

# Corporate Peer Challenge

## **Warwick District Council**

4-6 July 2012

Report

# 1. Background and scope of the peer challenge

This report is a summary of the findings of a corporate peer challenge organised by the Local Government Association under its 'Taking the Lead' offer to the sector and carried out by its trained peers. Peer challenges are managed and delivered by the sector for the sector. They are improvement oriented and are tailored to meet individual councils' needs. Indeed they are designed to complement and add value to a council's own performance and improvement focus.

The focus for the peer challenge was threefold:

- A 'light-touch' challenge of the council's current performance, particularly with regard to
  - Political and managerial leadership
  - Financial planning and viability
  - Governance and decision making
  - Organisational capacity
- A challenge of Warwick DC's 'Fit for the Future' programme with regard to three specific questions:
  - Is the programme is delivering what you want (and need) it to deliver?
  - Is there sufficient managerial and political leadership and capacity to progress the programme?
  - Does the programme continue to meet the council's future requirements?
- How well does the council harness its leadership and capacity to successfully implement the Local Plan and, as appropriate, adapts the Fit for the Future strategy to support this outcome

The team engaged in interview and workshops with a range of staff and elected members as well as partners. We conducted two workshop sessions: on organisational change and the Local Plan to share experiences from peers with officers and members and enable a two-way dialogue.

Peers were:

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| Andrew North, Chief Executive, Cheltenham Borough Council    |
| Cllr Neil Clarke, Leader, Rushcliffe Borough Council         |
| Cate Hall, Executive Director, Watford BC                    |
| Anne Brinkhoff, Review Manager, Local Government Association |

The team appreciates the welcome and hospitality provided by Warwick District Council and would like to thank everybody that they met during the process for their time and contributions.

## 2. Executive summary

Warwick District Council enjoys many strengths. Working relationships between politicians and managers are good and the corporate management is clear and confident about the direction of travel for the council. There is a strong commitment to a community led approach in planning and delivering services to communities and partners see the council as a valuable and responsive partner. Robust financial management and year on year efficiencies managed as part of the Fit for the Future programme provide the council with a strong financial position. Overall, this is a sound basis from which to move forward, particularly in times of financial, economic and social challenges.

The council's organisational change programme 'Fit for the Future' is a thoughtful approach, setting out a suite of systems interventions that create financial savings and more customer focused services. The programme has delivered £600,000 savings and is well led and managed and there is good understanding among staff and members of its purpose. There is a perception among some staff that the focus of the programme is changing from 'improving systems and services' to 'purely making savings' which can undermine staff buy-in unless they understand the shift in programme objectives. While the challenge team understand the council's rationale for redesigning services before considering other forms of service delivery, we would challenge whether the focus of Fit for the Future is sufficiently broad in view of the extend of the financial challenges ahead.

The council has a very good understanding of the importance of the Local Plan and, critically, it being adopted within the given timescales and is committed to investing further resources to ensure it can proceed to adoption within the timescales. A strong continued focus on the Local Plan is vital in avoiding the risk of speculative planning applications. Within this process, members will need to adapt the perspective and act as 'District Councillors' as opposed to ward members, and officers will play an important part in supporting members and providing them with information that helps them to advocate this broader perspective to their local communities.

We have highlighted a number of specific points that we feel need to be addressed by Warwick DC (WDC). These are:

1. Consider structural and cultural measures that could strengthen a whole council organisation and transcend the current silos
2. Review the terms of reference and role and responsibilities of CMT and SMT and ensure regular informal meeting time and space to explore ideas
3. Maintain the impetus and ambition of the Local Plan process and ensure continued support to members so that all councillors can support the Local Plan prior to adoption.
4. Consider the introduction of a mechanism to report 'whole council performance', perhaps in the form of a corporate scorecard
5. Consider a broader strategic discussion about future service delivery models for the council in the context of the Fit for the Future programme

6. Review the objectives and methodology of the leadership and management culture strand of the Fit for the Future programme
7. Review communication with staff, making it more pro-active and personally relevant
8. Maintain the sense of urgency and focus on the Local Plan

### **3. Overall council performance**

#### **3.1 Strengths**

- Working relationships between politicians and managers are good. The peer challenge team heard of trusted relationships between the Leader and Chief Executive as well as Deputy Chief Executives and the Executive and Heads of Service with their Portfolio Holders. Meetings are frequent, planned and purposeful and we heard evidence that they are conducted with understanding of and respect for each others' roles and responsibilities in leading and managing the council. These are the foundations for an effectively performing council.
- The Corporate Management Team (CMT) is clear and confident about the direction of travel for the council. They have a strong focus on the Local Plan as the strategic planning framework to deliver the council and partner vision (as set out in the Sustainable Community Strategy) for the District. Internally, the Fit for the Future plan provides a clear focus for organisational transformation and meeting the budget challenges. From a senior management perspective, there is no doubt about the importance of these strategies in guiding the transformation process. CMT are also aware of and deal with performance or strategic issues that need resolving. Examples are the recruitment of a shared Head of Service for Development Management, a review of the effectiveness of Planning Committee led by the Chief Executive, and strengthening the Local Strategic Partnership in view of the changing partnership landscape within the County Council.
- The council is committed to a community led approach in planning and delivering services to its residents. It has invested in consultation and data collection methods such as SIMALTO and Mosaic as sophisticated means of understanding customer needs, and a suite of locality profiles providing a range of socio-economic information as well a breakdown of the locality in socio-demographic classification. WDC has a shared partnership team with the County Council with a wide brief including building community capital and operates seven community forums. Feedback from partners shows that *'community forums are a stunning success'*. This provides the resource, systems and relationships to plan and review services based on customer views and needs – something which is close to heart of the 'systems thinking' philosophy that runs through the council's operations.
- Partners see WDC as a valuable and responsive partner. Our focus group highlighted many joint initiatives such as the integration of library services in the Front of House customer points with WDC being flexible to assist with the impact of

a reduction in open hours for some libraries. Other examples are shared services with the County Council (eg legal services) or neighbouring authorities (Coventry), and good engagement with key partners such as Secondary Schools and Warwick University and engagement with the Business Improvement District in Leamington Spa.

- The council has solid financial management. The most recent Annual Audit Letter commends the council on its strong financial position and robust arrangements to manage effectively the financial risks and opportunities. The council has a healthy general fund reserve and a specific service transformation reserve which enables it to invest in projects that will bring about service transformation. Heads of Service will receive financial monitoring information monthly and discuss this with their respective Portfolio Holders and financial performance is reported quarterly to the Executive.
- In taking a bold decision to replace national PI's and targets with local measures that reflect what matters to customers, WDC is creating much more purposeful performance management. In line with its commitment to the 'Systems Thinking' methodology, it has moved away from reporting against national performance indicators. Instead, each service has identified performance measures that they consider matter to the customer. These include a broad range of customer feedback measures as well as quantitative measures which are need for staff and managers to understand (and challenge where necessary) key service delivery. Examples are qualitative feedback on quality of gardens as well as numbers of PCN's issued. Heads of Service report that working with staff in identifying meaningful measures has meant that these are more widely owned and therefore used regularly to measure and review service performance. Portfolio holders engage in monthly reviews with managers to discuss performance and portfolio holder statement updates are reported to the Executive twice a year to enhance accountability. Rather than reporting against all measures these focus on highlights about what is going well, areas of concern and the learning from these and an update on key projects.
- Members and officers value the scrutiny function. The peer challenge team had strong messages from the Executive, non-executive members and officers that scrutiny was effective and added value to the council's business. Examples were the work of task and finish groups to review arrangements for CCTV as well as the effectiveness of partnership working after local flooding.
- Corporate Management Team has a strong focus on their individual and collective development. The challenge team heard that they have put in place arrangements for mentoring and coaching and have responded well to challenge on being more visible. For example, both Deputy Chief Executives have re-located into an open plan office and are (and are seen to be) more accessible to staff and members.
- The peer challenge team acknowledge that the Executive are putting arrangements in place for regular informal meetings without officers. We strongly support this as a means to have informal discussions and create space to explore ideas and issues and gain collective executive ownership and responsibility. It remains important to have informal meetings between the Executive and CMT and SMT, but the

Executive needs to have opportunities for open and frank discussions amongst themselves.

- Staff like working for the council. In particular staff value their colleagues and teams they worked with as well as the ability to be self managed and have variety in the jobs they do. The challenge team got a strong sense that staff are motivated by the purpose of the organisation and delivering for the community and, overall, felt supported in the jobs they were doing.

### 3.2 Areas for consideration

- There was a clear sense from many members and officers with whom the peer challenge team engaged that the current structure and organisational culture re-enforce organisational silos, and that the Council does not yet have 'a one-council culture delivering generic and integrated services' as set out in the original Fit for the Future strategy. The split between nine service portfolios with one Head of Service pairing up with one portfolio holder creates visible structural silos. These are re-enforced culturally by the delivery and monitoring of change projects, and performance management through individual services in the main. The lack of cross-cutting meetings or forums to discuss performance or transformation can lead to managers and portfolio holders focusing on their own service at the expense of understanding the wider system that is Warwick District Council. Addressing this will require a mix of formal and informal ways to ensure that managers and members think about the impact of changes to their services on the council as a whole. This requires a careful balance between 'standing up for one's service' and 'making changes for the greater good'.
- There is a lack of clarity about the roles and responsibilities of Corporate Management Team as opposed to the Senior Management Team. This is particularly the case in making decisions where some Heads of Services act in an advisory role only while others are seen to contribute to the decision making process. A review of the roles of both groups in the context of the operation of the council might be beneficial. This should consider the purpose of both groups (a group to do (what?) by means of (how?) in order to (why?). In this context the challenge team would recommend that meetings of SMT (including CMT members) to work collectively to break down silos and to enable CMT to harness the ideas and innovation that emerge from services.
- As mentioned above, the cultural element of the Fit for the Future element has not been delivered yet. Staff and members see the programme as the driver for change and efficiency savings but the team were uncertain about the visible lead for the cultural change theme. This is causing concern and a sense of disillusion among some staff and members. WDC may wish to consider this strand and articulate their objective for addressing cultural change by asking 'what culture do we want and why?', and 'how do we bring this about?' This work will require a senior sponsor and an experienced manager to advance. The importance of the Chief Executive and other senior officers as well as elected members modelling the desired culture should not be underestimated in achieving the desired cultural change.

- While the peer challenge team acknowledge that services have introduced innovation in exploring delivery options, we had a sense the council could do more to push the boundaries on a larger scale at senior management and Executive level. Heads of service talked about alternative delivery options such as arms length companies or trusts but we were unsure how ready the wider organisation was to embrace these possibilities. In many ways this picks up on the point about organisational silos and lack of opportunities for CMT and SMT to engage in strategic conversations in a joint manner. While the Fit for the Future programme is an aspirational plan and builds on an exciting and different methodology, for the first two years of the life of the programme it has been interpreted and delivered in a rigid way and may not capture savings opportunities outside the systems thinking methodology e.g. it can inhibit asking more fundamental questions of 'should we providing this service and, if we should, are we best placed to do so?'
- A greater need for clear, relevant and regular communication was an issue raised by many staff the peer challenge team spoke to. While staff like the annual CE brief it is not sufficiently frequent to communicate the need for and content of the on-going change within WDC. While staff knew of the core brief we had comments about needing to 'find it on the intranet' and it being open to different interpretations. Other issues were about communication with staff not based at Riverside House, and staff having unclear expectation of what they should know and when. The IIP report dated May 2011 credits many services with holding regular meetings but points out that much of the good practice is inconsistent. Issues are not only about top-down communication but staff we spoke to also commented about lack of communication, at times, between departments, some of which would affect service delivery.
- While the team acknowledge the positive impact of the council defining more relevant performance measures and managing performance within the service areas, we were unsure how easy it is to understand the performance of the council as a whole. While the six-monthly Portfolio Holder statements provide a narrative about the interest or concern of specific performance measures for individual services, it is difficult to get a picture of how the council performs as a whole. This 'whole picture' is important to make judgements about the need for resource re-allocations or the need for a performance focus on specific services. It may be that the council wishes to consider a corporate scorecard or similar to provide this overview.
- To-date the council has managed to avoid compulsory redundancies through the use of its re-deployment policy and careful vacancy management. Many staff value the council's efforts to keep staff employed but we have heard comments at all levels that the re-deployment process is lengthy and does not always generate the right fit between staff and posts. This can have a real and perceived impact on services that may not have staff with the right skills or experience as well as redeployed staff who may find themselves in roles that are not well suited. While keeping staff in jobs is an admirable goal it must be secondary to having the right people in the right jobs to enable the council's transformation and continued effectiveness.

- There is an apparent disconnect between political aspirations of maintaining current service levels and the reality that staff experience on the ground. While the peer challenge team does not wish to comment on whether or not service levels can be maintained with current resources, there is a need for members and managers to maintain a close reality check on whether expectations are realistic and give front-line staff the confidence that members and senior officers understand the strain on services.

## **4. Fit for the Future (FFF) programme**

### **4.1 Is the FFF programme delivering what WDC wants it to deliver?**

- The Fit for the Future programme is a thoughtful organisational change programme. Responding to external factors such as decreasing revenue and motivated by a desire to deliver services that provide value to customers, the programme sets out a suite of systems interventions using the 'lean systems thinking' methodology. Recognising the importance of organisational development, the programme also defines a series of principles that define the organisation's ambitions for exercising effective leadership, staff behaviours, customer expectations and budget principles. With the understandable exception of partners, everyone we spoke to is aware of the programme and understands its importance. The FFF programme is the overarching strategy for the council and includes service savings, corporate projects and improvement projects.
- The programme has delivered savings of £600,000 to-date including efficiency savings through systems thinking interventions as well as procurement savings. These have been accompanied by improvements in services such as benefits, environmental health and neighbourhood services by reducing 'waste steps' and making services more responsive to customer demand, for example the right information as quickly as possible. WDC has established a Service Transformation Reserve to enable 'invest to save' projects. At present this includes £1m unallocated funds. This provides the council with capacity to invest in transformation for the longer term.
- The 'pure' approach to systems thinking early on in the programme was welcomed by staff who were part of the early interventions. Several staff expressed real enthusiasm for the way they were engaged in service redesign and where encouraged to experiment with service changes. The principle of creating services that meet 'value demand' and challenge the notion of 'we do what we do because we have always done it' was highly valued.
- The decision in April 2012 to manage service savings through the Service Area Plans has empowered Heads of Service. Where probed, Heads of Service were aware and committed to achieving the identified savings. Progress with generating savings is monitored through monthly meetings with line managers and portfolio holders. A good sense of awareness, understanding and buy-in to the FFF programme enables a planned approach to generating savings that are required.

- However, the peer challenge team was not clear about progress with the wider objectives of FFF, in particular the leadership and management strand and we did not get a sense of the same systematic approach to achieving the intended cultural transformation.
- Some of the financial assumptions for 2013/14 and beyond in the revised FFF plan appear high risk. An example is the pay agreement which appears to have morphed from a hard edged plan for making savings with a savings figure in the MTFS to a staff incentive scheme which may carry a cost beyond nationally negotiated pay rates. Also risky may be the projected service savings in some of the services for example development management.

#### 4.2 Is there sufficient leadership and capacity to progress the FFF programme?

- The Leader, Executive, CMT and SMT provide strong leadership of the FFF programme. The challenge team had a clear sense of organisational focus on this change. This is done formally, ie by making FFF a standing item on the agenda for CMT, as well as informal references to the programme.
- Likewise there is a good understanding of the programme among non-executive members and staff. Discussions and interviews highlighted that both groups know of the purpose and content of the programme and understand the need for it in the local and national context. Given the additional financial pressures on WDC now, and uncertainties over the financial future organisational awareness of and buy into whole organisational change programme is critical.
- However, the shift of focus away from the 'pure' lean systems thinking method that focuses on better services for customer (with savings following as a consequence) to a greater focus on savings is not understood by all staff. For example, some staff the peer challenge team talked to saw the approach as '*something that is being done to us*', with a prime purpose of making efficiencies. While the need for financial savings has become more pressing, senior leadership needs to be clear about the shift (if there is one) and whether and how the lean systems thinking methodology is applied to some services only. As the lean systems thinking methodology is providing not only a tool but a 'whole approach and commitment' to organisational change at Warwick DC it is crucial that staff understand why and where this methodology will be applied differentially. Otherwise the council may lose the good will of staff to engage in this process openly and with a preparedness to change the way they think about the service (or system) they deliver. Openness and regular purposeful communication with staff about the severity of financial cuts and other external pressures is key to maintaining staff engagement and motivation.
- There was a feeling from some staff that at times the setting the boundaries for a systems thinking intervention around a specific service in WDC could be too narrow, particularly when part of it is delivered through partners (eg the County

Council) or across two services. Examples were parking enforcement and Supporting People, where interventions may have been less effective because they did not manage to re-design the wider system due to partners being reluctant to engage. The possibility of this and impact on the outcome of the intervention needs to be considered in the scoping and planning stage and needs to be evaluated against the time and resources that are invested in the systems thinking interventions.

- Balancing leading and managing a systems thinking intervention with delivering the day job can be a struggle for some project leaders. This can lead to the process taking a long time before it delivers tangible improvements. While the process of demand mapping and experimentation is a key part of managing interventions, managers need to ensure that project leads have the resources to drive this process. Staff acknowledge the scope for accessing additional resources through bids into the Service Transformation Reserve. While the peer challenge team does not wish to make a judgement whether there are too few resources, there is a need to regularly check back with project leads to ensure that interventions are sufficiently supported. Staff recognise support with the methodology through the OD team but there was some confusion with regards to their role versus the role of project leads.

#### 4.3 Does the FFF programme continue to meet the council's future requirements?

- Effective leadership and close financial monitoring through CMT and the Executive are effective building blocks to ensure that FFF will deliver the savings required. The council expects a number of financial windfalls in the course of the financial year which have not been built into the five year projections. While the majority of Heads of Service are confident that savings targets can be delivered, there are some notable concerns, for example Development Management. The projected delivery of £200,000 through a systems thinking intervention is challenging, particularly given the current planning performance and the existing and future pressure on planning to support housing and economic growth whilst resisting inappropriate development.
- More broadly, the peer team challenge to CMT and the Executive is whether the narrow focus of FFF on systems thinking as means to improve services and make them more efficient excludes more radical service delivery option that could be better for the community in the longer term. Our challenge (echoed in several conversations with managers) would be whether the starting point of 'keeping services in house' is the right one or whether the council should have a conversation about other models, particularly in the context of the national debate about council's rethinking their role and the role of local government itself. Some of the responses nationally include:
  - The minimalist model – with a core of key services and a push to outsourcing or stopping all other activities, using the private and voluntary and community sectors as well as Parish & Town Councils

- Part traded or 'easy jet' models – offering a basic service to citizens but allowing them to buy-more over and above these basic services
  - Partnering solutions (either as a equal or junior/senior partners) where council's share services
  - Cross-sectoral partner models where major contracts with the private sector or semi-commercial internal trading arm are used to provide a range of delivery services
  - Exploring the changing role of elected members in supporting local communities to 'help themselves' buy building social capital and effectively reducing demand on the council
- Following on from the points above one of our challenges would be 'where and how does the blue-sky thinking happen'? The FFF programme is a 'well oiled machine' with effective management arrangements but it is delivered largely within the organisational service portfolios. The council's strong financial performance and effective leadership and management puts it in a good place to meeting the future challenges and also allows the council to consider, more radically, what it is about and how it may deliver services.

## 5 The Local Plan

### 5.1 Strengths

- There is a good alignment of the Local Plan with other plans and strategies, such as the FFF and the Sustainable Community Strategy. This ensures that the Local Plan is the holistic framework through which the council can deliver its vision for the community.
- Engagement with communities and members in developing the preferred options paper has been comprehensive and very effective. Members have felt very engaged in this process and the council has used its community and stakeholder forums very effectively with good attendance and feedback. The consultation timetable on the preferred options will happen during June/July 2012 and includes 22 published events (meetings or exhibition and information stands) as well as presentations to Town and Parish Councils on request. Senior members' and officers' commitment in the process is reflected in their participation in these consultation events.
- There is a very good understanding of the importance of the Local Plan and, critically, it being adopted within the given timescales to avoid the risk of approval of speculative developer applications. Politically, the Local Plan process is strongly led by the Deputy Leader and is fully supported by CMT both collectively and individually.

- Using comprehensive infrastructure evidence, WDC has taken a bold decision in proposing development in the Green Belt to meet the growth requirements over the duration of the Local Plan. The peer challenge team understands the contention locally about development in the Green Belt and commends councillors and members to negotiate a set of prepared options that can be consulted upon with the public.
- The peer team challenged whether the evidence on key issues such as the anticipated windfall rate were robust and received convincing explanations (though whether such explanations will convince a planning inspector is of course not for us to say). The challenge team feel that the windfall rate is ambitious and will need regular review to ensure that the evidence remains robust
- There is a good understanding among officers and members of the importance of sound evidence to substantiate the plan and a preparedness to invest in this process where needed. A commitment to investing further resources where needed to ensure that the Local Plan process is well supported and can proceed to timescales is vital in avoiding the risk of an absent planning framework and the risk of speculative applications.

## 5.2 Future challenges

- It is crucial to maintain a sense of urgency and focus on the Local Plan. While members and officers are well aware of this it is a key challenge at times where there are many conflicting demands on officers.
- The continued focus on adopting the Local Plan within the planned timescales, the peer challenge team would encourage CMT, the Deputy Leader and the planning policy manager to consider the following matters:
  - Is the council prepared for the resource implications to progress the Local Plan to adoption?
  - The council recognises it will come under increasing pressure from developers as the Local Plan timetable proceeds. Resources will need to be reviewed regularly to ensure the council retains sufficient capacity to deal with a potential increase in applications for unwanted development which may be at odds with the emerging Local Plan.
  - How confident is the council in its projected build rate of 600 units/year? In particular is that and the 5 year land supply deliverable and are and are your assumptions about the upturn in the market realistic?
  - Do you consider that you have articulated the justification for building in the Green Belt sufficiently well?
- Last, there is a need for members to understand that in approving the Local Plan they are acting as District Councillors, ie as a member of the 'body corporate' and therefore being responsible for the Council and Warwick DC as a place This requires adapting a different perspective than that of a ward Councillor and, at

times, making decisions for the good of the 'whole' which may conflict with direct interests of parts of the local communities. However, officers play an important role in supporting members to adopt this perspective and providing them with information that helps them to advocate this broader perspective to their local communities.

- Following the assessment of public consultation and any changes to the draft Local Plan, the council recognises that the Leadership will need to seek regular re-assurance from members of their commitment and support of the Local Plan.

The council's senior managerial and political leadership will now undoubtedly want to reflect further on the findings outlined in this report before determining how they wish to take things forward. There is also the need to consider communication of the findings of the peer challenge with many people the team met expressing a strong interest in learning of the outcomes of the process.

Howard Davis, as the Local Government Association's Principal Adviser for your region, will continue to act as the main contact between Warwick District Council and the Local Government Association, particularly in relation to improvement. Hopefully this provides you with a convenient route of access to the organisation, its resources and packages of support going forward

In the meantime, 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

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