

Report to Cabinet
13 June 2012
Report of Executive head of strategy, people and democracy
Subject Peer Challenge

Item

7

Purpose

To review the outcomes of the peer challenge carried out on the council's improvement journey and the emerging new council blueprint (operating model).

Recommendation

To consider the outcomes of the peer challenge and agree the proposed approach for taking forward the peer team's suggestions.

Corporate and service priorities

The report helps to meet the corporate priority Value for money services.

Financial implications

There are no direct financial consequences of this report.

Ward/s: All wards

Cabinet member: Councillor Arthur - Leader

Contact officers

Russell O'Keefe, Executive head of strategy, people and democracy 01603 212908

Phil Shreeve, Policy and performance manager 01603 212356

Background documents

None

Report

The peer challenge framework

1. In response to the removal of much of the previous performance framework for local government such as the Comprehensive Area Assessment (CAA) the Local Government Association (LGA) developed a framework of self regulation / performance improvement called 'Taking the Lead'. The focus of the framework was for the local government sector to regulate and challenge its own performance.
2. A key part of this new framework is the opportunity for councils to have a peer challenge, facilitated by the LGA, whereby a team of elected members and senior officers from other councils come in and assess the performance of a council in a particular area of focus in line with the priorities, outcomes and ambitions that are important locally.
3. In addition to this specific focus each peer challenge also looks at a number of core elements that are a standard part of every review as they provide further reassurance about a council's future performance and its ability to deliver its ambitions. They are as follows
 - priority setting
 - financial planning and viability
 - leadership and governance
 - organisational capacity.

Background and focus of the council's peer challenge

4. Over the last few years the council has been on a sustained journey of improvement. An initial change programme put in place the key building blocks for an effective organisation including good financial management and strong leadership, skills and organisational change capacity.
5. Then in 2008 the council commenced a wide ranging transformation and efficiency programme to make the next step change. To provide external advice and challenge to this organisational transformation the council established a corporate improvement and efficiency board (CIEB), chaired by the leader, and made up of key external stakeholders including the IDEA, Audit Commission, Improvement East and Go-East.
6. By late 2010 the key external stakeholders on the board recommended that the council dissolve the board as the organisation had now improved to such a level that it was a best practice example to other councils on how to successfully achieve major organisational improvement and efficiency. Dennis Skinner, regional associate for Local Government Improvement and Development, said: "This approach is an excellent example of how councils can work with partners to improve performance and efficiency. We would like to capture the success of the Norwich approach and use this as a case study for other councils."

7. The council is now a very different organisation. The council performs well and is considered a good partner. Frontline services have been transformed, recycling rates more than doubled and there have been major improvements in housing. The council's services are now driven by the needs of its customers. The council is motivated and wants to continually improve performance and efficiency across the organisation. Project management is now strong, meaning when the council starts something, it delivers it.
8. Because of this sustained journey of improvement Norwich City Council volunteered to become one of the first councils in the eastern region to undertake a peer challenge so as to be able to get external verification of how far the council had come on its improvement journey and also to test its plans for the future.
9. The council, therefore, agreed with the LGA that the focus of the council's peer challenge would be to review the work carried out to:
 - Improve the organisation over the last few years
 - Develop a new blueprint for the council (this is an operating model which will guide how the council designs services and organises itself in the future) to:
 - deliver the council's new corporate plan 2012-2015
 - meet the council's continuing savings challenges
 - operate effectively within the new policy and legislative context.
10. The peer challenge was undertaken in March 2012 and the peer challenge team who came in and assessed the council was made up as follows:
 - Duncan Sharkey, Managing Director, Worcester City Council
 - Councillor Jackie Meldrum, Deputy Leader of the London Borough of Lambeth
 - Louise Miller, Corporate Director - Performance, Improvement and Transformation, Dacorum Borough Council
 - Paul Clarke, Programme Manager (Peer Support) LGA.
11. During the challenge the peer team reviewed key council policies, performance, plans and customer feedback. They spoke to key organisations in the City, councillors and employees and challenged and questioned the council on its performance and future plans.

Results of the peer challenge

12. A copy of the full report of the peer challenge team is included at Annex A. Below is a summary of the key headlines from the peer team.

Improvement journey and core elements (priority setting, financial planning leadership and governance and capacity)

- There is little doubt that Norwich City Council has been on an impressive journey of improvement over recent years. The organisation is rightly proud of that.

- There is a positive track record of achieving change, and you have clearly developed a learning capacity and momentum within the organisation. The pride, passion and desire to succeed for the people of Norwich are clearly evident and will be a key asset as you move forward.
- A range of notable service improvements, better outcomes and budget savings can be evidenced as a result of the journey you have been on. The housing service has improved vastly and there have been notable improvements in other services such as waste recycling.
- Your neighbourhood working model appears to enable frontline services to become more responsive to the needs of communities, and facilitate closer working with key partners such as the Police.
- The council has clearly worked hard to become more efficient. Financial management has improved, and it looks as if, to date, you have delivered your planned budget savings without a significant impact on frontline services. This is to be commended.
- Strong senior political and managerial leadership has enabled big decisions and partnerships to be formed that support your priorities and ambitions, despite being a council in no overall political control.
- Partners are beginning to recognise how far the council has come. You now have a reputation as an organisation who delivers on promises.
- You are now an organisation that others are signposted to and a place that others visit and learn from.
- We gained a real sense that you have changed not only perceptions, but the reality of the council both internally and externally. However we are unsure whether you have told all stakeholders about the improved outcomes for them.
- The improvement journey is clearly impressive. It effectively moves you from a position of reactively fixing problems to proactively considering the future direction the organisation now needs to take. As you do this it will be important to ensure a continued effort on addressing those areas where you know improvement is still required.

New council blueprint for the future (operating model)

- We think the philosophy and principles of your proposed new operating model are relevant, appropriate and realistic given the political priorities, challenges and context in Norwich. The model is clearly designed to enable and support the vision and intention to become a 'collaborative' council.
- A clear rationale and thought process has informed the new model proposed. You are taking a considered approach to its implementation. This includes reality checking it with stakeholders such as staff, and indeed, the peer challenge team.
- We can see that there have been recent decisions and developments to support the ambition and direction of travel – such as the collocations with Police and Clinical Commissioning Group. New relationships and partnerships such as the Local Government Shared

Services (LGSS) and Norfolk Property Services (NPS) ventures will help deliver the new operating model.

- You have sought to involve staff in determining the values (PACE) of the new organisation. Officers recognise they are being empowered. We were impressed with your desire and intention that the values also apply to staff who work on behalf of, as well as those who work for, the council. You have already begun to think through how you might enable this.
- You are recognising the need to develop the skills, capacity and culture to support and enable the new operating model. You have a draft people strategy, a programme of organisational development activity, plans for more mobile working, flexible accommodation and matrix management, and you are starting to review and revise the governance of the organisation.
- We think there is potential for customers and citizens to feature more. The ambition to be 'collaborative' is clear. We understand the aspiration is to work with all stakeholders – members, officers, partners, customers and citizens. But collaboration with citizens and customers does not currently seem to be a real feature of the new operating model.
- Similarly we suggest that the role of members in a new collaborative council needs further thought and exploration.
- To enable a more collaborative way of doing business we suggest the council needs to consider how the leadership roles and styles (managers and members) will need to evolve.
- Clearly you are heading into a very different phase of your improvement journey. As such the way the organisation behaves and the role it plays in the City may need to change. This includes the approach to partnership working, which we suggest will need to evolve from 'joint working' to 'sustainable collaboration'. The new operating model does recognise the need for some of this.

Key suggestions for the council to consider

13. The peer team came up with the following suggestions for the council to consider when moving forward. These are set out below:
 - Development activity to consider your leadership roles and style required for the next phase of transformation and enable the move to a 'collaborative' council.
 - Further develop the thinking on ward member roles in the future council through the member development programme and the other work you are doing;
 - Whether the design principles can incorporate community and citizen empowerment and co-design opportunities. It may be that the neighbourhood working arrangements present an opportunity to test some of this out;
 - What does being less 'paternalistic' mean for Norwich City Council in practice? It is worth spending some time on this, as the debate will also help inform the above two suggestions.

- Building relationships with partners by working with them to develop and respond to their definition of what being a good partner looks like for the council;
 - Thinking more about how the new local government financial regime will work and the opportunities it will present for Norwich. Have all options been explored? For example, pooling.
 - Developing a wider communication and campaign strategy to bring all strands together in a cohesive/single brand – you need to be seen to be different.
14. A number of specific activities are already underway in relation to the suggestions made by the peer challenge team. For example the council has developed a proposed new senior management structure that aligns with emerging draft council blueprint (operating model) and the need to manage changing patterns of service delivery and work in different ways. This will be considered later on this Cabinet agenda.
15. Similarly, scrutiny committee as part of setting their work programme for 2012/13 have decided to carry out a review of the ward councillor role and their recommendations will be made in due course.
16. It is proposed that the other suggestions are worked on further as part of refining the council's draft new blueprint for the future and the transformation programme that will drive forward the changes. Specific projects and proposed changes will then be brought back to Cabinet for approval as appropriate.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	13 June 2012
Head of service:	Russell O'Keefe
Report subject:	Peer Challenge
Date assessed:	9 May 2012
Description:	To consider the outcomes of the peer challenge on the councils improvement journey and draft new blueprint (operating model) and agree the proposed approach for taking forward the peer team's suggestions.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The peer challenge will help to inform and support the rollout of the council's new blueprint (operating model)and the next phase of its transformation programme.
Other departments and services e.g. office facilities, customer contact	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	There will be an opportunity for a range of different parts of the council (both members and officers) to engage with and work on the suggestions of the peer team as the council takes forward its new blueprint (operating model)and the next phase of its transformation programme
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
<p>To ensure that the taking forward of the peer team suggestions as part of the rollout of the council's new blueprint (operating model) and next phase of its transformation programme is carried out in a collaborative way involving members, citizens, partners and teams across the councils as appropriate with the different elements</p>
Negative
Neutral
Issues

Laura McGillivray
Chief Executive
Norwich City Council
City Hall
St Peter's Street
Norwich
NR2 1NH

March 2012

Dear Laura

Norwich City Council - Corporate Peer Challenge

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into Norwich City Council to deliver the recent peer challenge.

This was one of the first corporate peer challenges delivered by the Local Government Association as part of the new 'Taking the Lead' approach to sector led improvement. We appreciate you providing the opportunity to test the approach and inform the continued development of the peer challenge offer to the sector. Thank you.

You asked the peer team to:

- Review the changes and improvements made by the council in recent years and provide, where appropriate, external recognition for progress made (*the improvement journey*)
- Provide critical friend challenge on the new operating model and comment on whether it looks fit for purpose to deliver the outcomes of the corporate plan, deliver financial savings and meet other future requirements (*the new operating model*)

In looking at these areas, the peer team also considered the ability and capacity of the council to deliver its future ambitions by briefly looking at:

- Priority setting
- Financial planning and viability
- Leadership and governance
- Capacity

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 focus. The peers used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read. This letter provides a summary of the feedback that was presented to you by the peer team at the end of their recent onsite visit. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors.

We hope the feedback provided will help provide recognition of the progress Norwich City Council has made in recent years whilst also stimulating debate and thinking about the new operating model and how it can develop and evolve further.

Summary of peer team feedback

There is little doubt that Norwich City Council has been on an impressive journey of improvement over recent years. The organisation is rightly proud of that. There is a positive track record of achieving change, and you have clearly developed a learning capacity and momentum within the organisation. The pride, passion and desire to succeed for the people of Norwich are clearly evident and will be a key asset as you move forward.

We think all of this should put you in a good position to deliver the next critical phase of transformation required as the Council continues to seek significant budget savings whilst delivering the priorities and outcomes identified in the new corporate plan. You should be confident about the journey ahead.

You have quickly recognised the significance of the challenges. In terms of how best to respond, you are well advanced in your thinking. In designing the new operating model you have clearly drawn on the learning gained from previous experiences. You have acknowledged that you are about to enter a new era for public service delivery requiring a new style of local authority.

The improvement journey

A range of notable service improvements, better outcomes and budget savings can be evidenced as a result of the journey you have been on. The housing service has improved vastly and there have been notable improvements in other services such as waste recycling. Your neighbourhood working model appears to enable frontline services to become more responsive to the needs of communities, and facilitate closer working with key partners such as the Police. The council has clearly worked hard to become more efficient. Financial management has improved, and it looks as if, to date, you have delivered your planned budget savings without a significant impact on frontline services. This is to be commended.

Strong senior political and managerial leadership has enabled big decisions and partnerships to be formed that support your priorities and ambitions, despite being a council in no overall political control. The investment agreement with the Homes & Communities Agency (HCA) and your work with the Greater Norwich Development Partnership are good examples of this. You have recognised the benefits and added value of working collaboratively. Partners are beginning to recognise how far the council has come. You now have a reputation as an organisation who delivers on promises. Given your intended direction of travel with the new operating model, we suggest partnership working will need to continue and develop further through a new style of collaboration.

You have become a learning organisation. External challenge, advice and support has been invited and utilised to inform improvement - for example through the corporate improvement and efficiency board and work with Improvement East. Investment in organisational development has helped to build internal staff knowledge and capacity. You have clearly wanted to ensure change and improvement is owned and driven by everyone, not just senior managers. Staff involvement has been enabled through using tried and tested approaches such as lean thinking, appreciative inquiry, and resource optimisation. This along with solid project and programme arrangements look to have helped deliver effective change and improvements. You are now an organisation that others are signposted to and a place that others visit and learn from.

We gained a real sense that you have changed not only perceptions, but the reality of the council both internally and externally. However we are unsure whether you have told all stakeholders about the improved outcomes for them. We heard little about the citizen's perspective. In celebrating your sustained period of improvement we suggest there is a need to consider demonstrating how life for a citizen of Norwich has got better as a result of the improvements you have made or enabled. You currently appear to work well with some key customers, particularly council house tenants, to drive service improvement through initiatives such as tenant inspectors and neighbourhood walkabouts. But we got less of a sense about how you engage with all citizens. We posed the question about whether the council will need to become less 'paternalistic' in the future?

The improvement journey is clearly impressive. It effectively moves you from a position of reactively fixing problems to proactively considering the future direction the organisation now needs to take. As you do this it will be important to ensure a continued effort on addressing those areas where you know improvement is still required. In particular, we are aware that while financial planning and management has improved, there is a longstanding issue with financial reporting - particularly in terms of the annual statement of accounts. It will be important that this, along with other internal audit and control issues, are resolved. You are confident that the partnership you have now established with LGSS will add resilience and capacity in tackling these issues.

The new operating model

We think the philosophy and principles of your proposed new operating model are relevant, appropriate and realistic given the political priorities, challenges and context in Norwich. The model is clearly designed to enable and support the vision and intention to become a 'collaborative' council.

This is a direction of travel you have already embarked on. In that sense the new model looks to be a further evolution of this rather than a radical change in direction. We think this will enable you to build on the momentum already established and the partnerships formed. We can see that there have been recent decisions and developments to support the ambition and direction of travel – such as the co-locations with Police and Clinical Commissioning Group. New relationships and partnerships such as the Local Government Shared Services (LGSS) and Norfolk Property Services (NPS) ventures will help deliver the new operating model.

A clear rationale and thought process has informed the new model proposed. You are taking a considered approach to its implementation. This includes reality checking it with stakeholders such as staff, and indeed, the peer challenge team. We see the new model as comprising a 'mixed economy' approach – i.e. commissioned services, shared support services, and innovative delivery approaches – as a considered approach, and one that is likely to enable you to respond to future challenges and changes. It is an ambitious model, but one that looks to be appropriately stretching.

You have sought to involve staff in determining the values (PACE) of the new organisation. Officers recognise they are being empowered. We were impressed with your desire and intention that the values also apply to staff who work on behalf of, as well as those who work for, the council. You have already begun to think through how you might enable this.

You are recognising the need to develop the skills, capacity and culture to support and enable the new operating model. You have a draft people strategy, a programme of organisational development activity, plans for more mobile working, flexible accommodation and matrix management, and you are starting to review and revise the governance of the organisation. You are also starting to do some work around channel migration recognising that efficient customer access and self-service will be key features of the new council.

We think there is potential for customers and citizens to feature more. The ambition to be 'collaborative' is clear. We understand the aspiration is to work with all stakeholders – members, officers, partners, customers and citizens. But collaboration with citizens and customers does not currently seem to be a real feature of the new operating model. We suggest there is a need to consider whether the design principles can incorporate community and citizen empowerment and co-design opportunities. Similarly we

suggest that the role of members in a new collaborative council needs further thought and exploration. Ward councillors will have a particularly important role we feel.

To enable a more collaborative way of doing business we suggest the council needs to consider how the leadership roles and styles (managers and members) will need to evolve. Clearly you are heading into a very different phase of your improvement journey. As such the way the organisation behaves and the role it plays in the City may need to change. This includes the approach to partnership working, which we suggest will need to evolve from 'joint working' to 'sustainable collaboration'. The new operating model does recognise the need for some of this. But changing the operating model will not automatically change relationships. We suggest there will be benefit in doing some more thinking on this.

You recognise that ICT is a key enabler of the new operating model. Understandably there is a wave of optimism about the LGSS venture and the increased capacity and resilience it is intended to provide. However expectations will need to be delivered through strong strategic ownership. As one person put it 'getting the kit right isn't enough'. Significant cost savings to be delivered by the new operating model and transformation programme are understandably predicated by large procurements. We would urge the council to ensure it is looking at the lifetime costs of all big procurements and considering potential hidden and opportunity costs.

We noted that the 'Changing Pace' communications plan is still in development. There may therefore be a risk that messages out to staff, whilst owned by them, may be inconsistent and, of course, subject to change. We wonder whether the purpose of the new operating model and its relationship with the Corporate Plan and financial strategy is articulated clearly enough? We liked the 'compelling story' as a means of communicating, but wondered whether a stronger (or simpler?) message needed to be conveyed. We think what you are saying is that effectively the operating model 'future proofs' the delivery of the corporate plan. But this is not necessarily clear to all. There is a question about whether the corporate plan fully reflects the aspirations of a collaborative council and the city, as opposed to the current council.

Suggestions for consideration

Based on what we saw, heard and read, it appears that to make the operating model work you will need to enable the people you do business with to behave differently. The organisation style and leadership roles will need to change. To make this happen we suggest you consider:

1. Development activity to consider your leadership roles and style required for next phase of transformation and enable the move to a 'collaborative' council;
2. Further develop the thinking on ward member roles in the future council through the member development programme and the other work you are doing;

3. Whether the design principles can incorporate community and citizen empowerment and co-design opportunities. It may be that the neighbourhood working arrangements present an opportunity to test some of this out;
4. What does being less 'paternalistic' mean for Norwich City Council in practice? It is worth spending some time on this, as the debate will also help inform the above two suggestions.
5. Building relationships with partners by working with them to develop and respond to their definition of what being a good partner looks like for the council;
6. Thinking more about how the new local government financial regime will work and the opportunities it will present for Norwich. Have all options been explored? For example, pooling.
7. Developing a wider communication and campaign strategy to bring all strands together in a cohesive/single brand – you need to be seen to be different.

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

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership (after the forthcoming elections) before determining how the council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. We have already agreed that some of the peer team will re-visit the council in April 2012. I look forward to finalising the detail of that visit as soon as possible.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Rachel Litherland, Principal Adviser (East of England), is the main contact between your authority and the LGA. She can be contacted via email at rachel.litherland@local.gov.uk (or tel. 07795 076834). Hopefully this provides you with a convenient route of access to the LGA, its resources and any further support.

In the meantime, all of us connected with the peer challenge would like to wish you every success going forward. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.

Yours sincerely



Paul Clarke
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On behalf of the peer challenge team:

Duncan Sharkey – Managing Director, Worcester City Council
Councillor Jackie Meldrum – Deputy Leader, London Borough of Lambeth
Louise Miller - Corporate Director, Dacorum Borough Council

Appendix 1 – feedback slides
Appendix 2 – signposting note (to follow)