

David McIntosh
Chief Executive

Christchurch Borough Council

Bridge Street, Christchurch

East Dorset District Council

Furzehill, Wimbourne

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Dear David

Christchurch and East Dorset councils - Corporate Peer Challenge

On behalf of the peer team, thank you for your invitation into Christchurch Borough and East Dorset District Councils to deliver the recent peer challenge. The team felt privileged to be allowed to conduct its work with the support of you and your colleagues who were open and engaged with the process.

You asked the peer team to provide an external view of the two councils and give recognition of progress made; and supportive challenge and feedback on how you are prepared to meet future issues and opportunities for Christchurch and East Dorset.

You also asked the team to provide specific feedback on:

- What are the advantages across the two council areas and how these can be used to sustain the kind of community that is wanted in 20 years' time? Will that rely upon traditional strengths of 'defence, millers and grillers' or from exploiting new opportunities such as the creative industries or sustainable fishing?
- Are the councils as pro-business as they would like to be? How are the councils putting that into effect and driving that ambition forward through the joint Core Strategy?
- How are the councils supporting other forms of inward investment, for example, housing? Where is it best to focus effort and resources to ensure that plans and approvals come to fruition in the form of inward investment and new enterprises?
- What will be the future skills base in the future economy and how can this be planned for? For example, working with local schools to develop the skills that future businesses need?
- How to develop a more productive relationship with Dorset County Council?

To do this the peer team considered the ability, resilience and capacity of the council to deliver its future ambitions by looking at:

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

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

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet councils' needs. They are designed to complement and add value to a council's own performance and improvement plans. The peers 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.

This letter expands upon the feedback that was presented at the end of our recent on-site visit. In presenting this the peer challenge team has done so as fellow local government officers and members, not professional consultants or inspectors. Our intention is to provide recognition of the progress the two councils have made in recent years while also stimulating debate and thinking about future challenges.

Key conclusions

The partnership is showing real ambition through its commitment to work together; to carry out a major transformation and by recognising its potential to drive economic growth not just within the two council areas but also beyond into the sub-region.

The two councils have a number of natural strengths. Both offer a desirable area for people to live, have a good range of commercial businesses and have strength in their economies that have sustained them in large part through the economic downturn.

On the other hand it is recognised that there is a need: to improve the transport infrastructure; for additional affordable, intermediate and market housing, with keen awareness of the pressures on where this may be built; to plan for an ageing population with future health and support needs.

The Partnership Corporate Plan sets out pragmatic priorities on the economy, being to "create conditions for existing and new businesses to thrive and to encourage thriving and welcoming town centres and a strong rural economy". In the current economic climate it makes good sense to build on the strengths of the existing local economy, on the prosperity and potential of market towns and to support local businesses in readiness for the economic upturn.

The councils' geographical location makes them atypical of other Dorset districts and boroughs. Christchurch lies in close proximity to the Bournemouth conurbation with the economy of both areas closely intertwined with related economic sectors, travel to work patterns and housing markets. The northern part of East Dorset is more rural and shares similarities with other rural areas of Dorset but also has geographical affinity with the Hampshire, New Forest and south Wiltshire border settlements.

The character of the two councils is different and growth will be different in light of this. This makes two councils uniquely placed to bridge the rural-urban differences of Dorset: to establish strong working links with Bournemouth and Poole unitary councils, with the rural districts that form much of the remainder of Dorset, with Dorset County Council and with the Local Enterprise Partnership (LEP).

The two councils are uniquely placed by the fact that, "About 60 per cent of the potential employment land in the Bournemouth Travel to Work Area is at the airport" located within Christchurch. This makes this an area of great strategic importance in the sub-region and presents the two councils with a crucial role in shaping growth and in negotiating this for the advantage of their residents and businesses.

Housing is a critical issue. The area is highly desirable with a high ageing population and inward elderly migration. These factors have contributed to pushing up house prices, with the two councils having the highest affordability ratio in Dorset. This has led to a number of adverse effects. One is the huge demand for affordable and intermediate housing, without which younger people will continue to move away as house prices are out of their reach. The other is that house prices could be a dampener on inward investment when potential employers take sub-regional house prices into account.

However, the councils are keenly aware of the importance of housing for future growth and this is clearly stated in the Partnership Corporate Plan. They have also shown they are prepared to make difficult decisions to support housing development. The emerging Core Strategy proposes housing growth of 3,500 – 4,000 units to be located on green belt land.

There is also the need to support an ageing population – nearly a third of whom are over 65 years and increasing at a fast rate. This may present some economic opportunities for care sector development and an increasingly important facet of the future economy, although traditionally this has been often low skilled and low paid work. However, it also raises some important questions on how the two councils will be able to work with Dorset County Council and other partners to provide support to people at home. The two councils appear to be working well to provide support through Disabled Facility Grants (DFGs), by developing support networks and working with the county-wide Home Improvement Agency. The role of the new Health and Wellbeing Board, bringing together social care, health and council support arrangements, will be of increasing importance in this regard.

The Partnership of the two councils emerged from the pathfinder programme promoted in 2007 when the six district/borough councils and Dorset County Council agreed that improving the two tier arrangements was preferable to local government reorganisation. This led to collaboration between North Dorset, Christchurch and East Dorset, producing most notably the Stour Valley Partnership for the three councils' revenues and benefits

services. North Dorset left the pathfinder working arrangement leaving Christchurch and East Dorset to continue.

Progress milestones for the two councils are the shared services partnership established in 2010, a shared Chief Executive and management team since January 2011 and a Partnership Corporate Plan adopted after the elections in May 2011.

Over the last two years the two councils have worked closely and developed a shared service programme that is delivering impressive savings. This has been at a time of local government funding cuts reduced by more than 30 per cent for each of the two councils over three years from 2010-11 to 2012-13 and projected cuts in the order of 15 per cent for each of the two councils for 2013-2014. These savings have made possible the maintaining of services at the two councils in the face of great financial pressure.

The programme has been developed and sustained by strong political leadership, across the two councils. It is clear that the imperative for the two councils' change programme is to achieve financial savings to maintain services. This provides a strong focus on transformation and drives the 'Partnership' agenda.

It is also equally clear that while the two councils commit to work in partnership the political sovereignty of the two councils is an absolute given.

The service review programme is leading to shared service structures. The timetable for completing this has been brought forward to early 2014. It is a challenging process for staff that have gone through, or are facing going through, this. Despite this staff are generally optimistic about the change process and show considerable resilience and understanding of why it is necessary. Supporting this are good internal communications with staff, trade union involvement in the process and good HR oversight.

This is a significant change programme that is moving at pace, although to date most of this has been impacting on the officer structure. The council will need to be assured that Members are not being left behind in this change programme. This may, in due course, require a review of the role of Members in the two councils and the effectiveness of decision-making arrangements to meet the requirements of new ways of working.

Growth

The economy and growth

The councils have "recognised that economic growth and regeneration is a crucial issue which needs to be tackled as a priority; at the same time...neither council has been [as] effective in its approach as it could be."

The councils are making progress, after a slow start, in the development of a joint Core Strategy, expected to be adopted in late 2013. This will provide greater certainty, not only for developers, investors and local communities, but also officers and Members on land allocation and where growth will take place. It will guide decisions that are made on planning applications.

The two councils are in a fortunate position in that the economic downturn has affected them less adversely than many other parts of the country and there is evidence of a strong local economy and the prospect of continued growth. The Partnership Corporate Plan priorities on the economy, around supporting the existing economy, market towns, existing businesses and being aware of growth opportunities that arise, are pitched at the right level for the current economic position, and for the longer term.

It will be important for the councils to recognise what their roles might be in promoting growth and also their limitations. Ultimately the market will determine the pace of growth and the role of the councils is to enable and facilitate this. There is no recent history across the two councils of significant inward investment or of any significant restructuring of the economic base, and realistically there is no reason to expect this to change in the short-medium term. The commercial sector indicated that the growth they expect to see over the next ten years will primarily be growth of existing local and regional businesses, with particular interest from logistics operators at the airport. This emphasises the benefit of concentrating on supporting and promoting the current commercial sectors. The important role of the councils at this time will be to support the current economy and to influence, shape and facilitate how this might develop in the future.

There are other views that consider future economic growth might be structured around the Green, Knowledge and the Creative Industries sectors. Some of this appears to be founded on a dated consultancy report (2008) with findings overtaken by the subsequent economic downturn. Some of it appears to be deduced from data for the sub-region which, for example, calculates that the region employs 6,500 in creative industries but this from a working population 390,000. Furthermore there was no information that the peer challenge team saw that broke down the location of employment for the creative industries sector and whether this was mostly located in Bournemouth and Poole and how much in Christchurch and East Dorset.

These sectors and others could be important for the future economy but first there needs to be market demand, and recognition that there is significant competition between local authorities to try and attract these emerging sectors. The peer challenge team believe that a new growth/economic development strategy would help to shape the councils' approach and consider that this could be achieved, not by recommissioning a major piece of research but, instead, by talking to the local business community such as commercial land agents, volume house builders, representatives of the Manchester Airport Group, the education sector etc.

The councils are keenly aware that growth is something that they have not been good at. The lack of a growth strategy leads to some uncertainty on what the growth priorities are – the peer challenge team saw different iterations of these in different council documents. This contributes to confused and unrealistic ambition.

It was not clear to the peer challenge team, nor to external partners we spoke to, who leads on growth for the council? There is also uncertainty within the councils on who leads on this internally. This is partly a result of planning and growth services being dispersed across two directorates and partly that there is no clear strategy to engage with external growth partners, or on how they can access the councils. The councils intend to develop a Growth Strategy and this will be an important foundation for future activity and should be aligned to the Partnership Corporate Plan, the emerging Core Strategy, the City Deal bid

and the LEP priorities. As part of this it would be worth the Corporate Team considering their role in external engagement and the Chief Executive leading on key relationships.

Councils often set up Member Local Development Framework (LDF)/Local Plan Working Groups to oversee the development of their Core Strategy and associated documents. However, there is no such arrangement at the two councils. The peer challenge team recommend that consideration is given to establishing such a joint working group. This will not only ensure closer Member involvement but will increase understanding of the relationship between the Local Plan and the councils' growth priorities. It would also fulfil an important function for the councils post-adoption of the Core Strategy when they move on to the delivery of growth priorities and the mechanisms to support this, including master plans, development plan documents (DPDs), Community Infrastructure Levy (CIL), and supplementary planning documents (SPDs).

It will be important for the two councils to be realistic when negotiating affordable housing and setting Community Infrastructure Levy (CIL) to balance funding priorities. The local transport network needs major investment to unlock growth potential. At the same time the councils are increasing their affordable housing targets, well above what they have historically delivered. The balancing of priorities needs to be politically informed and occur before major applications are received to avoid delayed and inconsistent decision-making.

Viability assessments provide an accurate understanding of developer contribution levels, for example for affordable housing, and it would be worth the councils considering either recruiting specialist skills or working with other councils on a shared resource rather than relying on the private sector to undertake individual appraisals on an ad hoc basis.

CIL is estimated to realise contributions in the order of £32m over the time of the Core Strategy (from adoption until 2026). Early agreement will need to be reached with Dorset County Council, as local highway and local education authority, on the apportionment of CIL funding and the governance arrangements for prioritising investment once the overall split has been agreed.

CIL will fund some new infrastructure but there remains a significant funding gap. It would be a useful exercise to assess the extent of the funding gaps and for the two councils to work to identify funding solutions, for example by bidding for national and European grant and/or through use of council owned assets.

A pro-business approach

The councils understand the importance of growth for their communities and have made it a Partnership priority. Growth benefits are understood as important not just for the economy but for future skills development and employment, for the provision of future housing to support the economy, to ensure that transport infrastructure is improved for future business need while also maintaining the quality of the environment that makes the two areas unique.

A message that the challenge team heard frequently from external contacts was that the partnership could do more to demonstrate a pro-business approach at a strategic level. While relationships with external contacts and partners appear to work well when reacting to requests for help or to external events, there appeared little of key business

representatives engaging in an on-going dialogue with senior elected Members and officers. There was a sense of hesitancy as if the councils felt they had nothing specific to offer to business at this time. However, the peer challenge team were told that businesses wanted to build a positive long term relationship with the councils. Given the potential for the Partnership to punch above its weight in sub-regional terms, it would be a positive step to consider how relationships could be developed further with the business community.

There is evidence of some good working at operational level to support local businesses, for example Dorset Mentoring (DORMEN) which provides mentoring and support for new enterprises and businesses looking to grow. There is also Partners in Care, which is a multi-agency partnership working across the sub-region to raise the standard and quality of adult social care. The two councils are recognised by partners in the sub-region as leaders in these fields. In addition there has been good support for major businesses by the development management services, for example, the Manchester Airport Group (MAG), Cobham and Farrow & Ball.

Developers look for high levels of consistency and certainty in their working relationships with councils. The two councils have joint Partnership priorities and an emerging joint Core Strategy. From this developers may reasonably expect to work with single growth processes, single access, and common service arrangements across the two councils. However, the councils' staff structure and responsibilities for planning and economic development are not being presented in a coherent way internally or externally.

It was also clear that there is an inconsistent approach to planning at the two councils, at both officer and Member level. Although the two councils are working to a joint Core Strategy there are often different processes and practices in place where developers might, not unreasonably, expect these to be common. For example, one council offers structured pre-application advice but the other does not. Although both councils are working to a joint strategy they produce separate Annual Monitoring Reports (AMRs). AMRs are no longer a requirement and authorities who continue with these are often rethinking their format and audience and moving to use these to set out development achieved, jobs created etc. with the opportunity of promoting the area to potential developers and investors.

In addition the work of the Planning Committees across the two councils is variable. This is particularly the case at Christchurch where the differences to East Dorset are starkly highlighted by the far greater number of appeals (against officer recommendations), the number of appeals lost and the costs of appeals. This is significantly above the national average and is causing reputational harm to Christchurch.

The Planning Committee at Christchurch has a membership of nine councillors with a quorum of only three. This is a low number compared to other planning authorities and could expose Members to sharp criticism from applicants and developers, particularly over decisions on large scale and controversial applications. The peer challenge team recommend that Members would gain strength from a larger planning committee and quorum.

The risk of variable service consistency is that despite the two councils stating growth is a shared priority, this will not appear that way for developers and potential investors who may lose confidence and decide to look elsewhere. There is also a reputational risk of potential investment being diverted elsewhere in the sub-region from inconsistent decision-making.

The peer challenge team were informed that one housing association had made such a decision.

Given the level of growth proposed in the emerging Core Strategy it would be worth considering establishing a joint Planning Committee to determine planning applications of strategic importance. This could help to cement the pro-growth agenda, aid delivery of the Core Strategy, and help to develop a stronger reputation with developers and investors.

The peer challenge team recommend the Partnership establishes a single growth function with consistent practices, policies and procedures that is clearly presented to potential external partners. This could include planning policy, development management, economic development and tourism. It should also designate Corporate Team members with a defined role in managing this function and engaging with external partners.

Growth partnerships

The Partnership representative on the LEP board has a good reputation with other board members and is in a position to represent and influence the region. Through LEP engagement the Partnership is influencing a LEP wide strategic planning charter to help remove barriers to growth. This will set out LEP 'strategy for the area' on housing, transport infrastructure, economic development, employment land etc. and will provide high level guidance to potential developers and investors and a commitment from local planning authorities to support growth

Government is committed to devolve infrastructure funding through LEPs. However, the Partnership has insufficient awareness of and influence on LEP funding for infrastructure schemes. An example of this is the Government's Local Pinch Point funding for local highway authorities to alleviate congestion blocking potential economic growth. Similarly the Department for Business Innovation and Skills' Regional Growth Fund of £2.6 billion from 2011 to 2016 to support projects and programmes that lever private sector investment to create economic growth and sustainable employment. Round 4 was opened for applications on 17 January 2013 and will allocate a further £350m.

These funding programmes were considered by LEP sub-groups which do not feature district council representation. For example, the Connected sub-group is submitting three bids under the Local Pinch Point fund for highway infrastructure improvements across the two councils. However, the two councils were not aware of the funding stream or that bids were being submitted, and have had no opportunity to influence the process or prioritisation of schemes. The peer challenge team recommends the Partnership engage with the LEP and Dorset County Council, as the highway authority, to seek increased influence on relevant LEP sub-groups, for example Connected and representation on the new Local Transport Body to be established.

The City Deal bid will be important for the two councils if successful. The bid's principal areas designated for growth are the Bournemouth International airport and Poole harbour. The former is important as it is located within Christchurch and offers a larger proportion of employment land for the two councils and the Bournemouth conurbation. The airport is owned by the Manchester Airport Group who invested £45m in 2010 on a new terminal. "As net contributors to the employment land requirements... [this] places the two councils in a strong position of influence to promote economic activity and growth." This is a

significant advantage, the awareness of which places the two councils in a strong negotiating position to shape and influence growth not only across the two council areas but in the south east Dorset sub-region.

Superfast broadband is a priority to empower existing and future business enterprise. The Corporate Plan commits to achieving this for 90 per cent of the two council areas by 2016 and is contributing funding towards this (over £800k), along with other Dorset authorities and the LEP investment of £46m. Mobile connectivity is an issue for the sub-region and it would be worth exploring the Mobile Infrastructure Project where the Government is investing £150 m to improve mobile coverage. This will provide capital funds for new masts and equipment. Further information on the project can be found either at http://www.culture.gov.uk/what_we_do/telecommunications_and_online/8757.aspx

The two councils need to be clearer on how they will support the strategic skills agenda. There is an Employment and Skills Board (ESB) for Bournemouth, Dorset and Poole. The ESB is developing a Skills Strategy and the Partnership will need to ensure its Growth Strategy is aligned to this. A valuable piece of work, once the Core Strategy is adopted and the economy starts to pick-up, perhaps in association with Bournemouth and the ESB, would be to look at: projected economic growth to 2026 for the sub-region; the employment land sites that might support this; the skills the future economy; and a skills delivery plan to led by higher and further education providers and employers.

The relationship with Dorset County Council is important but one that has not been as influential to date as it might. The two councils would like to develop this further and this chimes with what the county council also wish. This is an important opportunity with a recently appointed Chief Executive at the county council and county council elections in May. Post May elections there will be a new cohort of county councillors for the next four years, a number of whom will be 'twin-hatted'.

In addition there are common priorities that lend themselves to working together across the two council tiers, for example: the skills for the future economy; an ageing population and health support needs; road and broadband infrastructure; housing need etc. To some extent this working together is recognised with the arrangement of the 'virtual economic development team' across Dorset where officers are working together to support the LEP, which is "still finding its feet", and to coordinate economic development activity across the county. In particular the Dorset County Council are in a prominent position, by supporting and having representation on the LEP, to provide an additional voice for the two councils.

Leadership and governance

There are strong officer and Member working relationships and this sends an important signal to staff that the two councils are engaged in a Partnership to transform traditional ways of working. This is supported by the enthusiastic working of the Partnership Board and effective cross-council relationships between council Leaders and portfolio leads.

The Corporate Team, strongly supported by the political leadership, is working tenaciously to bring about the transformation the Partnership has embarked on. They work cohesively and supportively. There is recognition that there has been a strong focus on internal transformation and there is a need now to develop a stronger external focus.

The council has good internal communications systems and this is essential for staff and Members to be informed of the progress of the change programme. For example, there are fortnightly team briefings, there are regular staff briefings by the Chief Executive at both sites, and there is a good source of information on the intranet.

The two council Leaders have a good relationship and are working well together to develop the Partnership. This is essential to bridge the political dimension and to carry the wider membership across the two councils. The Chief Executive is well respected and carries the authority to take forward the challenging change programme.

These elements are important. They are the essential building blocks to support the change that has taken place since 2010 and will be even more vital as the transformation challenge increases. Looking at progress objectively the peer challenge team felt there is an opportunity now for the Partnership to stand back, take stock and to consider its future strategic positioning. Taking the opportunity now to decide, for example: how proactive the partnership wants to be with a wide range of partners; how much deeper the transformation needs to go and what the key drivers are; what it means to develop the Partnership's role as an enabler; and what underlying cultures and values underpin the work going forward, will lead to a much more focused effort and would be a good investment at this time.

Although the two councils are good on staff communications there is a broader issue of Member communications. One quote to the peer challenge team was, "[I am] unsure the broader membership understand the work of the Board – this is a challenge even though we have many briefings for Members." It is important to ensure that all Members are engaged with, understand the progress of and are informed of the change programme. This provides a connecting thread running from senior to backbench Members that provides confidence in the direction being taken and everyone being carried along together. The peer challenge team were not sure that this thread is as strong as it needs to be and believe that further work will be important to develop this.

The two councils have been absolutely clear that the sovereignty of the two councils will be retained. Despite this it is acknowledged as an issue that keeps coming back. With each step that the Partnership takes – be it shared Chief Executive, shared services or the consideration of shared accommodation – it is likely to be raised.

The two councils have determined to follow a variation of the 4th option committee political decision-making arrangements. The councils acknowledge that this is a hybrid that treads a close line between the traditional committee system and the Leader/Executive model. A difficulty is that a hybrid system end up as neither one thing nor the other and can contribute to uncertainty on the working arrangements. This appears to be an issue with the current decision-making arrangements as Members can be involved in the same issue but in different roles. For example, a subject from the Partnership Board may be referred to a council committee where a Member sits on both bodies. The same Member may then sit on Scrutiny to hear the same issue again.

The Scrutiny function is confused and not well developed. At one council Scrutiny has the authority to call- in committee decisions but has never done so. The role of Overview and Scrutiny also did not seem to be well understood with much work appearing to be backward looking and little on policy development. In particular the peer challenge team were unclear

why there should be a Partnership Scrutiny Board when the Partnership Board has no executive power.

It was felt that the Scrutiny function had been better explored and developed in East Dorset. It would be worth considering an approach that enables good practice from each council to be exchanged to make the function more effective. A well informed Overview and Scrutiny chair is crucial and Member development on the use and potential of the function would be worth considering and would help to engage backbenchers. Support is available from the Centre for Public Scrutiny <http://www.cfps.org.uk/>

The peer challenge team recommend that the decision-making arrangements be reviewed for their efficiency. This could evaluate the Leader/Executive model in readiness for the elections 2015, which might also take account of any Boundary Commission changes affecting the councils. Until that time the current arrangements might be tweaked, for example reviewing the membership size of the Planning Committee at Christchurch, greater support for Members to engage in shaping change by more use joint scrutiny, more effective use of Overview and Scrutiny etc. The benefits of this would be to shape the Members' role at a time when the two councils are changing greatly how they conduct their business.

The low level attention given to the Localism agenda surprised the peer challenge team. Antipathy may be due to a view that this is a Government agenda and the Partnership had neither the capacity nor the will to progress it directly. It is fair to say that a similar view was shared by the Town and Parish Council representatives interviewed. There is an opportunity to think more productively how the Partnership might shape a local agenda to meet the needs of its local communities or, at least, to have an explicit discussion with Members about the strategic position the partnership wants to adopt.

Financial planning

Financial management has been stabilised and this is widely attributed to the progress made under shared service arrangements. The two councils understand the financial pressures ahead and have clear plans to chart a course for the short- to medium-term.

To maintain services in the face of significant funding cuts has been impressive. The councils are doing what needs to be done to transform their working arrangements in the face of significant reductions in Government grant. The service savings have been the driver for change and have enabled the two councils to maintain service levels. The shared service programme has achieved annual savings of £1.3m with these scheduled to rise to £2.25 per annum.

However, the councils recognise that shared services will not, by themselves, provide the longer-term savings in the face of protracted austerity. With this in mind consideration has been given to potential savings that might be obtained from alternative accommodation proposals. This is being considered in good time recognising that new accommodation development would have a 3-4 year lead-in time.

Although the Medium Term Financial Strategy (MTFS) clearly sets out available financial resources and describes the resource pressures it does not always relate to the corporate

and Partnership priorities. The peer challenge team would urge Members and officers to ensure that resources follow corporate priorities within the MTFS.

The councils are keen to explore the opportunities for higher levels of external funding. This will be important for leveraging additional resources to deliver the councils' priorities. However, the councils need to ensure that external funding bids are properly structured around priorities and not just about pursuing additional funding. They will also need to ensure that there is the capacity in the two councils to effectively use additional resources to maximum benefit.

The peer challenge team tried to understand the level and means of early Member involvement to shape the budgets for the following financial year. However, we saw nothing that enabled Members, early in the financial year cycle, to be involved in interrogating the current revenue and capital budgets, to discuss shifting council priorities and to build the budgets for the following year from an early stage. We think that this is an area for development.

Related to this the peer challenge team believe that there is scope to rethink the use of revenue and capital. For example, no decision has yet been made on how the New Homes Bonus (NHB) will be used and both councils have a recent history of revenue budget underspends. A consideration could be to utilise these to build in some short-term capacity to get through some of the priorities of the change programme and NHB could be helpful in pushing forward the councils' growth priority.

In a similar way the councils acknowledge that they lack commercial skills and that this is an area to improve to address the growth priority. They also recognise that these skills are at a premium in local government and are costly. Introducing these skills may require alternative creative means, for example: the use of revenue underspends to bring in specialised resource for a defined piece of work and limited time; a secondment from a neighbouring authority; part funding of a post holder from a key commercial partner; a shared post holder with a neighbouring authority etc.

Capacity

The councils' staff understand the need for the Partnership agenda and are working positively to keep services working through the service review programme. This is a considerable achievement as staff are understandably working through great uncertainty where it is clear that many fear their jobs are at risk.

The service review process is currently the principal focus for the two organisations. The councils will need to guard against reducing capacity that could impact adversely on service delivery and draining capacity from the Corporate Team when it is important for the latter to undertake the strategic planning that is required, for example to produce a Growth Strategy.

Some areas of the councils have lost resources prior to reviews, for example development management, and face the prospect of further resources being cut. It will be important for the Corporate Team and Partnership Board to guard against cuts that could jeopardise services, in particular those that will be important for the Partnership's priority on growth and other priorities. This will need performance monitoring to ensure that the change

process is not threatening service delivery and quality and that the customer focus remains strong.

There is a good performance management framework but despite this the peer challenge team were not convinced that performance management monitoring/reporting was working as well as it might and this was acknowledged by the Corporate Team. Part of this is about avoiding the intensive bureaucracy that can develop around such frameworks and partly wanting to develop more qualitative performance measures that inform the councils on service delivery and the impact this makes. This will need to be further work and could link to the above paragraph and the monitoring of service performance during the shared service implementation.

Service reviews should include the costs of moving to single operating systems, for example single IT platforms, and include support staff resources required to set up such arrangements. We were not clear that such considerations were made and were told of occasions when additional budget bids had to go to Corporate Team for authorisation. To expedite shared service implementation we recommend that all service review costs should be included in the review and approved at the same time as the new service.

Although internal staff communications are generally good they are not always so good at communicating the changes arising from creating shared services to ensure people – internally and externally – know who is now delivering which services and how these can be accessed.

The Managers Development programme, is well-regarded and helping to develop new working relationships between managers. This will be important for the new ways of managing and working that the councils want to establish, it will also be important to form the working culture of the Partnership. From the documentation the peer challenge team saw there was nothing in the curriculum that provided group delegates with a work related/team task. The team thought that might be useful to strengthen the learning and to apply tools in practice.

Moving forward - suggestions for consideration

Based on what we saw, heard and read we suggest you consider the following actions to build on the councils' undoubted successes. These are things we think will help you improve and develop the effectiveness and capacity to deliver your future ambitions and plans.

1. Develop a Growth Strategy that is aligned to the joint Core Strategy and the Partnership Corporate Plan. Develop this in partnership with the local business community such as commercial land agents, volume house builders, representatives of the Manchester Airport Group, and the education sector etc.
2. Open up a dialogue with a wider group of business representatives and other partners to signal very clearly that both councils are 'open for business' and willing to be pro-active in developing longer term relationships
3. Establish a business and skills forum that can support discussions on growth, the form that this might take and what business support is required from the two councils.

4. Establish a single growth function with consistent practices, policies and procedures that is clearly presented to external partners. This should involve a review of related service functions that contribute to the delivery of growth and consider how these might be aggregated to provide capacity
5. Review the practices, processes and systems of those services that support the delivery of the growth priority so that there is greater consistency on these
6. Review the arrangements for promoting access to the councils' growth related services by developers and potential investors and designate a member(s) of the Corporate Team to lead on external engagement with principal partners
7. Improve communications with Dorset County Council and the LEP on transport issues so that the Partnership and other Dorset district councils, can be aware of funding bids that arise and be in a position to influence these. Similarly, it would be productive to discuss Dorset-Bournemouth-Poole arrangements for representation on the future Local Transport Body
8. Enlarge the membership of the Planning Committee at Christchurch and the quorum size required for the committee
9. Introduce a Joint Planning Committee to determine planning applications of strategic importance
10. Review the councils' and Partnership political decision-making arrangements with a view to removing duplication and improving efficiency. Changes might be made in the short-term but that more substantive changes may need to wait until the 2015 elections. This would be an opportunity to review the Member role in light of broader changes taking place in the Partnership
11. Establish a Member Local Development Framework/Local Plan Working Group to supervise the submission of the Core Strategy and to move this post-adoption into the delivery of the growth priority
12. Adjust the layout of the Medium Term Financial Strategy (MTFS) so that corporate priorities are set alongside available resources and resource pressures
13. Review the use of revenue and capital budgets in particular the use of New Homes Bonus and revenue budget underspends.

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the peer team to present its feedback at the end of the onsite visit.

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 particular the LGA is able to offer up to 12 days support around the Partnership priority of growth. We would also wish to offer an improvement and prioritisation workshop to the council to take place some time after this letter is received by the council. I look forward to finalising the detail of that activity as soon as possible.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Howard Davis, Principal Adviser (South West and West Midlands) is the main contact between your authority and the Local Government Association. Howard can be contacted via email at howard.davis@local.gov.uk (or tel. 07920 061197) and can provide access to our resources and any further support.

In the meantime, all of us connected with the peer challenge would like to wish the Partnership 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.

Yours sincerely

Andrew Winfield
Peer Challenge Manager (Peer Support)
Local Government Association
Tel. 07786 542754
Email andrew.winfield@local.gov.uk

On behalf of the peer challenge team:

- Richard Sheard, Chief Executive, South Hams District and West Devon Borough councils
- Councillor Tony Jackson, Leader of East Hertfordshire District Council
- Councillor Martin Veal, Member Development Champion, Bath and North East Somerset Council
- Matt Prosser, Shared Strategic Director, Vale of White Horse and South Oxfordshire District councils
- Simon Machen, Head of Planning, Transport and Engineering, Peterborough City Council
- Ian Hughes, Head of Programmes, LGA

Appendix 1 – Feedback slides

Appendix 2 – Signposting note