

## **COUNCIL MEETING**

**22 FEBRUARY 2018**

### **REPORT OF CHIEF EXECUTIVE**

#### **LOCAL GOVERNMENT ASSOCIATION PEER CHALLENGE REPORT**

##### **1.0 PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to provide Members with the LGA Peer Challenge Report following the visit from the Peer Challenge team 11-13 December 2017. This report summarises what the Peer team found including both areas of good practice and areas where the Council could improve. It also includes a summary of what the Council has been doing up to this point and plans for the future.

##### **2.0 RECOMMENDATION**

- 2.1 **That the Council notes the report and accepts the recommendations as set out in the LGA Peer Challenge Report.**
- 2.2 **The Council notes what action has been taking place over recent months and the next steps as set out in the developing Action Plan (Appendix B).**

##### **3.0 KEY ISSUES**

###### **3.1 BACKGROUND**

Following an invitation, between 11-13 December 2017 the Council hosted a group of 5 representatives from different Councils and the Local Government Association (LGA) for a Corporate Peer Challenge. This is an offer made available to all local authorities by the LGA to enable sector-led improvement. During their time with the Council the Peer Team reviewed a considerable amount of documentation and spoke to a wide range of stakeholders to capture their views on areas of strength as well as areas where the Council might focus improvement efforts. The Peer Team used their experience and knowledge of Local Government to reflect on the information presented to them and then provided feedback as critical friends rather than assessors, consultants or inspectors.

- 3.1.1 During their time at the Council, they spoke to more than 60 people including a range of Council staff together with Councillors and external stakeholders. They gathered information and views from more than 25 meetings and telephone conversations, visits to key sites and additional research and reading. They collectively spent more than 150 hours to determine their findings.

###### **3.2 Areas of Focus**

The key areas of focus for the peer challenge are set out below.

- Understanding of the local place and priority setting
- Leadership of Place
- Financial Planning and viability
- Organisational Leadership and governance
- Capacity to Deliver

In addition to this the Council asked them to pay particular attention to the following areas:

- How we are positioning Melton for growth
- Ensuring we understand and focus on customers
- How we are approaching becoming more commercial
- The quality of project delivery and
- The effectiveness of the Council's governance arrangements

### 3.3 Key Findings

The Peer Challenge team were appreciative of the co-operation and assistance they received prior to and during the review process. Their overall findings from the initial feedback and the full report are:

- Prioritisation and decision-making journey needs to be a key area of focus
- Positive, enthusiastic staff with a can-do attitude are one of our greatest assets
- Different style of new leadership is well received
- There are great opportunities to maximise the potential of the area
- The need to capitalise on the enthusiasm and goodwill of partners
- Budget risks need to be more widely understood
- Capacity challenges are inhibiting progress

The details underpinning these finds are set out in the executive summary and report.

### 3.4 Executive Summary

Below is the Executive Summary from the full LGA Corporate Peer Challenge report:

*“There is a sense that Melton Borough Council is at a notable and consequential point as it considers how best to move forward and define its future role. Not only has the council seen a new Leader and Chief Executive within the last eight months, but the legacy of capital funding from an historic windfall position is also coming to an end. The peer team was pleased to be welcomed in at this point in time to conduct a peer challenge, and it is hoped that this will add value to the decisions that are now being made to guide the authority as it shapes its future.*

*As might be expected, many of the issues identified through the review were linked, with perhaps the most critical of these being the need to prioritise effectively. Whilst described within the report’s recommendations as a need for ‘brutal’ prioritisation, it points to a specific concern around the council’s list of projects. This had already been identified by the council as an area to address but, put simply, the gap between stated priority intent as expressed through the ‘project list’, and the reality of available resource, is now so wide that it is damaging credibility with partners, frustrating staff and leading to confusion among members about what the priority projects actually are and whether they will be delivered.*

*Reassuringly, communication from the Leader and Chief Executive has already acknowledged this and there is a stated intent to address it. Much of the peer team’s effort has been about highlighting issues to consider during any associated prioritisation process to ensure the council maximises its own opportunity, secures consensus on the new policy direction, and positions itself to deliver its ambitions.*

*Local government has seen substantial cuts in government funding over recent years and Melton Borough Council has a good history of managing its budgets as financial capacity has reduced. Nevertheless, there is concern about the level of risk within the Medium Term Financial Strategy (MTFS). Between February and November 2017, the council’s forecast position for 2018/19 shifted significantly as confidence levels changed on the deliverability of savings options, and it now appears that the council intends to use reserves to plug the bulk of the budget gap in 2018/19. However, the reliance on New Homes Bonus (NHB) as an increasing funding stream for ‘base’ revenue services also carries inherent risk given the ability for this to be changed with little notice.*

*The peer team found a mixed level of understanding about the risks in the MTFS across all stakeholders, and it is considered that increasing knowledge and awareness of this would assist in gaining wider support in any prioritisation process.*

*Melton Borough Council is clearly ambitious and positive about the future and this view is shared by its partners. After a period of recent change there is a need to provide some steadying leadership and solidify its platform of ‘business as usual’ while also planning for the future, most notably value-added product offerings and alternative income streams under what might be termed a commercialisation agenda. There is an inherent tension*

*between these two areas of focus, with staff resource unlikely to be able to focus on both with equal vigour given capacity constraints in certain key corporate functions.*

*There can be a tendency within strategic leadership to focus largely on the future, however the senior management capacity at the council will need to find a way to address today's business needs first. A solid foundation will be needed upon which to build the council's platform of ambition.*

*The staff were almost universally positive, and their enthusiastic can-do attitude in the face of severely limited capacity was cited by many stakeholders as being one of the overarching impressions of the council. However, in some areas there are obviously too few staff trying to deliver too many priorities, and while an ability to flexibly deploy was used as evidence of achievement, it was simultaneously highlighted as a reason that other projects stall or delay. Management of resource through appropriate project and programme governance, together with robust communication about resourcing decisions, will help build the common understanding that is needed about delivery timelines.*

*Finally, it should be noted that the level of support and positive sentiment towards the council was significant from both internal and external stakeholders, and a range of collaborative opportunities exist to help deliver the council's aspirations. Using these, and the networked resources that are in place across the borough and wider area, the council is well-placed to take positive steps to both prioritise successfully, then to deliver successfully on those priorities."*

### 3.5 **Key Recommendations**

The following are the peer team's key recommendations to the council; taken directly from the report:

- 1) **Define how the council intends to influence outcomes moving forward:** *The council needs to re-establish itself at the heart of the borough, building on existing relations with external partners and providers to take a leading role in direction-setting and influencing across shared resources. Redefining how the council wishes to operate in a networked and collaborative system will help provide context for prioritisation decisions.*
- 2) **Consider a brutal prioritisation of effort to ensure targeted success:** *The council's list of intended projects is ambitious, but with too few detailed plans for delivery. Given the resource commitment implicit in making headway on many of these challenges and interventions, it will be critical to the council's future success to be realistic about volume and phasing. Robust business cases should be developed before decisions are made to assess value (and assumptions), and effective governance structures should be employed to manage delivery at both project and programme level. Equally as important, and challenging, will be securing joint agreement on what can be de-scoped or de-prioritised.*
- 3) **Ensure the financial challenges are fully understood in order to ensure appropriate, informed decisions are taken:** *The council has a good record of successfully managing its budget and intervening to deliver positive outcomes. It has benefitted from a historical capital windfall which allowed much of the recent capital investment to take place without the longer-term revenue costs associated with borrowing. However, the council is now at a point where decisions will need to be made over how any capital investments are made, alongside the impact on revenue budgets which have very little room for manoeuvre. The continuing financial constraints on local government are well known, however the risks and assumptions inherent within the council's forecasting are significant, and are not always within the direct control of the council. Wider understanding of these risks could be used to more effectively drive ownership over the prioritisation of effort – helping to define the critical from the aspirational.*

- 4) **Stable and consistent decision making to provide confidence in delivery:** *In some areas it was unclear which committee had final ownership of policy-making and decision-making, with the effect that recommendations can go to multiple committees before decisions are made and outcomes are known. It is important that members have the ability to make accurate and timely decisions, and greater clarity on governance/decision-making structures would minimise delay. It would also increase transparency as it would be clearer where decision-making power vested – helping members concentrate their contributions to ‘the debate’ rather than seeing the same decision debated multiple times. Members must have confidence in their ability to make strategic decisions and be assured that their decisions provide the necessary clarity of purpose to allow officers to deliver.*
- 5) **Utilise the resource and collaboration opportunities available to Melton:** *The sense of goodwill and desire for collaboration among partners and stakeholders was palpable. There was a clear acknowledgement from the council and partners that the council could not do everything, however there was a lack of consistent communication around particular workstreams and projects. In prioritising effort and resource moving forward, the council should consider how best to maintain and develop relations with a range of partners across the area to achieve shared goals and objectives. Relationship management and communication across a successfully-networked, collaborative system will be vital to help the council drive and deliver its place-shaping agenda moving forward.*

### 3.6 The Council’s Response:

The Council are grateful for the hard work of the Peer Challenge team and for the insights they have shared. The areas of strength and improvement identified in the report are recognised and acknowledged and the new Leadership team has already prioritised a number of the identified areas and taken the following steps:

- **Partnerships:** Exploring the potential to establish a Place Partnership that will bring together community, business and council representatives to strengthen the local partnerships and the ‘Rural Capital of Food’ brand. The purpose of the place partnership would be to increase Melton’s potential to encourage inward investment, the visitor economy and community pride.
- **Governance:** Holding discussions regarding how to improve governance within the council. Initial steps taken include increasing the opportunity for informal policy development through forums like Conservative Chairs and increasing the frequency of Member Away Days. Also increased liaison arrangements between lead members and senior officers.
- **Resourcing delivery:** Seeking to re-balance capacity, more focussed on our priorities through a new corporate structure. This also helped to increase the emphasis on the ‘core’ of the organisation including areas like HR, communications and legal. Creating a new thematic programme board structure.
- **Capacity:** Initiating a focussed period of recruitment to refill a number of the vacancies created over the last year. New structure puts additional resources into supporting growth and regeneration and a number of support functions.
- **Finance:** Undertaken a Financial Resilience Review and increased transparency in the Medium Term Financial Strategy by including only those savings where there was sufficient confidence of achievement. Also developing a more robust Budget Management Strategy focussing on commercialisation, asset maximisation, procurement and process reviews.
- **Culture:** Prioritised the development of a new Workforce Strategy, with multiple workshops held with colleagues and work to establish a new set of corporate values underway. Workforce strategy to be finalised alongside refreshed Corporate Plan and Corporate Delivery Plan.

- **Communications:** Regular Chief Executive briefings and improvements to Corporate Messenger, and plans to improve Member bulletins and increase the frequency of these.
- **Performance:** New Performance Management framework being developed to increase transparency and a clearer focus on delivery.

Further work is required to respond to the recommendations and appendix B sets out a developing action plan to manage this. Key actions contained within the plan include:

- Planned further support from LGA to undertake a focussed review of Governance to clarify the route for effective policy development and decision making and ensure officers have clarity of direction.
- Undertake a prioritisation exercise and review of the Corporate Plan and objectives to seek buy-in and consensus on where the Council should focus and to enable priorities to be properly resourced. The prioritisation exercise to recognise the distinction between 'must do' and 'like to do' activities.
- Development of a capital strategy to inform the council's capital programme. This should consider investment options and the role of prudent borrowing for future investment.
- New Programme boards to ensure robust business cases are in place for the projects within their control, with Directors responsible for overseeing priority themes.
- Commissioning a local Place Survey to baseline community views about the area and organisation.

#### 4.0 **POLICY AND CORPORATE IMPLICATIONS**

- 4.1 As part of this process, a review of the existing corporate aims and objectives will be reviewed to see if they remain fit for purpose. It is expected that the review of the project list will align the prioritised projects to the corporate aims, objectives and values

#### 5.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

- 5.1 It is anticipated the costs associated with delivering the action plan can largely be met from within existing resources however staffing resources will need to be prioritised in order to ensure delivery. However the main additional cost that is not contained in the budget will be associated with a Place Survey. Once the costs for this are known it will be considered by officers as to whether this can be met from elsewhere within the budget or whether to pursue a carry forward from any underspends elsewhere. Should neither of these be possible as a result of the overall financial position a request will be submitted to the Policy Finance and Administration Committee for a supplementary estimate to be approved, however, every effort will be made to meet these costs from existing resources as far as possible.

#### 6.0 **LEGAL IMPLICATIONS/POWERS**

- 6.1 There is no legal requirement for the Council to undertake a Peer Challenge review. However, it is accepted as good practice for a form of regular review of Councils to be undertaken in the absence of formal inspections

#### 7.0 **COMMUNITY SAFETY**

- 7.1 There are no direct links to community safety.

#### 8.0 **EQUALITIES**

8.1 Any changes to the Council aims, objectives, and priorities will need to be undertaken with an understanding and awareness of Equalities related issues.

## 9.0 **RISKS**

9.1 Although there are no formal risk implications from this report, there are risks to the Council being able to achieve its vision and objectives and to deliver 'business as usual' while planning for the future..

## 10.0 **CLIMATE CHANGE**

10.1 There are no links to climate change issues.

## 11.0 **CONSULTATION**

11.1 As part of the LGA Peer Challenge review, more than 60 people were interviewed. These included staff, Unions and members and two panels: one a customer focus and one a business focus made up of external stakeholders.

## 12.0 **WARDS AFFECTED**

12.1 All wards are affected.

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Appendices: Appendix A – LGA Peer Challenge Report  
Appendix B – LGA Peer Challenge Action Plan

Background Papers:

Reference: X: C'tee, Council & Sub-C'tees/Council Meetings/2017-18/21-02-18/EdC–  
LGA Peer Challenge report