

Mark Rogers
Chief Executive
Solihull Metropolitan Borough Council
Council House
Manor Square
Solihull
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April 2013

Dear Mark

**Solihull Metropolitan Borough Council
Corporate Peer Challenge 19-22 March 2013**

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

- Michael Coughlin – Executive Director, LGA
- Councillor Michael White (Conservative) – Leader of Havering Council
- Carole Mills – Deputy Chief Executive and Corporate Director, Nottingham City Council
- Catherine Staite – Director, Inlogov
- Olivia Crill – Director, Public Service Advisory, BDO
- Paul Clarke – Programme Manager, 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?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

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 councils' 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 Solihull, during which they:

- spoke to more than 100 people including a range of council staff together with councillors and external partners and stakeholders
- gathered information and views from more than 40 meetings, visits to key sites in the area and additional research and reading
- collectively spent more than 200 hours to determine our findings – the equivalent of one person spending nearly 6 weeks in Solihull

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 (19th-22nd March 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

Overall Solihull is a good council. You are aware of the challenges ahead and the organisation is starting to prepare for them, building on a strong track record of improvement and inviting external challenge. The Council is in a sound financial position, having made significant budget savings over the past few years, particularly through the use of lean techniques. The organisation is well managed with the key processes and systems in place to enable good governance and performance management. Staff we spoke to were well motivated and generally feel supported by the organisation and its leadership. They clearly value working for Solihull where good working relationships and mutual respect between officers and members are obviously a feature. The organisation is generally well regarded and respected by partner organisations and other external stakeholders.

All in all, the Council is in a good place. The 'Solihull Way' of doing business has put you in a strong position to think about and plan for the future. But there is a recognition that what has made Solihull good in the past and to date, may not do so in the future. You have an opportunity to consider how you sustain continued improvement in the context of evolving challenges and opportunities. Now is a time to build on the notable strengths and track record, take the opportunity to review the most appropriate approaches required (which may involve being prepared to cast off, as necessary, some 'sacred cows') and begin to work towards your vision for the Solihull of the future.

You know this and are putting in place a programme of work (the Inlogov led 'peer challenge plus') to help re-define the organisation's purpose, roles and strategy. This work will need to be undertaken at pace and with momentum to ensure the opportunity you have created is maximised. There is a range of elements we think you should consider during the course of it, including:

- The appetite, desire and need to evolve and morph the role(s) of the council to secure a better balance between being a service provider and an influencing, enabling and facilitating organisation.
- A greater focus on outcomes for people and place so that future organisational purpose, roles and activities are more explicitly determined by and measured against the priority outcomes being sought.
- Ensuring that council priorities better articulate the needs of the borough, in particular enabling economic growth and tackling inequalities, neither of which currently features in your top 6 priorities.
- The alignment and deployment of capacity and resources required to deliver these priorities and future roles (e.g. having a single, cohesive overview of your regeneration activity may make better use of these resources).

- The balance of member-officer leadership, ensuring that the priority outcomes and shaping of the organisation for the future are clearly led and informed by a political vision and drive.
- Evolving your relationships with residents from 'inform and consult' to 'engage and co-produce', drawing on learning from the various initiatives activities already happening and ensuring a more corporate approach to this.
- Making better and more consistent use of customer insight to support prioritisation, demand management and early help/prevention to achieve better outcomes.
- Developing a fuller appreciation of the extent and limitations of the council's sovereignty and role, particularly in view of the partnership 'landscape' (including the LEP) and the significant growth agenda and activity in the region.

Other aspects of organisational practice and capacity will need to be developed further to realise the improvement and transformation desired. Lean techniques are well embedded across the organisation and have delivered significant savings and notable improvements. 'Lean' has clearly served you well to date but we saw and heard evidence that its current application could be perpetuating a process driven and service delivery mind-set, based on a current understanding and perception of Lean amongst some staff as a process of service and cost reduction focussed reviews. Although you already have plans to address this, we think other approaches will be required (either in addition to, or incorporated within your lean thinking approach) to help you define, shape and deliver your future purpose and roles. For example, considering the role that demand management could play in helping make the most of and target limited resources.

There is an extensive process and governance infrastructure at Solihull. Processes and procedures are well defined as part of a desire to ensure consistency and quality standards. These are obviously important. But they have built up over time, perhaps without robust and regular review to rationalise and reduce bureaucracy. There is a risk that this might constrain the talent, energy and culture required for your next phase of transformation, in that a comprehensive system of compliance might thwart the culture of creative, innovative and outcome focussed thinking needed. Elements of your governance arrangements may benefit from review and rationalisation to ensure they are productive, efficient, and support the redefined priority outcomes.

Working relationships are evidently good at Solihull. There is also an established and embedded performance management system. The organisation was described by those we met as a positive, supportive and enjoyable place to work, and this was noticeable during our visit. This is a great strength. Nonetheless it also brings a risk of increased complacency and tolerance of underperformance. Many people we spoke to suggested there was potential to challenge current practice and tackle poor performance more promptly and consistently. A culture of internal challenge will be essential if the organisation is to successfully achieve its next phase of transformation.

Summary of feedback: current performance, ability and capacity to deliver future ambitions

Understanding of local context and priority setting

Your current Council priorities are well understood by a range of internal and external stakeholders. Elected members, staff and partners all demonstrated a good awareness of 'The Top 6', including your priority of going lean. Your 'Policy Deployment Matrix' (PDM) approach seems to be providing an effective means by which to consider and articulate the key projects and activity to deliver these priorities, and develop performance measures to track progress made. There is already consideration of using the Policy Development Matrix ('PDM Level Zero') to help formulate the future mission and purpose of the council.

Whilst the Council's priorities are clearly articulated and understood, we think there will be benefit in revisiting them to ensure they better reflect the outcomes needed and wanted for people and place. In particular, enabling and supporting economic growth and tackling inequalities across the borough were cited by senior members and officers as key priorities but do not currently feature in your 'Top 6'. We appreciate they feature to an extent in the Solihull Partnership Strategy, but articulating the council's planned contribution will be important in terms of defining its' future purpose and role, and ensuring that resources are all aligned with these priorities.

Some of the 'Top 6' priorities focus on improving the way that the Council works. In revisiting and perhaps revising the priorities, a clearer distinction could be created between outcome focussed and outward facing priorities (e.g. reducing inequalities, enabling growth), improvement based priorities (e.g. new ways of working/service delivery) and enablers (e.g. lean thinking and new ways of working internally within the Council). In doing that we think there can be a greater focus on measuring impact for residents, enabling emphasis on improved outcomes being delivered rather than the process of delivery. This will help develop your 'golden thread' to ensure that outcomes drive everything that you do, and members and staff can see how the activities they undertake contribute to them.

As regards the Council's role in supporting economic growth, we suggest there is scope for a more cohesive offer and approach. There are currently a number of ambitious, significant and sizeable regeneration, development and infrastructure investment projects. These are being effectively brought forward and/or progressed to one extent or another. But other than through the Local Development Framework, a single co-ordinated strategic programme for growth, regeneration and development, which includes an assessment of high level risks and identifies interdependencies, does not appear to exist at the moment.

Lean thinking is clearly embedded throughout the organisation. It has helped to deliver notable improvements and financial savings. It has, without a doubt, become an integral part of the 'Solihull Way'. The council is now in the early stages of gearing up and transforming itself more fundamentally. It is within this context that we question whether the application of lean thinking alone can secure the change that may be required. Views and information collated during our visit suggests that the current understanding and application of lean amongst many staff is a process of service and cost reduction focussed review. We think there is a need to consider what other approaches you require to help define, shape and deliver your future purpose and role (for example, demand management and behaviour change to increase opportunities for 'self-help' in a more strategic way). These may be implemented in addition to your lean thinking philosophy or incorporated into it.

Financial planning and viability

Solihull is in a sound financial position compared to many other local authorities. There has clearly been effective and proactive financial management, and a continued focus on reducing costs and achieving savings by using lean thinking reviews for example. Driving out savings and increasing productivity seem to be part of the way you do business. External auditor reports confirm the Council is focussed on securing economy, efficiency and effectiveness in its use of resources.

Looking ahead, there are some important factors and circumstances, such as receiving a lower level of Central Government grants than many other metropolitan authorities. This has effectively forced you to be prudent in the past and effectively means a relatively smaller proportion of cuts now than other places are experiencing. Business rates retention offers obvious potential for the borough. Nonetheless the challenges remain significant, and we would urge all councils, including Solihull, to stay focussed on ensuring financial resilience.

We saw good and inclusive medium term financial planning and management based on sound and robust principles and strategy. There are effective mechanisms in place to facilitate debate and deliberation about the budget development and financial strategy. The Budget Strategy Group for example works well in terms of engaging with senior elected members on a cross party basis, and has helped strengthen the political input throughout the budget cycle. There is an established financial monitoring regime, with regular reporting to senior officers and members including portfolio holders and overview and scrutiny.

Your financial position has helped enable the opportunity you now have to fundamentally consider the future purpose and role of the council. In the absence of a 'burning platform' and driving imperative of a financial crisis it will be important that the work you are planning is undertaken at a relevant pace and momentum to ensure the opportunity you have created is maximised. We encourage you to make the most

of this chance to enable the shift of resources to your new purpose, role and priorities, for example by considering bolder invest to save initiatives.

Political and managerial leadership

There are strong member-officer relationships at Solihull. These are built on mutual trust, respect and collaboration and we got a sense there are solid, productive working arrangements built on regular dialogue and communication. Officers at all levels generally feel well supported by members. This is a real strength and will be essential as the council continues to consider and re-define its future purpose and role.

In doing this there is an opportunity to consider the balance between member-officer leadership roles, and whether a more explicit political vision for the future organisation is required. Members are clearly supportive of the current priorities and direction, and the present balance obviously works for the organisation. But as the role of the Council changes, the role of members is likely to need to evolve too, both in terms of leading the organisation, but also empowering communities and enabling partnerships. It will be important for members to lead the discussion around the purpose of the Council, its key priority outcomes, activities, areas for improvement and organisational culture, and to engage in meaningful discussions with residents about their views on future priorities, being open about tough decisions that may need to be made.

Externally, the Council currently plays an active role in region and sub-region. It tries to 'punch above its weight' in the region and is respected by partners for doing so. Both the Leader and Chief Executive are well regarded by partners. The council has a good reputation and has strong relationships and links with local stakeholders including businesses, Clinical Commissioning Group and other partners. These provide a good foundation on which the council might further develops its external collaboration and seek to maximise the capacity and potential of others to deliver the priorities and outcomes identified.

In view of the partnership 'landscape' (including the LEP) and the significant growth agenda and activity in the region, it would be helpful for the Council more widely to develop a fuller appreciation of the extent and limitations of its sovereignty and consider, explore and reaffirm its various roles (e.g. influencing, enabling, commissioning, providing) in securing the best possible outcomes for the communities of Solihull.

Internally, feedback from staff and others we met suggests that you have an approachable and supportive top team at Solihull who demonstrate the values of the organisation. Staff, in the main, feel supported by senior officers and members. This is reinforced by good internal communications through a range of mechanisms such as the monthly 'team brief' and regular staff magazine and email bulletins. There is

potential we think for more sharing of successes and achievements across the organisation.

To support a consistent 'Solihull Way' of working in the organisation, there is an extensive array of well-defined processes and procedures. These help ensure quality standards. But they also encourage a process orientated way of working across the organisation. There is a risk that this might constrain the talent, energy and culture required for your next phase of transformation. Emotional intelligence may get lost as the process defines the response to an issue or challenge. Process compliance is obviously important, but a culture driven by it may diminish the creative, innovative and outcome focussed thinking you undoubtedly wish to encourage at Solihull.

Governance and decision-making

The expected key processes and arrangements necessary to support good governance are in place at Solihull (e.g. constitution, policy framework, scheme of delegation, financial and contract regulations, etc). However, the decision-making infrastructure appears more extensive than that in similar councils. This is we think driven by a desire to enable opportunities for additional engagement and provide transparency, such as cabinet portfolio committee meetings held in public to which opposition members are invited. Given the challenges that lie ahead, we would question whether all elements of the current arrangements and the way they are supported are as productive and efficient as they could be. There appears to be the potential to reduce the length or frequency of senior leadership meetings and for fewer officers to attend briefing meetings with members for example.

We suggest that some parts could be rationalised and simplified alongside a culture of greater challenge and accountability. For example, the respective roles of Cabinet and overview and scrutiny in policy setting and review, performance management, risk, external influence, and holding to account might benefit from being reviewed to ensure the best input and outcomes from members. The member role in performance management for instance is largely delegated to individual executive portfolio-holders, potentially at the expense of a corporate overview and challenge.

There are timely opportunities and valued mechanisms for non-executive members to contribute to policy development and decision-making. We have mentioned the Budget Strategy Group which enables cross-party involvement in the budget development. Overview and Scrutiny is recognised as an opportunity for members to inform and influence policy development and decision-making. More of the work plans are now focused on pre-decision scrutiny which provides a greater potential to influence the Cabinet.

We encourage more emphasis on this, particularly given your experience suggests Overview and Scrutiny works best when in 'task and finish' and 'select committee'

modes. The events looking at HS2 and re-development of Shirley Centre were cited as good examples of how Overview and Scrutiny has informed the Council's position and thinking on important issues and policy. We posed the question of whether structures and work plans could usefully focus more on these types of activity, rather than more traditional committee style meetings and reports, to maximise the input, influence and value of non-executive members.

There is scope to engage and involve residents and communities more in priority setting and decision-making, particularly in the absence of area based forums or committees. We heard or saw little evidence of engagement and involvement happening on a corporate or systematic basis, albeit there are examples of initiatives and activities occurring, such as 'Connecting Communities' in North Solihull. Considering how you evolve your relationships with residents from 'inform and consult' to 'engage and co-produce', drawing on the learning from current practice, will need to be part of the work on future council purpose and role. So too should be the greater use of customer insight to support prioritisation, demand management and early intervention. As well as ensuring that services reflect the changing needs of residents, this will also facilitate more open conversations with residents about hard decisions that may need to be made in the future.

Organisational capacity

We gained a real sense that people enjoy working at Solihull. Many of the officers we engaged with described it as the best council they have worked for. The recent staff survey suggests that there are broadly high levels of job satisfaction and motivation, and high levels of acceptance that change is now part of how the council does business. You will wish to preserve this spirit, and to do so will need to pay attention to morale as you continue to transform. We did not see significant evidence of plans in place as yet to address recent dips in staff morale in some quarters and would urge this to be considered before further change takes place.

You will also need to match your organisational capacity to your ambitions. We noted your embryonic Organisational Development Strategy which you rightly acknowledge will be fundamental in ensuring that all staff are equipped with the appropriate skills and capabilities to perform their roles effectively. Clearly, the strategy will need to evolve and develop in line with the work on re-defining the organisation's purpose and roles. There will of course also be a need to ensure capacity and capability is available to deliver the change required. This includes how you harness the creativity, talent and internal energy for change.

Work to define the future purpose and role of the council will inevitably include consideration of how capacity and resources are best aligned and deployed to deliver priorities and outcomes. This will undoubtedly include how the council can leverage and build external capacity and resources to deliver improved outcomes. There are some good examples of 'self-help' and building community capacity, which might be

used to inform future approaches, such as the environmental champions' initiative, and the PLUSH and CHASE parents groups which are now looking at opportunities for social enterprise.

Alongside this, the relationship with communities and the voluntary and community sector will need to evolve further if the council is to enable and empower more, and directly deliver less in the future. We also asked whether you are using commissioning consistently to enable outcomes. Again, there are examples of this across the organisation that can be built on.

There are also examples of the Council establishing shared services as a means by which to increase capacity and expertise, and reduce cost such as the procurement shared service and other shared arrangements facilitated by the 'memorandum of understanding' with Warwickshire County Council and Coventry City Council. More clarity about the future purpose, shape and style of organisation will help guide how you invest in future shared services, further collaboration, the new ways of working (including asset management and agile working) and shape the elected member and workforce development activity required.

There are already clear signs of new and creative ways of working being adopted across a range of services. Much of this is being driven by passionate and energetic individual members of staff, is happening deep in the organisation, in a piecemeal and incremental, fashion and may not be visible or known about at a senior level. A corporate acceptance of other approaches that may be required to enable new ways of working, beyond 'lean' alone, is likely to help create a more consistent approach and realise the full value of such work.

The full potential of members could, we suggest, be better harnessed through a more systematic and member-led approach to member development. There appears to be limited member leadership of and input to the member development working group at the moment. We understand there are plans to undertake an audit of member skills. But beyond this and a programme of core skills training focussed on statutory committee roles, and topic based member seminars, we think there needs to be a broader programme focussed on how the member role may need to evolve and develop as part of the future council. The group might also usefully consider how the organisation supports these roles, including a more systematic and imaginative use of technology to enhance capacity.

Performance management is a key facet of the current 'Solihull way' of working. You have a well-established and embedded performance management system. This is used to inform and regular performance reporting, including 'scorecards' for members and Corporate Leadership Team (CLT) to undertake regular monitoring. We have already mentioned the use of PDMs. There is a clear process and regime here.

Less clear, however, is how the organisation manages poor performance, both in terms of service performance and that of individuals. The organisation is evidently a positive and supportive place to work, but many people we spoke to suggested that this can sometimes result in complacency and a reluctance to tackle poor performance more promptly and consistently. Although the protocols are in place for addressing poor performance, these are not always used either consistently or quickly enough. This in turn may be adversely impacting on morale. A culture of internal challenge, and a commitment from the senior leadership to tackle poor performance promptly and consistently, will be essential if the organisation is to successfully achieve its next phase of transformation.

Key suggestions and ideas for consideration

The following are things we think will help you to make best use of your undoubted skills, capacity and experience going forward and deliver some quick wins:

1. The planned fast-paced review (Inlogov 'peer challenge plus') to re-define your future purpose and roles should include:
 - A focus on outcomes for people and place
 - A better understanding of your residents, local context, future pressures and the changing role of local government
 - ensuring that council priorities better articulate the needs of the borough (e.g. economic growth and inequalities)
 - shaping the organisation for the future, ensuring it is member-led and involves the local community, partners and officers
 - The re-alignment and deployment of capacity
 - Changing your relationships with residents and from 'inform and consult' to 'engage and co-produce'.
 - Making better and more consistent use of customer insight to support prioritisation, demand management and early help/prevention
 - Developing a fuller appreciation of the extent and limitations of its sovereignty (in view of the partnership 'landscape' (including the LEP)
2. Develop your 'golden thread' to ensure that the priority outcomes, roles and purpose drives everything that you do, and that every member of staff can see how the activities they undertake make a difference on the priority outcomes.
3. Build on the approaches already being used in the Council (e.g. demand management/'self-help', innovation and creativity) to secure the priority outcomes and consider how they can complement or be incorporated into your Lean Thinking approach.

4. Ensure the Organisational Development Strategy is used to good effect to support the future transformation, and evolves in line with the work to re-define the future council.
5. Create an overarching, coherent, single vision and programme for all economic growth activity.

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 provide contact details for Howard Davis who, as you know, is our Principal Adviser (West Midlands). Howard can be contacted via email at howard.davis@local.gov.uk (or tel. 07920 061197). He is the main contact between your authority 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 going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely

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On behalf of the peer challenge team:

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