

Kersten England  
Chief Executive  
City of York Council  
West Offices  
Station Rise  
York YO1 6GA

18<sup>th</sup> July 2013

Dear Kersten

**City of York Council**  
**Corporate Peer Challenge 11<sup>th</sup> – 14<sup>th</sup> June 2013**

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into City of York Council 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 York were:

- Dave Smith – Chief Executive, Sunderland City Council
- Councillor Jon Collins (Labour) – Leader of Nottingham City Council
- Councillor Clare Whelan OBE (Conservative) – London Borough of Lambeth
- Tom Stannard – Director of Communications and Public Affairs, NIACE
- Fiona Johnstone – Director of Public Health, Policy and Performance, Wirral Council
- Giles Perritt – Head of Policy, Performance and Partnerships, Plymouth City Council
- Judith Hurcombe – Senior Advisor, LGA (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?

In addition you asked the peer team to comment on:

5. Being a responsive and innovative organisation
6. Community infrastructure and capacity building

We have considered these in the context of your plans to fundamentally consider and define the future purpose of the Council. We hope the feedback provided will help stimulate further debate and thinking about the future and how your plans and practice might develop and evolve further.

### **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 council's 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 onsite at York, during which they:

- spoke to more than 150 people including a range of council staff together with councillors and external partners and stakeholders
- gathered information and views from more than 47 meetings, visits to key sites in the area and additional research and reading
- collectively spent more than 220 hours to determine our findings – the equivalent of one person spending nearly 7 weeks in York

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 (11<sup>th</sup> – 14<sup>th</sup> June 2013). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors.

## **Summary of feedback: overall messages**

York is an exciting place to be. There is clear ambition amongst councillors and officers to do the best for both the people of York and the Council. The Leader and Chief Executive provide visible leadership and lead from the front, and their ambition for York is clearly recognised by partners and staff. You are aware of the challenges ahead and the organisation is starting to prepare for them, building on strong desire for improvement and innovation.

The Council has many achievements it can be proud of including:

- Excellent partnership working
- Solid performance in Children's Services with educational attainment good at all levels, including being in the top 20% at Key stage 4, and a strong education partnership
- One of the first Fairness Commissions in the country
- Super Connected City Status for broadband and Wi-Fi
- The relocation of Hiscox Insurance to York
- The GeniUS web forum
- The successful build and relocation of the new headquarters at West Offices

The Council has a clear 2 year budget strategy that balances and there is ambition to expand the council tax base to improve the long term base budget position. Like other councils you need to prepare for significant challenges in the medium term from 2016 onwards. There is good awareness of the need to change how the Council operates so that it continues to be fit for purpose in the future. Staff we spoke to were well motivated and generally feel supported by the organisation and its leadership, aided considerably by the recent move into the new West Offices. This rationalization of the Council's office buildings has enabled the co-location of a number of services including those of some partners, including the Clinical Commissioning Group, Citizens' Advice and a credit union. It has also had a significant impact on enabling improved communication and dialogue not only between members of staff and their respective departments, but is also noticed and welcomed by external partners, and has created improved customer reception arrangements.

York is regarded as a good place to do business, and there is enthusiasm from some but not all, internal and external stakeholders for the Council to seek and encourage economic growth. The degree of energy invested in this since the new administration formed in 2011 has led to a high degree of anticipation and expectation about future delivery. Innovation has been actively encouraged and has resulted in some bottom-up projects which have the potential to add value to how services are delivered now and in the future.

The significant ambition for the city and its area, as well as stretched officer capacity and looming future financial constraints means that now is the time to harness and manage the energy into delivering on the ambition. In particular more focus is needed on clarifying the Council's non-priorities, improving capacity for transformation, and consistency of follow through in delivery planning, linked to a clear medium term financial strategy which sets how major savings will be achieved, particularly in Adult Social Care.

City of York Council is at the tipping point of looking forward and needing to do things very differently due to a diminishing resource base, including looking afresh at models of service delivery which provide sustainable solutions. This is recognised by a wide range of stakeholders, including the partners, staff and trades unions; the next challenge is to move towards how you will do this, and to start to manage it.

We think you need to explore and define the preferred service transformation models more clearly and consistently at a corporate level, and consider a refreshed community engagement strategy, whilst considering your current and future capacity. This is not to say that your ambition is unachievable, but current capacity is stretched, and transformation will stretch it considerably further. The pathway needs clarity that better aligns resources with actions required to deliver the priorities.

**Summary of feedback: strong ambition, further clarify priorities, explore future role of the Council, consolidate and bring structure to future plans and delivery**

*Understanding of local context and priority setting*

York has many assets to be proud of. At all levels internally and externally there is a very powerful identification of and with York as a place, over and above identification with individual wards or neighbourhoods. This is a key strength, not to be underestimated in value, but it also brings challenges, because many people have strong views about what York needs for its future prosperity and sustainability, including wanting to protect its many unique aspects.

There is a strong and explicit drive for economic growth in York, clearly led by the Leader and Chief Executive, and recognised as “the right thing to do” by a wide range of people both internal and external to the Council. This ambition is understood by partners and welcomed by them, as it goes beyond building on the tourism element of the local economy which currently stands at around 25% of local jobs and investment. Reaching Further, the York economic strategy 2011-2015 has clear priorities for competitiveness, and there is evident buy-in to the strategy from a wide range of partners.

Although York has been part of the Leeds City Region for over a decade, the recent confirmation of the Council’s main allegiance with the Leeds City Region LEP is widely recognised and applauded by external partners, who describe it as a brave and necessary step, driven by limitations of the national LEP model and the desire to gain maximum opportunities for York. Although there are mixed views amongst the membership of the Council about CYC’s decision, it will bring financial leverage that will benefit York. Contributions have been made to the LEP infrastructure funds which will bring benefits to York in the future, including £80m transport leverage for the Northern Ring Road. In going forward, be mindful of the need to continue to work on relationships with your geographical neighbours.

You have a wealth of community assets and traditions, including a wide range of partner organisations willing and able to participate with you, as well as a long history of philanthropy and interest in the city. In some areas there are relatively affluent, well-educated residents who fuel this interest, many of whom are explicit in their demands and expectations of the Council and its partners.

Despite such affluence in some areas, deprivation and poverty are evident, particularly across the city suburbs. There is a growing awareness that the demographics of York are changing and having an impact on communities, for example the numbers of students living in residential areas has had an impact on rented housing availability and prices. There is also good understanding at a strategic level that the pace of economic growth as currently forecast is delivered, then community and social cohesion will need on-going attention. At political and officer levels there is also a good understanding about the tensions that may arise between growth and sustainability, and a recognition of the need to take a sensitive approach.

The council plan sets out five priorities, some people can articulate what these are: others told us about 3 or 4 additional priorities, plus economic growth; some reflected that they thought there are 5 priorities, but that it wasn't clear to everyone. This lack of understanding may relate to priorities which have emerged since the 2011 election when the Council changed control, but repeatedly we were told that officer capacity is stretched, and we found little evidence of clarity around non-priorities. We suggest that you should revisit the priorities and ask whether there are too many, as well as address their hierarchy, and ensure there is full buy-in to the future plan. Across documentation as well as in conversations, we gained the impression that there are opportunities to sharpen up key plans and policies, to reflect the future role and priorities of the Council.

It is also unclear whether ward level priorities and those of residents and customers feature in the council plan, as well as how it links to the future workforce and Medium Term Financial Strategy.

Whilst growth is the clear overarching priority, further exploration is needed to determine what sort of growth is anticipated, where it will be located, for example within the city, the wider CYC area or within the wider sub-region, how feasible this is, and how this will be planned for. We heard a wide variety of views from partners about what sort of growth should be pursued, with some welcoming new housing as a key area, others wanting organic growth of existing businesses, whether or not to have an international focus or to target young entrepreneurs, and others wanting new sectors and industries to emerge. Some of this growth may take a number of years to emerge, so care needs to be taken that any financial implications and assumptions are fully risk assessed.

#### Financial planning and viability

The 2 year financial strategy is clearly set out, and is balanced, and it appears that opportunities are being maximised, including building up the council tax base in the long term. This is significant for CYC as it has an historic low council tax base and one of the lowest Band D council tax charges in the country. The 2 year strategy has been subjected to a healthy degree of review and challenge. The capital strategy also appears to be soundly based, and includes details of plant and machinery investments, as well as public realm improvements.

Despite the council plan contents and budget consultations that have been undertaken, the budget is being driven by incremental budget reductions in services, and as a consequence is shaped by savings targets rather than by strategy and priorities. We found it difficult to ascertain which strategic transformation priorities these broad savings make a contribution towards, nor how these savings impact on wider service delivery. This approach is not

sustainable in the medium to long term, as it will begin to affect the future viability of the Council. Although finances are relatively stable now, there is still the need to start to address how the Council will transform so that it continues to function in a long term era of austerity. This means that clear medium-term transformation plans need to be developed across core city services, which balance income and efficiencies, and contribute to MFTS budget aspirations. There is appetite from staff to take a more radical approach which includes being more explicit about the implications of budget proposals, to begin to reduce service users' expectations and take a more active role in demand management.

The Council's budget in future years will rely heavily on growth assumptions, but growth isn't being realised on a rapid basis. There is also some anticipation that some economic growth may take many years to benefit CYC's budget, as may the benefits of membership of the Leeds City Region LEP. Until recently there has been limited progress on key development sites, such as the former Terry's site or York Central. Although progress is being made on these sites and there are indications of improved business confidence and investment overall, economic conditions are now clearly tough. This is important because delays may have an impact on predicted future growth-based income being realised. In light of this some medium term goals may need to be re-cast, and the issue of a clear MFTS beyond the initial 2 year budget strategy period, supporting medium-term transformation and economic growth priorities becomes more important for the future.

The impact of savings within the current year's budget are affecting the delivery of front line services, which in turn may have an impact on the Council's longer term ambitions for community capacity and co-delivery of services. For example, we were told of 'services going missing' at ward level, with perceptions of insufficient community consultation or information being sent to councillors, yet there is a broader expectation that in the medium to long term, communities or town and parish councils will take over some services.

Alongside other upper tier councils, Adult Social Care is a major budget priority, and is backed by a transformation plan and financial strategy, which includes plans to substantially remodel existing in-house residential care services for older people into new provision based on a "care village" concept in the medium term. Some elements of service delivery in this area, such as the warden call service, community equipment loans and Telecare are being encouraged to take a "spinning out" approach to create a social enterprise, and staff told us there has been good support to help them develop this. There is also recognition that closer integration with CCG and York Hospital at an operational level would have a beneficial impact on both budgets and better, quicker services being delivered to the public.

Despite this approach staff and partners feel that transformation is not happening fast enough in Adult Social Care, and that the Council is running out of time to provide a sustainable solution, as there is anticipated increase in the numbers of older people of 40% by 2020. Concerns about significant aspects such as assurance on transformation, quality and safety need to be planned for, as these too will have an impact on the budget if not carefully handled. The future of Adult Social Care is absolutely crucial to the Council's and its partners' budgets, so we suggest that broader understanding and ownership of the challenges and complexities it contains is needed, so that it is not regarded as a departmental, but as a corporate and council-wide issue.

### Political and managerial leadership

The leadership provided by the Leader of the Council and the Chief Executive is strong and visible and widely commended both internally and externally. Their working relationship is positive and constructive, and both are energised about York and its future.

Partners speak highly of being able to engage with the high level ambition of growth for York, and we heard very positive views about the move to West Offices and improved dialogue with and between Council departments as a result.

Cabinet members clearly have a good grip of the priorities and agendas affecting their portfolios, and a clear understanding of the priorities in the council plan, but need to be fully engaged in the process of establishing what are not priorities for York, in the context of earlier reflections on the transformation and prioritisation challenges facing the city and the Council. Across the membership of the Council there is clear commitment to York and its residents and businesses, with non-executive members showing a strong community focus.

We found a tension in capacity between the high level ambition for the city and the practical reality of service delivery, with directorates and staff largely focused on traditional service delivery. Some of this is perhaps inevitable as the Council looks two ways in terms of meeting its current obligations, as well as beginning to explore what CYC's purpose is for in the years ahead.

There is a perception from some non-executive members, opposition members and communities that they are neither properly informed nor able to influence decision making. We were not in York long enough to test out whether this perception is a reality, but suggest that some clarification is required about expectations and access to information.

We suggest that time also needs to be taken in order to explore high level Cabinet and CMT roles and responsibilities. Individual strengths of Cabinet and EMT need to be matched by increased collective working on the corporate, strategic and cross cutting challenges in achieving priorities and addressing resourcing needs.

There is a considerable reliance on the role of the Chief Executive to make things happen, and whilst welcoming her energy and visibility, stakeholders suggest that there is room for other senior officers to play a role in developing and sharing the strategic vision for York. Partners are positive about working with the Council, and some recognise that their relationship is largely forged with the Leader or Chief Executive. Partners would welcome more opportunities to engage with the broader cohort of senior members and officers on the change agenda.

### Governance and decision-making

Cabinet is well chaired and observers told us that it feels like it has momentum. Cabinet members recognise the need to start to define non-priorities. Members of the public are able to have a slot at the beginning of the meeting, and from June 2013 meetings have been webcast. These elements of the governance arrangements seem to work well.

There is willingness to make some difficult or potentially unpopular decisions, for example, the decision to expand the council tax base and joining Leeds City Region LEP.

Although no longer a statutory requirement, partners remain committed to the Local Strategic Partnership. Support to it for agenda and meeting planning is provided by the Council. The degree of partner commitment to the LSP and other partnership structures is a considerable asset, although we suggest as the Council moves forward it would be useful to revisit structures and arrangements to ensure they focus on new and emerging collaborative agendas.

There have been recent changes made to neighbourhood governance models, including towards budgets, but we found that the understanding or acceptance of these changes has not yet fully permeated to either backbench members or to communities. This results in tension and frustration about what is or is not available in terms of service delivery and discretionary budgets.

Overview and scrutiny is not widely regarded as fully developed in York, and does not appear to be utilised to its best effect to help the Council develop its policies and improve service delivery. The focus of activity does not appear to be on the significant key strategic issues facing the city. Some members recognise this, having negative views overall about how it performs, and voicing concerns that its purpose and impact is unclear.

The scrutiny function would benefit from reviewing the current support arrangements, an increase in member training and an awareness that it needs to follow significant council agendas more overtly. This would help to ensure scrutiny can be used as a resource to assist with policy development and prioritisation, and to improve service delivery.

#### *Being a responsive and innovative organisation*

The willingness of the Council to continue to change and improve is evident, and staff and members are highly positive about their roles and clearly motivated in working for CYC. Favourable comparisons are made by staff about working in York rather than in other councils in the region, and some partners give favourable comparisons about their working relationship with CYC.

We found that equality and diversity has a high profile and is becoming mainstreamed in how the Council does its business, as well as being championed by a wide range of individuals, both members and officers, across the organisation. Consideration is also being given on how this will affect York's communities in the future, and how the Council will support this social change. The Council's intention to provide more pitches for the gypsy and traveller community, and the anti-poverty strategy are good examples of the mainstreaming of equality and diversity.

Amongst managers there evidence of an appetite for innovation and change management. Innovation is actively encouraged and welcomed and including:

- the Telecare service in Adult Social Care
- improved use of fleet transport

- Genius York is a useful innovation vehicle, enabling residents, businesses and the academic community to contribute ideas to improved services and new ways of working.
- Library staff are excited about the forthcoming changes in their service and are committed to transformation
- At back office level, opportunities for improving and reducing the number of transactions are being explored.

There is a willingness to make the Council more open and receptive to external perspectives and challenge. The peer review undertaken with Calderdale Council on your approach to neighborhood engagement is a good example of the Council being increasingly open to external views and challenge, and seeking other resources to aid thinking.

Whilst the freedom to innovate has enabled many new ideas to emerge, it is not always clear how innovation links back to high level priorities, nor whether the interdependencies between current and future service delivery are being explored. In making this point we are trying to not discourage CYC from innovating, but innovation needs to be actively harnessed to ensure that the maximum benefits can be obtained, including the impact and interrelationships of new initiatives, particularly during this unprecedented era of change and uncertainty. Staff are also keen to learn from successes including why things work, how it can be applied elsewhere, and how to identify and use best practice

There is clearly a lot going on at York, but this has also resulted in staff feeling very stretched, and some query whether there is sufficient capacity or skills to transform for the future, and whether future service delivery is sustainable. The Council is good at developing new ideas, but needs more rigour in implementing them consistently and in marshalling strong transformation capacity to secure delivery across the board, for example, although the Living Wage recommendation from the recent Fairness Commission has been adopted by CYC, there were mixed views about how clearly its many other recommendations have been adopted.

There is sufficient motivation and energy across the Council to help support doing things very differently and new approaches and change appear to have become an extension to the day job for many staff, but the overall direction is not always clear. We suggest that more corporate capacity is needed to help develop thinking as well as transformational, rather than incremental change, to ensure innovation is strategic and coordinated. This capacity needs to be supported by an overarching and strategic planning framework which will help to ensure that change is programmed and managed, rather than being organic in development. Ambitions also need to be grounded in terms of what is realistic and achievable within current financial and staffing levels.

Partners, whilst recognising and applauding recent improvements in cross departmental working, still have some concerns that the consistency and degree of customer focus. More work is needed to ensure the highest level cultural changes permeate through the organisation.

### Community infrastructure and capacity building

Along with partners there is a strong approach to mapping and understand the skills and re-entry to the labour market issues affecting all its communities, particularly those in highly deprived areas of the city's urban fringes, and is concentrating on strategies to ensure all communities are able to access the employment and growth opportunities its economic plans are forecasting. Clearly the benefit of some of these strategies is yet to be realized, but the Council has made good endeavours to secure sustainable benefit and access to these opportunities across communities with widely differing needs across the wider geographical area.

The recently launched volunteer policy is a good initiative aimed at increasing council staff's awareness of the community and voluntary sector, as well as providing development opportunities and capacity for external organisations.

It is consistently recognised by members and officers that the Council needs to transform if it is to survive in the future, but it is not yet clear what the future of the organisation will be. Although the term "co-operative council" is widely used, it is not clear what this means for future service delivery, nor when such arrangements will come into place, or whether it is a title rather than an embedded policy commitment. Some of this may relate to activity being undertaken within rather than across services. Your future operating model needs to be explored and articulated, and we suggest that you exchange information with similar sized councils to see how they are approaching this.

When this has been determined, we suggest you need to consider whether there is capacity or capability at strategic management level to be transformational. Currently expressed intentions are strategic and enabling but most of current resources are traditionally focused. All councils need to think about and plan for transformation and this is a question to be tested against current delivery models and where capacity is currently consumed, balanced against what will be required in the future. The workforce development plan will need to be revisited as part of this approach.

The need to balance the budget has inevitably lead to cuts being made in traditional, universal neighbourhood service areas as finances become more difficult. For example, significant cuts have been made in area management, play development, and community development; there is a danger that the consequences of this may run counter to building community capacity to engage in co-production and design. The transfer of assets to communities needs further development so that stakeholders and staff have a better understanding of what it means, and how it will work.

We think that you need to reconsider the over-arching approach to neighbourhood engagement and capacity building, to ensure that relationships with communities are maintained as your new purpose is articulated. Currently stakeholders do not appear to be clear about what they can expect of the Council, either at customer or partner levels. Councillors of all parties have a key responsibility in being part of the conversation, but recent reductions to ward budgets appear to have created a lack of clarity and a lack of buy-in, with some councillors being disenchanted.

Community contracts have been developed for each ward, and include ward-specific elements such as councillor contact details, and background information about each area, as well as suggestions on how communities can do more. However, not all councillors have fully bought into the concept and we heard the contracts described as being imposed from the top of the organisation.

York has some significant advantages that will help address this future role, including enthusiasm for innovation, backed by a wealth of community assets and a history of philanthropy. Now is the time to call on these assets to work with you in shaping the future role of the Council, working alongside partners, residents, and the community and voluntary sectors to bring about sustainable change.

## **Recommendations**

There is a range of elements we think you should consider now, including:

- A re-evaluation of priorities relative to the over-arching priority of economic growth
- Be more pro-active in determining non-priorities
- Create opportunities to share thinking and understanding about the council's role and function will be in the future, including where and how transformation will take place
- Create corporate resources to programme manage your ambition
- Consider developing a mechanism for the exchange of best practice and learning across services
- Sustaining and encouraging member engagement in developing the new approach to transformation
- Review Overview and Scrutiny's role in supporting policy development
- Be prepared to do things differently, moving away from traditional solutions to embrace new and untested ways of working

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 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 include contact details of Mark Edgell, LGA Principal Advisor for Yorkshire and the Humber, [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk) tel. 07747 636910. He is the main contact between your council 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. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

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On behalf of the peer challenge team:

- Dave Smith – Chief Executive, Sunderland City Council
- Councillor Jon Collins (Labour) – Leader of Nottingham City Council
- Councillor Clare Whelan OBE (Conservative) – London Borough of Lambeth
- Tom Stannard – Director of Communications and Public Affairs, NIACE
- Fiona Johnstone – Director of Policy and Public Health, Wirral Council
- Giles Perritt – Head of Policy, Performance and Partnerships, Plymouth City Council
- Judith Hurcombe – Senior Advisor, LGA (Peer Challenge Manager)

## Appendix A

