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Chief Executive
Basingstoke and Deane Borough Council
Civic Offices
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January 2014

Dear Tony

**Basingstoke and Deane Borough Council
Corporate Peer Challenge – 3rd-6th December 2013**

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into Basingstoke and Deane Borough Council (BDBC) to deliver the recent corporate peer challenge as part of the LGA offer to support sector led improvement.

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 Basingstoke and Deane Borough Council were:

- David Buckle (Chief Executive) – South Oxfordshire and Vale of White Horse District Councils
- Susan Attard (Deputy Town Clerk) – City of London
- Councillor Mike Goodman MBE (Conservative) – Weymouth and Portland Council
- Councillor Mehboob Khan (Labour) – Leader of Kirklees Council
- Councillor Terry Stacey MBE (Liberal Democrat) – Islington Council
- Mark Harrison (Peer Challenge Manager)

Scope and focus of the peer challenge

You asked the peer team to provide an external ‘health-check’ of the organisation by considering the core components looked at by all corporate peer challenges:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?

2. 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?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

Within this framework you asked us to comment on partnerships and customer focus within the organisation.

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 focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

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

- Spoke to more than 100 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.
- Collectively spent more than 300 hours to determine their findings – the equivalent of one person spending more than 8 weeks in Basingstoke.

This letter 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 (3rd-6th December 2013). 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.

Summary of feedback: overall observations and messages

Basingstoke and Deane Borough Council (BDBC) provides excellent services to its residents. It has effective partnership relations and this is an area of real strength. Partners respect the council and value what it does. They spoke of the council's long-standing commitment to enter into mature relations with them. The formation of the Enterprise M3 Local Enterprise Partnership (LEP) often a quoted example, whereby the council has taken the lead on supporting the LEP throughout its development.

The council demonstrates an excellent general approach to economic development and innovative partnerships e.g. John Lewis, Network Rail, Basingstoke Town Centre developments and Airkix. The council is creating a Master-plan for the area, which aims to influence decision makers and funders and demonstrate that Basingstoke is a viable and attractive investment opportunity. In particular, there are good, positive and productive relationships with the business community.

The council's current financial position provides an excellent basis on which to plan for the future and make good use of assets to drive wealth creation in the borough. In comparison to many other councils, BDBC is unusual as it is debt free and has high levels of investment property and cash resources that can be used to support the revenue budget (40% council revenue funding).

Notwithstanding these notable achievements, the politics at the council are partisan and are obstructing good governance of the council. The current culture is detrimental to staff and member relations. Many staff recognise that this is a problem for the council and we urge you to consider addressing this as a top priority for resolution. In addition, we observed bureaucracy across areas of the council business that causes decision making to be slow, hidebound by unnecessary process and adding limited or no value to the quality of decision making in the council. It appears to be an inefficient use of staff and member time. The current governance review is an opportunity to address this by delaying of the current decision making machinery.

We were generally very impressed with the staff we met during our time at the council. They are open, engaged, and honest and believed in the learning potential of the peer challenge process. With that in mind the peer team was surprised to find morale is not as good as might be expected. The political environment combined with uncertainty about potential future change is having a negative effect on the feelings of staff. There may be scope for some further reassurance for staff to give clarity about their job security, terms and conditions and job role.

The current organisational structure looks to be causing some confusion around certain elements, particularly commissioning and the role of policy managers. Whilst a new structure was implemented in 2012 based on developing a greater understanding of customer needs, redesigning services and identification of suitable service providers, we suggest a further review could be useful to provide clarity and to create a more efficient way to conduct the business of the council.

Summary of feedback: current performance, ability and capacity to deliver future ambitions

Understanding of local context and priority setting

The council has a good understanding of the local context and is working hard to ensure that it helps its communities to thrive. Its medium term aims are set out in the Council Plan 2013 – 2017. There are clearly stated aims to further invest in the borough, in order to ensure that communities have good jobs, high quality lives and prosperous futures. Key themes (priorities) are:

- Improving economic viability
- Increasing skills and learning
- Getting connected
- Planning policies that safeguard local distinctiveness
- Creating neighbourhoods where people want to live
- Protecting the environment
- Maintaining a quality for arts and leisure
- Supporting active, healthy and involved communities

The council has recently moved to a four year council plan which should enable longer term planning to take place. The four year plan links to other supporting plans that set out the actions to be taken to achieve the priority themes. We did not find anyone outside of SLT, who during our visit who could tell us what is the council's top priority, creating the impression that everything is a priority. This approach must ultimately be inefficient and frustrating for staff.

The absence of a current Local Plan is a continuing problem and a drain on resources. Its absence adversely affects the ability for BDBC to achieve its stated priorities. We are concerned that the potential for the draft plan not to be agreed remains a significant risk for the council, both in terms of lost opportunities and reputational damage to the council. It may take significant council commitment and resources to deal with getting the plan agreed.

The council has an established performance management framework, which has recently been revised. Performance management information is reviewed quarterly by the Senior Management Group Cabinet and the Performance Panel. Proactive action appears to be taken to address underperformance, with resources being

redirected/procured to address identified issues e.g. in processing planning applications. However there is no public reporting of performance data and this is something that BDBC may wish to consider.

The council is striving to further improve outcomes for its residents and has recently undertaken a Strategic Needs Assessment of its local communities. The strategic assessment will be used to update other related plans. For example, the evolving enhanced evidence base is being used to inform the actions to be taken through the new commissioning programme. Year one priorities are focused on working in partnership on homelessness, reduction of ASB and improved access to public transport.

The council is committed to driving the local economy, which is seen as pivotal to providing jobs, homes and a good quality of life. Underpinning this objective are a number of key projects. These include Basing View, The Malls, Top of the Town, housing renewal and Manydown.

Services are generally of a good quality. The council is aware of the few exceptions and is working hard to achieve consistency across all of its services. The peer team was advised of areas of concern and action taken to improve delivery in services such as recycling, determination of planning applications and management of sickness absence.

The council is seen as an excellent partner almost universally by those we engaged with during the peer challenge. The council's positive approach to the leadership of place and coordination of activity was commented upon positively by all partners. The successful formation of the LEP Enterprise M3 was attributed to the determination of the council taking a lead role and utilising its strong links with business. The Council continues to give significant on-going support for the Local Enterprise Partnership (LEP).

We met with the local police Inspector for Basingstoke. He was extremely positive about the safer community partnership and welcomed the proactive role that the council had played in its development. He described successful collaborative working to tackle issues associated with the nighttime economy. Crime levels have reduced and people feel safer. He was complementary about the effective relationship between the Police and council at both officer and member levels.

The council appears to have acted proactively during the recession, by engaging with Basingstoke Area Strategic Partnership (BASP) and envisioning a prosperous Basingstoke in 2026, with Basingstoke playing a significant regional role. The council has demonstrated its intention and ability to invest in priorities, particularly the economic growth of the borough. It has invested its own capital to ensure that Basingstoke will remain attractive to inward investment. This has seen the council

acting directly in the purchase of the Malls shopping centre in 2010 for £15.8 million and a then undertake a major refurbishment of the area. The council is investing in a multimillion pound development in Basing View with Muse Developments Ltd as partner. This is an exciting project with Network Rail already investing £50 million for its new regional headquarters, and the council now securing JLP/Waitrose as an anchor tenant. Funds have also been earmarked to market Basingstoke as a business destination. The council is also rich in visitor and leisure attractions, but the council is aware that people will visit these and not necessarily make the link with Basingstoke, the place or the council.

There is a risk that in the excitement of identifying and engaging with new partners that the council forgets about its existing partners. The Council is aware of the need to continue to focus on existing businesses. We are pleased that the council in achieving focus on its priorities is considering new vehicles for delivery and alternative strategies for asset management. This will prevent the council getting distracted from its core business, serving its residents. Anticipated new jobs will require new homes, and the council still has some work to do to agree its new build targets and to resolve some longstanding issues, such as Manydown, which are distracting and resource intensive for staff and members.

Financial planning and viability

The current financial position of the council is healthy. Council Tax has been frozen for the period - 2007-2013 and the council has managed to deliver £7million on-going savings in the period 2010-2015 whilst achieving an excellent 92% resident satisfaction rating. The LGA Future Funding Outlook suggests the council is currently one of the most financially resilient councils. In comparison to many other councils, BDBC is unusual as it is debt free and has high levels of investment property and cash resources that can be used to support the revenue budget (40% council revenue funding).

All of this enables a good basis for planning for the future and making good use of assets to drive wealth creation in the borough.

In terms of the immediate future, the council has a clear budget strategy, which supports the priorities of the council. The Medium Term Financial Strategy (MTFS 2014 – 2018) anticipates a balanced budget for the first two years. The council predicts shortfalls of £1.3M in 2016/17 rising to £1.9M in 2017/18 and consideration of how to meet these shortfalls and will be reported to full council in February 2014.

The main risks to the budget appear to have been identified, and a contingency plan is in place to deal with them. As at March 2014 the council anticipates £1.5M in unallocated reserves and £28.5M in earmarked revenue reserves. Of this £5.5M is identified in a risk fund. The council also has capital resources of £100M, much of

which is invested with interest accruing. Some of this money has been earmarked to help fund Basingstoke's ambitious regeneration programme.

We noted that the council is not technically fully CIPFA compliant, as the Chief Financial Officer is not a member of Senior Leadership Team (SLT), he is a member of the SMG and has open access to SLT. We understand that a formal protocol for this arrangement will be included in a revised council constitution.

Political and Managerial Leadership

Both the Leader and Chief Executive of the council are well respected for their achievements and partnership working. Partners felt welcome and involved in the council's activities. The Leader is clear that "standing still" is not an option, and he and other lead councillors feel frustrated that realisation of the council's priorities is being hampered by some members. The problems in moving forwards are further exacerbated by working in what is effectively a NOC council, with elections by thirds (three out of every four years). Hence members are in "election mode" a lot of the time. This potentially leads to short-termism that detracts from consensus about the best way to get the business done in BDBC.

Despite this the council demonstrates strong leadership both politically and managerially. We saw excellent examples of members and officers working together to achieve positive outcomes, for example on town centre regeneration. There are other practical examples of the council providing proactive leadership of place.

Partners compliment the leadership of the council on its support for voluntary groups, parish councils etc. A partner told us that he had worked with many organisations and that "BDBC was amongst the very best to work with". The council is proactive in its leadership of place and ensures that the public realm is well looked after.

However, certain issues, and in particular indecision about Manydown, have gone on for a long period of time. The Chief Executive (CE) appears to drive the economic agenda, as the top priority for the council in securing longer term benefits for the residents. But his overall capacity is inevitably limited. The peer team feel that too much of his time is spent on ameliorating the adverse effects of the intractable governance of the council, and issues related to dealing with the poor behaviour of some members.

The Directors also spend considerable time dealing with member issues in relation to service delivery, which also limits their capacity. Improved member relations throughout the organisation would allow SLT to focus on the development of the council rather than managing political conflict

The above is frustrating, when considering the important contribution that the council is making to Basingstoke's future. Additionally it must only be a matter of time before some officers and members decide that they find the current situation intolerable. We suggest it is the responsibility of SLT and the leadership of the political groups jointly to resolve to sort out the current culture. The governance review may assist in this process, but it is up to individuals to observe office/member protocols and to challenge and sanction poor behaviour.

The absence of a Local Plan was mentioned often during our visit. It appears to be a key stumbling block and an area where the leadership of the council is being criticised. Delays to date have been damaging and costly, having a negative effect on housing supply and continuing planning appeals. Another round of consultation is likely to be required for the draft plan. We urge you to ensure that the final plan is agreed as soon as possible and suggest this may be an area where a cross party working group could expedite matters.

We applaud the determined focus on economic regeneration that we saw throughout our visit. However we occasionally got the impression that it was economic regeneration for its own sake. A clearer link to the benefits that would accrue to the residents following on from the regeneration activity might be worth considering so that everyone remembers rationale for this activity. We also felt that some of the regeneration proposals were very optimistic and would have expected to see Plan B scenarios, for some of the projects.

Governance and decision-making

The borough has 60 elected members (currently 30 Conservative, 14 Labour, 11 LD, 4 Ind and 1 UKIP) so effectively a No Overall Control (NOC) Conservative administration. The council operates a Cabinet and strong leader model. There are four overview and scrutiny committees and other regulatory committees.

The senior staff structure comprises Strategic Leadership Team (SLT) which is CE plus two strategic directors. Changes have recently been made to the officer decision making process with the Senior Management Group with SLT and six heads of service being the main decision making body. Additional support is provided by 3 Policy Managers and the Customer Services Manager who report directly to members of SLT and are also members of the Professional Officer Management Team (POMT).

The key officer/member meeting is the Strategic Management Board, comprising SLT and Leader and Deputy Leader, which meets weekly to oversee the business of the council.

The council is guided by its own Council Plan and the Community Strategy (undertaken by the Basingstoke Area Strategic Partnership–BASP). The council translates its objectives into action plans for each of its business units, which in turn are translated into individual objectives for staff. However, there appears to be a lack of clarity about the outcomes that these objectives are achieving.

We think there is too much bureaucracy in the decision making arrangements, which is impacting on the effectiveness of governance in the council. This is hindering the progress of achieving the council's ambitions. We think that if the council was in a less comfortable financial situation then this situation would not be tolerated, as it does not demonstrate good use of resources, productive working or value for money. It may be that the bureaucracy is an assurance mechanism to ensure that all decisions are subject to scrutiny and that decisions are always right. For example, the process by which all council papers go to Overview and Scrutiny before going to Cabinet/Council seems excessive. We noted that the council has four Overview and Scrutiny committees, which seemed a large structure when compared to many other councils, including those represented by the peer team. Each committee has proportionate representation and is chaired by a member of the administration party.

However the current mechanisms provide too much opportunity for politicking and this is adversely affecting the business of the council and the morale of staff and some members, without, as far as the peer team could see, adding any value. One example is the use of Overview and Scrutiny. We looked hard but found limited examples of scrutiny activity enabling positive outcomes and improved public services, these are work on community safety and travellers. This then leads us to ask, what difference is Overview and Scrutiny making to the communities of Basingstoke?

The council acknowledges it has not reviewed its governance arrangements for some time and there is an opportunity, within the current governance review, to establish a process whereby arrangements are kept under regular review. This will ensure that the governance remains compatible with the achievement of the council's vision. We think that this presents an opportunity to address issues around how to make the Constitution more effective, to improve the effectiveness of the council's decision making framework and scheme of delegation and ensure robust information supports effective decision making.

Within the context of the governance review we would like to see two specific proposals. The first is that the council considers moving to all-out elections every four years in order to achieve greater stability. The second is that it considers including in the constitution that a member of the opposition should chair any scrutiny committee, as is the case in many other councils.

A new risk management policy is in place (October 2013) and we urge you to ensure it encourages resourcing proactive risk management (outcomes) rather than focusing on the rigid maintenance of a framework (process).

Capacity

Based on those we engaged with during the peer challenge, the Council clearly has many talented, experienced and professional staff who are proud to work for BDBC. They demonstrated genuine passion for the areas that they worked in and generally were clear about their role in achieving the key priorities of the council. Staff exhibited a willingness to improve the services provided. However they felt that approach to date seems somewhat piecemeal and would benefit from a more planned and structured approach to improvement in future.

We were surprised to hear that the morale of the staff is not as high as we would have expected in a council such as BDBC. We had feedback from staff who feel very disheartened. During our discussions staff confirmed that this is an ongoing issue for the council to address. There are a number of understandable reasons for this, including the series of efficiency reviews which resulted in some redundancies, change of role and feelings of inadequacy, perceived lack of visibility and support from management, inconsistent communication, overreliance on emails, changes in terms and conditions etc. We encourage you to continue to address these issues and to continue to keep an eye on the various other organisational health indicators such as sickness absence.

However the primary reason, for morale not being high, appeared to be the poor behaviour of some members across all parties. We were told that officers feel very vulnerable particularly when presenting reports to members, with lots of examples of this behavior were conveyed to us. The Overview and Scrutiny committees were singled out as being particularly onerous for officers. There were reports of committees not finishing until very late, officers spending up to 60 hours “giving evidence” to O/S on the local plan and officers getting caught in the political crossfire. A member reported to us that some of their “colleagues behaviour in committee was appalling”. This may be exacerbated by the council filming all meetings and posting them as webcasts which could be further adding to the damage as officers watch their colleagues being publically humiliated. The lowering of morale seems endemic across the council and the peer team talked to partners who are aware of the situation. This is a top priority for resolution.

This in turn is affecting the capacity of the organization to focus on the priorities of the council. Sickness is above the expected levels, and renewed efforts to manage sickness have not gone down well with all the staff. A new process has been introduced that appears to have further upset some staff, although it is intended to reduce sickness and to overcome previous inconsistent application of the process.

We were told that the council has become too bureaucratic, process driven and a feeling that command and control is the default position for managers to take.

Given the longevity and age of staff in some key positions, we expected to see more in place as regards to succession planning. You are aware of the need to address this, and we were encouraged to see that the Aspire programme launched earlier this year aims to address, through an integrated framework, succession planning, talent management, and leadership/management development. In addition a renewed focus on the softer skills of management has been recognised as necessary. In particular, post-restructure, a number of technical and professional officers now have a more generic management role, which the council has recognised will require a management development programme.

The Staff Forum appears to be a genuinely collaborative arrangement whereby all staff can engage with the generation of new approaches to work and the generation of ideas about continuous improvement. However the enthusiasm of this group could be dampened if they are not consulted about changes in the workplace, procedures and Terms and Conditions. This group has the potential to develop Basingstoke's change champions of the future.

We suggest that you delay the bureaucracy on the officer side of the council, we are told that there is too much checking and rechecking of work, with little evidence to show this is making any difference or adding value. An example would be the agenda that we saw going to Cabinet which was in excess of 350 pages. The peer team found the organisational structure to be complex, with an interesting combination of traditional line management and matrix management in place. In particular we felt that the current structure could be simplified and the role of policy managers clarified.

There is general confusion around the new approach to commissioning and what it will mean to service delivery. We are aware that much effort has gone into explaining commissioning, but the messages are either not being understood or ignored. Once the efficiency exercise is concluded it may be time to take stock and reconsider what the council is trying to achieve through commissioning. This area could benefit from further thought and clarity about the council priorities and how they will be achieved via commissioning.

The council has a number of shared service arrangements, mainly with neighbouring Hart Council. These seem to be working well, although we think that further efficiencies could be achieved by standardising processes and systems across the two councils. Given your excellent reputation as a partner, we believe that there are more partnering opportunities for the council to explore.

We had some concerns about the POMT. This appears to operate in isolation from the leadership team and heads of service and has no clear remit. A lot of resource is potentially being tied up in meetings that achieve little. We would suggest that it either links formally into management decision making or is disbanded.

We found that customer services appear to spend too much unnecessary time passporting people by telephone switching or being passed from the front desk to individual departments. Some members of the public we spoke with complained of not being able to find the appropriate officer to deal with their enquiry. We were pleased to hear that the council is planning to develop its customer relationship management system. Staff feel that this is an area that would benefit from a clear programme linking workstreams, and working across departments to achieve the best outcomes for customers.

Key suggestions and ideas for consideration

BDBC is clearly a high performing council but the peer team developed some key recommendations for you to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, the following are things we think will help you to make best use of your skills and experience, deliver some quick wins, and develop the strengths you will need to see your change agenda through:

- 1.1 Our **first key suggestion** is that the council recognises and takes action to improve the political environment. We suggest that cabinet members should take full responsibility for their area, supported by officers. If a paper is presented at Overview and Scrutiny committee it should be the member and not the officer that presents. Officers should be in attendance to provide appropriate technical advice, not front the item.
- 1.2 Ensure the current governance review addresses the issues identified in this letter, including sweeping away unnecessary bureaucracy, reviewing current democratic structures underpinned by a root and branch review of current governance arrangements. We suggest that the council considers moving to all-out elections every four years in order to achieve greater stability.
- 1.3 In future we suggest that the focus on Overview and Scrutiny should be on big ticket issues related to the achievement of the council's priorities, with provision for other work based on a forward plan, cabinet requests and call ins. We suggest that the committee does not necessarily need to be chaired by an administration member. Many authorities have Overview and Scrutiny committees chaired by opposition members without it becoming politicised. We suggest that the council considers including in the constitution that a member of the opposition should chair any scrutiny committee, as is the case in many other councils

- 1.4 We suggest that all out elections may resolve some of the uncertainties in what appears to be a council that will remain NOC for the foreseeable future. We recommend that you seek to get cross party consensus on the big issues for Basingstoke and Deane, or at least try to identify those areas where the groups can work together. This will enable agreement on business for the council and provide the opportunity to put differences aside in the best interests of the residents.
- 1.5 The improvement of relations between members and officers, and member to member is a priority for the council. Clarification of roles will only go so far in achieving this goal. Party discipline will need to be exercised to challenge and sanction poor behaviour. These actions need to be visible and consistent.
- 2.1 We suggest the **second key area** for your consideration is that of improving the arrangements for organisational management. The organisational structure is unclear and should be reviewed to reduce bureaucracy, improve capacity and to encourage working across the silos.
- 2.2 Senior management are perceived as remote and not visible to staff. There are many examples of good practice in this area across local authorities. The Chief Executive and Leader could meet new staff, hold more staff conferences, walk the floor more etc.
- 2.3 Staff morale is not as it could be and we believe that if the behavior of some politicians improves and there was to be better clarity about the outcome of the efficiency reviews and changes affecting staff, then morale may improve. This approach should be aligned to a more sustained and effective communication with staff and a continuing focus on organisational development.

We will endeavour to provide signposting to examples of the above and other information that will help inform your thinking.

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to signpost you to other sources of information and examples of practice and thinking.

I thought it helpful to provide contact details for Heather Wills who, as you know, is our Principal Adviser (South East). Heather can be contacted via email at heather.wills@local.gov.uk or telephone: 07770 701188. She is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

All of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Mark Harrison
Peer Challenge Manager
On behalf of the peer challenge team