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Dear Fiona

Maldon District 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 Maldon District Council to deliver the recent peer challenge.

You asked the peer team to give external consideration to your proposed management re-structure linked to what type of organisation Maldon want and need to be in the future; validate improvement over the past two years and offer further suggestions for improvement. An overview on strategic and financial processes, options to address funding gaps and corporate capacity to deliver corporate objectives would also be useful. In addition the peer team considered the ability and capacity of the council to deliver its future ambitions by briefly looking at:

- Understanding the local context and priority setting
- Financial planning and viability
- Leadership and governance
- Capacity to deliver

This letter provides the peer team's feedback. The feedback has been informed by peers experience and knowledge of local government. They have drawn on this to reflect on the information and views shared by the people they met, the things they saw and the material they read. In presenting feedback to you, they have done so as fellow local government professionals and practitioners.

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

Executive Summary:

Maldon is a relatively small district council providing services to a population of 62,000 people through approximately 220 employees and a variety of contracted arrangements. It has a rich history and enviable location, enjoying over 70 miles of coastline and a mostly rural area covering 36,000 hectares. Councillors and officers are rightly proud of their unique area and want to preserve its assets and advantages. The peer team was asked to give feedback on proposals for a senior management structure; progress made by Maldon over the last two years; priority setting; financial planning and viability; and future capacity.

Relationships between Councillors and between councillors and officers have been through difficult times, but thanks to mature political leadership and a willingness to rise to the unprecedented challenges all councils face, have now become more stable. Employee morale, which had been at a very low point during the implementation of job evaluation, is now improving. Councillors have taken active steps to address problems and these efforts have been externally validated as successful. New performance development reviews for employees have been welcomed and well implemented, and good quality HR support is improving the potential of Maldon to enable its employees to function well. One of Maldon's greatest assets is the extent to which its front line workforce is flexible, multi-skilled and mutually supportive with very low sickness rates.

Recycling has increased by 10% in the last year, costs reduced and weekly refuse collection has been maintained, no mean achievement in the current climate, and although the process of letting and implementing the contract was not without difficulties, progress has been made.

Maldon is embracing new models of working to some extent, for example a successful co-location arrangement with its housing provider which has resulted in tangible improvements to customer service. Partners generally think well of the Council, the aspiration to deliver a new community hospital for the area in partnership with others is ambitious and creative. Emerging new performance management arrangements and new economic prosperity strategy (the research base behind this work has enabled the Council to gain some important insights about the strengths and potential for improvement in its local economy), are promising signs of future progress.

Maldon has weathered the first few years of government grant cuts better than many other places. The Council's finances are under control, there is no debt, short term plans are in place and risks and clear assumptions underpinning budgets are identified and understood. The council has been willing to make changes to the way it delivers services to reduce costs (for example through tendering and re-tendering existing contracts), and in some areas there are signs of innovation, for example revenues and benefits officers trained to deliver housing options advice. Reserves are at a comfortable level and there is a history of under spending.

The Council needs to create a stronger narrative about its progress and success. In order to make this meaningful: the Council's priorities, the reasons why these have

been chosen and the key things the Council is working to achieve need to be more clearly understood both internally and externally. This sharper focus will help the Council make the tough choices it will inevitably have to make in future about funding priorities, and hopefully provide a convincing story to sub-regional agencies through which funds flow, about its need for resources to unlock the economic potential of the area.

The Council should continue to strengthen its community engagement and communication mechanisms. We can see the willingness of Councillors to do this through newly constituted forums, but we do recommend a revisiting of communication arrangements and objective and consistent feedback mechanisms regarding satisfaction and service quality. LGA can provide peer support with regard to communication mechanisms and promoting a stronger narrative for the Maldon story.

The new senior management structure of the Council should flow from and reflect the main things the Council wants to achieve. There is potential to save a significant amount of money through the restructure, but the council must ensure it retains or attracts the professional skills it requires to meet the Council's goals over the next ten years. Precise accountability mechanisms and a willingness to ensure that the committee system also aligns with the Council's chosen priorities should be key design features of any restructure. We also recommend a senior monitoring officer be included in the new structure.

There are a number of concerns about planning which could significantly undermine effectiveness and reputation of the service and need to be quickly addressed. Although the Council has made an important step forward in accepting it needs to increase housing provision to meet its objectively assessed housing need, there is further work to do in deciding how and where these homes are to be delivered in the area. Planning decision-making is slower than it needs to be, risking falling foul of new performance measures introduced by the government. Rates of delegated decision-making are low, and there is a high rate of successful appeals with costs awarded against the council, whilst the current area planning committee arrangement carries with it the risk of inconsistent decision making. We recommend further focused work in relation to this area.

Finally, a stronger and more systematic political and managerial lead on business transformation (including implementation of LEAN methodology, but also constant questioning of optimal service delivery models including more shared service options); more detailed planning to deliver the savings required in the medium to longer term; stronger project management arrangements for large future capital projects, for example the hospital; a stronger corporate grip on business planning processes, and continued efforts to ensure relationships between members and officers are clearly defined, constructive and mutually respectful, will help the Council continue to move forward.

Senior Management Re-structure:

There is a clear recognition from both members and officers of the need to review the current management structure given the tough financial climate the council is operating in. The peer team support such a review which will provide an opportunity to make a contribution to the savings target, enable fresh thinking and build a skills base to meet future challenges. It will also help to strengthen strategic decision making and join services together to reduce any silo-working and streamline service delivery.

Despite the uncertainty such change will require, councillors have committed themselves to the project and it was impressive to see officers continuing to focus on the work of the council regardless. Given the task ahead the team felt that an injection of additional strategic focus and vision would be helpful to the council and an appropriate means of recruitment to new posts is desirable (even if necessary external recruitment), particularly when you have identified the new skills you require, for example commercial skills, the ability to deliver major projects or deliver funding for ambitious growth plans.

The peer team felt that it was appropriate to take a pause in the re-structure process in order to reflect on key drivers for change and the design principles that underpin the re-structure. That might mean members reconsidering if the current committee structure is the most efficient and disciplined means to ensure effective decision-making, whilst officers might re-think exactly what it is that the council needs in order to build strategic capacity supported by requisite operational skills to address the current resilience issues which were apparent to the team in a number of areas across the council. Ultimately the council's structure must reflect what type of organisation Maldon both want and need to be in the next 10 years (future operating model). This will also need to clearly identify roles, responsibilities and accountability to ensure effective governance.

Improvement Journey:

It was evident to the peer team that progress has been made in some key areas: staff morale has improved following the previous staff survey which had painted a picture of low employee morale albeit during a difficult period with job evaluation, significant increase in recycling within the last year, new performance appraisal process established for all staff, co-location within housing improving working processes and economic prosperity strategy developing well.

The Economic Prosperity strategy document was commended by the peer team and, whilst still requiring an action plan, does set out some key ambitions for Maldon and has developed much stronger connections to Essex County Council's economic development resources.

The need for improved monitoring of council performance has been addressed by members and officers and it was also noted that the Scrutiny committee had been given an award by CfPS for its work in helping collate the staff survey mentioned above, demonstrating that members do value their staff.

Despite good progress there is still a need to communicate this work more effectively to staff, members and residents. You need to create a stronger narrative around your achievements to date, improvement progress and priorities.

Members told us that whilst they welcomed Personal Development Plans (PDPs) for staff, some wondered why a similar exercise could not be carried out for them. The LGA training support has been welcomed by officers and members alike and we would recommend you continue to roll-out targeted training particularly 'political skills for officers' to further enhance officer/member working relationships.

The way that the council employs LEAN methodology does not appear to be effective and needs a refresh with key officers trained in the process to cascade learning down through the organisation. This must be more than some officers inviting suggestions for improvement and needs to be a systematic method of targeting efficiency options and undertaking detailed business process re-engineering to streamline existing business processes driven by strong corporate leadership. This should be a key element of a Transformation agenda for the council which in turn must become more of a corporate priority with constant review and monitoring.

Other Corporate elements:

1. Leadership and Governance

Maldon District Council has set out its vision and ambitions in its Corporate Plan 2011-14. This contains four goals summarised as, empowering communities to be safe and healthy, protecting the environment, meeting housing needs and delivering cost effective services. Service Pledges were agreed for 2012-13 to help focus on delivering the high level outcomes in targets for that year.

Whilst these ambitions have been agreed by Council we found low awareness of what the Council is trying to achieve amongst staff. We also found the business plans that translate these into team targets to be of variable quality and indeed of inconsistent formats, thus making performance monitoring and management difficult. Currently Business Plans are sent to IT for their perusal of IT implications, however they are not assessed for people or financial implications. A consistent format of these plans needs to be adopted and a stronger focus at CMT on performance management would strengthen the approach for the future.

Relationships between councillors and between councillors and officers have been through difficult times, but mature political leadership and a willingness to rise to the future challenges have now enabled relationships to become more stable. Frontline members were very clear that they felt motivated in their role and valued the back-up

and assistance from officers when required. Some members helped to carry out the Leisure Centre consultation by handing out survey forms and members are proud of the unique identity of Maldon and hold a strong belief that the council should “do the basics right”.

When problems arose in the initial stages of the Waste Recycling contract, the council was assertive in ensuring that the service was delivered to the right quality and to the terms and conditions of the contract. Progress has also been made in raising the level of Housing Need Assessment from 3000 to 4500 homes which demonstrates strong political and managerial leadership. Partners and neighbouring local authorities spoke highly of Maldon as a partner and viewed the authority as often “punching above its weight”. The reverse of this, however, is that the small size of the authority does, on occasion, mean that costs and performance can’t be further improved through a collaborative arrangement as they are already ‘cut to the bone’ and this raises the question in some instances of how significant the benefits will be to Maldon of collaborating with other organisations, without fundamentally undermining its residual viability. This will be a difficult tightrope to navigate and is another reason why the council will need to look increasingly at increasing its income and selling some services as well as reducing its cost base.

The political leadership do need to clearly articulate their priorities for the council. In order to achieve this, the council must determine and define what success will look like for Maldon in the medium to longer term. We would recommend a more meaningful engagement across officers, members and the local community to build ownership of and commitment to those priorities facilitated by enhanced communication throughout the organisation by identifying audiences, clarifying consistent messages and using a wide range of communication channels including input from residents. There is little evidence of resident’s views and feedback playing any key role in assisting the council to prioritise. This could be addressed through joint working with Essex County Council in their survey work. This will be a more robust method of gaining insight into people’s views, in addition to the Community Forums currently being set up

Members generally accept that they have not taken up their opportunities in sub-regional discussions forcefully enough and from other authorities we spoke to Maldon is not considered to be “speaking loudly enough”.

The intranet and the Chief Executive’s open sessions for staff were welcomed by staff and managers as they gave opportunities to ask questions and hear developments e.g. regarding the new structure in the new set of briefings planned.

A “Moving Forward Together” Plan has set out actions in response to the 2011 survey to address areas of weakness. There were some significant improvements in the most recent survey results such as an increase of 45% in people agreeing ‘the council has got better as a place to work’, a 43% increase in agreeing ‘there is a positive culture within the organisation’ and a 20% increase in ‘councillors working well with staff’. Whilst these improvements must be welcomed, they are from a very

low base and the council needs to keep up the pace of improvements and continue to improve staff motivation and morale as this is crucial to strong service delivery.

Maldon does not currently have any robust mechanism to consult and communicate with residents. Without a mechanism to track public perceptions of the organisation and services, the council does not know if it is doing a good job for residents. It also is not consulting on what services residents value in order to inform the decision making about future service priorities and choices ahead in response to having less money. The Council has no mechanism to communicate with residents beyond the coverage it receives through local media. The media service is somewhat reactive too, with the volume of releases and the personal angle of stories falling behind that of neighbouring councils.

In 2011 the Council took the financial decision to stop producing its newsletter to the residents; the Courier that went to all homes via the waste service/ bin men. It decided to communicate instead through an on line version of the newsletter. At the time of our visit this had only generated 64 downloads. We question the value of producing a magazine with such a low readership. We also believe that at £14k for 3 issues a year the Courier represented good value for money compared to products elsewhere. Informed residents are more satisfied with services as the LGA Reputation Campaign has shown. The council can do a lot more to get its messages out and improve its public perception.

An opportunity is also missed to communicate with residents as the council tax demands are set out. While the Government removed the requirement to include information in with the bills, many councils now continue to include information about priorities and services in with the demands and we urge Maldon to utilise this opportunity with the bills in future years.

2. Priority Setting

We found an awareness of a general sense of purpose through service pledges set out for the year ahead and a recognition that there is a need for change and transformation to deliver corporate priorities. There does, however, need to be a shared and common understanding of what your strategic priorities are to develop a 'One Council One Vision' approach. There is a requirement for a common, coherent and consistent narrative to communicate priorities with a greater focus on outcomes. At the moment there is a danger that everything is seen as a priority which will not help facilitate medium term financial planning and resourcing.

The new style performance report will better interpret information for scrutiny committee to assist members in challenging and managing performance. There is also a good analysis of the local economy; however, delivery with appropriate resources must now follow.

The council's priorities should inform the Capital Strategy and there is a clear need to ensure resident involvement in articulation of the corporate plan. We found

business plans we reviewed to be of variable quality so there is a need for a consistent approach to business planning. A key element of priority setting will be to articulate a corporate income generation strategy with a clear focus on growing income streams through commercial trading of internal services and use of assets.

Performance reports are not discussed at the Corporate Management Team but go straight to Overview and Scrutiny Committee. The current format, whilst thorough, is not helping members to effectively challenge and manage performance and there is little debate on the information taking place. However the peer team were shown a new style format that was due to be introduced. This draft more readily flagged up key issues of concern for members and used a helpful traffic light system showing what was 'on track ' and 'at risk'. We would urge the Council to take this work forward and agree key measures of success. Performance trajectory in some key areas is improving, for example waste recycling and levels of sickness absence.

3. Financial Planning and Viability

The council's current and short term financial position appears sound. This is a considerable achievement in a time of significant public sector spending reductions and considering the small size of Maldon District Council with the potential diseconomies of scale. Last financial year the council managed its revenue spend effectively which resulted in a year end underspend that contributed to increases in its reserves.

There is a strong and improving reserves position, total reserves of £3.9M, with general fund reserves equating to £2.9m and earmarked reserves of £1m. These include financial provisions for known liabilities e.g. municipal mutual insurance, and include specific allocations to help resource change such as a transformation fund, business continuity fund and an efficiency fund. The council has no borrowing and there has been systematic under spends on the capital programme. The reasons for the under spends are many, but significantly include the lack of capacity to commission projects.

The council has recently updated its Medium Term Financial Plan (MTFP) for known risks and established clear assumptions; there is a savings plan for 2013/14. The council currently plans to use around £300K of reserves for the next 3 years to assist in balancing its revenue budget. Areas for focused work, including a senior management restructure, have been identified for 2014/15.

There is a need to develop clear plans for tackling the next phase of austerity, address the comprehensive spending review 2013, and reduce the reliance on reserves to balance the revenue budget. The current approach calls into question whether the council will be able to sustain its financial performance in the medium term and remain viable. In order to achieve a sustainable budget stronger corporate discipline around the decision making process is required. The council needs to establish its business rules and ensure compliance is maintained across all committees.

Future financial challenges should not be underestimated, and “salami-slicing” of budgets is no longer enough. The council has a number of statutory duties to deliver, and needs to be reinventing not just the way services are delivered, but its role and its relationship with its residents. Key to these changes are commissioning and sourcing – working with communities to identify how to meet priority needs within the resources available and putting in place the most cost effective service delivery models

The council needs to ensure it allocates resources in alignment with its future priorities, addressing the need to deliver its statutory duties. Councillors will have to make tough choices on service delivery priorities, there may be the need to decommission services, ask residents to pay for services previously free at the point of delivery or the need for rationing. This is difficult territory and there are few examples where the council has agreed to decommission services but subsequently reintroduced them. There are a series of hard choices required and the leadership will need to establish and agree priorities and ensure these decisions stick.

The council has commissioned its leisure provision and recently retendered its waste management contracts, demonstrating a willingness to explore alternative service delivery options.

Fundamental changes in service delivery take time to develop, commission and implement and there is a need to take action now to ensure the delivery is in line with the medium term financial plan.

In reviewing future priorities and the budget it will be important to:

- test resource allocations against your priority outcomes
- consider the need for bolstering commissioning and contract management arrangements
- explore the opportunity for transformation programmes being accelerated including asset rationalisation, customer service channel shift, agile working etc.
- focus on doing things differently looking at maximising income streams as well as cutting service budgets.

In addition, if the council wished to go further it may wish to positively explore:

- innovative approaches to finance to further accelerate regeneration projects
- shared service opportunities with neighbouring authorities and agencies
- whether there is a case for prudential borrowing to support its aspirations for its leisure service and local community health centre.

The existing service business planning processes will need to be corporately consistent, and include the specification of service standards, volumes and

demonstrate how services meet community and local public need. This will assist in establishing the key elements for commissioning and sourcing practices.

Advice on decommissioning or ceasing services suggests that it should largely follow the process of commissioning, i.e. conducting needs analysis, engaging with users and stakeholders, conducting equality impact assessments, assessing the impact on their statutory duties, etc. Taking this approach is likely to help protect the council from the types of problems experienced by other council's whose decisions were subject to judicial review.

4. Capacity and Resources

The council benefits from a flexible workforce which could greatly assist the organisation moving forward if a skills matrix is developed which could highlight skill gaps for the future operating model for the council e.g. commissioning, contract management skills, and could also act as a learning and development opportunity for existing staff.

For a small council there are some good examples of partnership working that have proven both efficient and sustainable, for example "Think Local" has developed into an effective business forum. A Business to Business event was organised last year and is to be repeated in September 2013 and feedback amongst participants was very positive.

There are also some good examples of joint working such as Licensing with Chelmsford, Essex Emergency Duty Officer and Community Safety and anti-social behaviour. A procurement specialist from the Braintree Procurement Hub is available one day a week to promote a strategic and collaborative procurement approach with expertise in OJEU processes. However, legal services are contracted in and we were told of significant delays in obtaining legal advice due to the high demand on that person, particularly given current number of planning issues, so we recommend you review this service to obtain better value and service.

The council are involved in an Asset Mapping exercise across the County with all other neighbouring authorities, including strategic partners such as Fire and Rescue, Police and Health. There is a real opportunity to consider a County wide asset rationalisation strategy, consider co-located services and partners and to consider income streams from diverse use of remaining assets.

In terms of individual performance management, it is a credit to Maldon that staff do get an appraisal, with one to ones in place in most of the organisation. The PDPs are currently not focused on delivering business targets but on personal development only at the present time; there is thus scope to improve the process so that people see their role in delivering the wider ambitions of the Council.

Given the number of staff who spoke to us about resilience being a key issue the council must make tough decisions regarding which services it will either stop

delivering or alternatively will look at a different way of delivering through consideration of new business options. To support this change and transformational agenda a Workforce Plan must be established to plan the way forward.

Suggestions for consideration

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

1. Pause in the management re-structure process and re-consider what you want to achieve going forward and how you are going to do that, and satisfy design principles that underpin the agreed re-structure. As part of your agreed management re-structure we would suggest the inclusion of a senior Monitoring Officer to provide additional internal capacity to challenge decisions and processes.
2. Develop and implement an income generation strategy to get the optimum effectiveness from existing assets and reduce revenue costs through focused asset rationalisation. Look to grow income streams through commercial trading of internal services to address future financial challenges (LGA can provide signposting to other local authorities who have successfully developed income streams).
3. Develop a tightly focused set of corporate priorities and measurable outcomes to better define the organisational purpose of Maldon District Council and your future operating model. Align this with a communication strategy to ensure engagement of the whole organisation in co-designing business transformation and a Workforce Plan to map out the way forward and ensure the right level of skills and competences to deliver priorities.
4. Establish a programme led approach to business transformation which drives change and results in cashable savings. This will include the need to develop a culture of harnessing creative ideas from officers and members to drive change and innovation.
5. Given the context of rapidly reducing budgets for local authorities it will be critical in moving forward that the council's agreed priorities are tightly matched to available human and financial resources. This means you need to get a corporate grip on business planning processes and identify lesser priorities, from which human and financial resources may be withdrawn. Continue to consider shared service options, co-location and new service delivery models, as appropriate, as part of your Medium Term Financial Strategy.
6. Focus on resident's views regarding the type of council they want Maldon to be in future and take up the offer from Essex County Council to track resident's

perceptions of the council and use the responses to shape service delivery and priorities.

7. In view of the key focus on the planning service and the number of issues being raised through the Local Development Plan consider an LGA Planning peer review in order to obtain an objective 'critical friend' view of how you can further improve.

We have attached a set of slides that summarise the above feedback. The slides are those 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. 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. Rachel Litherland, Principal Adviser (London and East of England) is the main contact between your authority and the Local Government Association. Rachel can be contacted via email at Rachel.litherland@local.gov.uk (or Telephone 07795 076834) and can provide access to our resources and any further support.

All of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation. In particular, please pass on our thanks to Cally Darby and her team for the sterling support and assistance in organising the challenge and the onsite visit.

Yours sincerely

Peter Rentell

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On behalf of the peer challenge team