characterised by Sedgemoor's involvement in the Somerset Waste Partnership and the South West Audit Partnership. The effect of this is an increasing willingness of the council to consider sharing service delivery where this can demonstrate efficiencies while maintaining service standards.

The approach to working in partnership is changing quickly and partners are positive about the increasing willingness of the council to engage. The obvious example of this is Hinkley Point C (HPC) which has involved many years of active engagement with EDF, Government, neighbouring councils and other partners. This has been important to ensure project delivery along with obtaining community benefits and project mitigation.

Other examples include a recent joint Housing Funding Strategy with West Somerset District Council. At a more local level there are the Parish Cluster meetings, involving key partners, to engage with residents, and the multi-agency Together Team working with families in deprived wards. There are also high levels of community engagement to consider local housing need, the means of delivery where homes will be located and discussions on housing design detail. It is also illustrated by the first Neighbourhood Plan adopted at Ashcott, with a further 7 plans in the process of development.

There is a sense that partnership between Sedgemoor and key strategic partners and investors has led to a greater sense of confidence and trust in their collective ability to deliver on mutual priorities. The council has recently submitted a joint bid for £28m to the Homes and Community Agency's (HCA's) Housing Infrastructure Fund with Taunton Deane Borough and West Somerset District councils. Sedgemoor has recently formed a 'strategic alliance' with South Somerset District Council to explore areas of mutual interest including: housing, commercialisation and opportunities for sharing services. One key partner described "a very positive attitude to working together to achieve".

However, partners told the peer team that historically the council had adopted an approach not to engage in projects that were not initially seen to be in the best interests of the place. This had resulted in the council being described as an "ambitious loner". The council recognises that: "a lot of trust has been lost"; that it is in "bridge building mode" and that it can achieve much more through partnership than in isolation. Partners consider the changes in organisational arrangements offer an opportunity to strengthen further the means of engagement and support. The council's intention to develop a partnership policy should consolidate this further and enable the potential that can be derived from partnership working.

This understanding of place is complemented by the council's well-developed understanding of local need that has led to the development of a clear set of corporate priorities. This has been founded on the use of data, information and intelligence on the needs of residents and businesses, which has then involved public consultation. From this the Leader of the council has been able to work with the management team to shape and determine political and council priorities that are agreed for inclusion within the corporate plan.

## 4.2 Leadership of Place and the impact of Hinkley Point C

Strong political leadership has been able to maintain council ambition but to temper this with the financial reality of reduced resources. The corporate plan focuses on three priority themes of: customers and efficiency; growth and infrastructure; and housing, health and wellbeing. The council's focus on growth and economic development has been successful in delivering increased employment and strong levels of housing delivery. However, this may have been at the expense of other priorities and service areas that have not benefited from the same level of support. For example, the corporate priority of health and wellbeing has a strategy but no identified budget to directly support this. In the future it may be necessary for the council to consider limiting ambition to those priorities that can be resourced and delivered.

A key issue for the council is how to maximise the opportunity that building HPC, a £16bn new nuclear power station, offers and how the development impact can be mitigated. Although HPC is physically located in West Somerset the scale of development impacts a considerably wider area, in particular Sedgemoor. The importance to the local economy is clear with the anticipated investment of £200m per annum during the construction phase, the registration of 690 Sedgemoor businesses to the supply chain portal and £250m of contracts awarded to local businesses. Through negotiation the council has successfully influenced stakeholders and decision-makers to unlock a total of £98m from s.106 agreements across the council areas affected.

HPC is now gearing up for the construction phase and the mitigation concerns from this centre on:

- road improvements and management of site traffic, particularly through Bridgwater
- the impact on the housing market – already this has seen a step change rise in demand for private rented sector housing which has reduced the availability of housing for residents and corresponding increases in housing rents
- community cohesion, with an influx of workers from different parts of the country and the European Union.

The council is working actively to mitigate these effects. By working with partners it has secured £20m from the Community Impact Mitigation and Community Development funds. Overall responsibility for mitigation rests with the Hinkley Programme Board and this positions the council, as the leader of place, to monitor construction impact and liaise with EDF on the mitigation of these. It is acknowledged that there will be unforeseen effects but the governance arrangements do provide mechanisms to identify these and enable decisions to be made on mitigating actions.

The peer team did pick up that in some parts of the district, outside Bridgwater and its immediate surrounding areas, there may be some unexpected impacts, in particular of traffic movements. It was also mentioned that some small and medium enterprises (SMEs) may have been adversely affected, for example by traffic delays. This does highlight the need for continuing oversight of the HPC construction phase and engagement with communities to identify effects that require mitigation.

Delivering a national scale infrastructure project has created the foundation to make Sedgemoor and Somerset a showcase for a globally significant nuclear project. The project's legacy funding includes commitments to housing, infrastructure, health, leisure, employment, education and skills and tourism, and provides an important platform for the future. For the council it will be important to consider how it builds on this to deliver on its corporate priorities for the benefit of residents and businesses in Sedgemoor.

### **4.3 Organisational leadership and governance**

Member and officer relationships are well structured in understanding respective roles and are conducted in a professional and courteous manner. The peer team observed and heard of a good working relationship between the Leader and interim Chief Executive which is based on openness and respect, with these behaviours being modelled across the council. This is an important cornerstone for effective council working.

The council has a strong record on staff support and development. It is accredited as an 'Investor in People' at gold level since 2015 and is aiming for platinum level in 2018. This was also evident at a broader level where the peer team observed and were told of positive member/officer relationships and of mature relationships between political groups. This is also confirmed by generally good levels of staff satisfaction in the most recent staff survey (2017) although this does point to areas that would benefit from further attention. Overall this contributes to a culture of respect and support which enables a productive council to function effectively.

The interim Chief Executive and senior leaders are visible with regular staff communications and engagement. Staff recognise this and feel that their managers are accessible and supportive, with one saying there was "never a bad time to speak to my manager" typifying general feedback. It was evident to the peer team that staff feel part of the council and valued with one quote encapsulating this, "we enjoy working here: it is like a big family."

The council has enjoyed organisational stability with a senior team unchanged for many years. With the recent retirement of the Chief Executive the perception is that the change to an Interim Chief Executive has been seamless. However, the peer team believe that it is important the council now move quickly to appoint a Chief Executive on a permanent basis. This appointment presents an important opportunity to build on success, to take stock of the future council direction and priorities and to take the council to the next level. This appointment would offer an opportunity to review council priorities and consider where the council would like to get to in the next 5 and 10 years.

It would also be the opportunity to address, what appeared to the peer team, to be a somewhat 'disconnected' senior management and executive structure. For example, there has been an absence of line management responsibility between group managers and management team. Similarly there is some confusion on member leads for priority areas with two portfolio holders covering housing, three covering economic growth and infrastructure and none responsible for environment, which is a key service spending area. Overall this can have the effect of a lack of clarity on responsibility and a blurring of accountability.



The peer team were also surprised to discover that the Conservative group selected the members of the executive. This is an unusual practice and has the effect of fettering the Leader's ability to select who he or she needs to deliver political and organisational priorities. The peer team recommend that the council reconsider this practice.

The current appetite for risk, amongst members and officers, is not sufficiently developed to support commercial ambition. Although some members of the executive are comfortable with a more risk aware council many others amongst the wider membership did not share this and spoke about the need to be "cautious" and consider every option "carefully". Likewise although many staff were generally aware of the need for the council to act in more commercial way they described making investment decisions as "scary". This means the council is not working together in full confidence and knowledge to enable it to develop commercial opportunities that can generate income streams to offset revenue budget pressures. The council would benefit from a commercial strategy and framework to set out the commercial principles and risk parameters that would support officers and members to operate with confidence in this new environment.

In developing a commercial strategy it would be advantageous to also review current levels of delegation to support quicker decision-making. Observations to the peer team were that current processes could be "laboured" and there was a 'culture of cautiousness', which will not serve the council well as it seeks to develop a more commercial outlook. Reviewing decision-making arrangements will enable the council to act speedily on commercial matters when necessary.

The two scrutiny committees (Corporate and Community) are working well to support the work of the council. They are chaired by an opposition member with a dedicated support officer to research and provide support. The committees are pro-active by calling items in advance, rather than through the call-in process and there is good public engagement with the scrutiny process. The examples of task and finish work was felt by the team to be particularly strong. At the same time the council recognises that it may need to rationalise some committees and programme boards and may wish to consider a review of these to assess resources used and the benefits produced, with a view to sharpening the focus for their work and outcomes.

Finally, it will be important for the council to understand the opportunity offered by the elections in 2019 to support a new cohort of members. A number of members told the peer team of their intention not to stand in 2019. The opportunity is to conduct work in advance to encourage residents to consider becoming a councillor and, following the elections, to set in place detailed induction, support and development arrangements.

#### **4.4 Financial planning and viability. Income generation and commercialisation**

The council is currently in a strong financial position with healthy reserves. The Medium Term Financial Plan (MTFP) sets out the prospective financial position for the next five years and this promotes a forward financial planning approach. Non-earmarked reserves are being used in a deliberate strategy of 'managed use of balances' that offset budget financial gaps over the next five years. This budget smoothing is allowing the council time to make efficiencies, conduct more business online and develop income streams that will enable the financial gap to be eliminated.

New Homes Bonus (NHB) has been an important funding source for the council with comparatively high levels of house building. Over the next 6 years the annual figure ranges from £1.8m to £2.7m. Since 2011-12 the council has accrued £15.5m which has been managed as a stand-alone Community Development Fund. It is proposed that to support ongoing financial pressures 45 per cent of the NHB received per year be set aside to support the revenue budget. Although this is not an uncommon practice, because of the uncertainties of future NHB funding, it would present the council with an additional financial pressure if NHB were to be ended. It may be possible to mitigate this by sharpening the council's focus on efficiencies and income generation.

There is a growing awareness that the council needs to explore the development of commercial projects that can provide it with an income stream. An example of this was the council decision to purchase a block of 36 flats through the vehicle of Aspen Housing and Development Ltd., wholly owned by the council, which provides a financial return of £70k per annum.

Another major project currently underway concerns land at Northgate which could be a model of future council commercial activity. The proposal is that the council: buys out the county council interest in the land; assembles a business case that involves council borrowing and projects an income stream from rental and lease agreements based on an offer of a cinema, food complex and gym; and then commissions a contractor to develop. The projected borrowing would be £20m with currently anticipated returns of £300k to £800k. Borrowing of £550k is proposed from the Public Works Loan Board (PWLB) and marks a turning point for the council that has no recent record of capital borrowing for the General Fund. These examples show the council is aware of the need to develop commercial opportunities but also of the need to do this judiciously with regard to risk, investment and financial return.

At the same time some key commercial levers are insufficiently developed. For example, the council acknowledges that it has a "well-located property portfolio" but its asset management plan has a traditional approach of asset maintenance and, where appropriate, disposal for a capital receipt. Although asset maintenance is important this takes no notice of opportunities for the council to use assets for a commercial purpose nor of opportunities to acquire assets for such purpose.

The council's approach to commercialism is opportunistic. The experience of Aspen Housing and Northgate has enabled it to gain valuable experience and to 'dip its toes' in the water. To structure and guide future commercial activity the peer team recommend a commercialisation strategy be developed that sets out the broad parameters for commercial activity and types of investment the council will consider.

The council is open to internal/external challenge and willing to engage external support in pursuing commercial aims. This was demonstrated during the establishment of Aspen Housing where guidance was sought on the associated taxation and procurement issues. Similarly the Audit and Governance committee is an effective control mechanism and provides strong member scrutiny of the council's finance where members participate in healthy debate on reports received. This provides a counter-balancing mechanism for the council on financial issues.

However, as there is no financial 'burning platform' it will be necessary for the council to increase rigour and focus on its savings programme and income generation. This is important as the MTFP still has a cumulative funding gap of £2.5m at the end of the five year plan period, being £166k per annum, despite projected savings and income generation. This figure could be even greater if future pay awards exceed the current allowance of 1 per cent. In addition the savings plan has a number of areas where assumptions on efficiencies and waste management either will not be realised or, on the latter, questions on if and when these may occur. This presents some future financial risk that might be addressed by developing a more robust savings and income generation programme to support longer-term financial management.

The council's success in developing the local economy places it in a strong position to build on Government proposals for the localisation and retention of business rates. Although it is still unclear on Government plans to implement this it does appear to be central to the design of the future local government funding system.

#### **4.5 Capacity to deliver and customer access**

The council has worked to provide arrangements that provide an important assurance for staff during times of recent change. The council underwent a major restructuring in 2013-14 that resulted in the loss of 10 per cent of staff establishment. The Sedgemoor Promise was developed in 2012 and updated in 2014. It provides a commitment that existing staff will be redeployed and manage staff reductions without compulsory redundancies. The Resource Allocation Panel (RAP) was developed at the same time allowing group managers to oversee the flexible deployment of staff across the council.

It would be beneficial to now produce a Workforce Development Strategy to support future organisational change. [The council's existing Human Resources (HR) strategy lapsed in 2015.] The Workforce Development Strategy could also build on the work that has commenced on defining the council's values and behaviours and link this to the appraisal system that was revised last year to support future organisational change. Such a strategy would enable the council to respond to issues it recognises are important to address. These include:

1. a workforce which is expected to see a high level of retirements in the coming years with the associated loss of knowledge and skills. The peer team is clear that the council is fortunate to have a resource of good middle managers who have a passion for their areas of work. There is an opportunity for this to be unlocked through talent management and succession planning.
2. ensuring that the council has the skills needed within the organisation for future ways of working, in particular around commercialisation, income generation and customer access. This may be addressed by a mix of training and development and by recruitment.
3. the council's apprenticeship scheme is impressive with a £500k investment over 2 years. It was widely reported to the peer team that this is introducing new young employees who bring energy and enthusiasm to an ageing workforce. In the future this scheme could be targeted to support succession planning and the development of new skills needed in the future.

There is good training and development provision for members and officers with an annual budget of £80k unaffected by budget cuts. Allocations from this are made by corporate and group managers based on understanding of need and as identified through the appraisal process. In future it will be important to align this resource with a Workforce Development Strategy so that resources are directed to develop future workforce skills the council will need.

The council is aware of the need to provide future customer access via digital services and this has been the focus for its 'customer access' programme. The council's current position is based on the realisation that unsupported in-house systems need to be placed on a firmer footing. The current proposal is for capital investment of £3m to provide an IT platform that integrates different systems and upon which customer relationship management (CRM) can be built in the future.

However, it is currently unclear if the proposal's focus is solely the replacement and integration of IT systems or whether it is also intended to later provide a platform for the digital transformation of service delivery as well as customer engagement. This may be due to uncertainty on the longer-term vision for the programme that has not yet clearly set out the principal drivers for digitalised customer access.

The principal drivers for digitalised customer access are the recognition that councils will continue to face sizeable funding pressures and require a radical rethink on what future services are provided and how. This provides opportunities for considering:

- service redesign
- service improvement and efficiencies
- the development of increased customer self-service
- moving to agile working
- reviewing service demand and how this may be reduced
- improved forms of access that can offer increased convenience for the customer.

The wider council understanding of customer access and the corporate priority of 'Customers and efficiency' are not well understood. Managers felt detached from the programme and their perception was of a "danger that we may spend a lot of money for little gain". Elsewhere it was viewed as "... is going on in the background". This suggests that the programme needs much more clarity on what is for and what how it is intended to develop this in the future.

In this regard it will be important for the council to develop a customer access strategy that sets out a vision based on planned future customer engagement and an understanding of how the future council may operate and provide services. It will also be important to involve service managers and frontline staff. This would not only promote understanding but also develop buy-in and service engagement. Not to develop a longer-term customer access vision risks investing in short-term system updates without linking investment to longer-term council need.

## 4.6 Economic growth

Sedgemoor is a pro-business, pro-growth authority. Sitting at the heart of both its corporate plan and its policy framework, economic growth is central to the council's long-term ambitions for its communities and the overall goal of securing prosperity for residents. It will be of continuing importance for council finances with the anticipated end of RSG by 2019-20 and subsequent further dependency on business rates.

The council is promoting an environment which is open to and supportive of business and inward investment. There is effective business engagement which means that the council is felt to be easy to do business with. It has excellent relations with major employers, consolidated by an annual Economic Development conference. One business leader told the peer team that, "the council listens but more importantly it acts".

The council recognises the importance of SMEs and has launched a £1m 'Economic Growth Accelerator Fund' to assist businesses. It is also facilitating new employment floor space linked to local labour agreements, is leading a community outreach programme, and the strategic development of Huntspill Energy Park as an enterprise zone. However, it is also acknowledged by the council that small business engagement needs further attention to ensure that there is a continuing dialogue that informs council support to the needs of small medium enterprises (SMEs) that, with microbusinesses, form the largest part of the economy. In the future some of these may need council support to achieve their potential for growth and local employment.

Successful inward investment has been achieved. This has been guided by the council's economic development strategy embedded within a wider policy framework with over £400m of investment within Sedgemoor since 2009. Key projects include: the development of Morrison's Regional Distribution Centre on the M5 motorway; a new Community Hospital in Bridgwater; the Avon and Somerset Regional Police Headquarter; 4 new schools and redevelopment of 4 existing; and the successful opening of Mulberry's 2<sup>nd</sup> UK production site. The development of HPC has been instrumental in securing LEP Growth Deal funding towards infrastructure and training which carry wider long-term economic benefits. This provides a firm basis to build on for the future to benefit residents and local business.

In supporting economic growth the council has proactive delivery teams from planning, housing, economic development working together to encourage delivery, the use of land to enable development and the ability to iron out development issues at an early stage. The district has enjoyed the fastest gross value added (GVA) growth of 17 per cent in the Heart of the South West Local Enterprise Partnership since 2010, with over 4,000 jobs created since 2011. There are ambitious plans for future inward investment, including 4 star hotel accommodation.

The council has had a good understanding of employment need now and for the future. The council's priority until 2012 was to reduce levels of unemployment. Since then the focus has been to attract higher-value inward investment to develop a higher wage economy. This will be a key area for continuing focus to build on the legacy of HPC's boost to the local economy.

The council and partners have a strong skills emphasis. This recognises the need for enhancing skills in the community and for working in partnership with stakeholders, in particular the college. This is being addressed by the impressive Bridgwater and Taunton College campus in Bridgwater, including the new advanced Engineering Centre, the Energy Skills Centre and the National Nuclear College developed through an investment of £50m by EDF and £8m loan finance. This has the potential to make a transformational impact on future skills development to support a higher value economy and benefit the community.

The council recognises that the pace of town centre regeneration is slow and that this will be an area to develop to support the needs of a growing population. Related to this there appears to be an emerging issue of balancing town centre retail with out of town developments. This is of particular relevance for the council which owns a number of property and shops in the town centre that find themselves in competition with out of town developments.

In the longer-term the council will need to be planning for future place making and promotion to meet the needs of residents and business, to attract inward migration and encourage tourism. This will also need to focus on inclusive growth and to ensure that areas outside Bridgwater and some of the borough's more deprived communities are not left behind.

#### **4.7 Housing**

Housing is a corporate priority and is an important issue in Sedgemoor. The features of this include: rising levels of homelessness; an identified need for one and two bedroom accommodation; a housing waiting list of 2,000; and a private rented sector that is experiencing high demand, and a consequent rise in rental costs with the arrival of HPC workers. Housing delivery completions are at a high level with these usually 450-730 per annum over the last 10 years. This is even more impressive when taking account of comparatively low land values across the district.

With housing being important, to meet local need and to support a growing economy, the council recognises that it has an important housing role with the market unable to meet all requirements. The council has a good understanding of the housing market and needs, there is strong political leadership on this and 'stretch targets' are laid out in the emerging local plan that projects 13,530 new homes between 2011-32, with 30 per cent of these to be affordable.

Housing delivery is supported by the council's close working with developers and volume house builders with this able to free-up stalled sites and proceed with development where viability might be a concern. The cross-team working model, described above for economic growth, is also used for housing with active involvement from development and policy planning, planning design, economic growth and finance officers to ensure the range of issues that may be thrown up can be resolved. There is a developer forum to promote partnership working, share market intelligence and enhance developers' understanding of the council's housing aspirations. This is further supported by a positive partnership working with HCA to unlock sites for development. This is enabling housing, and housing of the type required in the district, to be delivered.

There is a strong record of affordable housing delivery with the evidence of need clearly set out in the Strategic Housing Market Assessment (SHMA). Over the last 10 years delivery has tended to be well above the 25 per cent target. This is an important area for council involvement where there is a clear need for affordable housing which is not being met by the market, partly due to rent levels increasing in the private rented sector and the reduction of social housing stock.

In an initiative to address this the council has also entered the market in new build accommodation, with this guided by a Housing Development strategy produced in November 2016. The first project has just been completed delivering 18 affordable homes at West Huntspill and Burnham on Sea at a cost of £2.1m. This is linked to the awareness of the future council to be more commercially minded and also to match its housing ambition. It is also prompted by:

- the council priority of housing and, in particular affordable housing
- awareness that housing association investment was being cut as a result of the Government 1 per cent per annum rent reduction to 2020
- the opportunity to use land and housing assets owned by the council as a result of reviewing land holdings to identify developable land, for example former garage sites and space freed up from remodelling blocks of flats, and
- the opportunity to generate an income from new build housing with an estimated rate of return of 5-7 per cent.

This has led to a new and bold housing development model to maximise the number of affordable houses built on suitable sites owned by the council and enabled by the availability of finance from:

- housing Right to Buy receipts
- headroom in the Housing Revenue Account's (HRA) business plan
- Government grant and other sources of council funding.

However, with the council's intention to develop housing at other sites it would be beneficial to now refresh the Housing Development Strategy to ensure that this can guide future activity.

Housing delivery goes further than simply the provision of accommodation. The council practice is to provide carpets and furniture for one bed homes to support those moving in from homelessness/hostels and those with lack of finance to manage these costs. This is exemplar practice and demonstrates an understanding of financial pressures for some of the most vulnerable people in the community.

There is also a proposal for a national showcase of modular housing to be located on council-owned land at North East Bridgwater with 200 1-4 bed homes. This is an example of working with the HCA, who purchased the land adjacent to a campus site for the accommodation of HPC workers. If successfully developed this could offer Sedgemoor the opportunity to become a national leader in modular housing and to enter into discussions with investors to establish a manufacturing base to supply this form of housing nationally.

The council needs to urgently review its relationship with Homes in Sedgemoor (HiS), the Arms Length Management Organisation (ALMO) which manages the council's housing stock of 4,300 homes. HiS was originally established to access funding to deliver the Government's target of council housing stock achieving the Decent Homes Standard.

However, the relationship is now at a low point and the council finds that its priorities for housing are not in line with those held by HiS. This is not a position that is sustainable and it is holding back the council from realising the potential from its housing stock asset to complement the housing delivery it is achieving outside the HRA.

## **5. Next steps**

### **Immediate next steps**

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

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

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

### **Follow up visit**

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

### **Next Corporate Peer Challenge**

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