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Dear David

**West Dorset District Council and Weymouth and Portland Borough Council -
Corporate Peer Challenge**

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

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

You also asked the team to provide specific feedback on testing the council's thinking on its:

1. Shared Services Partnership

Critically review and validate where the councils have taken forward the Partnership, the partnership development programme plans for the next phase and looking at the longer term plans required to provide financial stability.

2. Economic Growth

Assessing the two councils' response to the new framework for economic growth, recognising the significance of the Dorset Local Enterprise Partnership, the joint Local Plan and the following economic priorities agreed in the Corporate Plan:

- Facilitating inward investment to create more better-paid jobs
- Improve infrastructure to enable businesses to grow

- Supporting businesses through the recession and recovery
- Regenerating and supporting vibrant town centres.

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

- Understanding of local context and priority setting: do the councils understand their local context and have they established a clear set of priorities?
- Financial planning and viability: do the councils have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Political and managerial leadership: do the councils have effective political and managerial leadership and is it a constructive partnership?
- Governance and decision-making: are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
- Organisational capacity: are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement plans. The peers used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

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

Overall message

Members made a brave decision to enter into a Shared Services Partnership which was founded on working together to achieve savings and to protect the quality and level of front-line services. These objectives have been successfully achieved.

It is notable that the Partnership enjoys cross-party commitment. This is important as Weymouth and Portland Borough Council currently has no overall political control (with a history of no overall control) and currently conducts elections by thirds. This cross-party commitment to the Partnership provides a political stability that otherwise might be lacking.

West Dorset, Weymouth and Portland are ambitious councils supported by good officer and Member working relationships. Staff understand the challenges that lie ahead to meet

future funding pressures and are keen to be involved in shaping arrangements to respond to these.

The Partnership's programme of change is continuing with the New Ways of Working programme. It is likely that this will pick up faster pace when some staff currently based at the Weymouth offices move into the new build Dorchester offices - scheduled to take place by December 2014. [Options are being considered for a single hub for Weymouth for front of house services, democratic and back office support.] Sharing the same office location and integrated working will support the move to a new Partnership culture.

It was an achievement that the Partnership programme was successfully managed at the same time as the preparations for and delivery of the London 2012 sailing element of the Olympics and Paralympic Games – the biggest venue outside London. A challenge for the councils is how to use the energy and national focus, directed to the area, so as to provide a sporting legacy (National Sailing Centre at Weymouth and Portland) and gain economic advantage.

The economy is a priority for both councils. There may be economic opportunities for care sector development as a developing sector of the future economy, although traditionally this has been often low skilled and low paid. Both councils are characterised by an ageing population - with both having circa 25 per cent of their population over the age of 65 years, where the national average is 16 per cent. The role of the new Health and Wellbeing Board, bringing together social care, health and council support arrangements, will be important in this regard.

Tourism forms an important part of the economy (13.5 per cent). However this has tended to be supported by seasonal work that is again low skilled and low paid. The councils are keen to rebalance the economy and this is not to say that tourism will not be important in the future but might be reconfigured to take a different form and be balanced by other sectors that are higher skilled and higher paid.

Transport infrastructure is a priority for both councils with both seeking "improvements to the highway and rail services by December 2016". This does seem ambitious in the current economic climate. The Olympics led to the development of an £89m 5 mile A354 relief road to expedite the movement of Olympic traffic between the towns of Weymouth and Portland, and Dorchester. This has reduced the travel time from Weymouth to Dorchester to circa 15 minutes from the previous 45 minutes. This is an important development to consolidate the Dorchester and Weymouth travel to work area with high levels of commuter travelling between the two. The two towns also share a housing market area and this highlights the economic interdependence of the two towns for employment, housing and travel.

However, other significant transport infrastructure is not realistically expected. There are no active proposals for rail infrastructure enhancements. The infrastructure priority of the Bournemouth, Poole and Christchurch City Deal will be enhancements for travel to Bournemouth airport, in Christchurch, and access to the Port of Poole. There may be funding for highway pinch points but this is not expected to be significant, and such schemes will need to show demonstrably the unlocking of economic growth to be eligible.

In the absence of enhanced transport infrastructure then high speed broadband assumes even greater importance to support local economies and growth. It is expected that 95 per cent of Dorset domestic and business premises will be covered by high speed broadband by December 2016. All the Dorset councils have made a contribution to the costs of broadband implementation as a signal of their support and how important they see this for their areas. However, the missing 5 per cent are expected to include the more difficult and costly implementation in rural areas and might adversely affect West Dorset and Weymouth and Portland with a higher than average number of premises not covered. The councils are working, with other Dorset councils, to assess coverage and make contingency plans to address the digital divide. This will be an important piece of work given the transport infrastructure constraints referred to above.

The Partnership programme of Phase 2 service reviews will be important to deliver savings that both councils need to meet a looming funding gap. Alongside this will be the challenge to: map the considerable financial pressures ahead; consider future design principles to shape the Shared Services Partnership; develop the characteristics of transformation that will not only deliver the Shared Services Partnership objectives but also present a new councils' offer to residents, communities and businesses.

Leadership will be required to plan ahead for the funding shortfall and to reset the councils' priorities in light of public expenditure cuts. Managers will need to direct the process and support Members. Members will need to: acknowledge the financial challenges facing the councils; be receptive to the innovative ways of future working; and commit to change. The opportunity is to transform current ways of working and to renegotiate the public service contract with communities. Strengthened political leadership will then be able to direct the shape of the future Shared Services Partnership.

The recent journey

The Shared Services Partnership

The Partnership origins go back to 2004 with discussions to develop a combined revenues and benefits service that was introduced in 2006. This developed further with the pathfinder programme in 2007 when the six district/borough councils and Dorset County Council agreed that improving the two tier arrangements was preferable to local government reorganisation. This collaboration between the two councils deepened in the face of impending financial challenges for local government and led to the appointment of a shared Chief Executive in October 2010 and a staff structure of four directors and 16 service heads (since reduced to three directors and ten service heads) and the transfer of 600+ staff to a single employer in early 2011. The savings to the councils from these new arrangements up to March 2013 is £2.1m.

The decision to work in Partnership was a brave one. It was founded on some important pre-requisites: the sovereignty of each council was to be guaranteed and financial savings obtained while protecting the levels and quality of front-line services. This has been successfully achieved. An important binding factor for the Partnership was trust that has been built through a history of working together. Trust was a key word used by Members across all political groups.

In addition to the savings and retaining services and service quality there is the benefit of additional organisational resilience with greater depth in skills to draw upon for particular schemes, for example engineering skills for the port wall works at Weymouth harbour to enable the Condor ferry to resume traffic. [The ferry links Weymouth to Guernsey, Jersey and St. Malo, Brittany.]

There is a good understanding of what has been achieved to date and of the challenges that lie ahead. This has been a period of considerable change for staff but they are positive about the necessity of change and the benefits gained from new ways of working. This is also associated with staff pride in the new civic building at South Walks Way, Dorchester.

It is also notable that the Partnership has provided a climate where change would be acceptable, and more achieved, than might otherwise have been possible. For example, in 2011 the councils reviewed staff terms and conditions of employment. Such reviews are always highly sensitive. The councils were clear they wanted the principles of equality of treatment and to be regarded as a fair employer to underpin the process but that this would also achieve savings. The single set of terms and conditions was adopted to take effect from April 2012 and identified savings of £270k.

There are strengthening partnership relationships Dorset-wide with Dorset County Council, the Health and Well-being Board, the South West Audit Partnership (SWAP) and the Dorset Waste Partnership (DWP). The latter provides waste and cleansing services for seven Dorset councils. The DWP was launched in April 2011, combining the waste, recycling and street cleaning services for all councils and was one of the first county partnerships. The Department for Environment, Food and Rural Affairs (DEFRA) recognised the partnership's potential and has awarded more than £400,000 towards the DWP set-up.

Not surprisingly there are still some Partnership areas to be addressed. The peer challenge team found that there were some perceptions of an imbalance with some regarding the Partnership as a "takeover" by West Dorset. At the same time, as would also be expected with organisational cultural differences, there are still some outstanding areas of political buy-in to the Partnership model. In some quarters this may have been exacerbated with the recent restructuring and the view that some valued staff have been lost.

The councils acknowledged that organisational development has been neglected over the last three years and there is a keen awareness that this will be an important area to consolidate and to support integration of workforces in the upcoming Phases 2 and 3. In moving to new ways of working HR will have a vital role to play, in particular through a prioritised training and development programme.

The councils appear to have made good progress in moving to single IT platforms although there is more work to do on this. However, IT was referred to as a source of staff frustration with unproductive down time from slow technology. The peer challenge team recommend that the councils investigate this to be clear on the cause (hardware/software) as this will be important to achieve optimum performance levels to support future arrangements for hot desking and remote/home working. An important future design feature will be the potential for IT to deliver transformation and service delivery changes. IT

has the potential to drive efficiencies in existing working arrangements as well as enabling new ways of working.

In summary the councils have made strong progress on the Shared Services Partnership, with high levels of commitment and support from Members, staff and external partners. This is a good platform for the councils to move onto the next phase of transformation and efficiency.

Economic growth and prosperity

Economic growth is a priority for both councils. West Dorset, Weymouth and Portland have experienced the less deleterious effects of the economic downturn with unemployment in Dorset well below the average for England. However, it is important to bear in mind that this is within a low wage economy.

Evidence suggests that the local economy is resilient across the two council areas and is improving with good levels of occupancy on industrial parks and commercial interest in new investment at its strongest level since 2007. This is supported by effective Business Improvement Districts (BIDs) in Dorchester and Weymouth. Unsurprisingly, given the geographic location and communication links, the economy is underpinned by local businesses but with some important national and international representation. Private sector representatives suggest that current commercial interest relates primarily to the expansion of existing local businesses.

There are examples of high quality regeneration and growth including:

- Brewery Square in Dorchester, which forms the hub of a £100m mixed-use retail and housing development;
- Poundbury, an urban extension of Dorchester and renowned as a pioneering example of new development. It is expected to be fully completed by 2025 when it will add approximately 5,000 to the population of Dorchester with 2,000 jobs in commercial premises and general facilities across the site;
- and the new sustainably designed Partnership offices in Dorchester

These are exemplar schemes which the councils should be proud of. There is now the potential for the learning from these to be applied across the Partnership area, particularly in Weymouth to better develop the town centre offer, building on the success of the BIDs.

As part of the restructure arrangements the Shared Services Partnership moved to a joint economic development team. This is a positive move to provide greater organisational capacity and has supported the team to operate an account management approach, which is valued by the business sector, and also to conduct a positive relationship with UK Trade and Investment (UKTI) to support foreign inward investment enquiries.

The peer challenge team saw evidence of good intervention and support for business expansion and retention. For example Clipper Teas, based in Beaminster, is an important company with a national profile established in 1984. The parent company was considering sites for relocation out of the area until council intervention, with some financial support

from S106 monies, along with investment of £1m by the parent company, enabled it to stay in Dorset. Curtiss-Wright, a specialist engineering company, was considering relocation to purpose built premises in the UK or EU. West Dorset District Council worked with Dorset County Council and the former South West Regional Development Agency (SWRDA) to provide suitable premises at Gore Cross Business Park, Bridport at reduced cost and was sufficient for the company to remain in the area.

The Joint Local Plan is progressing towards adoption in 2014. This will give certainty about the location of future development and is a good example of working both across the Partnership and with stakeholders. However, there are some key points around this that the councils might follow-up. They include:

- The joint Local Plan – anticipates the two council areas generating 16,100 jobs from 2011 to 2031. The councils would benefit from some detailed work that could delineate how these numbers would breakdown by sector and what the employment land needs for these might be. This would assist the councils moving to a position to market sites to potential local businesses and investors.
- Members of both councils have been involved in the preparation of the joint Local Plan through Local Plan Working Groups and have formally agreed to work together on implementation. Both will need to prioritise the work of the Local Plan Working Group to bring forward allocations particularly at Littlemoor which crosses the boundary of the two councils.
- The councils have the intention to produce an Economic Growth Strategy and delivery plans. The development of such a growth vision is a priority and should be project managed with a clear delivery timetable. Ideally this should broadly coincide with the adoption of the councils' Local Plan and the Dorset Local Enterprise Partnership (Dorset LEP) Strategic Economic Plan. The new growth vision will need to be underpinned by market intelligence. This is an area of expertise that is currently not available to the council and would need to be commissioned.
- The work on producing an Asset Management Strategy, being taken forward by the Joint Dorset Asset Management Board, has stalled. This will need to be progressed as this will be an important piece of work, linked to the Local Plan, to support economic growth.
- The peer challenge team understand that there will be a significant shortfall in funding from predicted Community Infrastructure Levy (CIL) and S106 income for the infrastructure necessary to deliver the Local Plan's growth targets. It will be important for the councils to ascertain how much this will be and how this might be bridged.

There are structural weaknesses in the economy. This is exacerbated by the house price and average wages ratio being high (12:1 in West Dorset and 11:1 in Weymouth and Portland). It is for these reasons that "preventing homelessness and supporting communities to meet their housing needs" is a priority for both councils. It has been acknowledged that the Partnership is leading to ensure that housing as an economic driver is recognised by the Dorset LEP. The estimated number of affordable homes needed is 800 per annum for Weymouth and Portland and 730 for West Dorset. Delivery has been well below these targets with this being circa 50-60 per annum for each council. This is exacerbated by some registered housing providers, for example Magna Housing, not building social housing at the current time. The councils will need to ask if affordable

housing should remain a priority if – for reasons outside the council’s control – this cannot be delivered.

At the same time Gross Value Added (GVA) remains low in Weymouth and Portland – ranked 18th lowest in England. The Shared Services partnership has worked with SWRDA and latterly the HCA to deliver the redevelopment of the former Portland Naval Air Station and Mere Tank Farm. This included:

- worked with SWRDA to develop a master plan for the site, including highways and infrastructure
- assisted with the project management aspects of site regeneration and land remediation
- supported and invested in the Weymouth and Portland National Sailing Academy, which in turn enabled Weymouth to host sailing for London 2012
- supported and encouraged early investors, including amongst others Sunseeker and Portland Marina
- continue to meet regularly and work with the HCA, its appointed agents and professionals to enable the development of infrastructure and plots
- assisted the HCA with the delivery of required public works infrastructure at Liberty Square, acting as accountable body and project managers for £0.5m invested from Dorset LEP Growing Places fund. This investment will enable early development of adjacent employment sites.

However, there may be further opportunities. For example, Portland Port is a unique asset but a more flexible approach is needed to maximise growth and employment opportunities there. Similarly, the potential of Osprey Quay as a visitor destination, rather than just an industrial estate, could be exploited. Plans to capitalise on these opportunities should be developed with the landowners who have expressed a real interest in working with the council on this task.

There is significant potential to develop the complementary features of Portland Port, Osprey Quay and Weymouth Harbour but this needs a clear new vision and delivery plan. This will necessitate the council rethinking its current approach, particularly around restrictive planning policy, and through more commercially focused engagement with key stakeholders to maximise the benefit to the local economy. Commercial partners told the peer challenge team that they are keen to engage and can bring commercial skills to the table, some of this at no cost

Internal and external stakeholders told the peer challenge team that they were confused about who leads on growth within the partnership. The councils need to identify clearer Member and officer leadership on economic development and develop a clear vision of economic growth for the area. In addition there needs to be established single and identifiable point of contact for businesses to contact the councils.

Although there are some examples of excellent partnership working between planning and the development industry, the service was also cited by some parties as slow at times, blinkered by policy and lacking pragmatism. There was evidence of a tension between growth and heritage/natural environment protection, with the latter described at times as

overzealous to preserve assets. Inflexible adherence to planning policy was cited as leading to loss of investment opportunity.

Agents and developers have a good understanding of commercial demand and viability but there is no evidence of any structured commercial dialogue on this beyond individual planning applications. Evidence also showed that the build cost of commercial development in some parts of the Partnership area is higher than the commercial return, making it commercially unviable.

There are some examples of flexibility on land use to cross subsidise employment land development but this needs to be better refined to ensure a consistent approach that can be understood by staff and developers, thereby avoiding delay through the planning process.

The councils could also review how their assets could be better used to stimulate growth as this does not appear to be well understood. There are a couple of examples to illustrate this. Weymouth and Portland Borough Council own 66 hotels in Weymouth, together with the historic harbour area. The policy of asset retention has been shaped by the council's wish that sea front hotels do not experience a change of use to houses of multiple occupation (HMOs) or care homes, and that their external character and appearance is maintained. However, these are assets with a conservative value of some £15m could be used towards joint venture proposals to deliver priorities on housing or economic regeneration for example. Sale could be subject to restrictive covenant to control future use. Similarly, the North Quay offices development site is valued at £1.5m. These are assets that can add heft to the councils to support and enable activity that will deliver on shared objectives.

Whilst there may be a perception at senior management and senior member level that there is a pro-growth culture embedded across the Partnership this was not reflected by evidence given by some internal and external stakeholders interviewed by the peer challenge team. Economic growth is highly competitive and most councils want to see this for their areas. Successful growth delivery requires a culture that:

- is genuinely 'open for business'
- has a clear understanding of its unique 'offer' to potential investors and developers, with this set out in an economic growth vision that is unique to the Partnership
- is flexible and pragmatic with some capacity/resource to enable this to happen.

Despite an evident appetite for economic growth there needs to be a debate about what this means for each council and what this would look like. Importantly, it does not have to be the same for each. Although there has been the understandable priority on implementation of the Shared Services Partnership, making progress on the priority of economic growth is now an important area for development.

The Partnership has recognised the LEP's importance and has worked at a pace to develop and share with the LEP (via consultants) the councils' priorities for economic growth and formally agreed to support the LEP to assist implementation. The Partnership has also agreed to develop the Member role to contribute and maximise the councils' position through the LEP's governance processes.

The Dorset LEP and Dorset County Council are willing to engage with the Partnership and offer an important and significant resource and funding stream. The Dorset LEP will be a significant player with a Local Growth Fund of £6.5m; brokering the City Deal for Bournemouth, Poole and Christchurch and as the vehicle for EU structural funding of €47.3m over the seven years 2014-2020. The invitation extended to the Partnership makes it important that the economic vision for the western side of Dorset is developed and presented clearly to the Dorset LEP to link in with the latter's Strategic Economic Plan to lobby for resources. This reinforces the need for a coherent economic growth strategy.

Management and political leadership

The two councils have shown great ambition and desire to create a West Dorset and Weymouth and Portland Shared Service Partnership vision. It showed good forward planning to anticipate the local government spending cuts and strength of will to establish the Partnership and the means by which it would operate.

The peer challenge team was encouraged that Weymouth and Portland Borough Council is giving consideration to move to all out elections in 2015 from the current arrangements of elections by thirds. If agreed, it will be an important step to match the arrangements at West Dorset and for the council to gain longer-term political stability. This would undoubtedly assist with the Partnership's forward planning.

Within the Partnership there is a broad agreement for a closer alignment of Dorset districts and this is supported by an improving relationship with Dorset County Council. This is evidenced by the Partnership arrangements but also by the Dorset Waste Partnership and the City Deal programme involving East Dorset and Christchurch councils working with Poole and Bournemouth.

It appeared to the peer challenge team that the Dorset districts were beginning to settle on an east/west split for their partnership working arrangements. The timing may be right to consolidate this for broader strategic engagement and to extend the current partnership models. The clustering of councils on an east/west split will be important to better balance the strength of Poole and Bournemouth and the airport in the east, with the rural areas and the maritime environment in the west and enable more effective engagement within the Dorset LEP. It would assist in providing clear sub-regional sets of priorities that can be presented to the Dorset LEP.

Corporate planning arrangements have made good progress in moving towards joint plans, for example the joint Local Plan and the commitment to a joint economic growth strategy and a joint housing strategy. The councils are clearly testing the water wanting to ensure that joint planning does not compromise each council's sovereignty and are aware of different circumstances and priorities at the two councils. However, corporate planning needs to be improved with an increased outcome focus, which on current iterations appear to be overly process and output directed. Outcomes to customers and communities will need to be sharpened and reflected in the key performance indicators developed to monitor performance.

Communication is always important but even more so at times of change. At the Partnership this is supported by the staff newsletter Team Talk and supported by a staff

involvement in a Business Transformation Design Panel. This is being developed further with an emerging Employee Engagement Strategy. The means of communication and reviewing its effectiveness will be of continuing importance for the two councils. Linked to this will be the visibility of senior officers and of taking the time to demonstrate accessibility but also presence across the large geographical area covered by the two councils.

Similarly at a time of change it will be important to monitor the pace of change to ensure that this is realistic and is understood and supported by staff. This will help to manage change and capacity while avoiding burn out. At the same time it will be important to ensure that priority projects are timetabled. While on-site there were a number of projects where there was organisational haziness on when these matters would be dealt with, for example when the economic growth strategy and when the joint asset management strategy would be developed. Where there is agreement on corporate priorities then it is important to demonstrate this with project planning including clear task completion dates.

Finally, the peer challenge team felt that the Shared Service Partnership would benefit from lead Members (portfolio holders/champions) having greater prominence and visibility for their areas of responsibility. Although these responsibilities are allocated and these roles have developed in recent years they are still not well understood internally or by external partners.

Financial planning and viability

The councils have done well in recent years to manage the significant reduction in Government core funding without major cuts or impact on high standards of frontline services. The cuts in funding from 2010-2011 to 2019-2020 (projected) amount to an average of 58.6 per cent across the two councils.

In addition the councils have successfully met the challenge of savings with £2.1m (in excess of the original target of £1.9m) with this target achieved in foreshortened timetable due to the frontloading of Government core funding cuts. This is a success particularly as it was achieved without reducing the level or quality of front-line services.

Both councils enjoy healthy reserve levels and sound accountancy practices and controls that meet regulatory and audit requirements and have made a balanced budget each year. Sound budget management has avoided budget overspends and there are detailed quarterly reporting arrangements to the Senior Management Team (SMT) and the Executive/Management Committee and other council committees. However, Weymouth and Portland Borough did have a 2013-14 budget gap of £318k that was met from reserves. Reserves can only be used once so future financial prudence should try to avoid that.

There is a keen awareness of the continuing financial pressures and the imminent service review programme (Phases 2 and 3) intended to achieve further savings of £1m (including the review of income streams) of which £525,000 has been realised already.

However, the councils are facing a cumulative funding gap of £4.02m (West Dorset) and £3.2m (Weymouth and Portland) by 2019-2020. For the peer challenge team this raises two questions that the councils are invited to consider. First, can the Partnership deliver this level of savings and continue to maintain services? Cracks are already starting to

appear, for example the closure of the Pavilion in Weymouth. Although this is still being operated by a community trust it is clear that Weymouth and Portland Borough Council made an important and difficult decision that it could no longer sustain the costs of operating the Pavilion, as a council function, and took action to take it off its books. This provided a saving for the council of £700k for 2013-14.

The second question is around the Partnership and whether it was primarily established as a driver for savings and/or transformation. With the bleak financial future ahead could the need for savings come to dominate the thinking of the Partnership and transformation assumes a lower priority? It would be understandable how this might happen but it would be detrimental. Transformation will be important to recast local government services so that new delivery models not only achieve the longer-term savings needed but also renegotiate the public service contract of services to customers, residents and communities.

Business rates safety net payments are currently received by both councils (two of only twenty-six councils in England). It maybe financial prudence or it might be a pointer to the wider economy but if the Business Rate base is contracting it would be a future concern for both councils.

The peer challenge team believe that despite the difficult economic and financial climate there are invest to save opportunities that could be explored, for example by use of capital, reserves, assets and Joint Venture. Innovation and transformation could be supported by establishing an 'invest to save' programme, possibly funded from reserves. This could be structured to set out bidding criteria, cost/benefit analysis and return on investment measures for evaluated bids that support service transformation and deliver an efficiency saving.

Capacity

There is a coherent transformation programme being directed by Business Transformation Team and it was clear that there is still an appetite for change in both councils. There is a general understanding among all levels of staff and Members why the changes were necessary and acknowledgement that the benefits derived from this have been worthwhile. The rationale for change and the benefits being obtained from this are well understood and underpin change ahead.

The success of delivering big projects like the Olympics, with national focus and prestige, shows that the councils have the capacity to focus on one big project across the councils' services, with a clear vision. Part of the Olympic legacy could be the Partnership's organisational capacity to deliver.

The peer challenge team found that there are some teams and individuals in the councils who are very well respected internally and externally. For example, the HR team conducted a good evaluation of the HR Work stream project which set out what was delivered and identified the lessons learned from this. This approach demonstrates a problem-solving and creative culture and this is a resource that can be used for the future and to provide transferable learning across the councils' services.

Service transformation will inevitably involve hard decision making, with some of those decisions already being made. However, there is a significant body of English councils who are working in such partnership arrangements. This provides a good opportunity to learn from these councils to support planning the direction and shape of the future organisational working arrangements. Similarly experience can be shared with other councils and, in so doing, showcase the work of the Shared Services Partnership.

Change has been primarily financially driven. This is understandable as a driver when the immediate priority has been to gain savings and balance budgets. However, the team were struck by the virtual absence of reference to customers and communities. This might be a corrective rebalancing to be considered for Phases 2 and 3 of the Shared Services Partnership. A customer centric approach to transformation would provide dividends of both reduced cost and improved service quality.

The Partnership has brought about significant organisational change but little for political decision making arrangements that remain largely unaltered. There are two sets of capacity hungry committees, involving duplication of effort and resources to sustain. The peer challenge team believe that this is unsustainable in the longer term and that it would be beneficial to consider new arrangements.

One of the big issues will be how to make the two sovereign political decision making structures more streamlined and effective for example by the use of joint scrutiny, joint audit committee arrangements that can expedite decision making without compromising political sovereignty.

To date change has impacted more on the officer side than the Members. The changes that are taking place in local government are leading to transformation in the fundamental ways that councils provide services. In a number of ways this is already changing. Email is changing the patterns of officer/Member engagement and Member expectations on support were agreed to be reduced because of the demands on managers at the time of the Olympics. The peer challenge team believe that this would be an opportune time to review the Member role at the two councils and how this could be enhanced and made more effective.

For example, if the councils review political decision making arrangements to be more efficient and effective then it would be logical to review community leadership at the same time. This could include: providing local ward budgets to support Ward Member community engagement and address local priorities; in a fast changing local government environment the councils may wish to consider Member development with job descriptions and support/development opportunities; it could include a review of Members' skills and experience that might be made available to the councils. Both councils have achieved the South West Member Development Charter and this commitment to development should enable further development.

A final point on capacity is that, not surprisingly, with the upheaval over the last three years staff morale is fragile. This is heightened at the current time with job evaluation (JE) imminent. On top of this a number of staff and Members have the perception that Weymouth and Portland is being taken over. The staff survey has been postponed during the current period of change and is now scheduled for Spring 2014. This will be an

important piece of work to gauge the morale and mood of the two councils and it would be worth including Members in this survey as well.

Moving forward - suggestions for consideration

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

Shared Services Partnership

1. Lead a review of the Corporate Plans to match resources to a more sharply defined set of outcome priorities
2. Weymouth and Portland Borough Council to consider a move to all out elections in 2015. This would match arrangements at West Dorset District Council and offer longer-term political stability for the Partnership.
3. Use a customer centric service review as a springboard for streamlining processes and council transformation. Important design features for the new operating model will be the potential for IT and organisational development to deliver transformation and service delivery.
4. Central to transformation should be the service provided to customers, residents, businesses and communities and should involve reviewing the public service contract and renegotiating public service expectations on this
5. Consider an 'invest to save' policy as a means to obtain service efficiencies, transformation and service improvements

Economic development

6. Designate clear leadership at Senior Management Team and Member level on economic growth and set the organisational cultures to be 'open for business' with a single access point for business
7. Produce a joint economic growth strategy and delivery plan, in association with partners, with detail: what sectors the expected 16,100 jobs created from 2011-2031 will fall; what employment land might be used for this purpose; how the objective of high-wage and high-skill jobs will be realised; a clear housing and employment growth implementation plan; the use of the councils' assets; and the Partnership's engagement approach. This should lead to a portfolio of sites being developed for marketing to potential investors and developers and be aligned to the Dorset LEP Strategic Economic Plan
8. Work with Dorset councils to identify the extent of high speed broadband coverage and the likely gaps that would adversely affect West Dorset and Weymouth and Portland. Having identified this gap it will be important to make contingency plans to address this. This will be an important piece of work given the transport infrastructure constraints that might limit economic growth.

9. Continue the Local Plan Working Group to provide Member involvement in overseeing the Local Plan from its current status through Examination and on to implementation following adoption
10. Progress the work on producing an Asset Management Strategy, being taken forward by the Dorset Joint Asset Management Board; this will be an important piece of work, linked to the Local Plan, to support economic growth.
11. Conduct work on how to bridge the funding gap between the cost of the infrastructure necessary to support growth and the projected income from future Community Infrastructure Levy (CIL) and S106
12. Consider how the councils can work with partners to increase affordable housing delivery. If this cannot be increased from current levels with alternative delivery models the councils should question whether this should remain a priority.
13. Develop a clear vision for Portland Port and Osprey Quay, led by commercial interests with council support through a new, flexible planning policy.

Resources and capacity

14. Ensure the Medium Term Financial Plans and Corporate Plans respond to the looming funding gap and ensure that this is addressed by a combination of longer-term financial planning, planned efficiencies, service cuts and service transformation
15. Investigate the cause of unproductive IT down time to support achievement of optimum performance levels to support future arrangements for hot desking and remote/home working
16. Continue to monitor the pace of change and staff morale in this environment
17. Use the staff survey (scheduled for Spring 2014) to gauge the morale and mood of the two councils and include Members in this

Supporting the Member role

18. Develop the Member community leadership role, which could include: providing local ward budgets to support Ward Member community engagement and address local priorities; Member development with job descriptions, the identification of Member skills and support/development opportunities.
19. Reduce the duplication of effort and resources to support two separate political decision making arrangements.
20. Move to more streamlined and effective arrangements via joint decision making bodies for scrutiny, policy and audit committees and in due course extend this to others
21. Lead Members (portfolio holders/champions) to have greater prominence and visibility for their areas of responsibility.

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

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council wishes to take things forward.

As part of the peer challenge process, there is an offer of continued activity to support this. In particular the LGA is able to offer up to 12 days of Productivity Expert programme support.

We would also wish to offer an improvement and prioritisation workshop to the council to take place some time after this letter is received by the council. I look forward to finalising the detail of that activity with you soon.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Andy Bates, Principal Adviser (South West) is the main contact between your authority and the Local Government Association. Andy can be contacted via email at andy.bates@local.gov.uk (or tel. 07919 562849) 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.

Yours sincerely

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On behalf of the peer challenge team:

- Alan Goodrum, Chief Executive, Chiltern and South Bucks District Councils
- Councillor Neil Clarke, Leader of Rushcliffe Borough Council
- Councillor Ric Pallister, Leader of South Somerset District Council
- Simon Machen, Head of Planning, Transport and Engineering, Peterborough City Council
- Sofie Nottingham, NGDP cohort 13 and Campus Delivery Manager, Wiltshire Council

- Bob Kenyon, LGA associate

Appendix 1 – Feedback slides

Appendix 2 – Signposting note