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Dear Adrian

Kirklees Metropolitan Borough Council – Corporate Peer Challenge

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

- Nick Walkley – Chief Executive, LB of Haringey
- Cllr Jon Collins (Labour) – Leader, Nottingham City Council
- Cllr Ann Hartley (Conservative) – Deputy Leader and Cabinet Member for Children’s Services, Shropshire Council
- Alan Lotinga – Service Director, Health & Wellbeing, Birmingham City Council
- Conor Burke – CCG Chief Officer, Barking & Dagenham, Redbridge and Havering CCG’s
- Peter Rentell – Programme Manager, LGA
- Clive Harris – LGA Senior Adviser, Children & Young People (Shadow role)

Scope and focus of the peer challenge

You asked the peer team to consider:

- Whether the council's planned shape, role and focus is appropriate to meet future operational challenges and in particular its attempts to maximise the health and wellbeing of its citizens (this will consider partnerships, engagement and commissioning of services);
- Financial pressures, exacerbated by an ageing population, are a major driver of change but is the work the council doing to stay ahead of the challenge of sufficient pace and is it doing enough to ensure appropriate quality and to ensure intended outcomes

In addition the peer team considered the ability and capacity of the council to deliver its future ambitions by briefly looking at:

- Understanding of the local context and priority setting
- Financial planning and viability
- Political and managerial leadership, governance and decision-making
- Organisational capacity to deliver your priorities

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 and views shared by the people they met, the things they saw and the material 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.

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 (24th to 27th February 2014). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing. LGA would be pleased to be involved with any further support to facilitate this issue.

We also hope the feedback provided will help stimulate further debate and thinking about the transformational change programme for Kirklees and how it might develop and evolve.

Summary of feedback: overall observations and messages

Kirklees is a council that has been well led and managed. This has resulted in a strong position with partners, in its own internal capacity and with funds to smooth the short-term impact of long-term changes to funding. However, as its own self-assessment highlights, the authority is at a crucial point where it needs to make significant decisions and bring about wide ranging change in order to address the significant risk that funding reductions represent.

One overarching reflection from the challenge is that there is near universal recognition of the need for change but staff, local and regional partners are now looking to the leadership of Kirklees and particularly Members to define that change. The following themes emerge:

With regard to narrative, strategy and priorities the question “*What is Kirklees for*” has many exciting and positive responses. What is lacking is a single narrative that can bring partners together and set a direction for change. That narrative also needs to inform a series of strategic decisions that the authority needs to urgently take shape.

In the place of narrative and strategy Kirklees has an extensive list of service priorities and a small number of very broad priorities. To help partners and staff, a sharper set of outcomes based priorities is needed and should be informed by the narrative.

Member/Officer relationships are generally positive with high levels of respect and confidence. However there was not transparent evidence that these relationships create the conditions where unambiguous advice about issues of principle and policy are given and received.

Kirklees has done very well to deal with austerity through a period of No Overall Control (NOC) and there was strong evidence of many politicians being willing to work together. However the emphasis on what can be agreed means that the political values behind decisions are not clear publicly. Councils should be politically led organisation and politics should provide the context for officer advice. It may also be the case that the absence of political difference accentuates the role of local ward based issues in the authority (see below). The council’s political leadership needs to assert itself on the direction of the council.

The challenge was regularly provided with evidence of the “complexity” of Kirklees. Whilst recognising the rich diversity of places and communities in Kirklees, all councils have their own complexities. The risk in Kirklees is that without sufficient incentive political or financial to participate at a borough-wide basis it is local issues that predominate. These local issues can have significant implication on the health of the whole council but also generate huge amounts of unproductive officer effort.

Reaching a settlement on how and why resources and services should be devolved is very important for moving the whole council and place forwards. Such a settlement needs to include reform of and improvement in local planning decision-making.

There is evidence that the council provides high quality service provision, it now needs to address what a future organisation, with much reduced funding, will do. This is an important debate not just for the council but also for its partners and the Community. Understanding what the priorities are and how the council will deliver them will involve discussions about what the council does and does not provide, asking citizens and communities to do more and integration with partners. Staff from across the council know this decision is coming and members supported by senior officers need to set out how they will address this. This could be helped by defining a process to take specific decisions about the preferred operating models.

A first product of this process should be agreement to a three or five year medium term financial strategy that builds on the current three year plan but avoids last minute 'horse trading'. We recognise that the CSR is designed to provide the foundations but believe that this won't work without defining the political context and overall principles that will define the choices that have to be made.

The next phase for Kirklees will be one of significant change. It will be important to have a shared understanding of how this change will work, what resources will be needed and what the risks are. The changes will be not just in the nature of service provision but also the wider political and officer culture of the organisations. Many officers and members express a paternalistic view of the role of the council whilst acknowledging the need to move to a more collaborative and partnering approach. Given the focus in its time to take involving communities and building on social productivity this is causing tension for some officers and members.

One manifestation of the issues set out above is that the council can easily see issues as problems rather than potential solutions. A creative approach to the use of assets, for example, where communities share the benefit, might create a different dialogue about the council's current property portfolio.

Part of the Kirklees narrative needs to explain how the place will continue to grow and prosper. Kirklees has a number of outstanding assets, including good positioning between two major cities, and an impressive track record and reputation that it should seek to maximise. It has already had a significant impact through its own economic development work and strong work with regional partners.

However there are a number of issues that need to be addressed and particularly the role that housing growth has to play in economic growth.

In summary, the biggest challenge for the council is around leadership and governance and key messages from the peer challenge team are:

1. You need a political leadership settlement to set a clear direction and single narrative for the council through agreed priorities; political values behind decisions must be evident;
2. The cabinet needs to align itself fully around the agreed priorities;

3. The political narrative needs to inform a series of strategic decisions that the authority needs to urgently take shape to meet the changes required moving forward; such changes will be not just in the nature of service provision but importantly the wider political and officer culture of the council and partners working in a more collaborative manner. This will require an identified need for change which is discussed consistently and owned within and across political groups.

Other agreed elements of the corporate peer challenge:

1. Leadership and Governance

There is a strong commitment and understanding to cross-party working in a no overall control council and Kirklees has managed the political consensus well in terms of how business is done over the past few years. However, the council recognize that this consensus coupled with agreed community outcomes achieved under a NOC backdrop are under pressure in the face of significant financial reductions and the radical re-design of the council. We found good officer/member relationships and evident effective leadership across the first three tiers of the organization despite significant reductions in staff numbers in these tiers. The new Leader of the Council brings an opportunity for new thinking and a new direction.

There is a long history of partnership working between the council and its strategic partners, particularly the various health services who use resources to reduce health inequalities and address variances in the quality of health and social care. Partners we spoke to expressed confidence around the governance and the team found the constitution to be proportionate and effective and setting a robust framework for decision-making.

Kirklees is a key player in the sub-region and has a strong presence in discussions across the area working effectively with neighbouring authorities and key stakeholders. Kirklees has one of the largest economies in the Leeds City Region and is the third largest manufacturing base in the country after Birmingham and Leeds. The council's place based approach to community leadership is underpinned by the external engagement approach through "*It's Time to Talk*" a series of councillor led conversations and events involving communities.

The peer team were impressed with the council's framework for Early Intervention and the seamless arrangements in place to safeguard vulnerable people. This is one element of a joined up approach to strategies which are all interdependent and include a joint health and wellbeing strategy with integrated ways to commission health and social care services and an economic strategy supporting innovation in advanced engineering and manufacturing. This is deliberate to reduce the future demand on health and social care in order to sustain essential services. Kirklees invested early in the development of a governance framework for joint commissioning and a single approach across children, adult social care and public health and this has created a

strong foundation to move forward successfully on the integrated health and social care agenda.

Despite the good political consensus it is time for the Administration supported by the Senior Management Team (SMT) to make bold and courageous decisions going forward. The emphasis on what can be agreed means that the political values behind decisions are missing and difficult issues around principle and policy are not transparent nor visible to local people. The absence of political difference accentuates the role of local ward based issues in the authority and local issues inevitably become the focus. Ward member responsibilities and Kirklees wide responsibilities need clarity. Reaching a settlement on how and why resources and services should be devolved is very important for moving the whole council and place forwards. Currently there doesn't appear to be a brand name for Kirklees which provides the context for an overall narrative.

The council's political leadership needs to assert itself on the direction of the council in terms of devolution and area working and their extent of commitment to moving away from the direct service delivery model. This will involve prioritising and making difficult decisions and the engagement with the community in framing and taking such decisions can, in our view, be further improved, including the role of scrutiny. There was a variable understanding of what scrutiny delivers and of its value. Much of this new approach is about different behaviours and values as part of the cultural change across the council and at this stage we did not see clear evidence of such change across councillors. We acknowledge and applaud the organisational change programme in place to help officers and councillors lead the transition and adopt behaviours and attitudes needed to be effective in a new environment. We saw some evidence of developing managerial behaviours, however, behaviours and consequences are not yet aligned politically and this needs further work to create a more trusting environment. All of this will impact on the role of other leaders so key stakeholders need to be fully aligned to such change and involved at an early stage.

The cross-party Councillors Commission established to enable councillors to rethink their role (internally and externally) in times of austerity is not yet gaining sufficient track. We would recommend a review of the terms of reference to ensure value is added from this approach in order to build on progress to date.

2. Priority Setting

Through an innovation and efficiency programme launched in 2009 to achieve targeted savings including implementation in 2013 of a new integrated business system (SAP), Kirklees has faced up to its budget challenges. The Kirklees Comprehensive Spending Review (CSR) has commenced a radical council transformation to ensure use of available resources in support of the council's key priorities of jobs and growth; health and wellbeing; preventative revenue expenditure and generating income.

The CSR is informing the internal vision to create *"a modern, flexible and emotionally intelligent organisation able to work with our diverse communities to sustain the*

services they need, the outcomes they choose and the opportunities they want". The engagement and consultation initiative "*It's Time to Talk*" has engaged communities about the future role to establish a new relationship with residents, businesses and community groups in order to realise social productivity, social value and create an ethos of civic enterprise.

Kirklees has a summary of good achievements around health, support to older people and life chances for young people. Good example are Auntie Pam's volunteer system (a peer-led support for women who are pregnant) which the team thought was very effective and the Hospital Avoidance team.

The CSR process has delivered a significant amount of data and intelligence to facilitate development of a series of options and proposals for what can be built back into the 'essential council'. The council is clear about service priorities and we found that key documents and processes are all in place. Following a strong history of providing high quality services the council now needs to determine what type of organisation it needs to be in future to meet agreed priorities. Staff we spoke to fully recognise that this is an issue and are self-aware. Members and senior officers need to set out how they will address this and many we spoke to expressed a paternalistic view of the role of the council whilst acknowledging the need to move to a more collaborative and partnering approach.

In the context of adopting a very different corporate plan neither officers nor members were able to articulate a shared set of priorities. The council needs to be as strong about setting non-priorities as it is about setting priorities. This is as much about changing services as it is about stopping services, or it can be about introducing or increasing charges for non-core services, or delivering services via community resources. If non-priority or lower priority areas cannot be identified, everything ends up as equally important and therefore nothing is protected or promoted. This underpins an earlier point about where the politics are in terms of driving council priorities in a NOC authority.

The teams view is that sufficient work has already been done on detail of the CSR and it is now time to pause and determine what the future operating model will be in order to go faster. This will take time but the work you have already done will help to inform the future and put you ahead of many other council's in tackling future financial challenges.

We strongly recommend you take the learning from the Local Development Framework (LDF) in terms of transparency and clear identification of risk in officers advice; links between statutory documents and priorities and how you get from priorities to actions. We endorse the recommendations of the recent LGA "Investment (Open for Growth)" peer review to reform the planning decision making process.

3. Financial Planning and Viability

Kirklees is a council that is starting from a healthy financial position as a result of the action that it has already taken and will enable it to take some managed risk in the next

couple of years without overdue concern of intervention. The hard won financial capacity buys time for the council to develop strategic settlements for Kirklees around issues such as devolution and local area working. Kirklees is a low spending, low cost council which generally punches above its own weight with a good track record of delivering savings particularly on customer services and the back-office.

The council has a strong financial position with significant reserves and good early joint financial planning with health and other partners. This has put it in a strong position moving forward on the transformational change programme. Use of reserves will enable the council to smooth the transition while major changes are implemented over the next 12-24 months.

We evidenced good progress and ambition for the Better Care Fund. There is close working and joint planning with CCGs' and there is intention to be more radical over time and to further develop joint finance risk modelling.

As previously mentioned we were not clear on how much further work was required on the detail of the CSR. It is our view that with the significant intelligence already captured it would be timely to pause on further work and start to focus on options and proposals to determine the most efficient use of available resources. You need to determine whether you have the right context for the focus on total resources. To help determine this a stable political settlement is required as opposed to the ad-hoc tactical alliances that currently operate and approach to risk needs to be better understood .

Using demand management and the JSNA there needs to be an agreement about how resources are going to be targeted in future with a requirement to move from equal shares to targeting need. The financial position will buy you some time to take a steady, objective and considered approach to targeting greatest need and there is no need to panic on this issue given your current situation.

We believe you need to open up financial planning beyond statutory council services to take a holistic approach to transformation. This will necessitate wider sharing of financial planning around the Growth agenda. A key output should be agreement to a three or five year medium term financial strategy that moves away from the current year to year budget planning.

4. Capacity and Resources

Despite the significant changes in the council over the past few years the commitment and loyalty of council staff we met was amazing. Staff we met appear to be realistic, honest and have a 'can do' attitude. Frontline staff offered a number of creative solutions to us in discussion that the council would do well to harness through a formal mechanism. We evidenced considerable talent across the organisation. The internal "Time to Talk" approach underpins this 'can do' attitude.

A significant asset is the community and 'The Place' which has rich diversity and aligned to this is the land and assets (many heritage buildings) which can both assist in

informing the Growth agenda and contribute to the transformation agenda e.g. develop a more cohesive approach in the operation of the council's assets and facilities. The future use of existing assets is a political and community issue to determine how these buildings can be utilised in future. This might include community ownership and/or income generation.

Do not undersell the presence of the University to help with research and academic learning and to provide a potential graduate recruitment scheme into the 'essential council'. It will also be an attraction to inward investment, new housing and assist with the overall Growth agenda.

You have a strong track record of managing and developing services which will be helpful in rolling out the 'essential council' when determined. In addition, you have modernised and integrated systems through the Powerhouse project with implementation of a SAP solution. This will create a shared service centre for financial transactions, payroll, procurement and systems maintenance and will facilitate a 'self-service' style of working across the new council to streamline business processes.

As previously mentioned your framework for Early Intervention was considered by the team to be an exemplar which could be shared across the sector as good practice and you have achieved a number of economic development successes.

The cultural change required within the council has started but will take time and resource so don't under-estimate the scale of the challenge to get the council to shift its culture and approach to one where you can let go and innovate. You will need to identify a budget for change and phasing of projects.

The key issue for the council is around driving transformation. The Powerhouse Project underpins a whole transformation programme to reap full benefit from the SAP implementation which is larger than just a shared service centre. This is complemented by the development of an 'Innovation Support Hub' with focus on systems based service redesign, scenario planning and development of new delivery models. However, the council will need to be assured it has the right skills to deliver new operating models. Commissioning skills are needed to spread best practice across other areas of the organisation. When the future operating model(s) for the council is agreed there will need to be a skill gap and behaviours analysis undertaken to identify relevant gaps which will likely be in areas such as contract management, demand forecasting and general commercial acumen. This will need to build on the skills you previously had under the Innovation and Efficiency (I&E) programme so you already have knowledge. Ultimately, transformation to achieve greater efficiencies and redesign must be driven across partnerships and other constituent organisations to consider innovative solutions and build capacity.

The governance and project management of any transformation programme will need to be clear and robust using learning from the I&E programme. The council will need to ensure the arrangements are put into place to enable the linkages, sequencing and inter-dependencies between the various projects and activity to be clear. Robust

monitoring and accountability will need to be a key feature of your programme governance to ensure the contribution to the budget strategy.

We noted limited strategic commissioning capacity across the organisation coupled with limited programme management capacity and these will need to be addressed. There was some concern expressed by partners around recruitment and retention, succession planning, personal development, recognition and communication. Modernisation of workforce relationships and employment practice must be driven from SMT with directors ensuring there is a strong culture of workforce planning and development. This in turn will help to strengthen future organisational resilience. We do acknowledge the considerable work currently going on in the development of behaviours and attitudes, under your organisational change programme, and this should drive your workforce development strategy.

Voluntary Sector engagement appears good on an informal basis but VCS would like a more formal arrangement to help with development of the strategic vision.

5. Integration of Health and Social Care

All partners we spoke to and heard from were positive about relationships with the council, the good levels of mutual trust, and associated governance arrangements. This exists at both strategic and front-line operational levels. Good examples included the Health and Wellbeing Board and other forum in and around that, officer Joint Commissioning groups and, at the front-line, joint working in hospitals and in children's centres, where clearly a lot of time and effort invested in building trusting relationships is paying off. Both Safeguarding Boards were cited by partners as being especially effective, one partner being quoted as saying *"you can't tell which organisation people come from"* in any discussions. This is clear evidence that colleagues work well, and without obvious boundaries, in the area of multi-agency protection of vulnerable people.

The council seems to be highly successful in the achievement and maintenance of most of the key performance indicators and measures, both quantitative and qualitative, that you would normally expect attention to be focussed on in the health and social care agenda. In particular, there is clearly a good, strong focus on early intervention and prevention e.g. keeping people out of hospital, avoiding re-admissions, limiting permanent admissions to residential care, enabling people to previous or higher levels of functioning post-physical or mental or both events impacting negatively on their lives, increases in early years' immunisation rates and maintenance of those in a wide range of communities. Kirklees also appears to be very effective at keeping people protected and safe.

We saw a wide array of excellent front-line projects, with very committed staff, for example children's centres, hospital avoidance team, health activity and eating, and a range of people sighted at the "front door" of services, using the latest available technology to safely prevent or delay demand for higher cost, intensive care.

We were struck by the passionate expression of health and wellbeing priorities by many people we spoke to and from our background reading, but it would seem that particularly at leading councillor levels if anything, there appeared to be rather too many priorities. There is a need to focus on key priorities and planned impact which are consistently expressed.

The Team also noted the significance of embarking now on a strategic service review in relation to one of the two acute hospital trusts in the area, indeed this was the main item of focus on the Health and Wellbeing Board we observed. As we understand it, the strategic service review in relation to the other main acute hospital, Mid-Yorkshire is about a year advanced on this, and is currently the subject of much public comment. We would suggest that given these challenges and all the complex issues in and around them, it might now be a good opportunity for the council, and especially Cabinet Members, with CCGs to review and agree a straightforward, plain-language Kirklees' health and care "offer". This could better express the council's firm commitment to a potentially radically different future service, in terms of both size and complexion, of care in hospital settings and closer to home. Within this, we would suggest that councillors might need to challenge their own current views and concerns around key issues such as support for a much bigger proportion of older people and people with disabilities having direct payments in future years and the "personalised care" agenda more generally.

We also noted from senior NHS partners how much they valued their direct contact with the council's previous Leader, and they were concerned how that might be picked up in the future and at the same time, convert these key conversations into concerted, joint action. There needs to be a joint commissioning narrative with partners.

We observed a great deal of good work going on in developing joint health and care/wellbeing intelligence and commissioning. There are, for example, four impressive joint commissioning themes of work in train. However, as with many other areas of the country, we feel the time is right to consider and drive forward as follows:

- Build and consolidate system-wide joint analysis and intelligence from the leadership of Public Health;
- Convert and widen good previous joint discussion and trusting relationships – we wonder if this is more about innovative projects converting into transformational change programmes rather than building on relationships/discussions into programmes of actions, with clearly identified responsibilities, timescales. We would suggest the challenges of the Better Care Fund provide an ideal opportunity to drive this, building on early work around joint financial and activity modelling. We would also suggest there is a need from this to start joint medium to long-term workforce planning work, which could also include key third sector representatives;

- Linked to the above-point around the council’s potential “offer”, good progress has already been made on the so-called “Doris and Bill” stories, i.e. looking forward practically as to how the lives of typical Kirklees’ residents might be quite different, hopefully for the better and despite the pressures on resources in, say three or four years’ time. We would strongly support that these stories be further developed at pace to drive the joint transformation agenda and avoid focussing the public debate on “what services will be taken off people”. This also needs considerable political discipline across the groups to avoid a “race to the bottom” in protecting NHS services.

We spoke to NHS England and received various comments stressing how important it is to get them on board more with the health and wellbeing journey across Kirklees. Again, this is in common with other parts of the country, but no less important, as NHS England commissioning primary care is crucial to delivery of the further “to be” health and wellbeing landscape along with other key specialised NHS services.

Coming back to future models of joint health and care, and the collective sense of the appetite for a more Kirklees’ wide pace of implementation, we believe there would be great gain now to consider investing time and effort into agreeing say two or three area-wide “demonstrator” programmes. This could build on current apparently successful projects which appear to be rather more localised or recently commencing. Examples might include the concept of joint Integration Locality Teams wrapping around GPs/primary care, and early intervention/partnership work around the council’s Children’s Centres (where we understand you are also looking at possible mutualisation models). These could be linked to wider consideration of devolved roles and responsibilities.

There is a need to consider alignment of your emerging ‘essential council’ model to the health and wellbeing agenda and moving away from providing services and rather developing social capital in communities and places and enabling personal resilience. This is recognised in the creation of the Communities, Transformation and Change Directorate and throughout “it’s time to talk”, but the logic is not followed through into the council’s expressed priorities or the brand and narrative that the team believes should be developed.

Suggestions for consideration

Based on what we saw, heard and read we suggest you consider the following key actions. These are things we think will help you improve the effectiveness and capacity to deliver your future ambitions and plans:

- Need for a Kirklees narrative – set a strategic direction with a road map to key decisions underpinned by clear political leadership and agreed priorities
- Start to build on your values and define behaviours to inform cultural change

- Have a plan for Places – agree a devolution settlement
- Co-locate members and officers to inform joined up decision-making
- Clarity is important for political and managerial leadership including cabinet responsibilities and directorates
- Pause the detailed CSR work and take stock of what the political settlement tells you about priorities and devolution
- Reinvigorate the members commission because it is important
- Invest in some area-wide “demonstrator” programmes

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. If you wish to discuss in greater detail how this might be utilised please contact me to arrange the detail of such activity.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Mark Edgell, Principal Adviser (Yorkshire & Humber) is the main contact between your authority and the Local Government Association. Mark can be contacted via email at mark.edgell@local.gov.uk or by Telephone (07747 636910) and can provide access to further support.

All connected with the peer challenge would like to wish you every success going forward. Many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation. In particular, please pass on our thanks to Carl Whistlecraft, Deborah Nicholson, Tish Barker and Amanda Kitchen for their sterling support in organising the challenge and the onsite visit.

Yours sincerely



Peter Rentell
Programme Manager
Local Government Support Team
Local Government Association

On behalf of the peer challenge team