



# Corporate Peer Challenge **Allerdale Borough Council**

September 2019

Feedback Report

## 1. Executive Summary

Allerdale Borough Council (Allerdale) has a reputation for providing excellent customer service. It has loyal and committed staff, with a Senior Management team (made up of Heads of Service and the Strategic Director) that has the potential to be more strategic in their outlook, taking more council-wide responsibilities, and sharing corporate management tasks.

In May 2019 the Council's political leadership changed; with an Independent Leader, Conservative deputy leader and a new Executive all in place. As with many new administrations time was needed to develop working relationships. The council had undoubtedly been on a rapid journey of development since elections in May 2019 and the time when the peer team were on site. However, tensions between political and administrative leadership were still apparent at the time of the peer team visit although it was clear that these relationships had and were continuing to improve. At the time of the visit the senior (officer) management team (SMT) met weekly as a group, and SMT had started to meet on a regular basis with the Executive. The review team recommend this should continue with a clear agenda on key issues such as the Council Strategy to build up a corporate team approach. This recommendation was implemented immediately and at time of writing the corporate team approach was developing.

The Executive and senior officers were finalising the Corporate Plan (described as the Council Strategy) at the time of the peer challenge and had clear plans for publication soon afterwards. The peer team's comments are based on the draft that was shared at that time. The plan gives Allerdale the opportunity to ensure that future managerial and political leadership is visible, inclusive and effective and provides both staff and councillors clarity over their respective roles. It also provides a catalyst to begin to think more strategically and longer-term about the outcomes the council wants to achieve. However, the draft at the time did not include a clear narrative about the strategic vision and priorities which the council is trying to achieve. Instead, it focused on individual projects to deliver. The peer team recommend that it should be clearer about the council's strategic vision, what outcomes the council wants to achieve, and how it is going to align resources to them.

The peer team also suggested that the new Council Strategy should be clear about what it plans to deliver in partnership with others. In its role as the leader of place, the council should feel confident to act more strategically on behalf of the communities, businesses and partnerships across the borough. It was clear to the team that there are good strong working relationships, and these provide an opportunity to drive practical, collective action that would help deliver outcomes for the borough. For example, the scope of the developing economic development partnership with Copeland Borough Council could look to include delivering more resilient, sustainable services, a joined-up approach to work and skills development spanning the two boroughs, and a strategic approach to the impact of the Sellafeld site.

Allerdale could also be clearer how it feeds into wider economic development, being clear about its prioritisation of economic development initiatives to provide a catalyst for inward investment into the borough. This should be done through its relationship with Copeland which currently is representing both boroughs on the LEP as part of the rotated representation role.

Like many other councils, Allerdale faces ongoing challenges as a result of reduced funding. The one-year funding settlement, and delay to the funding review has given rise in Allerdale to the perception by Members that the council does not need to act this year to close the budget gap. The peer team suggested that this is looked at immediately, along with focusing the transformation programme to reconsider how services are delivered, which should enable Allerdale to make savings and efficiencies, rather than looking only at how many posts may have to be lost.

Although discussions referred to plans for transformation, at the time of the peer challenge there was no specific transformation plan in place with clearly defined outcomes. It would help the council moving forward to have a clear plan for this work, relating to strategic vision and priorities. Careful consideration should be given to the culture of the organisation, current and future skills needed and the development of a clear medium-term financial strategy. Options could include investing in, and developing, existing loyal staff, as well as recruiting externally to fill any skills gaps. Any change programme may have significant impact on morale and productivity and should therefore be managed and communicated sensitively. The council will need to think about how best to encourage creative thinking to help the council to maintain high quality customer service whilst the programme is taking place.

Internal and external communications tend to be reactive, and widely broadcast, rather than proactive and targeted for key audiences. Social media is used, but the council is not always using the appropriate platform for its messages.

The authority is identifying with some partners (particularly Copeland District Council and Cumbria County Council) mutually beneficial operational opportunistic actions. Thinking more strategically would offer more efficiencies in the longer term.

## 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 that took place onsite, many of which provided ideas and examples of practice from other organisations. These recommendations were made in September 2019 at the time of the peer challenge and the team recognises that the council will have moved on in the intervening time. The following are the peer team's key recommendations to the Council:

1. Align resources to key priorities delivering the strategic vision. Consider sound business cases for projects and services.
2. Encourage and enable all councillors with specific key roles to engage in appropriate training and development to ensure that the councillors have the necessary skills and knowledge to operate in their respective roles.
3. Continue to develop the Scrutiny function, perhaps through increased use of 'task and finish' groups. Strengthen the forward-looking, Overview, function. Ensure Scrutiny Chairs and other members attend appropriate external Scrutiny training.
4. Produce a revised Medium-Term Financial Plan that addresses the council's sustainability and informs the development of a co-ordinated approach to efficiency, income generation and commercialisation across the council.
5. Develop an organisation-wide, strategically planned and well-communicated transformation change programme.
6. Develop and deepen relationships with Copeland District Council and Cumbria County Council to work together to achieve outcomes. The peer team suggest that discussions should be progressed as soon as possible.
7. Ensure effective communications channels are used for different purposes; helping to manage customer expectations and demand, whilst continuing to build the council's reputation. Communications needs to be valued as a skilled professional strategic role which will help to support the council to share with residents and partners both the positive and difficult messages that may need to be relayed.
8. Build on what is working well and use good practice examples from within the council as well as from other organisations. For example, encourage and include learning and networking opportunities, such as LGA leadership programmes for councillors and senior staff, commercialism development programme for officers, strategic communications development through LG Comms. The team encourage Allerdale to visit councils noted for good practice in specific areas that

the council wants to focus on, such as transformation, commercialism and partnership working, particularly from outside the region and statistical neighbours.

### 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 because of their relevant experience and expertise and agreed with you. The team who delivered the peer challenge at Allerdale Borough Council were:

- Cllr Alan Seldon – Herefordshire Council and LGA North West Regional Lead Independent Peer
- Cllr Mike Wilcox – Lichfield District Council and LGA North West Regional Lead Conservative Peer
- Arthur Charvonia – Chief Executive, Babergh and Mid Suffolk Councils
- Lee Sirdifield – Director, Transformation and Change, South Kesteven District Council
- Sarah Pennelli – Director of Finance (S151 Officer), Blaby District Council
- Becca Singh – Local Government Association

#### 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?

### **The peer challenge process**

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 or technical assessment of plans and proposals, nor is it an inspection. 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 current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge every four to five years. Allerdale Borough Council had a Corporate Peer Challenge in 2012. We have not generally referred to this report, as it was several years ago, and the local government landscape has changed significantly since 2012.

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 three days onsite at Allerdale Borough Council, during which they:

- Spoke to just under 100 people including a range of council staff, councillors and external stakeholders,
- Gathered information and views from 35 meetings, visits to key sites and additional research and reading
- Collectively spent more than 250 hours to determine our findings – the equivalent of one person spending around seven weeks in Allerdale BC

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 (19<sup>th</sup> September 2019). 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, and we appreciate that you may have already addressed and progressed some of this.

## **4. Feedback**

### **Understanding of the local place and priority setting**

The council has a strong understanding of the borough and its communities through its collection of wide-ranging demographic information. However, better use could be made of this information by analysing the data available widely and using the analysis improve service design and delivery. The council provided information from a customer survey that rated (in quantitative terms) the satisfaction with services. The team did not see any qualitative customer comments that may have been shared in this survey.

Drafting the new Corporate Plan helped politicians identify projects for delivery. The council needed to develop performance management framework targets to match this political ambition to be clear if delivery in their priority areas is on track. Effective communications will also need to be in place to ensure that partners and residents understand the council's political ambitions and can help to manage the new Executive's and residents' expectations about what can be delivered within a specified timeframe and financial envelope.

### **Leadership of Place**

The drafting of the new Council Strategy has started the process for the executive of developing their strategic vision. However, as this new council strategy is within the timescale of the previous one, an update to residents and partners should be given to ensure that all are clear about what the council is trying to achieve. The council will also need to be clear on its processes for how the plan will be monitored effectively and be clear of the role of Overview and Scrutiny in this.

The council has a strong role in place-making, and partners recognise and respect this. However, not all partners are clear what the current administration has as its priorities since their election in May 2019. The team encouraged a sub-regional approach to Economic Development, perhaps with an operational master plan for economic development and growth with partners. The Council should also consider how it aligns resources to the outcomes in this plan. Does, or could, the council intervene and disrupt local markets in a targeted way, for example in housing, to provide what residents and businesses need when the market will not provide? The council has a strategic role in this space and partners are looking to the council to lead.

Partners like working with Allerdale and talk highly of the services it delivers. More could be done to ensure that the council's strategic priorities complement partners' priorities, but the council is seen by partners as of one of the more open district or borough councils in the county. Working together with partners to identify priority outcomes for the region can mean that responsibility for delivery can be shared. There is a clear wish from local businesses to see direction from the council. For example, the council could build on successful breakfast workshops in conjunction with Cumbria

County Council to build closer local relationships and invite key local stakeholders to participate.

## **Organisational leadership and governance**

In May 2019, Allerdale became an Independent-led coalition council with an Independent Leader and a Conservative Deputy Leader. It had been a majority Labour council from 1991-2003 when Labour lost its majority. (A Conservative-led alliance was in place 2007-2011). The election in May 2019 therefore represented a significant political change.

It has taken some time for both officers and councillors to get used to this changed political situation. There is recognition across the board that the initial period for the new administration was particularly challenging. Officers found it hard to work without clear direction or a clear vision and there were significant tensions between officers and councillors. However, by the time of the peer challenge, although there were some tensions, many relationships were improving, and the new administration had become more accustomed to its role. There was a genuine desire to make relationships work for the good of the residents and businesses. This gives a sound platform from which to develop a forward-looking culture. However, Councillor / officer relationships need to be continually monitored and developed; it is a normal and important part of working in a political organisation. The Council asked the LGA to facilitate a review of governance and decision-making.

Since May 2019, there have been regular 'Member Briefings' to help councillors understand the strategic challenges and opportunities for the borough. This is good practice and the team encourages Allerdale to continue this. These briefings are helping particularly new Members understand their roles and responsibilities, gain the knowledge needed to take strategic decisions, and work better with officers; seeking their advice. More support could be given to members in their role to better understand and improve member understanding of the distinct officer and member roles and how as elected representatives they act as the strategic decision makers.

A Programme Office is firmly in place and there are moves to transform the organisation. There were several projects live at the time of the peer challenge, but they did not appear to be used in a strategic way to address the pressures of the medium-term financial situation. Allerdale needs to ensure that its standardisation of project processes is consistently used.

As the Corporate Plan was being revised at the time of the peer challenge, the emerging themes for the transformation did not align to the political ambition of council, nor to the MTFP. The themes from the Corporate Plan are: Financially Secure Council, Outstanding Local Services, Thriving Towns and Villages, Invest to Grow, Cleaner Greener Allerdale and Resilient Communities. The peer team suggested that these

should relate directly to both the MTFP and the plans for transformation, and the council articulate what outcomes it hopes to achieve.

The council recognised that the performance management framework needed to be revised and was taking steps to address this. The peer team recommended that the council ensured that its performance indicators link to the council's priorities and strategic vision. The team also suggested developing benchmarking against (statistical neighbours as well as geographic neighbours).

There is a general lack of understanding of the importance and value of the statutory roles within the council. These roles are enshrined in legislation to ensure good governance of the council and engaging statutory officers early in decision-making processes ensure that legal and financial implications are given due consideration before decisions are taken.

Internal and external communications are not universally effective, there was little evidence of genuine engagement which can leave the council vulnerable to reputational damage. The team found examples of active use of social media, but not necessarily using the right platform for the right messages. Employing a skilled, experienced communications professional at a strategic level will help the council ensure that its priorities are better understood widely across the borough.

The Executive wanted to have a new approach to decision-making, but what that approach should be was unclear at the time of the peer challenge. The council should consider the style of leadership and organisational culture it wants in the future that will continue to harness the energy and commitment of both councillors and staff.

The Scrutiny function has improved since the council had an LGA Scrutiny Review in 2017. However, the team felt that the council was not maximising the value that Overview and Scrutiny (O&S) can bring to decision-making processes, and recommended a refresh for the new administration, particularly (but not exclusively) for new councillors. Strengthening the forward-looking role and improving the strategic oversight of the work of the council would support the council to deliver its ambitions. The team suggested that the council should access support available in relation to O&S including online resources and facilitated sessions. The council may also benefit from holding several working groups to understand what the political realities are, what outcomes could be achieved and decide how Scrutiny will monitor progress towards those outcomes. These working groups could then consider developing strategies and action plans once all councillors are clear what specific outcomes the administration wants to see. This would then feed into a work plan on performance considering what level of performance is required, and what is affordable. The council may also wish to consider the capacity of the current arrangements, and the focus of the work. For example, how does the council balance the scrutiny of internal working (such as finance, corporate services, performance) with external issues (such as environment, housing, property, economic development)?

## Financial planning and viability

The Finance Team are well-respected locally for their technical expertise and experience. Finance staff understand what information councillors require to be properly informed to make decisions. However, there is currently a vacant position in Finance, recruitment is difficult, and capacity is limited. The team is well equipped to deliver the statutory accounts within deadlines, and officers ensure that Members of this committee understand the key items. Members of the Audit Committee are well engaged with the Statutory Accounts sign off processes.

However, given the number of new councillors it was felt that there is a limited understanding amongst members of the general finance position of the council. Generating a sustainable long-term financial plan to address future budget gaps is a matter of urgency. There are many ways to save money; efficiency and income generation in dealing with the budget gap needs to deliver in a structured, planned way. Transforming the council should change the way it works, to help it be more efficient and streamlined.

The new administration appears to be focused on closing the budget gap. The budget gaps (reported in “Executive Report Budget Strategy 2019/20 and Beyond”, Nov 2018) are £2.4m in 2020/21 and £2.6m in 2021/22. Since the peer challenge, further information has been communicated from central government regarding New Homes Bonus and Business Rate Funding which will help, in part, to reduce this gap. However, it is expected that the gap for 2021/22 may still be a similar size. At the time of the visit there was a limited understanding of how significant the gap is, and little sense of urgency relating to activity to close it.

Changes to government funding have been delayed by a year, so this gives the council opportunity to formulate and deliver well-considered plans to close the gap. The team heard several councillors, and some officers, refer to the use of reserves to plug budget gaps. The council’s overall level of reserves were projected to be £7.4m (31<sup>st</sup> March 2019), but only £3.89m related to the General Fund balance. With no plans to fill the budget gap of £2.4m in 2020/21, using reserves in this manner and to this extent is not a sustainable solution, as reserves can only be used once. Reserves would be better used to invest in initiatives which help create a sustainable long-term financial future. This includes considering what services are delivered and how.

Allerdale does however have a record of generating income. For example, 40% of its funding comes from commercial business rates. Commercial activity, including income generation, currently appears to be more opportunistic than strategically planned and linked to long-term vision. Efficiency and income generation plans need to be much clearer, focussed and more robust as well as corporately co-ordinated.

Council staff are well informed about the financial position of the council, but again, there doesn't seem to be a clear plan of how savings might be delivered. Business partnering arrangements suggest that budget holders own and monitor their budgets. All managers need to be clear that delivering services within budget is an absolute requirement and must be demonstrated.

Together with use of reserves, the council will need to be clear how it wants to develop its approach to the commercial agenda, and whether it needs additional skills and capacity to deliver this. The peer team encourage the council to be mindful of the whole commissioning cycle, identifying what outcomes it wants to achieve, before moving to the procurement part of the cycle. There have been concerns about procurement in the past and it would be helpful to consider how to build commissioning capacity and to take advantage of networking and learning opportunities (such as regional or national LGA programmes). There may be some risks if Allerdale cannot be sure that it has strong commissioning skills as it further develops its commercial agenda.

When officers are required to provide support for major investment projects, the council needs to ensure that they are skilled and equipped to deliver what investment and commercial opportunities require. In addition, should be well briefed to ensure that they fully understand the additional work such projects bring. The lack of capacity and resource to carry out this work puts pressure on officers.

Developing and delivering an Investment Strategy could give structure to this activity. There is little strategic oversight, which means that opportunities and risks may not be properly considered. The peer team recommends that the council establishes a clear process to follow and ensures that opportunities align with priorities outlined in the corporate plan.

The importance of the economic development of the borough and regionally to help support the Council's financial position, is understated in Allerdale's narrative. Where other organisations represent Allerdale regionally, improving this should be prioritised together with those partners. For example, on the LEP, where Copeland is currently representing both Allerdale and Copeland as part of a well-established rotational cycle, the council should continue to use its developing relationship with Copeland and the LEP to support economic growth.

### **Capacity to deliver**

Staff like working at Allerdale BC, staying for many years and supporting each other through difficult times as resources have reduced. The staff engagement group has had success with social activities and with benefits buy-back packages. Staff are dedicated to delivering the best for their local communities, but morale could be improved. There is a high level of trust between officers at different tiers of the organisation, but the team heard that Heads of Service tended to operate in isolation, sometimes competing for resources for the same things. There was a sense that the

positive organisational culture has been lost in the need to “do stuff”. There was a lack of a shared corporate identity and space to think strategically. The council had a reactive, rather than proactive, approach to internal communications. Several different communications channels were used to broadcast information, but not necessarily to engage staff in two-way communication. At the time of the peer challenge, there was no comprehensive communications strategy, but Allerdale has a great opportunity to develop communications internally, as well as externally and has additional capacity, with two new officers, to fully develop this function.

The structure for individual appraisals is good. However, it does not appear to be consistently, valued, used, and linked to service performance management. Managers did not appear to know what was expected of them. Training and development needs are not mapped from individual appraisals across skills gaps and strategic needs of the organisation. The peer team heard views that a low proportion of staff have a regular one-to-one with their manager. Most staff the team met had a low opinion of the effectiveness and benefits of the appraisal process. As the peer team felt that the appraisal structure was good, it appears that it has not been communicated effectively, or perhaps not all staff have been trained to maximise its benefits. The council needs to get better at understanding the skills available to them and how they can be used to establish the workforce required to deliver a modern agile organisation. There is a need to ensure that staff and councillors are clear how everyone plays their role in delivering the Corporate Plan. Developing a clear Workforce Strategy would help.

The dispersed structure of the Housing Service means it is not delivered in a co-ordinated manner. This is having an impact on service delivery and economic growth ambitions. Partners are unsure how to influence the council in this service area, or where to go for support.

At the time of the peer challenge, many strategies, policies, processes and decision-making appeared to be under review, or about to be reviewed at the request of the Executive. The council should resist the temptation to review everything at the same time as the quantity of reviews can drain staff capacity and prevent the council moving forward coherently. The team recommended a focus on developing a culture to embed more corporate and consistent approaches and then prioritise what needs to be reviewed, releasing people to focus on the future.

Any review of governance arrangements should be carefully considered and include taking advice from external bodies, councils that have already done their own review, and who may or may not have changed arrangements as a result. It is very important to ensure that the impact (on staff, service delivery and councillors) of conducting any review is considered from the start, and a clear communications plan developed at its initial stages.

## 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 several the areas for development and improvement and we would be happy to discuss this. Claire Hogan, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are: Email [Claire.hogan@local.gov.uk](mailto:Claire.hogan@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 September 2024.

## 6. Appendix: Signposting

LGA Councillor workbook on scrutiny:

[https://www.local.gov.uk/sites/default/files/documents/11%2064\\_Scrutiny%20for%20councillors\\_03\\_1.pdf](https://www.local.gov.uk/sites/default/files/documents/11%2064_Scrutiny%20for%20councillors_03_1.pdf)

LGA Councillor workbook on financial scrutiny:

[https://www.local.gov.uk/sites/default/files/documents/11.85%20A%20councillor%27s%20workbook%20on%20scrutiny%20of%20finance\\_v03.pdf](https://www.local.gov.uk/sites/default/files/documents/11.85%20A%20councillor%27s%20workbook%20on%20scrutiny%20of%20finance_v03.pdf)

Briefing for House of Commons debate on Overview and Scrutiny committees May 2018. This page has a summary of key points from the briefing and a link to the full briefing. There are also links within the briefing that the council may find useful: <https://www.local.gov.uk/parliament/briefings-and-responses/house-commons-debate-overview-and-scrutiny-committees-17-may>

South Kesteven District Council uses Design Council methodologies to build strategic plans, such as the Cultural Strategy and the Housing Strategy. The LGA provides a training programme delivered by the Design Council, the Design in Public Sector Programme: <https://www.local.gov.uk/our-support/efficiency-and-income-generation/design-public-sector>

**Lightbulb Project:** The Lightbulb programme is a collaboration between the county council, district councils and other partners designed to help older and vulnerable people stay safe and well in their own home for as long as possible. <https://www.blaby.gov.uk/your-council/news-and-awards/news/lightbulb-partnership-extended/>

**New Lubbethorpe Development:** Blaby's newest community is being delivered, at pace, at New Lubbethorpe against the background of a housing crisis in Britain. True innovation is being delivered through Blaby District Council's collaborative and proactive partnership with the landowners, housing developers, public and private sector partners. These relationships are creating a place where communities and businesses will thrive and where people want to live. <https://www.blaby.gov.uk/planning-and-building/major-developments/new-lubbethorpe/>