

# Corporate Peer Challenge Melton Borough **Council**

*11-13 December 2017*

Feedback Report

## 1. Executive Summary

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.

## 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) **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 work streams 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. 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 Melton Borough Council (MBC) were:

- **Lead Peer** – Stephen Walford (Chief Executive, Mid Devon District Council)
- **Member Peer** – Councillor Duncan McGinty (Leader, Sedgemoor District Council)
- **Senior Officer Peer** – Jackie Smith (Corporate Director Commercial, South Staffordshire District Council)

- **Senior Officer Peer** – Giuseppina Valenza (Head of Communications and Customer Service, Tandridge District Council)
- **Review Manager** – Ernest Opuni (Review Manager, Local Government Association)

## Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. 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, you asked the peer team to consider/review/provide feedback on:

- How MBC is positioning itself for growth,
- How MBC can ensure it understands and focuses on its customers,
- How MBC might approach becoming more commercial
- The quality of MBC's project delivery and
- The effectiveness of MBC's governance arrangements

The team's views on these five areas of focus are covered within the feedback provided under the five core component headings.

## **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focussed 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 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 3 days onsite at MBC during which they:

- Spoke to more than 60 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 25 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 150 hours to determine their findings – the equivalent of one person spending more than 5 weeks in Melton.

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 (11-13 December 2017). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. 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

Melton Borough Council (MBC) took an early opportunity to co-locate and integrate with partners to support customers. The initiative to bring staff from MBC, Department for Work and Pensions (DWP), Leicestershire County Council (LCC) and the Police into a single 'hub' space is widely recognised, both internally and externally, as having been a valuable innovation. The ease of access this has given to the customers of the various agencies works well in supporting vulnerable customers.

The Melton Local Plan, which will shape future direction in terms of land-use planning and spatial vision, has been submitted for examination. The emerging Department for Transport (DfT) submission for the Melton Mowbray distributor road (MMDR) is an integral part of these plans. It represents significant progress through collaborative working across Leicestershire and specifically in conjunction with Leicestershire County Council (LCC). The joint bid to central government has been supported by the local MP, further highlighting the acknowledged importance of the MMDR to both Melton itself and surrounding areas.

However, there is a clear need to review and reset the future direction, not just of the council, but the area as a whole to ensure future prosperity, drive economic growth and make the borough an attractive place to live work and visit for future generations.

Melton is an area characterised by relatively low unemployment and the borough is quite affluent in many parts. However the figures depicting those in work do not tell the full story of actual deprivation in the borough.

The current profile of economic activity has a significant number of people employed within the food sector which is traditionally one in which low wages and remuneration are common. There is some significant evidence of fuel poverty in some areas in the borough and 33 percent of those in work are earning less than the national living wage. This is compounded by a lack of affordable housing and some pockets of high levels of homelessness. It will be important for the council to be sighted on this characteristic of the borough, not least with new responsibilities coming forward in April 2018 as part of the Homelessness Reduction Act. It appears to be an important strand to focus on addressing when considering future strategies and delivery.

Partners the team spoke to were also keen for the council to focus on trying to influence the economy by encouraging inward investment and tourism, building on the strength of the unique food history and industry in the area. The Local Enterprise Partnership (LEP) will be an important partner when seeking to galvanise momentum and deliver on the economic agenda.

Business partners expressed a keenness for the council to lead on creating opportunities for forums to be held on a planned basis to enable a collaborative approach to be embedded moving forward.

There are some good examples of services and projects being initiated across different parts of the borough. However there seems to be an inconsistency in the understanding at the overarching borough level of the different challenges urban and rural parts of the borough face. There appear to be quite different challenges facing the main town of Melton and the rest of the borough, which will need to be addressed in a nuanced way if all the opportunities in the borough are to be fully realised.

Melton Town Estate owns a lot of land which may be required for investing in future housing, and they retain a significant vested interest in the quality of the town's parks and open spaces for recreation and wellbeing. There appears to be a clear opportunity for closer collaboration between this organisation and the council given the shared focus on quality public realm as well as the importance of housing growth aspirations for the borough being realised.

Community engagement by the council is mixed. There is some customer data available, but it is held on a number of legacy systems and not centrally collated or analysed in a way that enhances customer experience (or adds value). In the absence of a recent residents' survey, customer insight and profiling is not as strong as it needs to be. It will be important going forward for the council to secure a better understanding of what its customers think of current delivery, as well as the aspirations of the community for the future. This would strengthen the council's link to the community, would assist members with decision-making, and would increase their ability to better target resources and prioritise future activity.

## **4.2 Leadership of Place**

The two words staff used in describing the council were 'energy' and 'ambition'. This was portrayed to the team as a reason for the volume of great ideas and enthusiasm for developing initiatives and projects such as Timesage, The Lottery and the Digital Strategy. All are focused on the stated ambition of creating a well-connected borough and a vibrant and sustainable economy focused on growth and prosperity.

The approach of the new Leader and Chief Executive is seen as hugely positive and bringing new energy to the council. The Leader has made clear and visible efforts to engage with staff directly and this has been well received. The arrival of the new Chief Executive has also lifted staff spirits and morale. We were informed of a marked improvement in the volume and quality of internal communications.

This positive response to the new leadership clearly extends outside of the council to partners and other external stakeholders, who were all optimistic about the impact this could have on the future direction of the council and surrounding area. There is a high level of support and goodwill for the new leadership at the council and good working relationships with other partners across the borough.

It will be important for the council to maximise the clear goodwill and support from partners and stakeholders that the new leadership currently enjoys. The council is well-placed to explore opportunities for working in partnership as a result of this supportive environment. Community partners also indicated that they are very keen to meet and work with the

council in order to jointly deliver positive outcomes for the borough. Clear communication from the council about its proposed future direction will be critical on all these fronts.

We would encourage the council to focus energy on capitalising on the assets, heritage and unique branding of Melton. The borough has a rich heritage and infrastructure to build upon. Food tourism and the benefit of Melton branding in relation to protected food names (PFNs), means the borough is uniquely placed to develop a thriving food industry sector as well as food-related tourism. This sector has traditionally been regarded as an industry with low value jobs however there appears real potential for Melton to re-define this through effective collaboration, place branding and effective marketing. The level of opportunity for Melton to capitalise on its rich food heritage seems almost limitless.

In order to do this we would encourage the council to take ownership of the future direction of the borough and work collaboratively with its various local partners to influence and create a potentially higher value food sector. There appears to be more the council could do to lead this agenda working with partners. There are current structures external to the council which have high levels of expertise in this field and we would encourage the utilisation of this more than perhaps has been the case in the past. The council taking a leadership role in helping sustain this expertise would be welcomed. There may be some value in considering this as part of the council's ambition to upskill and raise the value of employment opportunities in the wider sector.

Linking this structured collaboration more strongly to economic development and tourism opportunities could yield benefits if the right level of capacity is in place. The council has demonstrated in the past that it can take a leading role as proven by its investment in the livestock market buildings. There would be benefit in the council considering the development of an implementation plan for growth and prosperity, including clearer thinking on how any interventions might be delivered across a variety of funding streams.

There are possible untapped opportunities for collaboration with willing community partners who indicated a more proactive role being demonstrated by the council would be welcomed. Some of these organisations do not have a great level of financial liquidity but do own property and assets. The council working more collaboratively and proactively with these partners could unlock the full potential into the future and confirm Melton as a good place to do business, as well as raising skill levels and wages.

The council's clear ambition needs to be followed through to delivery and implementation with known and understood timelines. Setting a clearer direction for the borough will require projects being better coordinated and managed from their inception through to delivery and completion, with detailed evaluation in order to learn lessons for future improvement. Clearer prioritisation and detailed project plans with realistic targets, identified resources and agreed timelines, will help with this.

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

The visible and engaged leadership style of the Leader and Chief Executive is seen as very positive and staff feel both valued and listened to. The approach of the Leader is regarded as providing good opportunity for greater consensus among elected members, which will be beneficial for decision-making going forward. The view from staff is that

morale across the workforce has improved even over the short time since the new Chief Executive came into post.

There has been a noticeable and positive change in both the timing and tone of internal communication with staff by the Leader and Chief Executive and this is clearly welcomed. Member and officer relationships are also improving as demonstrated through the clear levels of respect between both. In addition we were informed by members that the opportunities for training and personal development are good, allowing councillor capacity to contribute positively and effectively to council business.

The council is benefitting from a drive to embed a culture of performance management to help manage change. The clear commitment from the Chief Executive to establish a culture of effective performance management is seen as positive and will be an integral part of the council's business model going forward.

The new Performance Management Framework (PMF) appears to take into account the importance of a number of key principles which will lead to increased qualitative and quantitative analysis, better understanding of what works well and what does not, identifying remedial action and carefully managing performance tolerances. There is a clear focus on raising the profile of performance and communicating this across all of the council at appropriate levels in the structure, driving change through a 'golden thread'.

The council is clearly willing to learn from elsewhere to achieve the improvements it seeks through improving and embedding a robust performance management culture across the council. The council utilised principles which explicitly link information about staff contributions to the achievement of wider corporate objectives. The 'Communication Cells' approach to 'golden thread thinking' is an integral part of the new performance dashboard. This will be going live at the council at the end of Quarter 3 of the current financial year.

The new Chief Executive's introduction of a new organisational structure is seen as a step forward, as the organisation had been put into a self-acknowledged 'holding pattern' following the departure of the previous Chief Executive. This is a welcome move in light of the current organisational structure being widely viewed as no longer fit for purpose. There are good relationships with the main trade unions, which should contribute positively to this key area of work being delivered successfully.

There is a clear need to further strengthen the role and value of the Communications, HR and Legal functions corporately. Notwithstanding the improvement in two-way communications, the responsibility for these key functions sit with too few a number of officers, meaning their capacity to fully take these forward effectively appears compromised.

The importance of these functions cannot be understated so we would encourage the council to ensure these are prioritised in the proposed structural changes. There is a need for clear and consistent communications and marketing both internally and externally to achieve positive outcomes and increase the ability to celebrate success. These need to be underpinned by the planned development of the Workforce Strategy to ensure staff are equipped with the right skills and tools to deliver on the council's agenda.

The council's big ambitions need to be matched by structured intervention to maximise influence. Key to this will be addressing the current picture of there being too many priorities and a raft of eighty-plus projects. Staff, while keen to deliver excellent services, currently seem to have too many priorities with few detailed plans. There appears to be little hierarchy or priority ascribed to these, highlighting the need to develop clearer plans for delivery in order to execute effectively.

There does not always appear to be a council-wide, strategic view of what the council's priorities should be and this is clear in the divide between town and rural councillors' views of these. There is some disconnect which needs to be addressed if all parts of the council are to work better together to agree holistic solutions. Project governance (notably around the point of inception/initiation) would benefit from review in order to address this, as well as being clearer about decisions on project terminations. (Some projects will fail; failure is a necessary part of improvement and innovation, but projects should be appropriately cancelled and evaluated in order to learn lessons rather than allowing them to drift perpetually onwards.)

The new leadership of the council recognises the need for setting clear organisational direction as context for programme and project management. There has perhaps historically been insufficient forward planning across the organisation, resulting in some of the challenges outlined above. Clearer direction and leadership ought to free up and focus the available capacity to ensure all areas of delivery can be covered adequately. Currently it appears some projects such as the Local Plan have taken up focus and capacity to the detriment of other important business of the authority. This was used repeatedly as an example of the organisation's ability to flex and deploy 'all hands to the pump', yet was also cited as a reason for delay on other priority areas. Better oversight at programme level will help make and communicate this type of decision more effectively going forward.

Clarity around the journey and speed of decision-making and policy formulation at the council would improve the ability to deliver. There have been some changes to the way councillors discuss issues through the committee Chairs' meeting, however there remains more to do in engaging the rest of the councillor community more effectively. This would help remove the risk of blockage or delay through the various committees through whom the decision-making process appears to be repeated. The present system is raising concerns among staff and partners about the council's ability to make decisions in a timely way. This appears to be impacting negatively on the council's ability to do its business in a transparent, timely and agile fashion.

#### **4.4 Financial planning and viability**

The council undertaking a Financial Resilience Review is good practice and clear evidence that the authority is seeking to assure itself of its future plans well in advance of having to execute these. The council has a good history of budget management in an increasingly constrained environment and approaches such as the Review are clearly contributing to this track record.

The council has been successful in generating capital receipts and has been very prudent in the way it funds capital spending. General Fund capital spending has been funded from

capital receipts or other funding sources and as a result the Capital Financing Requirement is next to zero.

The council's settlement funding assessment is a relatively small proportion of its total expenditure so it is less exposed to external funding changes than authorities with a higher proportion of spending determined through external funding. In addition, as a borough, which does not have social care responsibilities, and as an area which has relatively low levels of deprivation, the council is less likely to be affected by funding pressures experienced by councils that have social care responsibilities and a more deprived population.

The Annual Audit Letter from the council's external auditors gave an unqualified opinion on the 2016/17 accounts and found that proper arrangements were in place to deliver value for money.

The Council's forecast position for 2018/19 onwards has shifted from surpluses forecast in the February 2017 budget report to gaps forecast in the report to Policy, Finance and Administration Committee in November 2017. It also appears that the council intends to use reserves to plug the bulk of the budget gap in 2018/19. The plans beyond 2019/20, when the council wants to reduce dependence on reserves, are not clear. However, the reliance on fully utilising an increasing New Homes Bonus (NHB) dowry in future years to fund services places significant risk on the balance sheet, since NHB is dependent upon delivery of growth not always within the council's control. Equally as important, it is subject to the whims of central government, with the recent Autumn Statement confirmation of no change 'for 2018/19' simply proving that this funding stream does not sit within the funding certainty that councils can rely on in the medium-term.

The council's reserves are not high by district/borough standards, having remained relatively stable over the past three years. However it will be important for the council to assure itself that it is properly covered in this regard and that its assumptions about future income and spend are well founded.

There is a mixed level of understanding about significant risks in the Medium Term Financial Strategy (MTFS). The MTFS appears to contain some assumptions into the future which need to be revisited or affirmed e.g. the expected savings from the waste contract which was under evaluation at the time of the visit. The impact of the national pay offer was not yet factored in (although this had been announced only the week prior to the peer visit) and reliance on future sources such as New Homes Bonus (NHB) are two areas we would encourage the council to consider more closely.

We would encourage the council to review further how it funds the council's ability to shape and influence into the future. It will be important for the council to better understand what measures it will take if anticipated growth does not happen or if the rate at which it is achieved is slower than expected. Being aware of risk, and the mitigating measures that are available over the medium-term, will help increase confidence in deploying resources in the short-term.

The council has an opportunity to explore a wider range of options for resourcing its capital programme into the future. We recognise that the council's preference has been to steer

clear of borrowing to invest. However we would question whether being debt-free is, in itself, a sufficiently-positive end to warrant such limiting of the council's range of capital intervention moving forward.

#### **4.5 Capacity to deliver**

The new Chief Executive's ideas and vision for readjusting structure and resetting values is regarded as sound. These are welcomed by managers who are optimistic about his arrival signalling the opportunity for positive change for the council's staff. Addressing this may also allay concerns expressed to us by some partners that the same staff seem stretched due to having responsibility for both strategy and some front line delivery of projects.

The council has enthusiastic, flexible and positive staff who are working in a supportive culture. They appreciate the recognition of the challenge of resilience and the need to review and reset the future direction of the council. Key to this is the work on a new structure which is welcomed by staff, as they feel the proposals better align service areas. Staff are immensely supportive of each other and this is manifesting itself in the various coaching groups which provide valued peer to peer support. We were informed of the council promoting a 'listening' culture in which ideas for progress and development are welcomed from all staff. Staff clearly appreciate the council's efforts to encourage them as far as is possible to achieve a good work life balance through flexible working arrangements.

The council has tools in place to support better efficiency and effectiveness through its focus on a re-designed Performance Management Framework. There is a project management toolkit in place, which demonstrates the council's desire to change and make itself fit for future purpose. There is also a recognition that a greater number of carefully managed risks may need to be taken for the council to fully pursue its commercial agenda and ambition. The involvement in an ICT Partnership across four authorities is a further good example of seeking to increase capacity and resilience.

It is very clear that staff have been and remain willing to 'go the extra mile'. However there is a growing need for the council to better understand the challenge of current workloads being expanded beyond capacity. Staff are very committed and keen and have been willing to accept that there is a need to 'wear a number of hats'. However, this does raise some questions about how sustainable this is as a viable means of the organisation working effectively in the longer term.

There are some key individuals who are significantly stretched whilst having responsibility for a number of crucial functions. This poses a risk that the council has a few points of potentially significant failure in the event that any of these individuals are lost to the council for any length of time for any reason. This has caused some frustration about constrained delivery or 'bottlenecks', especially where there are insufficient resources or inadequate capacity to deliver all of the projects that are currently on the council list. Staff expressed concern that the wide range of workloads does not always allow them to deliver as effectively as they would like.

The council's recent level of staff turnover and current vacancies is adversely affecting capacity and the council's ability to progress and deliver its ambitions. As part of the

aspiration for a more commercial delivery model, the council clearly wants to provide more services and support for businesses and residential communities. However in many cases at the present time it only has enough capacity to undertake essential roles maintaining services.

For many years staff turnover was low, and there are signs that the recent increase has peaked and is now settling back to a 'norm'. However, this has burdened the council with an additional weight of perception and concern from partners who described 'an exodus' of knowledge. In addition, this has clearly exacerbated the challenges relating to capacity and continuity, as knowledge is being lost and there is little structure around handover of roles. The council's increased focus on HR and communications is positive but these functions currently remain to a large extent under-resourced. The council recognises that it needs some stability in its human resources and we agree that this represents one of its key short to medium term priorities.

Looking to the future aspirations for the borough, communications for place branding will need to be strengthened, and it will be important to build confidence both internally and externally that the capacity exists to drive ambition. The Leader and Chief Executive have been keen to do this, and have made a positive start during their initial months, but many stakeholders expressed the desire and hope that this will continue.

The need for more strategic and better succession planning can be addressed as part of the emerging Workforce Strategy. This will also help the council with filling lost capacity and realigning the senior team to future delivery requirements whilst considering planned succession. All of these are a priority for the Workforce Strategy as the loss of experience and skills has impacted negatively on organisational memory and the council's capacity to deliver as effectively as it wants to into the future.

It will be important to consider the achievement of continuity between officers leaving and new staff arriving as part of a more clearly planned approach. It will remain difficult for the council to be able to respond to future challenges and opportunities until this is addressed. It will also help to provide reassurance to partners who expressed concern about staff turnover and lack of continuity impacting negatively on project delivery and decision-making.

As highlighted earlier in this report, there are a significant number of projects identified by the council for delivery. However, there is a mismatch between what is truly deliverable and what is on the 'list'. This reiterates the peer challenge team's query on prioritisation mechanisms for this part of the council's future ambitions and we question whether there is capacity to achieve outcomes unless this is addressed. A clear direction of travel and prioritisation is needed, along with some further thought on how the current decision making processes can positively support this.

There is a need to ensure robust plans are in place, which are matched by sufficient and appropriate resources to deliver the outcomes. It is clear that there is an energy to develop ideas, however not all of these are well-placed to come to fruition until the resources required are rationalised, identified and implemented.

There is a currently-unresolved tension between the council's commercial aspiration and the need to create a solid base for 'business as usual'. This manifests as a choice between immediate priorities for investment and those longer term aspirational targets. One such example is the Customer Relationship Management (CRM) system support ending in March 2018. It is not clear what plans are in place to deal with this, or whether the risk of system failure has been deemed acceptable when balanced against the cost of alternatives. A similar challenge exists in relation to the council's current unsupported telephone system. This would appear to be a result of inadequate capacity, and until the challenge of delivering the 'basics' is addressed, it is not yet clear how well-placed the council is to innovate and commercialise various product offerings as it aspires to.

## **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. Mark Edgell, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk).

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 2022.