

Corporate Peer Challenge

North East Derbyshire District Council and Bolsover District Council

July 2013

Background and scope of the peer challenge

On behalf of both teams, I would just like to say how much we enjoyed spending time in both North East Derbyshire (NEDDC) and Bolsover (BDC) to work with you on the recent corporate peer challenges. The team very much appreciated the welcome we received and the openness and honesty with which people engaged in the process as well as the support provided in the lead up to, and during the course of, the challenges. We must give particular thanks to Jane Foley and her team for the intensive advance preparation which enabled the teams to work effectively across the two councils over the four days.

It is testimony to the confidence of NEDDC and BDC that you commissioned the peer challenges. Peer challenges are managed and delivered by experienced elected member and officer peers. The peers who delivered the peer challenge were:

- Adam Wilkinson, Chief Executive, Derby City Council
- Cllr Simon Greaves, Leader, Bassetlaw District Council
- Cllr Barbara Cannon, Deputy Leader, Allerdale Borough Council
- Mark Stokes, Deputy Chief Executive, Breckland and South Holland District Councils
- Richard Puleston, Assistant Chief Executive, Essex County Council
- John Dalton, Director of Planning & Housing, South Ribble Borough Council
- Sue Avery, LGA Challenge Manager
- David Armin, LGA Challenge Manager

It is important to stress that this was not an inspection. Peer challenges are improvement-orientated and tailored to meet individual councils' needs. Indeed they are designed to complement and add value to a council's own performance and improvement focus. The peers used their experience and knowledge to reflect on the evidence presented to them by people they met, things they saw and material that they read.

The guiding questions for all corporate peer challenges are:

- ❖ Does the council understand its local context and has it established a clear set of priorities?
- ❖ Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- ❖ Does the council have effective political and managerial leadership and is it a constructive partnership?
- ❖ Are effective governance and decision-making arrangements in place to respond to key challenges and manage change and transformation?
- ❖ Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

In addition, the council identified three issues for the team to explore:

- ❖ Promoting economic growth
- ❖ Service prioritisation
- ❖ Achieving further efficiencies / savings from shared management and services.

We agreed to write to you to confirm and expand on the team's findings as presented on the final day of the challenge. That feedback focused primarily on issues related to the joint working and Strategic Alliance. In this report we have included three elements – firstly overarching messages for both councils through the Strategic Alliance followed by separate feedback for NEDDC and BDC annexed to this report.

Executive summary

In April 2011 Bolsover and North East Derbyshire joined forces to create a 'Strategic Alliance'. The partnership was formed in response to the reduction in Government grant funding to local councils. By working more closely together, the councils aim to share some of their costs, saving enough money to help maintain the quality of services for local people and keep Council Tax bills as low as possible.

Through the Strategic Alliance both councils have achieved a great deal. The Alliance was formed following the commitment of the political leadership in both councils and a shared senior management team was established within a short period of time, which has produced savings in terms of management and related costs of around £1.5 million. These savings have made a significant contribution to both councils being able to meet the required budget reductions to date. The political commitment in both councils to protect frontline services has been achieved so far and improved customer satisfaction is reported.

Both councils recognise that further cuts in government grant and the continuing difficult economic climate will make maintaining and building on these achievements much more challenging in future and you are at a critical stage in the development of the Strategic Alliance. The peer challenge team agree that the areas of focus identified for the challenges represent the key issues you need to address.

The development and implementation of a growth strategy is your top priority – from this will flow the update of your Corporate Plans and the prioritisation of your services in terms of their contribution to the growth agenda. Alongside this, you need to develop a clear vision for the future direction of the Strategic Alliance and communicate this effectively. Successfully tackling the key issues of the growth agenda, the Strategic Alliance and service prioritisation need to be underpinned by effective communication and transformation. We highlight the key messages from our report under these headings:

The growth agenda

You need to quickly develop a growth strategy which is clear about the purpose and objectives of the growth agenda, bringing in external support if necessary. This should be a joint agenda across the two councils, with a single implementation plan, to make the best use of your resources and speed delivery, but it should take account of the different opportunities and challenges across the two districts. The D2N2 and Sheffield City Region LEPs will be producing their growth strategies around the time of writing and these may provide suitable models. You should consider how the two councils can work more effectively together to deliver the growth agenda, such as through a combined economic development team and the resourcing of this team – and how to work more effectively with

other councils such as Chesterfield Borough Council. Figure 2 in this report illustrates how the growth strategy should drive your other strategies. Your local development frameworks (LDFs) also need to reflect and take forward that growth strategy and it is important that both councils move quickly to adopt and agree LDFs which support that growth strategy. The team notes that the latest, interim, national planning performance data for the period from July 2011 to March 2013 show that both councils compare unfavourably with other areas for the time taken to determine applications in respect of major developments (although neither council had an appeal against the determination of a major development upheld up to the end of 2012). Prompt and effective determination of such applications will be an important element in demonstrating that the area is 'open for business'.

It is important, however, that 'growth' is not used by both Councils as a magic solution that is seen to avoid the need to make difficult decisions in the short term. Growth is unlikely to provide an immediate solution to the pressures that are present in the system now.

The Strategic Alliance

You need to establish a clear vision for the Strategic Alliance and its future scope. A stronger sense of direction will enable you to harness the continuing commitment of officers to the councils, which is currently being undermined by a lack of confidence about that future direction. You should also work to introduce common sets of processes and procedures across the two councils – this will be more efficient and address a cause of significant frustration among staff. You have shown that you can make shared arrangements between two councils work and this should make you well placed to forge further public sector partnerships to realise more savings. Further investment in organisational development will be needed to strengthen management capacity in the levels below shared senior management posts and greater awareness of the aims and purpose of the Strategic Alliance.

Service prioritisation

As articulated by the council's senior officers, the budgetary pressures on the councils will increase and many of the 'quick wins' in terms of delivering savings have now been exploited. It is unlikely that you will be able to achieve your objectives with current service delivery models. You will need to review priorities, giving precedence to services which contribute to your growth agenda and look at alternative ways of achieving your objectives.

Transformation

Transformation of ways of working should underpin both the delivery of the Strategic Alliance and a re-shaping of services to deliver your priorities. We provide a model of an approach to transformation at Figure 1 to this report, which shows how the different elements are interrelated. This can be delivered by a small corporate team to shape and oversee the transformation programme, working with staff across the councils to deliver change in their own service areas. This should strengthen organisational capacity, increase ownership of change and boost staff morale.

Communication

Staff in both councils are looking for a clear sense of direction, an agenda against which they can deliver and confidence that political and managerial leadership will confront and make the difficult choices which the financial climate will require. We feel that honest and regular communication will help tackle what appears to be low morale among staff and enable you to tap into the genuine commitment to the councils which remains. You should be clear about what you do know; what you don't know and that which remains to be decided.

Detailed findings

Leadership and governance

There is strong political alignment of the two councils at leadership level and it is evident that both Leaders were a driving force in the creation of the Strategic Alliance. Each council has long standing political stability and a strong sense of their individual characteristics. Implementation of the Strategic Alliance at senior management level was undertaken quickly and there is a desire to make this work amongst managers at all levels in both councils.

There is clear aspiration to attract inward investment. Whilst one of your identified areas of focus for the challenge is economic growth, and everyone we spoke to articulated this as a key priority, there is no economic growth strategy. This has to be your first action to move your agenda forward. Good progress has been made on the introduction of joint management posts but differences remain in policies and procedures, delegations and service offers between NEDDC and BDC which hinder real progress. The Strategic Alliance would benefit from further joining up of roles and services in the future and more work will have to be done on harmonisation to enable this change.

Both councils should recognise the benefits of synergy – that they really can be greater than the sum of their parts and demonstrate a greater ambition to partners, the public and staff. Executive members are clear about maintaining their respective sovereignty but they will reap the benefits of working closer together across councils to achieve more. It should be possible to join-up more 'back office' services and service delivery mechanisms, while providing different service options to reflect different priorities and needs in the communities which the two councils serve – which is where the political sovereignty of each council is most important.

Effective planning committees and an agreed Local Development Framework which reflects the growth agenda will have a key part to play in delivering economic growth in both districts. There are still indications that the Planning Committee at NEDDC is not as efficient and effective as it could be, despite the recommendations of a planning peer review undertaken in March 2011. We discuss this further in the annex focusing on issues for NEDDC, but note that there may be opportunities to learn from practice in BDC – although there is scope for both councils to determine major applications more quickly.

Both councils may wish to consider if executive portfolios can be more closely aligned to the growth agenda to ensure strong leadership for that agenda – for example bringing together responsibility for growth and regeneration with that for planning policy. In accordance with good practice and Government guidance (ODPM Guidance on New Council Constitutions, 2000 para 5.18), that person should not then also chair the planning committee to avoid the appearance of or an actual conflict of interest. In general, executive members should not chair Planning committees. You may also wish to consider, as part of a wider review of executive portfolios, if it is possible to reduce the number of multiple reports across different executive members experienced by shared senior managers, to help both councils make best use of senior management time and to enable senior councillors to maintain a strategic focus.

A final key area of consideration for effective leadership and governance across both councils is the need for regular and clear communication both internally and externally. Many of the issues raised in the peer challenge could have been resolved by improved communication. Managers at all levels have to understand what is going on – information reduces uncertainties. If at certain times senior management and members don't have the answers they should say so. In a communications vacuum, speculation drains the positive energy out of the workplace. Many staff told the team that they feel morale is low and that the impact of integration through the Strategic Alliance on those working in Environmental Health has created fear for many others. Demonstrating to staff that you have taken seriously the issues arising from previous transformation activity, learned from and addressed those concerns, will provide greater confidence as you extend the programme to other areas.

Financial planning

Medium Term Financial Plans were approved by both councils in February 2013. You have plans in place to address the 2013/14 shortfall and plans for achieving 2014/15 savings should be in place by the end of this calendar year. Both councils have achieved all planned savings and in some areas exceeded them. The current financial situation appears sound but individual council's saving strategies may be too dependent on the success of the Strategic Alliance. Clearer governance and contractual agreements should be in place between the two councils in order to sustain the Alliance. The Alliance has delivered significant savings through reducing senior management costs, but delivering further savings will become more challenging.

There were large underspends in both councils for 2012/13 – underspending can be a good thing but not necessarily on this scale. Some members are asking why savings are needed at all if you have significant underspends and this risks distracting attention from the larger savings that will be required in future as central government grants diminish further – a challenge which was well articulated by senior managers. The team recognised a clear awareness of issues facing local government and the particular issues for the two different councils. We make further observations in respect of each council in the annexes to this report.

Capital assets are available from re-developments and regeneration and the recently approved Revenue Strategy looks systematically at commercial opportunities. These are generating an increasing level of income and leisure is one area which is now more self-financing. There is a greater willingness to use assets to release finance e.g. the recent BDC office move to The Arc at Clowne and a potential office move from the NEDDC Council House in Chesterfield to The Avenue site at Wingerworth.

The Strategic Alliance has no singular or over-arching transformation plan with resources identified to deliver savings and new ways of working. This will be needed to inspire confidence in managers and partners that the Strategic Alliance is making and planning for greater progress. It is also important in ensuring that the approach to transformation is managed in a systematic and coherent way designed to maximise its effectiveness, not in a piecemeal or opportunistic manner, which is the current perception amongst some staff.

Service planning should be undertaken to reflect your new growth ambitions and priorities and peer challenge of service plans could be encouraged amongst managers to ensure a corporate priority focus. Following on, the Medium Term Financial Plan will need refreshing to reflect these changes and other plans will then fall into place.

New challenges have to be faced e.g. the proposed changes to New Homes Bonus (NHB) that will see about 35% of NHB allocated to LEPs to support the Local Growth Fund. You should consider engaging Assistant Directors positively to generate ideas and ensure that your approach to economic growth is appropriately aligned to the priorities of the LEPs (thus enabling you to benefit from the strategic growth funds they now hold). Many are waiting for a political steer and if they are motivated to make things happen this should have a positive effect on staff in general.

The MTFP does not reflect the anticipated Business Rate uplift, which team members would normally expect to be the case. Inclusion would give a more realistic indication of the resources available to the councils and this would provide the opportunity to consider whether you invest or use this resource to avoid potential service cuts.

Organisational capacity

Members told us that staff at both councils are 'fantastic' and our meetings with front-line staff demonstrated that, despite morale being felt to be low; staff want to do a good job and be a part of finding a way forward. They are clearly committed to their respective councils and focused on doing their best for local people. This could be built on to encourage learning and sharing from good practice within and across the two councils.

There is evidence and feedback from partners reflecting good partnership working in Bolsover delivering improved outcomes for children, young people and specifically NEETS. Partners highlighted a lack of formal structure for partnerships in NEDDC which they felt they had previously, prior to the dissolution of the Chesterfield and NE Derbyshire strategic partnership following the withdrawal of Chesterfield. Learning could be taken from the strong partnership work undertaken previously at NEDDC and the current partnership success in BDC. The team understand that work is being done to map and better understand community needs in North East Derbyshire so that partnership working can be

effectively targeted and strengthened where necessary. The council should do more to communicate this progress to partners.

The recent change in administration at Derbyshire County Council should provide an excellent opportunity to improve partnership working and to pursue and benefit from District representation on D2N2.

There is a question mark over the capacity of shared senior managers to deliver the Strategic Alliance agenda. They are in effect holding two separate jobs; such is the level of duplication and lack of common processes and procedures. As discussed, staff morale appears to be low and front-line staff clearly need a sense of direction to motivate them. Improved communication and opportunities to contribute their ideas would help them to feel part of the change agenda. A corporate lead on transformation is required with the Leaders and Chief Executive regularly taking their message out to staff in their workplaces.

Members told the team of increased staff sickness levels and their concern about this. This was not related to last year's figures but an unexpected rise in sickness in the last quarter. They recognised the need to follow this up when the next quarter's figures were due the week after the challenge. This is an increasingly common issue across local government but needs exploring to establish the impact of apparently low morale and cultural change.

There is little evidence of organisational development and workforce planning to reflect the changing pattern of working across the two councils. The organisational culture described in the 2012-2015 HR Strategy does not reflect the feedback the team received in our internal and external meetings.

In the experience of the peer team, the development of managers below the level of shared senior management posts is an important factor in the success of such shared management arrangements across two councils. Through time constraints, shared managers will only really be able to focus on key strategic issues and other officers will therefore have greater interaction with councillors. They should therefore be supported by training and other development to raise political awareness, and strengthen report writing, presentation and communication skills.

More generally, if members wish to grow the Strategic Alliance, there needs to be more investment in organisational development to:

- create a wider awareness and better understanding across the councils of the Strategic Alliance
- enable shared managers to empower staff and free up capacity
- develop political awareness and understanding of the role of the councillor
- address recruitment and retention issues by growing your own talent to be managers of the future.

It can be difficult to recruit experienced managers with knowledge of shared management arrangements; hence investment in your own people may be key to sustaining and growing the Strategic Alliance.

Strategic Alliance and the efficiency agenda

You asked the peer team to focus on opportunities to achieve further efficiencies / savings from shared management and services.

We found that there was no clear route map or forward plan for the Strategic Alliance and that this lack of clarity on the way forward impacts on the confidence of your managers, staff and partners. It appears that you have an organic rather than strategic approach leading to a wide perception that initiatives are *ad hoc* without appropriate links being made. Whilst the organisational structures have changed, the underpinning processes remain the same causing inefficient duplication and frustration for managers and staff. The lack of harmonisation of terms and conditions will become a major barrier to any further integration.

There appears to be a lack of capacity and ownership to drive through the required change and transformation. Initial savings were achieved through the formation of the Strategic Alliance, but is there a will to take this forward that can be communicated clearly to managers, staff and partners?

Both councils need to champion the Strategic Alliance. In general members are committed to this agenda and you should consider creating change champions at different levels of the organisation who can communicate positive messages on progress made and feedback any ideas and challenges encountered. Staff told us that they had been told not to mention 'the other council' in their meetings, indicating work to be done to develop a positive culture of joint working and a common understanding of how the Alliance works. The development of common policies and procedures would enable joint managers to be more effective, speeding up decision making and avoiding duplication.

There are further opportunities for joint working to be explored and developed which would further improve customer satisfaction and provide savings.

Much progress is being made which could be shared across both councils. More could be done to bring staff, members and partners together to celebrate success and share the learning. Other local authorities would be interested to hear about your journey.

The Strategic Alliance should also be looking outwards. Consider more public-public partnerships to help reduce back office costs and also whether the Strategic Alliance might involve other authorities. Working together on larger and more focused regeneration projects may prove more successful. You may also consider combined authority arrangements with one of the LEPs.

The team have put forward a transformation programme model to assist the Strategic Alliance:

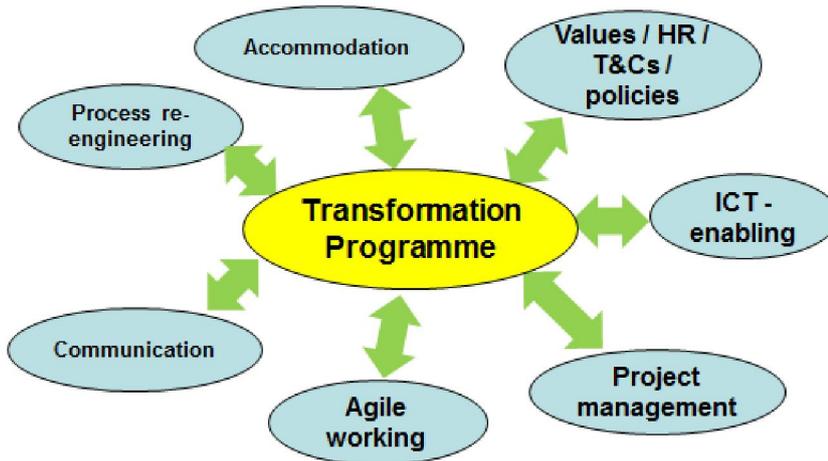


Figure 1

The model is based on the introduction of a small transformation team who would give the change programme more momentum and ensure a more holistic approach going forward. Whilst the current work on lean systems is commendable, it is perhaps overly complicated and you may wish to consider undertaking your own in-house one day training programme which could cover several hundred staff. This would greatly reduce the costs and the time invested in the process whilst delivering even greater customer and staff satisfaction. Project management should be a priority and greater consideration should be given to agile working to achieve outcomes flexibly. The small corporate team would oversee and manage the transformation programme, working with a wider range of staff through short term secondments / projects and supporting staff in general to re-design services themselves. It is important to have this core capacity underpinning your transformation activity so that the lessons learnt from one area are built on as the programme develops and therefore improvements made to the approach as it becomes more mature.

Service Prioritisation

You also asked the peer team to focus on service prioritisation.

The peer challenge team met members, managers and staff at all levels in each council as well as a small selection of partners and many were unclear on the priorities. Members are clearly committed to protect front-line services but inevitably tough decisions will have to be made and this aspiration may hold the councils back. To deliver transformation there will need to be an outcomes focused approach to service prioritisation. There is a lack of ownership around service prioritisation and members and officers should work together to design future services.

The strategy for dealing with customer channel shift remains unclear. The councils will have to determine the operating model they are working towards and only then can they move from the wide variety of customer access methods to a more streamlined approach.

The key opportunity to develop service prioritisation has to be your growth agenda. The development of a Growth Strategy will enable all the necessary steps to fall into place, creating a golden thread from aspiration to delivered outcomes. The growth strategy will drive a review of the corporate plan, priorities and budget. Members and senior officers are aware of the need to prioritise services and they should press ahead with their discussions on the content of the growth plan and its impact on the corporate plan.

Going forward you should develop a structured approach to reviewing priorities – involving members and officers - which becomes a regular part of your corporate planning cycle.

Promoting Economic Growth

The third and key area of focus for the peer team is the promotion of economic growth.

There is no clear articulation for the growth agenda and its purpose. Are both councils clear about their objectives for growth? There should be clear intent - whether the focus is on for example more housing, more jobs, higher footfall, greater spend - with the underlying reasons for this focus, whether this be better opportunities for local people and / or maximising revenue from business rates retention etc.

There is a history of under performance against development targets and stalled residential and commercial sites and these have to be reviewed to establish what went wrong and why and provide learning for the future. Projects need to be drawn up to a point where they are 'shovel ready' to submit a strong bid as and when European, Government or LEP funding becomes available. The financial strategy does not yet reflect your growth ambitions but once the growth strategy is in place work further work can be done.

Consideration should be given to whether economic development is adequately resourced to meet the growth priority. Some partners were unaware where economic development staff are located in the council's structures and in general they are confused by frequent changes in staff roles. You could establish a joint economic development team enabling you to share resources and learning.

There are a number of opportunities to promote economic growth identified by the review team:

- As discussed in Service Prioritisation, the first step will be the development of your Growth Strategy. The D2N2 Growth Strategy was released recently (and that for Sheffield City Region will follow soon) and you could use this to help shape your model. Figure 2 illustrates how the growth strategy should drive your other strategic plans. Consider an appropriate time-line, possibly buy in some expertise and deliver workshops for staff, members and partners to inform the final version. We have provided you with details of the LGA Economic Growth Adviser Programme which may be able to assist you with on-going support. Also, there may be opportunities to learn from good practice elsewhere e.g. Chesterfield and South Derbyshire and further afield.
- You should develop and promote the offer for potential development in NE Derbyshire and Bolsover and engage with businesses to create interest for

investment. There is great potential in terms of your location on the M1 corridor and proximity to Derby, Nottingham, and Sheffield – and some other local councils are already taking advantage of these. Development sites at Markham EZ and Clay Cross also have further potential.

- There are opportunities for closer working with your neighbouring councils – Chesterfield would be interested in exploring the possibility of a joint economic development partnership with Bolsover and North East Derbyshire. There are good links and strong member engagement with the Sheffield LEP but you should evaluate the benefits of the relationship and also explore the potential for work with D2N2. Ensure that you are benefitting from a cost effective shop window for potential inward investors that the LEPs and other regional / sub-regional bodies can offer.
- You would also benefit from more pro-active account management with local business, a move which would be welcomed by Derbyshire and Nottinghamshire Chamber of Commerce who are keen to engage more actively with both councils. You may wish to consider Local Labour Clauses and Social Value Act to help local people gain better jobs via procurement.



Figure 2

The peer team note the subsequent announcement in August 2013 (after the peer challenges) that Bolsover and North East Derbyshire are joining with seven other authorities, including Chesterfield and Derbyshire Dales, in a proposal to establish a Combined Authority in the South Yorkshire sub-region to promote economic growth, having responsibility for transport, economic development and regeneration. We commend the councils for working with partners in this way and encourage them to take advantage of their links with any resulting arrangements to deliver economic growth to the benefit of their districts.

Finally, we would like to thank colleagues and members at North East Derbyshire and Bolsover Council for their support in the lead up to the peer challenges and during the challenges themselves. The council embraced the challenges positively, transparently and openly.

We have discussed the benefit of a follow up visit from members of the peer team and advised of other help which may be available from the LGA. This is aimed at reflecting and building on the outcomes from the peer challenge. The council is still in the process of determining the need or focus of the follow up visit and we will explore this over the coming months. We understand that you are actively considering a visioning day for leading members and senior managers to determine the future direction and scope for the Strategic Alliance. We would strongly encourage you to hold this and use it as the basis for a clear future plan for the Alliance which, along with an agreed growth strategy (taking account of the needs and potential of both districts), is crucial for both councils at this key point in your journey.

Yours sincerely

Adam Wilkinson
Chief Executive, Derby City Council
Lead Peer