

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**31 JANUARY 2019**

**Report of the Strategic Director Commissioning,  
Communities and Policy**

**CORPORATE PEER CHALLENGE FEEDBACK REPORT**

**Strategic Leadership, Culture and Tourism**

**1. Purpose of the report**

To consider and approve the LGA's Corporate Peer Challenge Feedback Report for publication, following the Peer Team visit which took place between 22 and 25 October 2018, and to outline next steps in taking forward recommendations.

**2. Information and analysis**

The Council's Corporate Peer Challenge, facilitated by the LGA, took place between 22 and 25 October 2018. Initial findings, summarising key positives and issues for consideration, were presented to Cabinet and CMT on 25 October 2018.

The Council has received the full Feedback Report which is now attached at Appendix A to this report. The Feedback Report comprises findings that are largely in line with initial feedback received on 25 October 2018 and the Council's Position Statement submitted in advance of the review. However, the final report provides more detailed commentary and feedback with suggested areas and action the Council should consider taking forward.

**Key findings**

The feedback focuses primarily on the Council's ambitions, approach and plans - there are a range of areas where feedback on the Council's approach is positive. These include:

- **Ambition** – The new administration's ambitions to be an Enterprising Council and intent to change the culture of the Council to be an agile and modern organisation is welcomed by staff, and partners and has energised a broad range of stakeholders.

- **Working relationships** – Relationships between councillors and officers are visibly good and constructive and staff talk unprompted of a positive culture.
- **Partnership working** – The Council has recognised the need to invest further in partnership working to support the delivery of ambitions and operationally the organisation is perceived to work well across Council functions to deliver joint priorities. Partners report that collaboration is improving, albeit in some instances, from a low base.
- **Commitment to, and understanding of, Derbyshire the place** – Members and officers are committed to Derbyshire, the place, as well as Derbyshire County Council. The Council benefits from extensive information about the place and there is a widely shared ambition to deliver for local communities.
- **Financially well placed** – Compared to other councils, Derbyshire has managed its finances well and has relatively higher reserves. This provides significant opportunities to deliver ambitions and improve service delivery.
- **Sound approach to governance** – Work is underway to update the Council's Constitution, scheme of delegation and the code of conduct which will support the Council to modernise existing ways of working.
- **Secured a number of early wins** – The Council has secured a number of early wins which have been welcomed by the public, for example repairs to potholes, scrapping waste disposal charges etc.
- **Open to external support** – The Council has brought in additional external support to meet challenges which will support the Council in its plans to transform the organisation.
- **Opportunities** – The Council is well placed to deliver its ambitions and there are opportunities to support the delivery of these through, for example: its willingness and ambition to make improvements; its current financial position; partnership working and the willingness of partners to support the Council to take a lead role in shaping place including opportunities relating to regeneration, the emerging Strategic Alliance and the Sustainability and Transformation Plan (STP).

The report sets out a number of areas where the Council could improve its current approach. Many of these form part of the key recommendations which are set out in the Executive Summary of the report:

- **Further clarification and communication of the Council's vision** – Many aspects of the Council's current plans are at an early stage and to maintain momentum further clarification and communication of the Council's vision is required.
- **Undertake more work on the Enterprising Council concept** – The concept is at an early stage of development and more work needs to be done to develop a stronger narrative and practical meaning. Growing the approach from the ground up has resulted in different interpretations of the concept and further exploration, clarification and communication is therefore required.
- **Develop a clear operating model to reflect the development of the Enterprising Council** – Clarity of the current operating model and the role of Corporate Management Team (CMT) alongside the practical application of the One Council approach requires further work and needs disseminating and communicating more widely to staff and key stakeholders.

The Council is viewed by staff and partners as traditional and inward looking. The pace of change is slow and there is also a tendency to default to the Council doing everything which is reflective of the current approach based on a universal services model across the county.

- **Take active and deliberate steps to move towards a One Council approach and strengthen corporate capacity** – More needs to be done to move towards a One Council approach - more integrated performance, finance and risk, major projects reporting and challenge is required.
- **Clarify the intentions in the Council Plan** – The current Plan is extensive and comprehensive but lacks sufficient prioritisation, explicit reference to high level resourcing and deliverables including timescales for achievement, key outputs and outcomes.
- **Lack of consistent and strategic approach to council's budget and financial systems** – Understanding of the budget position and the challenges that lie ahead is limited to functional portfolios and directorates. A corporate position regularly reported, as budget development progresses, will help with strategic alignment of resource and increase understanding and ownership.
- **Absence of performance and value for money reporting at a corporate level** – There is a low understanding of the Council's performance compared to its neighbours. Elected members should receive more transparent and timely reports on the council's performance which should

include progress reports on the delivery of key programmes and savings plans.

- **Partnership working** – The Council's role at the strategic level is not well understood. Partners are unclear about whether the Council wants a stronger leadership role at a time when they are looking to the Council for stronger leadership of place. There is also a lack of clarity about who is leading from within the Council on whole council issues.
- **Low profile of health and social care** – Positive progress has been made on the Health and Wellbeing agenda but the current approach needs more focus and pace.
- **Awareness of what others are doing** – The Council would benefit from growing its own awareness of what other are doing and have done to improve services as well as manage finances. This will ensure that the Council earns from success elsewhere and does not start from scratch.

### Key Recommendations and initial actions

The report sets out a number of areas where the Council should improve its current approach. Many of these form part of the key recommendations set out in the Executive Summary.

The Council had already identified, and made progress, on a number of these areas where it felt it could improve its approach, in advance of the Peer Review. This work, set out below, supports the delivery of a number of the identified recommendations:

Key recommendation	Actions
<b>Further clarification and communication of the Council's vision/Clarify the intentions in the Council Plan</b>	The Council has already taken steps to review and refresh its vision and this, alongside a focussed set of priorities, will form the basis for the authority's new Council Plan for 2019/20 onwards. The new Plan will be supported by a resourced delivery plan with clear outputs and milestones.
<b>Undertake more work on the Enterprising Council concept</b>	The Council has developed a new Enterprising Council Strategy which articulates the Council's ambitions and sets out the key drivers, outcomes and priority actions to focus transformation activity over the next two years.

	The Council is already making significant progress on the delivery of priority actions, however the supporting action plan will enable the Council to clearly articulate this progress to both employees and stakeholder organisations.
<b>Take active and deliberate steps to move towards a One Council approach and strengthen corporate capacity</b>	The Council has already taken significant steps to strengthen corporate capacity through the centralisation of procurement and has recently approved plans to centralise HR functions.

In addition, the Council has identified additional areas where it wishes to focus effort. A number of these actions have been incorporated into the Enterprising Council Strategy, which is the subject of a separate report to Cabinet. It is recommended that agreed actions to address the recommendations set out in the final Peer Challenge report form part of the Enterprising Council Strategy action plan which is currently in development. This will ensure that there is one clear action plan to take forward transformation activity, which will be important in ensuring the Council is clear about its priorities in this regard moving forward. It is recommended that progress on the delivery of the action plan be reported to Cabinet on a six monthly basis.

### 3. Considerations

In preparing this report the relevance of the following factors has been considered: legal and human rights, equality of opportunity, health, environmental, transport, property and crime and disorder considerations.

### 4. Background Papers

Background papers held on file in Policy and Research

### 5. Key Decision

No

### 6. Call-in

Is it necessary to waive the call-in period? **No**

**7. Officer's recommendations**

It is recommended that Cabinet:

1. Consider and approve the Corporate Peer Challenge report for publication.
2. Approve plans to develop a clear action plan, to address recommendations set out on the report alongside priority actions identified in the Enterprising Council Strategy
3. Receive future reports on progress on a six monthly basis

**Emma Alexander**  
**Strategic Director for Commissioning, Communities and Policy**

# Corporate Peer Challenge **Derbyshire County Council**

*22<sup>nd</sup> – 25<sup>th</sup> October 2018*

Feedback Report

# 1. Executive Summary

Following the elections in May 2017 Derbyshire County Council's new administration set out an ambition to be an Enterprising Council. This ambition is an indication of an intention to change the culture of the council to that of a modern, agile organisation, and this intention has been welcomed by a broad range of stakeholders.

Working relationships between councillors and officers are good across the political groups, and both members and staff talk unprompted of a positive culture. Members and officers are clearly committed to Derbyshire the place as well as Derbyshire County Council (DCC), and there is a widely shared ambition to deliver for local communities.

When compared to many other councils, including other county councils, the organisation is financially better placed with relatively higher levels of reserves. This presents opportunities which are not currently available to the same extent in many other upper tier councils, and will enable the council to plan for and fund transformation, improve service delivery and develop its plans for continued financial sustainability.

The administration recognises the need to continue to invest in partnership working. The change in leadership presents opportunities for the council to develop a new approach to leadership of place. This means continuing to build and, in some instances, rebuilding relationships with external stakeholders, including all councils and public services across the area, to develop and deliver large scale improvements that have a visible and tangible impact for local people.

The Enterprising Council initiative alongside ambitions to work as One Council are at an early stage. There have been some early wins which have been popular with the public, for example the focus on repairing more potholes. To maintain momentum and secure greater partner involvement, further clarification and communication on the Council's vision is needed. The vision should be supported by strategic and tangible outcomes which would clarify the long-term role of the council and improve understanding about how and what the Council will and will not deliver as budgets diminish.

The Enterprising Council concept, which is at an early stage of development, needs a stronger and more widely owned strategic narrative and practical meaning. Whilst it has deliberately evolved with the intention of being a ground-up and organic concept, further exploration, clarification and communication is needed about its key aims, objectives, priorities and what it will deliver for local people, that everyone will recognise.

The council is becoming more open to external support and insight into some of the challenges it faces, for example, during the week of the peer challenge it commissioned consultants to undertake a review of Adult Social Care. Growing the awareness of what other councils are doing to improve services as well as manage finances would be beneficial in supporting the council to improve its own performance.

Another aspiration is to develop a stronger One Council approach to reduce the potential for silo working. A number of building blocks will need to be established in order for this to happen. In order to realise One Council and overcome departmentalism, investment in a



greater corporate centre for the council is needed. More extensive data and information analysis is needed to develop the insight and intelligence to shape strategy, service design and delivery. Better information, which is regularly reported will be an important element in developing a greater strategic and performance focus for the council.

In order to set the strategic direction of the council and lead from the front, members need more support, tools and information to both make decisions and hold the organisation to account. Currently some information on finance and performance is held within departments rather than corporately or publicly accessible: it can be difficult for members, managers and the public to see performance at a whole council level, or to understand performance in service areas outside current portfolios and in comparison with other authorities. Members need to be presented with such information in a readily accessible format, such as through a corporate dashboard, or scorecard, of an agreed set of indicators which can be tracked over time, against targets and comparisons made to similar councils. This will help members assure themselves that the council is keeping pace with the rest of local government, that performance is at the right levels relative to the resources invested and the targets and outcomes that the council has set.

Digitalisation currently has a low profile and further investment will be required to bring the council up to date. Some progress has been made, for example the reconstruction of the council's website. However, the pace and level of investment will need to accelerate and improve to support the administration's long-term ambition for Derbyshire and to ensure the efficiencies achievable through citizen self-service and modern working practices for staff are not missed.

There is a widespread willingness to improve on many levels and to move away from the traditional model of a county council which has had a focus on direct provision, and to improve the pace of change. The next steps should be to clarify and communicate the political vision; invest in corporate infrastructure and a more strategic way of working; and underpin delivery with a robust performance management framework which is regularly reported to members and made public.

## **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 to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the council:

1. **Undertake more work on the Enterprising Council concept.** Enterprising Council is a key theme for the administration and is at an early stage of development, not yet fully embedded. To deliver its ambitions, the council needs to:
  - a. Further define its role and purpose
  - b. Then communicate it to the public, partners and staff
  - c. Articulate what it will deliver with and for residents
  - d. Then communicate those deliverables to residents, partners and staff
  - e. Consider where, how and when Enterprising Council will bring about system and service change

2. **Develop a clear operating model to reflect the development of the Enterprising Council.** This needs to address two fundamental issues:
  - a. The clarity of the current operating model and the role of CMT alongside the practical application of the One Council approach which needs communicating and disseminating more widely across the organisation and partner agencies.
  - b. The overall future purpose of the council and its role in the direct delivery of services or commissioning others to deliver on its behalf. There appears to be a tendency of default to the council doing everything, rather than enabling or commissioning others to deliver services on its behalf

The council's appetite for delivering services in different ways, directly or indirectly needs to be further explored and understood. This will enable officers to develop a framework which clarifies the council's intentions.

3. **Take active and deliberate steps to move towards a One Council approach and strengthen corporate capacity.** This should be undertaken by putting in place a robust, integrated performance, finance and risk, major projects reporting and challenge system. It needs to be accessible for members and regularly reported at the corporate level.
4. **Clarify the intentions within the Council Plan (the Corporate Plan) by refining priorities and underpinning these with more visible targets and identifiable resources.** Currently the Council Plan is comprehensive and extensive but it is difficult to establish which actions are most important, how they are resourced and when they will be delivered.
5. **Develop a more consistent and strategic approach to the council's budget and financial systems, aligned to corporate priorities.** The council has well established financial management practices and relatively higher levels of reserves, but understanding of the budget position and the challenges ahead is limited to functional portfolios and directorates. A corporate position regularly reported as budget development progresses will help with strategic alignment of resource and increase understanding and ownership of the council's overall financial position and the challenges ahead.
6. **Ensure members receive transparent and timely reports on the council's performance.** There is an absence of visible and transparent performance reporting and value for money reporting at the corporate level, and there appears to be a low understanding of the council's performance relative to its statistical neighbours and to other councils, as well as its own relative performance year on year. The introduction of strategic indicators and measures on the important issues for the council need to be introduced, explained and regularly monitored at the corporate level. This should include progress reports on delivery of key programmes and savings plans.
7. **Partnership working is mixed and needs further investment.** Partners across the county and beyond are keen to work with the council but are unclear about who is leading on whole council issues and what are the council's intentions across a

broad range of political and policy matters. Developing a clear and consistent approach and establishing report back mechanisms will help the council and its partners to provide leadership for Derbyshire and enable partners to achieve more together, particularly as partners are looking to the county council for stronger leadership of place.

### **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 Derbyshire County Council were:

- Wendy Thomson, Managing Director, Norfolk County Council
- Cllr Keith Glazier, Leader, East Sussex County Council
- Stephen Chandler, Director for Adults, Somerset County Council
- Paul Masters, Strategic Director Neighbourhoods, Cornwall Council
- Richard Puleston, Director for Strategy, Insight & Engagement, Essex County Council
- Selena Lansley, Principal Negotiating Officer, LGA Workforce
- Helen Seechurn, LGA Associate
- Judith Hurcombe, LGA Peer Challenge Manager

#### **Scope and focus**

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. 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 addition to these questions, you asked the peer team to provide feedback on:

6. Does the council provide effective leadership of the county – e.g. economic and other partnerships, within but also beyond the council's boundaries and the wider place (such as the Midlands Engine) through its elected members, officers and constructive relationships and partnerships with external stakeholders?
7. How aware is it of its costs compared to similar councils? Is the council maximising appropriate "commercial" opportunities to enable reinvestment in services and to contribute further to financial sustainability?
8. Are officer leadership roles clearly defined, are member-officer relationships constructive and overview and scrutiny effective and adding value? Is the organisation acting with a "single mind," is it joined up across as well as up and down the council and is the culture supporting delivery and improvement?
9. How successful is the council becoming in its ambition to become an enterprising council? How is the council supporting the development of self-reliant, resilient communities, to help reduce overall demand for council services?

## **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth nor 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 the people they met, the 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, the county and the challenges it is facing. The team then spent 4 days onsite at Matlock 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, and additional research and reading.
- Collectively spent more than 370 hours to determine their findings – the equivalent of one person spending more than 10 weeks in Derbyshire.

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 (22<sup>nd</sup>-25<sup>th</sup> October 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**

Derbyshire the place and the county council has a strong, clear identity and internal and external stakeholders are proud of the area and that identity. Leading members are keen to understand residents' concerns and views and some initiatives illustrate this, such as funding pothole improvements and removing rubble disposal charges at bring sites for residents. These were introduced following the 2017/18 budget consultation concluded in January 2017.

There is an extensive bank of information, clearly and well presented by the council's Derbyshire Observatory research and intelligence resource. Partners told us that information available through the community safety partnership Safer Derbyshire is also valued. Work is underway to improve understanding of the issues facing communities, for example through the customer segmentation model.

Despite the council's ability to flex on some issues, its overall approach is currently based on a universal services model across the county. It could learn more from other councils about how they are moving towards targeted services which reach those in most need, or to address specific issues in some but not all localities. This learning should be used to inform the appetite for targeted services.

Internally and externally the council is viewed as traditional. Some of this relates to the council's established ways of delivering services, where there has been a mind-set of the council as the in-house provider across the range of its functions. This view may be influenced by the council having relatively high levels of reserves which means it has not had to review and change how it does things out of necessity at the same pace and depth as other upper tier councils.

The political vision for the council's role at the strategic level, and what it is trying to achieve for the residents of Derbyshire will need to be clarified and communicated more widely to be understood both internally and externally. This will make it easier for partners, stakeholders, residents and staff to see what difference the county council intends to make across its footprint, and what the council wants to achieve in the long term. Partners are currently unsure if the council wants a stronger leadership role, where it is more visible and overt in bringing about change and improvement. Greater clarification of the Council's intent and ambition in this respect would be helpful.

Councils across the country have made progress with transforming services and making difficult decisions, sometimes driven by a political vision, and by a need to meet large-scale budget challenges. The council could benefit from looking more actively and widely at what others have done and drawing on this learning to inform future cost reductions and better outcomes for residents in Derbyshire.

The new administration, which took control of the council following the May 2017 local elections, has introduced the concepts of Enterprising Council and One

Council. These are at an early stage of development and further work is required to ensure these are widely understood and clearly articulated in terms of priorities, outputs and outcomes. To date the Enterprising Council idea has developed through an organic, internal, bottom up approach across the organisation: it is difficult to say whether or not this is the right methodology. However, to avoid a growing number of different interpretations of what Enterprising Council means, a consistent internal interpretation and a clearer, more widely communicated narrative will be required. This will reduce the potential uncertainty and energise those staff who wish to be involved in the change process. The Korn Ferry Hay work with the Leadership Group will be helpful in addressing some of these issues.

The Council Plan 2017-2021 was refreshed earlier in 2018. It provides a comprehensive description of what the council is doing across the full range of its functions. However, a greater sense of priority and the strategy for containing future spending within the resources available, is required. The Plan lacks detail on targets and whether achievement is on track. Consideration should be given to setting out a Council Plan that builds on some core principles that will guide the choices the council will be making in the period covered by the plan, and the consequent priorities it will pursue. The Plan could also make explicit the high-level resourcing of the priorities, with a clear delivery plan showing the order in which they will be achieved, key outputs and outcomes.

## **4.2 Leadership of Place**

The council's administration, clearly articulated by the Leader of the Council, wants the organisation to be brave, bold, ambitious and strong. And the introduction of Enterprising Council has been welcomed as a positive change for the future, with some stakeholders feeling energised by the concept.

The LGA's review of the Health and Wellbeing Board in 2014 was embraced and the steps were taken to reduce the size of the HWB and improve its focus. Partners reflect this has led to improvements in governance. This includes a reduction in the size of the Board, leading participants to feel there is improved dialogue and interaction.

HS2 will have a considerable impact on some parts of the county, not just those communities directly affected by the construction of the line at Long Eaton, Chesterfield, near Clay Cross and Staveley. There are also growth and economic potential opportunities in manufacturing and service sectors across the county.

A number of Boards have been created to improve partnership working:

- A Culture, Heritage and Tourism Board to focus on the visitor economy
- A Value for Money Board to bring in business and voluntary expertise to scrutinise large contracts, first due to meet in early 2019
- An Enterprising Council Board

However, these are in their infancy and it is difficult yet to assess their impact.



At an operational level the council is perceived to be working well with partners who gave positive examples across the council's functions including in adult care working on the delivery of Disabled Facility Grants, and good levels of support from economic development and community safety staff. However, partners express frustration about the slow speed of decision making, citing too many layers and individuals involved in getting a decision made, together with an uncertainty about who is the lead officer in some instances.

At a strategic level partners feel collaboration appears to be improving, albeit in some instances from a low base. With district and borough councils this may be a reflection of the efforts made to build trust and rapport since the failed devolution bid in 2017. There is an appetite for the council to work more closely with these willing partners, and relationship building needs to continue so that more outcomes can be delivered, for example:

- in housing in the southern part of the county
- to fully get the best out of collective working with One Public Estate. A partner concern is the tendency of DCC to focus on what is best only for the county council and less so on the public benefits of colocation such as area regeneration
- further build on the collaborative approach and partnership arrangements particularly in relation to preventative services, transition to adulthood and joint delivery with schools. There is an appetite expressed by borough and district councils to be more involved in these approaches to join up services and improve outcomes in these and other areas

A key issue for partners and staff is a lack of clarity about who is leading the organisation at a strategic level. Clarity about the current operating model and wider communication about its practical application is therefore required.

The council performs well on delayed transfers of care from hospital, with improved performance over the last year. Action is being taken to provide more residential care through the council building a new residential facility at Cotmanhay, though the business case for increasing residential rather than community services was not evident

Health and social care integration has a comparatively low profile within the council although there is an ambition for joined up care through the creation of seven local partnerships, led by the Health and Wellbeing Board, and a new joint health and wellbeing strategy is being developed. These are positive steps but the current approach needs more focus and pace: opportunities should be considered for members and officers to be more involved in strategic discussions and influence than at present, particularly through the Sustainability and Transformation Partnership (STP) as it moves forward to become an Integrated Care System. This could result in more obvious influence from the council in future plans, as well as bringing other benefits, such as building on the approach utilising S.75 agreements already in existence for children with complex care needs.



A local partnership approach has also been developed for children's services, with the creation of eight Locality Children's Partnerships across the county, supported by a county wide Derbyshire Children's Partnership, and chaired by the Strategic Director for Children's Services. This is regarded as positive by partners and learning from this could be applied to a similar arrangement for adult services.

The voluntary sector is a willing partner but does not always feel listened to by the council, and there are some frustrations about a degree of duplication in service delivery directly provided by DCC and what it provides too, for example the time bank and on advice services. Representatives are not always clear about the rationale for changes to some services, and they shared wider concerns about the historic paternalistic approach the council has adopted when working with others.

There are more opportunities that the council could benefit from and add value to in cross tier collaboration with other councils. An example is on regeneration issues. Playing a more direct partnership role as convener of place could bring economies of scale and synergies to local working, as long as the council plays its hand sensitively.

### **4.3 Organisational leadership and governance**

The council's approach to governance appears to be sound and there is work underway to revise and update the constitution ahead of next year's Annual Meeting, including amending the scheme of delegation, the code of conduct, and member-officer working protocols. This will create an opportunity to modernise ways of working including enabling members and officers to be more accountable in decision making and working practices. The need for more delegation was evident and likely to improve the speed of decision-making and strengthen accountability.

Member-member and member-officer working relationships appear to be positive and constructive. Working relationships between the Cabinet and CMT are visibly good and participants speak highly of each other, often unprompted.

A Leadership Forum of the 23 most senior officers has been created, along with a Leadership Group of the council's top 80 managers, with the purpose of enabling the council to operate as a joined-up organisation, and to improve their leadership understanding and capacity. Participants in the forum and group welcome this focus and the opportunity to develop and shape the organisation.

There are widespread concerns about the pace of change and how long it can take for some decisions to be made. The council could consider adopting a tool to support the speed and efficiency of decision making <https://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-workforce/decision-making-accountability-dma>

Despite the change in administration and aspirations to do things differently, there is a tendency to default to the council's historic stance of providing services in-house. This is particularly noticeable in services for adults, where there is a need

for a clearly articulated vision for a modern social care service; current provision of residential and day care for older people and adults with learning difficulties is quite traditional. Examples of where the council should be looking to improve is in supporting more people with learning difficulties into paid employment, and more widely promoting independence. A factor in that view may be a lack of awareness of what other councils are doing: members and officers should be encouraged to more widely seek good practice, what works and to learn from what others have found to be more challenging. The community's expectations of and relationships with the council will also need to be brought into line with different models of service delivery.

Proposals from external providers are being considered to develop and deliver the Thriving Communities approach. This will be an important element in helping to clarify Thriving Communities and what this means for the council's delivery model because at the moment this is unclear.

There is also a tendency to default to reviewing a service or issue, and staff reflect that many reviews take place, but raise concerns that at some levels there is less appetite for action and bringing about change.

#### **4.4 Financial planning and viability**

DCC is well placed to respond to future challenges and appears to be prudently managed financially. Between 2010 and 2018 the council managed budget reductions of £263m, including £34m in 2017/18 and further reductions of £70m need to be made by 2021/22. The council regularly underspends against its budget although the Young People's budget has been overspent in the last 2 years, mainly on the placements budget for Looked After Children.

The council along with the 8 district and borough councils, Derby City Council and the Derbyshire Fire and Rescue Authority is also a business rates retention pilot which will bring in an estimated £21m of funding to the area and £8m to the council during 2018/19.

As a percentage of revenue spending, at 43% the county council had the second highest level of unringfenced reserves of all county councils at the end of the 2017/18 financial year. Technical accounting adjustments have been made which have benefited the council's finances, such as minimum revenue provision (MRP). Opportunities are available to the council to go further with this as well as bringing in other technical changes to support the bottom line. The council does not have an approved policy for using capital receipts flexibility to support transformation, and there may be benefits in changing the timing of payments into the pension fund.

Currently over the MTFS period 2018/19 – 2022/23 there is a cumulative budget gap of £70m. Budget savings are developed in conjunction with Cabinet and are overseen by the officer-led Budget Strategy Group. Budget savings of £46m so far have been developed up to and including 2022/23. Examples include using benchmarks to bring spend in line with statistical and geographical neighbours; social care and health integration; property and estates rationalisation; as well as service

change and additional income. Based on the current MTFS the financial year 2021/22 will be a particularly difficult year with a gap of £27m to find, and as yet only £11m savings identified.

The Budget Strategy Group of officers monitors progress on delivery of savings plans. Savings plan performance for 2017/18 was at 93%. Unachievable saving targets are rolled forward into the next financial year for delivery. It would be good practice for members to receive reports on the actual delivery of savings against proposals agreed in the budget-setting cycle, rather than monitoring solely against the bottom line.

Councillors would benefit from more timely financial reporting to cabinet, for example cabinet had not received any financial monitoring reports for 2018/19 by the time of the onsite phase of the peer challenge in late October 2018. It would be reasonable to expect reports on the first two quarters of the year by the end of October. Budget monitoring reports include a summary of saving performance by each portfolio, although a consolidated corporate report detailing performance and progress may better support an overall One Council approach. In addition the council does not currently prepare and monitor a consolidated capital programme that brings together progress on existing and new schemes, demonstrating linkage between council priorities and the alignment of revenue and capital budgets.

The overall approach to budget setting and performance reporting is also departmental and contained within services rather than publicly reported to cabinet at the corporate level. There is a departmental approach to financial management with departments operating their own reserves for future priorities, rather than being recouped centrally and redirected to cover budget gaps or council priorities. Reserves are used to support non-recurring revenue spend, capital projects, one-off pressures and emerging demands. Any recurrent element of emerging demand is factored into the budget as ongoing service pressure. The planned savings in the Medium Term Financial Strategy (MTFS) are mainly departmental with few savings applied to cross-cutting programmes. Whilst individual lead members appear to understand the finance matters relating to their portfolios, members would be better served with a greater strategic awareness of the council's finances as a whole, as well as of the council's overall performance across a range of functions.

It is difficult to see the linkages between corporate priorities, the Council Plan and the resources required to deliver on those priorities through the MTFS. Some of that difficulty lies with the all-encompassing nature of the Council Plan, but the MTFS does not include savings proposals that appear to flow from cross cutting programmes, for example support services, procurement or digital transformation. Many councils adopt service and financial strategies that support decision-making about the relationship between priorities, resources and the outcomes the council wants to see.

There are numerous examples available to show how other councils more effectively report finance and performance and members should expect to receive

the information they need to perform their role. Here are some examples of how other councils report on their progress on the budget:

From Essex County Council:

<https://cmis.essexcc.gov.uk/EssexCMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=Zi7tpGWHpOtLN2JzUBFHtukOdDt13qFQcV3tX0r33z8fB3us1ZLwJw%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlg%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qij0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJf55vVA%3d>

And how Sheffield City Council reports on its revenue and capital expenditure:

<http://democracy.sheffield.gov.uk/documents/s31406/Revenue%20Budget%20and%20Capital%20Programme%20Appendices.pdf>

The council works with its district partners to improve council tax collection rates and has regularly worked with district councils on initiatives to reduce avoidance and loss such as Single Person Discount Reviews. The council tax collection rates for the county in 2017/18 was ranked at 16 out of 27 county councils. However, the trend of change in the council tax base is ranked 26 out of 27 county councils, as is the level of income received through New Homes Bonus. DCC may benefit from closer working with district councils to maximise opportunities for housing and commercial growth: there is a willingness from these partners to do more with the council of mutual benefit and create income. Going forward the council should ensure it actively considers all the options available to develop a sustainable budget and income for the long term, including ways to grow local sources of income including council tax. This could include development of an income generation strategy.

There is an active and well-resourced internal audit function which makes a significant amount of improvement recommendations each year. However the implementation of these recommendations could improve, as a recent report to CMT showed that 71% of recommendations had not been implemented. This could be an issue of the timeliness of reporting, or a flag that there is room for improvement in the implementation of recommendations.

The overall approach to capital investment would benefit from a sharper focus, to ensure that it is delivering a competitive rate of return, and demonstrating good value for money. This could be an ongoing area of focus for the newly created Value for Money Board.

#### **4.5 Capacity to deliver**

Progress is being made to change the council's culture and management practices, for example through:

- The Leadership Development Programme
- The Occupational Health review
- A revised pay framework for 2019
- A new recruitment process
- Investing in apprenticeships: as at October 2018 the council had 141 new apprentices in post

At the most senior levels members and officers spoke highly of positive and collaborative working relationships, enhanced by the new operating model of distributed leadership.

Strategic workforce planning is in progress including the preparation of a workforce plan, and a template to support the drawing up of a strategy was agreed in July 2018. Similar to other elements of corporate working, it is at an early stage and is not yet in line with budget, service planning and performance reporting. The LGA can provide support to help modernise the workforce and develop cultural change

<https://www.local.gov.uk/our-support/workforce-and-hr-support/workforce-podcasts/21st-century-public-servant>

Although there have been low levels of redundancies over the past few years there are signs that employees are feeling a degree of stress and anxiety. Sickness absence at 10 days per full time equivalent is slightly higher than the national average for councils of 9 days per year. Senior managers recognise this is an issue for employees and this is being addressed through a new strategy and programme of work targeting employee wellbeing. Staff who participated in the peer challenge reflected mixed views about feeling empowered and trusted to deliver, and uncertainties about the Enterprising Council approach and what it means are creating speculation about future job security. Setting out the council's intentions about being a 'commissioning' council and now an 'enterprising council' would help to address some of these concerns. The council could explore widening the wellbeing offer to incorporate employee assistance programmes including for financial and emotional wellbeing, by looking at peer councils and best practice. Wellbeing and inclusion are essential for a high performing and productive workforce and the examples of ideas for improvement can be found at <https://www.local.gov.uk/wellbeing-and-inclusion>

There is some use of digital working to help customers access services, for example in the 'local offer' for Special Educational Needs, but in other areas such as adult social care if the channels are not designed carefully they may be drawing people into full assessments and specialist services. Best use of digitalisation requires an up-to-date appreciation of its potential for transformation, expert client support and well-informed ICT investment to ensure that transformation and service improvement are supported. DCC should prioritise its adoption of technology – for strategy development, data and intelligence, and mobile operations.

Although there is a range of activity across services being undertaken to manage or reduce demand, for example the early help strategy, there did not appear to be

a whole council commitment to supporting more community and self-help approaches nor an overarching corporate strategy. It will require a major change in the relationship between the council and the community and within the council to shift traditional service patterns. DCC will need to develop the capacity to lead such a change.

The council's position statement for the corporate peer challenge showed a good understanding of some of the challenges facing the council and its residents, including an ageing population, contributory factors for poor health, and the local labour market. However what is less clear is the actions proposed to improve them.

There is a Derbyshire Indicator Set which reflects a collection of performance indicators across the council's four departments. Unusually this includes benchmarking with all other English councils, whereas it would be more commonplace to make comparisons to statistical neighbour group councils such as other counties. However, what is reported does not always include targets, so it is difficult to see whether and how the council's services and achievements are on track.

Progress being made on Council Plan priorities and commitments needs to be more visible and transparent and reported on a regular basis. For example, the Council Plan has 'unlock economic growth' as a priority area and whilst business start-ups are reported, there is no reference to a large range of indicators that might be expected such as:

- The delivery of regeneration projects
- HS2 progress
- Growth corridor employment
- Where the council has targeted new businesses and inward investment, for example how many businesses have been supported
- Housing growth
- Highways and cycling network
- Broadband
- Low carbon vehicle charging infrastructure

Performance reporting at a corporate level is undertaken on an annual basis and was last reported to Cabinet in December 2016 for performance in 2015/16. The current performance report for 2017/18 is in draft and scheduled for reporting to Cabinet in December 2018. Over and above this performance does not appear to be frequently reported during the year to full Cabinet, for example on a monthly or quarterly basis either against its own criteria or against its family group comparators, which should be addressed. Examples of well-presented information include:

- Hertfordshire County Council



<https://democracy.hertfordshire.gov.uk/Data/Resources%20and%20Performance%20Cabinet%20Panel/201806061000/Agenda/WJOqexHYw8zTXKqy112a8cVg2ktHSA.pdf>

- From North Yorkshire County Council:  
<http://democracy.northyorks.gov.uk/FunctionsPage.aspx?dsid=85325&action=GetFileFromDB>

Children's Services was last subjected to a focussed Ofsted inspection on child protection services in February 2018, and this found whilst senior leaders understand the service well, the letter from Ofsted following the inspection identified several areas for improvement in child protection planning and consistency of practice. This is a priority for the Council, which has invested £5.3 million to support improvements.

Performance is reported at portfolio level, for example on prevention in Adult Social Care in June 2018 which identified a wide range of highlights achieved during 2017/18. However, despite the widespread availability of the APEX and SAP systems there is an absence of formal and regular performance which makes best use of this intelligence by analysing and reporting at the corporate level. This makes it difficult to see in the round how well the council is performing across a range of key indicators and how and where members want to see targets achieved for the future. It also makes it more difficult to address concerns about the pace of change. An exercise needs to be considered to create clear targets for improvement activity, benchmarked against other councils, and overtly linked to aspirations for the Enterprising Council and the corporate plan.

#### **4.6 The council also asked the peer challenge to explore:**

##### **Leadership of the county and beyond**

The East Midlands Strategic Alliance provides an opportunity to reposition the County to have a stronger voice across the region and at national level, and play a stronger role in inward investment and devolution. Since its launch in August 2018 there is an ongoing appetite for the leadership to develop and communicate more detail about how it will deliver its ambitions, and continue to more fully engage with partners.

##### **Costs and becoming more commercially minded**

There are clear aspirations for the council to become more commercially minded, but to be achieved this ambition needs to be backed up with sound business cases, followed by appropriate investment. Relative to other councils known to the peer challenge team, DCC has a relatively low level of awareness of costs and performance; it would benefit from a greater use of benchmarking and more understanding of unit costs, productivity and outcomes. Targets will need to be set and steps taken to actively performance manage progress against them.

Overall more awareness of what other councils are doing would be useful, not just in relation to the council's finances and performance measures but more widely on innovation and delivering services in different ways, and the council's role in shaping markets for services. This is important if the council is to improve further as there is a wealth of information and learning to be had from others.

### **Progress towards operating as One Council**

Leadership is more visible at departmental rather than at a corporate level, and the Council should prioritise plans to move towards a One Council way of working, recognising the potential for silo working given the current approach which is departmentally rather than corporately focused.

There is recognition of the need to join up across the council's four departments and strengthen the leadership visibility and capacity of the corporate centre of the council so that a more overt one council approach is developed, to support more streamlined decision making, reduce overlaps and gain back office efficiencies. This will mean bringing together the professional support functions (HR, Finance, ICT, and information management) currently managed within departments into a unified corporate service with clear governance. This agreed approach would benefit from a clear action plan that defines outcomes, outputs, timescales and cost savings. Some councils have adopted a business partnering model of support for corporate functions such as finance, HR and ICT and the professional and financial benefits of this approach should be actively explored for DCC. An example is Orbis which East Sussex County Council is a partner of.

### **Progress towards becoming an Enterprising Council**

Enterprising Council as an approach was launched in February 2018 and has been broadly welcomed by the workforce. There are 9 early start areas under the thematic and service review element of the programme, and in this area the council is actively embracing benchmarking and learning from other councils, for example:

- for the learning disabilities work stream members visited Derby and Milton Keynes councils
- for the highways and fleet management work stream the highways service has joined the Future Highways Research Club
- for the assistive technology work stream officers have visited Hampshire and Lancashire County Councils

This compare and contrast approaches, involving members are positive steps. However to ensure that there is a greater understanding of the progress being made outside of those directly involved in the work streams, the approach would benefit from the greater involvement of staff across the organisation. This will ensure that Enterprising Council does not become subject to a wide degree of interpretation, or risk being everything to everyone and therefore difficult to achieve. From an external perspective it is not clear whether EC is a new way of



working, a driver of the savings programme or a description of transformation, or indeed a combination of all of these.

What it includes, excludes and its measures all need articulating and planning for, with mechanisms in place to capture performance and impact. As with any large workforce, some people buy into change and others find it harder to adapt, so clarification and expectations need to be worked on. The Enterprising Council Board and its five work streams have a role to play in giving details to these challenges. Consideration should also be given to the anxieties about job security that some staff hold due to their lack of clarity about the approach.

A large number of strategies are at the work in progress stage or recently agreed, for example for commissioning, procurement, risk management, employee communications and engagement, and ICT. There is a risk that the impact of these multiple reviews will not be realised within the timescale available in the electoral cycle and that a sharper focus may be required to focus more on results than reviews, and to harness effort on their implementation and action.

There are links that can be made between Enterprising Council and wanting the organisation to act with a single purpose and towards being One Council. In order to be successful there are several issues which need to be addressed:

- Cultural change, underpinned by a programme of investment. The Korn Ferry Hay Group work on the Leadership Framework is a good start and has been well received by participants, but was only launched in August 2018 and will need time to become embedded
- Consider what further investment is needed to encourage and support an inclusive approach for all employees to understand and define what they can do to contribute to the Enterprising Council approach, e.g., cross departmental workshops
- Working out the council's view on return on investment of assets
- Undertaking analysis of trading activities and what they contribute to the bottom line
- A sharp focus on contract management
- More agile business processes which enable speedy decisions to be made so that opportunities can be rapidly taken advantage of
- The council's appetite for risk. A new risk strategy for insurance purposes has been developed and reviewed during 2018. It states the organisation is 'risk embracing' although this may need exploring further with members to test what this means in practice

## **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 things 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. Mark Edgell, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: Email [mark.edgell@local.gov.uk](mailto:mark.edgell@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform 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 original 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 2023.