

Corporate Peer Challenge **Herefordshire Council**

6th – 9th February 2018

Feedback Report

1. Executive Summary

The Council has a good understanding of the county and strong ambitions for Herefordshire. Some of this knowledge and vision is clearly documented, including within the Council's Integrated Needs Assessment and Corporate Plan. In addition, we were impressed by the comprehensive understanding of the county, and its challenges, demonstrated by both members and officers during the peer challenge. There is a clear identity with, and commitment to, Herefordshire across the Council and key partner organisations.

The Council is a well-respected player at the sub-regional level with a track-record of success. For example, the Council has secured significant benefits through the Marches Local Economic Partnership (LEP) and close working with Gloucestershire has improved broadband provision. We would encourage the Council to continue to look outwards to secure investment and other benefits for the county, including through its ongoing engagement with a range of regional and sub-regional partners.

There is a willingness within the Council to proactively work with local partners to deliver change. This includes initial activity under the heading of 'One Herefordshire' to support the closer integration of health and social care, and activity with schools to improve attainment levels.

The Council should further evolve its relationships with communities, including through parish and town councils. While the Corporate Plan includes an explicit aim to enhance community resilience, we could not identify a coordinated approach. Given the importance of enhancing resilience, both in terms of managing demand and supporting a thriving county, there needs to be a strategic approach and potentially further investment.

The Council has successfully delivered financial savings in recent years, while at the same time increasing general and earmarked reserves. As a result, the Council is in a relatively secure financial position over the medium term which provides a platform to realise the county's ambitions.

Within the Council there is an appetite to learn, a desire to improve, and an awareness of key areas for change. A range of externally supported arrangements have been put in place to assist its improvement journey. This includes a peer review of children's safeguarding, and sub-regional work to support adult and children's social care. Internally, there are directorate performance challenge sessions and a continuous performance improvement programme. Significantly, the importance of supporting future economic growth has been recognised.

The organisation should be more corporate (i.e. whole organisation rather than directorate focused), and take a joined-up approach to engagement, partnerships and delivery. The Council's default way of working is service and directorate based. As a result, the Council's approach can be fragmented and sometimes may appear so to residents. Performance challenges are typically addressed at a directorate level, rather than corporately, which means the benefits of improved coordination and reduced duplication

can be lost. There may be value in reviewing whether existing governance structures and the allocation of resources supports a 'One Council' approach.

The Council should be confident in its political and community leadership role. This report identifies a number of significant successes for which the Council should be proud. In order to realise its future ambitions – whether it be in terms of delivering growth, driving performance improvement or supporting community resilience – the Council will need to demonstrate strong leadership. This is likely to include a clearer narrative of how both the place and organisation will change, and a renewed focus on organisational delivery.

The Council benefits from an engaged workforce that is proud to work for Herefordshire. The Council has recently taken positive steps to focus more on organisational development. In recognising the need to support staff to have the right mix of skills and behaviours for changing service demands, the Council should seek to support a workforce that is resilient, creative, collaborative and empowered.

External communications should be more proactive and coordinated to better promote the Council's achievements and increase awareness of its vision. We found that the Council's communications were typically reactive and service-led. This means that the organisation is often not effective at communicating its key messages or engaging with residents.

2. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions. In addition, many of the conversations onsite provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

- 1. Articulate a longer term vision for Herefordshire including the development of a compelling narrative with your strategic partners under the banner of One Herefordshire. This will help clarify your ambition and establish your 'USP'.** The existing focus on bringing some key partners together, 'One Herefordshire', is encouraging and should be developed further. A strong, clearly communicated narrative – agreed by stakeholders across the county – will help sharpen the focus on local priorities and assist when seeking to secure benefits at a national, regional and sub-regional level.
- 2. Ensure consistent delivery and follow through to turn the positive rhetoric into reality – including relationships with communities and engagement with strategic partners.** The Council can point to a number of achievements and good intentions in relation to community engagement and partnership working. However, in order to fully realise its ambitions, the Council should focus more on how it supports communities at a local level and ensure that partnership working is embedded across all parts of the organisation.
- 3. Undertake a strategic review of your finances so that the potential to resource your ambition and priorities over the medium term is maximised.** 2018/19 is an opportune time for the Council to undertake a review of its resources and financial

planning. This review should ensure that resources are explicitly linked to priority outcomes and consider further the Council's existing allocation of general and earmarked reserves.

4. **Consider expanding your presence, profile and influence on the regional stage (and beyond) using your narrative and USP.** The Council has been active in the Marches LEP, as well as engaging with the Midlands Engine, Midlands Connect and the West Midlands Combined Authority. Given the importance of economic growth to the county's future ambitions, the Council must seek to expand its influence, and continue to develop strong relationships at a national, regional and sub-regional level.
5. **Develop a more strategic, collaborative and corporate approach to building more resilient communities.** While supporting resilience is an explicit corporate aim, we found that this priority was often pursued without a coherent approach and with limited corporate commitment.
6. **Further cultivate 'One Herefordshire' by developing a 'One Council' approach, specifically:**
 - Create more space for the political and officer leadership to work together strategically
 - Give your managers the space to think and do
 - Build a 'top table' (Strategic Management Team)
 - Continue to strengthen your governance
 - Shift the strategic and operational focus from Directorates to One Council

The Council would benefit from greater central coordination – with more emphasis on cross-council rather than directorate-led approaches. Officers and members need to find sufficient time to come together to plan strategically.
7. **Build on your success and have the confidence to work with your top team to drive and deliver your political priorities.** The Council's political leadership should work closely with senior officers to ensure that political priorities are translated into plans, programmes and delivery. This includes a clear narrative of how the place and organisation will need to change.
8. **Within the context of a corporate transformation programme, develop a more strategic approach to your workforce to ensure alignment with ambition and priorities.** The Council does not currently have a corporate transformation programme; service change projects are currently planned and delivered within directorates. There is benefit to a cross-council approach to organisational change which explicitly aligns the Council's workforce activities to its priorities. This would include planning for and developing a workforce with the right skills and behaviours necessary to deliver on your ambitions.
9. **Use your communications more proactively to build support and understanding of your vision, ambition and direction of travel.** The Council acknowledges that a more proactive and coordinated approach to external communications would improve the organisation's ability to share its key messages.

3. Summary of the Peer Challenge approach

The peer team

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 Herefordshire Council were:

- Nick Carter, Chief Executive, West Berkshire Council
- Glen Sanderson, (Con) Cabinet member (Local Services and Environment), Northumberland Council
- Helen Isaacs, Director of Governance and Democracy, North East Lincolnshire Council
- Kevin Jones, Strategic Director, Local Partnerships
- Sarah Messenger, LGA Workforce Consultant
- Paul Clarke, Programme Manager, LGA
- Kevin Kewin, Programme Manager, LGA

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges (CPCs). These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. 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?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addressing these questions, the Council asked the peer team to consider some particular issues, including in relation to scrutiny, organisational culture, policy

development and decision making. We have included observations on these elements, where relevant, within the appropriate section of the report.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement focused and tailored to meet an individual council's needs. They are designed to complement and add value to a council's own performance and improvement arrangements. The process is not designed to provide an in-depth or technical assessment of plans and proposals. 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 four days onsite at Herefordshire Council, 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 250 hours to determine their findings – the equivalent of one person spending more than seven weeks in Herefordshire.

This report 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 (6th – 9th February 2018). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

Members and officers have a good understanding of the county, including the strengths and challenges related to its rurality and demography. The Council's Corporate Plan was informed by local engagement and a strategic needs assessment, and reflects key local issues. Positively, the Council has acknowledged the importance of economic growth to the organisation and Herefordshire, and has taken a number of steps to progress this. However, despite the strong local understanding and commitment, the Council has not undertaken a representative survey of residents for more than five years. We would suggest undertaking a robust survey to test alignment between residents' priorities and those of the Council.

There is potential to develop a more coherent and compelling narrative, with strategic partners, about your ambition for Herefordshire. The Corporate Plan sets out a local authority narrative, the Economic Vision sets out the broad investment picture and there are a number of other key council and partnership strategies. However, the overall narrative – for the Council and place - could be refined and better communicated. It is notable, for example, that the recent staff survey found that many employees did not think the Council had a clear sense of direction.

Strategic priority setting and planning appears to typically take place at a directorate rather than corporate level. This is evident from financial planning processes as well as performance management arrangements. We would advocate a more joined up approach that supports greater coordination of key issues, such as community resilience and how diversity is recognised and valued. It would also encourage services to consider fully council or county-wide benefits, such as broader social value gains from procurement.

The Council recognises that it needs to take a more coordinated approach to engagement and locality working. While there is evidence of effective work at a local level – including more than thirty neighbourhood development plans – there is limited corporate oversight of engagement activity. Engagement work is led by the relevant service area which can risk duplication and consultation fatigue. The level of close locality working with parish and town councils appears to be an area for further development and there is learning in the sector to bring to this issue. This provides a significant opportunity for the Council which it could explore further with ward members and wider stakeholders.

4.2 Leadership of Place

The Council is a well-respected player at a sub-regional level. For example, Herefordshire has secured significant benefits for the county through its close working with the Marches Local Enterprise Partnership. The Council has also recently been awarded national funding, including investment from the Department of Transport to improve local road connections.

There is strong evidence of the Council proactively working with others to respond to and realise opportunities. For example, the Council has helped achieve funding for a new university, secured a private development on the old livestock market site and supported

the Hereford Enterprise Zone. The Council has also maintained an active role in assisting schools, despite limited resources, including positive work with head teachers and governors.

However, there is not currently a consistent articulation of Herefordshire's 'unique selling point', which potentially constrains the Council's impact at a regional level and beyond. Although the Council has a good understanding of the area's current and potential future economic specialisms, it would benefit from a stronger articulation of the county's proposition, to fully capitalise on the county's geographical links, including to the Midlands, the South West and Wales. This will involve further consideration of the Council's enabling role and a clear explanation of investment opportunities that will contribute to local growth.

The Council is seeking to develop a 'One Herefordshire' approach to public service reform and economic development. This is a sensible direction of travel as the Council will increasingly need to work beyond the boundaries of its direct authority. There are examples of strong place-based working, using a systems approach, including recent progress in relation to health and social care integration. It is not unusual that system-wide leadership is reliant on a small number of individuals, but the Council will want to consider further how it can embed such approaches. There is potential for the Council to foster a more system leadership focus, including through its forthcoming management development programme. This could include support for managers to work through networks and with stakeholders, including residents.

4.3 Organisational leadership and governance

We found officer and member relationships to be professional and sound, although recent incidents – including difficulties surrounding the refurbishment of Blueschool House – have caused tensions. Positively, there has also been a cross-party review of the constitution, with the Audit and Governance Committee overseeing that it remains fit for purpose.

The Council has a good understanding of the importance of scrutiny and challenge, and an appetite to make the new arrangements work. Feedback on the new scrutiny structure, including the additional new committee, was favourable. External partners were also positive of their experience of scrutiny. Non-executive members set the scrutiny agenda and it was felt scrutiny has informed and influenced decision making.

The Council's directorate performance challenge sessions are an example of innovative practice. While many councils operate performance groups, the active participation of cabinet members, relevant scrutiny chairs and political group leaders within them is a very positive style of working. It is an interesting approach that shows a commitment to engaging members on a cross-party basis. This was welcomed, and appreciated, by members, and can be further developed to ensure non-executive councillors are informed of key announcements more generally, including those that relate to activity in their wards.

There is a need to move from directorate leadership to corporate leadership and ensure that organisational capacity is clearly linked to corporate priorities. The Council's current organisational structure does not foster a coordinated approach to key challenges. Key

corporate functions – such as finance, legal, policy and communications – currently sit within Economy, Communities and Corporate (ECC) – one of the Council's three Directorates. Although we found evidence of effective cross-council working, a different structure would support more systematic and embedded co-ordination. Budget, performance and risk management are currently directorate-led activities; greater corporate oversight will support a more joined-up approach and sight of the emerging strategic issues.

The organisation's culture appears to have evolved rather than been defined. Although the Council has articulated a set of core values, the existing directorate-led approach may not foster a corporate culture. The recently revised Personal Performance Development Plan (PPDP) process, which includes a specific section on values and culture, provides an opportunity for managers and all staff to consider these issues further. The recent staff survey findings also provide insight into the culture of the organisation as experienced by staff. We would recommend that the Council analyse and address key differences between directorates. In considering potential actions, the Council should consider the importance of defining and embedding the right values and behaviours as well as structural changes.

It is not completely clear where strategic thinking and strategic decision making happens. The membership of the existing Management Board is large – including heads of service. The Board's primary focus appears to be facilitating reports through the decision making process rather than providing a forum for leadership. Similarly, the informal executive meeting (Leader's briefing) often responds to officer reports rather than instigating horizon scanning and longer-term thinking. We would recommend that these structures are reviewed to place more focus on providing senior officers and members with greater opportunities to lead collaboratively, including by setting the agenda for what is discussed and shaping the Council's strategic thinking.

There were some comments from external stakeholders of slow decision-making or delivery within the Council. It was not possible – within the time available – to investigate the particular examples to ascertain whether the concerns were legitimate or reflected necessary Council processes, including due diligence. It may be worth the Council testing this perception further with partners, including as it develops its One Herefordshire approach.

4.4 Financial planning and viability

Financial statements suggest that the Council should be financially sustainable over the medium term; this view has also been supported by the external auditor. While the Council has delivered significant financial savings, we found that financial planning could be more explicitly linked to the Corporate Plan. The budget setting arrangements, and identification of savings proposals, appears to be a directorate-led process. As a result, there is a potential to test whether resources are fully aligned with priority outcomes.

In addition to successfully delivering financial savings in recent years, the Council's general fund balance and earmarked reserves have increased. Council reserves are held for a range of purposes including to cover the costs of unforeseen events, fund transformation activity, smooth the late delivery of savings plans and, in the case of

earmarked reserves, meet future identified spending commitments. 2018/19 would be an opportune time to undertake a strategic financial review of Council finances. This work would allow the Council to assess whether it has the appropriate balance within its reserves, including the respective allocations to general and earmarked reserves, and whether there is the potential for the Council to further resource its priorities over the medium term.

There is evidence of improving revenue budget management supported by regular reporting. The Council also recognises that there is further work to do on the management of the Council's capital programme, and that capital monitoring has been less systematised. The Council's financial reporting indicates that there was a capital underspend of £21.2 million in 2016/17; this was 28 per cent of the £77 million programme. At the same time, there has been high-profile issues relating to capital projects, including the refurbishment of Blueschool House which included a significant unauthorised overspend.

The peer team were made aware of the issues relating to the management of Blueschool House as a key part of the context of the Corporate Peer Challenge. We did not seek to investigate the background to this particular issue as it has been subject to a special investigation by internal audit as well as an independently-led HR investigation. Rather, the peer team's work included a focus on understanding whether processes are effective and whether there is a culture to address problems when they arise. The peer team did not find evidence that the issues in relation to Blueschool House were a manifestation of systemic cultural issues with the Economy, Communities and Corporate Directorate. We note the Council's improvement actions planned, and undertaken, which seek to strengthen capital management and mitigate against any further incidents of this type. We emphasise the importance of maintaining this focus.

The Council has been generally successful in the delivery of its savings targets – approximately £70 million between 2010 and 2017. However, there is limited evidence of robust scrutiny of the development of savings plans, their implementation and their impact. This may become a greater issue in the future as further savings are made, including those that are likely to be more difficult to realise. The Council is planning to make savings of £12.9 million in 2018/19 and £4.8 million in 2019/20. Many of the proposals relate to adult and children's services where there is evidence of existing overspending. Under current arrangements, savings plans are primarily managed at a directorate-level. There is potential for a more corporate approach to identifying, scrutinising, delivering and monitoring savings. As well as providing central visibility and challenge, it would also help identify interdependencies and synergies across council services.

The Council has acknowledged the difficulties highlighted in the findings of the 2016/17 external audit. These included weaknesses in the quality and accuracy of the accounts presented but also in how the audit was supported by the Council. We were pleased to note that plans were in place to improve the situation for 2017/18, particularly in light of the new 31 July deadline for issuing opinion on the accounts; there needs to be a continued focus on addressing external audit findings.

4.5 Capacity to deliver

Employees we met appeared happy, engaged and passionate about working for the Council. The Peer Challenge considered the recent staff survey results which are broadly in-line with those of similar councils. In addition, in the discussions with staff, we found employees to be positive and committed to the organisation and Herefordshire as a place. The Council has also reported greater stability, with a 50 per cent reduction in agency staffing over the last year. These elements provide a good platform for the Council's improvement journey.

The Council's leadership structures could be developed further. As highlighted above, there is benefit from creating more space for the Council's most senior officers, and cabinet members, to think strategically. Constrained budgets have meant a scaling back of strategic workforce activity in recent years, which raises questions about succession planning, talent management and skills. The Council has acknowledged this with investment in a new lead role for organisational development and the creation of a corporate training budget. We would advocate a cross-council approach to workforce planning, which recognises particular specialisms and is explicitly linked to an overarching council transformation plan.

In recent years, as part of the Council's budget reductions, staff training opportunities were significantly reduced and focused particularly on e-learning. Given the requirement for staff to work differently to meet council priorities, there is a need for a greater focus on personal development. The Council has begun to recognise this with a new induction and management programme due to launch in April 2018. We would recommend that this programme uses a range of methods (beyond online training) and includes a focus on the particular issues identified during the peer challenge process, including community engagement and programme management. The revised Personal Performance Development Plan (PPDP) which has been rolled out should provide further insight into the training needs of staff across the Council.

There are also potential benefits from more support for members to assist them to carry out their roles. Current member development activity is focused particularly on mandatory training, alongside some LGA development opportunities. We would recommend that the Council invests further, including supporting members to seek development opportunities beyond their portfolios and committee positions, such as community leadership and partnership working.

The Council recognises the need to lever external resources to deliver its ambitions for Herefordshire. For example, the Council worked with external partners to produce a business case which secured £23 million of government funding to establish a new university in Hereford. This work will need to continue sub-regionally, regionally and nationally in order for the Council to support better local outcomes. Positively, the Council has recognised the importance of developing effective working relationships with key partners beyond Herefordshire.

The Council has a stated intent to build community resilience but needs to further articulate what this means and how it will be supported in a strategic and coordinated way. The relationships with parish and town councils will have an important role to play. Alongside

this, the Council should consider other options for connecting and assisting residents and communities to support each other, including the role of ward councillors, digital technology and the voluntary and community sector. We recognise that different areas of Herefordshire will not suit a 'one size fits all' approach; nevertheless, the Council's engagement and resilience activity needs to be part of a coherent framework that is developed and delivered in partnership with others.

The Council has a mixed track-record relating to project and programme management. Alongside a range of successfully delivered projects, such as the new Herefordshire Archive and Record Centre, there have been a number of delayed or less successful examples. The Council has recognised this and taken steps to improve project management arrangements, including a new, more rigorous, project management system to support capital projects. This work needs to continue, complemented with corporate learning and development activity.

While there are many examples of successful service-based change projects and efficiencies, there does not appear to be strategic, cross-council approach to transformation. There are clear advantages of the Council taking a more consistent approach. Residents do not differentiate between different parts of the Council when accessing services and there needs to be a coordinated response to understanding, and mitigating, the impacts of budget reductions across services. A cross-council approach to transformation would also help maximise the benefits of particular approaches across services, for example, when seeking to manage demand or optimise income.

Staff were generally positive about the Council's Better Ways of Working (BWOW) programme. The rationale underpinning the programme is sound and it may help deliver cost savings, and greater flexibility for staff, at the same time as supporting better services. Similarly, the Continuous Performance Improvement Programme (CPIP) has a welcome focus on supporting better outcomes, and we were made aware of activity seeking to make the Council more digital. While all of these initiatives are welcome, there would be greater value from them if they were linked under a broader transformation approach. To maximise benefits, these activities should be aligned and underpinned by a coherent view of the role and shape of the organisation now and in the future. Successful implementation will require appropriate support for managers alongside effective coordination and relevant resources.

The Council's approach to external communications is often reactive and uncoordinated. This is evidenced by the absence of a council-wide communications plan, the existence of more than 40 social media channels and a fragmented approach which makes it more difficult for the Council to evaluate its communications impact. Disappointingly, an LGA Communications Healthcheck, undertaken in 2015, identified a number of similar issues. However, there have been a number of recent steps towards improvement, including a published communication strategy and a redesign of the communications service. A greater dialogue between the communications function and the services it works with, alongside a more targeted approach, would enable the Council to be better share its key messages, celebrate its achievements and engage local people.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take issues forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Helen Murray, Principal Adviser, is the main contact between your authority and the Local Government Association (LGA). Her contact details are: helen.murray@local.gov.uk, 07884312235.

In the meantime we are keen to continue the relationship we have formed with the Council during the peer challenge. We will endeavour to provide signposting to examples of practice and further information about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 2 years.

Next Corporate Peer Challenge

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before February 2023.