

Report of:	Head of Governance and Corporate Services
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Key Decision:	No
Report Track:	Cabinet: 13/04/17 Customer and Corporate Scrutiny Committee:29/06/17

**CABINET
13 APRIL 2017
LOCAL GOVERNMENT ASSOCIATION PEER CHALLENGE**

1 Purpose of Report

- 1.1 To provide Members with an update on the Council's Local Government Association (LGA) Peer Challenge and the proposed response to the review's recommendations.

2 Recommendations

- 2.1 That Members note the progress of the Council's response to the LGA Peer Challenge and the project structure to be adopted to develop and implement a work programme with regard to its recommendations.

3 Key Issues and Reasons for Recommendation

- 3.1 The LGA Peer Challenge, published in October, 2016, provided an external review of the Council's Corporate, Financial and Organisation condition, based on the assessment of a team of Members and Officers from other authorities. The review was completed through a combination of background material, on-site discussions and interviews with a range of stakeholders.
- 3.2 The Peer Challenge report set out seven recommendations from the review team for the Council to assess and address. These recommendations form the basis for the overall project structure as the Council develops its responses to each of the areas of focus. This report sets out the progress thus far in developing these responses.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

- (i) The Peer Challenge and the Council's response both have significant implications for the Council's "Customers" priority and the supporting strategic objectives of "Delivering Council services that are customer centred and accessible" and "Making the best use of limited resources".

5 Report Detail

5.1 The Local Government Association's (LGA) Peer Challenge programme is part of the association's sector-led improvement offer to local authorities, focussed on assisting Councils to respond to local priorities and issues.

5.2 Following discussions with the LGA, in the summer of 2016 Cannock Chase Council (CCDC) invited a Peer Challenge Team to review:

- The Corporate and financial planning for the future strategic direction of the Council
- Financial decision making and priority setting, in particular with regard to the local context
- Opportunities for service transformation and restructuring

These areas of focus were of particular relevance during this period, with the simultaneous development of the Council's Financial Recovery Plan, the response to the closure of Rugeley Power Station, and preparations for a significant period of public consultation over proposed budget options.

5.3 During September, 2016 the LGA review team held their site visit at the Civic Centre, following a period of background research and information gathering. The team consisted of:

- Allen Graham – Chief Executive, Rushcliffe Borough Council
- Councillor Tom Beattie (Labour) – Leader, Corby Borough Council
- Councillor Elaine Atkinson, OBE (Conservative) – Councillor, Poole Borough Council
- Tricia Marshall – Director of Resources, Canterbury City Council
- Paul Wilson – Deputy Chief Executive, Derbyshire Dales District Council
- Paul Clarke – Programme Manager, Local Government Association (LGA)
- Mae Wilson – National Graduate Development Programme (Shadowing Role)

- 5.4 Following a series of interviews, focus groups and meetings with Cabinet Members, Group Leaders, Scrutiny Chairs, senior officers, managers, officers and partner representatives, the review team reported back via a short presentation on their final day on site (included as Appendix 1) before providing a written report and conclusions shortly after. This report is included as Appendix 2 to this document.
- 5.5 The report praised Cannock Chase Council's "...excellent understanding of the local context and... its role in representing, advocating and championing the needs of the district on behalf of its citizens", noting the "...abundance of good will, desire and commitment from councillors, officers and partners who all want to do their best for the Council and district". Recognising the challenging context in which the Council was operating, the review set out seven recommendations for CCDC to consider in its future planning and organisational development. These recommendations are included in full on pages 2-3 of Appendix 2, and summarised by the headings below:
- Future Vision
 - Financial Strategy
 - Relationships
 - Decision making
 - Governance
 - Skills and resources
 - Learning and development
- 5.6 In the period since the Peer Challenge reported its findings, the Council has taken several steps to implement changes based on the recommendations, including changes to the Scrutiny Committees structure, a proposed pilot scheme is being developed for paperless Committee meetings, and a revision to the format and programme of Leadership Team meetings to balance strategic and operational discussions. The revised Strategic Leadership Team meetings have thus far focussed on developing scenarios for the "Future Vision" and priorities for the next Council Corporate Plan, due in 2018.
- 5.7 In alignment with the summarised recommendations listed above, Leadership Team has agreed a project structure to take forward the Council's Peer Challenge Response; this is illustrated by the diagram attached as Appendix 3. This structure will manage and lead the programmes of work to address the key points raised by the Peer Challenge report and build upon the strengths identified by the review team, in alignment with existing work in progress such as Asset Management and Depot reviews.
- 5.8 Further work is to be undertaken by each of the project groups to develop a detailed work programme for the recommendations. An indication of the scope of the work, against each of the recommendations, together with the lead officer for each project group is given in the Peer Review Improvement Plan attached as Appendix 4.

- 5.9 Further reports will be received by Cabinet and the Customer and Corporate Scrutiny Committee throughout the 2017/18 financial year as this work progresses.

6 Implications

6.1 Financial

The recommendations arising from the Peer Review will be implemented within existing budgets.

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

Any risks arising from the implementation of recommendations will be identified and addressed by each of the project groups.

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report

Appendix 1	Peer Challenge Team Presentation
Appendix 2	Peer Challenge Report
Appendix 3	Peer Challenge Response Project Structure
Appendix 4	Peer Review Improvement Plan

Previous Consideration

None.

Background Papers

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Cannock Chase District Council Corporate Peer Challenge

**Feedback from the peer challenge team
September 2016**

15th September 2016

The peer challenge team

- **Allen Graham**– Chief Executive, Rushcliffe BC
 - **Cllr Tom Beattie (Lab)** – Leader, Corby BC
 - **Cllr Elaine Atkinson OBE (Cons)** – Councillor, Poole BC
 - **Paul Wilson** – Corporate Director & Deputy Chief Executive, Derbyshire Dales DC
 - **Tricia Marshall** – Director of Resources, Canterbury City Council
 - **Paul Clarke** – Programme Manager, LGA
 - **Mae Wilson** – National Graduate Development Programme (NGDP) (*shadow*)
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The purpose of peer challenge

Peer challenges are improvement-focussed and tailored to meet individual council's 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. The team provide feedback as critical friends, not as assessors, consultants or inspectors.

The process of peer challenge

- Peers reviewed a range of information to ensure we were familiar with the council, the challenges it is facing and its plans for the future
- We have spent 3 days onsite at Cannock Chase DC during which we:
 - Spoke to more than 60 people including a range of council staff together with councillors and external partners and stakeholders
 - Gathered information and views from more than 30 meetings and additional research and reading
 - Collectively spent more than 180 hours to determine our findings – the equivalent of one person spending more than 5 weeks at Cannock Chase DC
- Feedback session at end of onsite visit, followed by a short report and follow up activity (to be confirmed)

Scope and 'brief' for the peer challenge

We have considered the core components looked at by all corporate peer challenges, namely:

1. Understanding of the local place and priority setting
2. Leadership of Place
3. Financial planning and viability
4. Organisational leadership and governance
5. Capacity to deliver

In looking at the above, you asked us to be mindful of the specific financial and policy landscape for Cannock Chase DC

Overall messages and observations

ITEM NO. 8.11

- A good understanding of the local context and needs of the place, and a clear commitment from councillors, officers and partners to deliver for the Council and district.
 - A prudent Council that has delivered well to date, and has many strengths to build on as it responds to the current challenges and future uncertainty.
 - Good partnership working, relationships and delivery, and a strong ambition to maximise the opportunities and benefits of the fluid and evolving regional landscape for Cannock Chase district.
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Overall messages and observations

ITEM NO. 8.12

- Responded to the financial challenge through the development of the FRP, but scope to better align the MTFs with the Corporate Plan and use a more diverse range of financial tools and solutions.
 - Extensive and traditional decision-making system with scope to streamline to re-align resource, re-balance and revise the roles of councillors and improve Overview & Scrutiny.
 - Current workforce clearly committed, but a need to consider the organisational development required to enable the strategic leadership, specialist expertise and skills, and external capacity needed to deliver the priority outcomes.
-

Understanding of place and priority setting ITEM NO 8.13

- A good understanding and awareness of local context and priorities appear relevant
 - A range of community engagement and consultation
 - A need to ensure that Corporate Plan priorities and outcomes are providing a consistent and constant basis for decisions
 - No clear vision or articulation of how the Council as an organisation needs to develop and evolve
 - Are you clear on your vision of what Cannock Chase as a place will look like in say 5 years?
-

Leadership of place

- The Council and its political and managerial leadership are well respected by partners
 - A good understanding of the democratic mandate and role of the Council in getting the best for the district
 - Actively participating in partnerships where you believe it will benefit the district
 - Scope to further realise and maximise opportunities available through informal and formal relationships and partnerships
-

Financial planning and viability

ITEM NO. 8.15

- Responded to the austerity challenge to date and maintained a stable financial position.
 - A good understanding of the immediate challenge and response to it (FRP). Ensure it is followed through.
 - It is a collective responsibility to maintain momentum and focus on the longer term delivery of priorities – future proofing and growth.
 - Is the current financial strategy over dependent on business rates growth?
 - There are strategic approaches that other councils are taking to spread risk and increase resilience e.g. commercialisation, digitalisation, transformation, etc.
-

Organisational leadership and governance ITEM NO. 8.16

- MD and Leader are well respected and highly regarded and have improved staff morale
 - Member-officer relationships appear positive
 - Decision-making structures appear extensive and overly bureaucratic – resources are currently ‘feeding the machine’
 - Overview and scrutiny arrangements not yet adding value to strategic decision-making and policy development
 - A range of governance and assurance work is underway but needs progressing
 - Silo based management not corporate leadership
 - Implementation of corporate policies and procedures inconsistent
-

Capacity to deliver

ITEM NO. 8.17

- Positive, energetic workforce ready to contribute to change
- Recognition of the need to utilise external expertise and specialist support to deliver priorities
- Are you maximising opportunities to leverage the capacity of others? e.g. Parish Councils
- No clear plan for organisational and workforce development to enable and support new ways of working and maximise efficiencies
- The role of members in a future CCDC will need considering and investing in
- To maximise outcomes there is a need to allocate resources to priority areas (start with outcomes not functions)
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Cross organisation(s) learning – is it being maximised?

Recommendations (1)

ITEM NO. 8.18

1. Further develop and widen the 'Customer' priority of the Corporate Plan to articulate what the Council of the future looks like.
 2. Further utilise informal and formal relationships to maximise influence and leverage. Be clear on the CCDC 'offer' and 'asks'.
 3. Consider diversifying the financial strategy so it becomes more multi-stranded to increase resilience. Draw on learning from the sector to inform this.
 4. Review the democratic decision-making arrangements including Overview & Scrutiny to better enable all members to have a timely and proportionate opportunity to inform, influence and challenge decision-making and policy development.
-

Recommendations (2)

ITEM NO. 8.19

5. Move at pace to finish the work started on governance, assurance and corporate policies, and ensure implementation is supported by briefings and training activity.
 6. Develop corporate leadership, organisational capacity and capabilities to ensure that the Council has the skills and resources aligned to deliver future priorities.
 7. Draw on the learning from both within the organisation and wider local government sector to support continued improvement and development.
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Next steps

- Opportunity for questions and discussion now
 - Feedback report to follow
 - Follow up visit to be scheduled
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Corporate Peer Challenge **Cannock Chase District Council**

13th-15th September 2016

Feedback Report

1. Executive Summary

Cannock Chase District Council is a prudent and cautious council that has continued to deliver well for the district and its' residents and stakeholders during the period of financial austerity. Through its leadership, decision-making, and partnership working the Council has achieved notable progress against its strategic objectives, including economic growth within the district (increase in Gross Rateable Value, business rate growth, and more employment). At the same time it has continually sought to minimise reductions to frontline services and resources, and continued to achieve a balanced budget through reducing management costs, sharing services (with Stafford Borough Council) and accommodation, and the outsourcing of key services such as leisure and waste collection.

The Council has an excellent understanding of the local context and is clear about its role in representing, advocating and championing the needs of the district on behalf of its citizens. We saw and heard an abundance of good will, desire and commitment from councillors, officers and partners who all want to do their best for the Council and district. Working relationships between officers and councillors appear respectful and positive, and partners view the Council as a constructive and responsive partner. There are a range of good partnership working, relationships and delivery, and a strong ambition from the political and managerial leadership to maximise the opportunities and benefits of the evolving sub-regional landscape.

These are notable strengths and key assets that the Council will need to utilise and build upon as it continues to respond to both current and future challenges. The Corporate Plan sets out relevant priorities that clearly summarise what the Council is aiming to deliver for the district. However, it provides a less compelling articulation of how the Council as an organisation is preparing to enact change or how it will evolve so that it remains fit for the future. There is a need to consider the organisational development that will be required to enable the strategic leadership, specialist expertise, new skills, and external capacity required to deliver priority outcomes in an evolving policy landscape and increasingly challenging financial context.

The Council is currently facing its most difficult financial position for many years. It has responded to the challenge presented by the premature closure of Rugeley Power Station through the development of a Financial Recovery Plan. Given the severity and speed of the challenge, the focus of the Plan is understandably on developing and proposing a range of immediate savings proposals to balance the budget in the short term. The Plan appears comprehensive and proposals have clearly been formulated by a systematic process including engagement with managers and cabinet members, and will be subject to public consultation.

However, the approach adopted is unlikely to be sufficient to protect against further reductions caused by the unpredictable external environment. Therefore beyond the Recovery Plan it will be important for the Council to ensure a stronger alignment is achieved between its budget strategy and Corporate Plan so that service transformation and organisational development are informed and shaped by the strategic priorities and outcomes being sought, not driven purely by a savings target and the need to deliver the same for less. In doing this there is likely to be a need to consider a more diverse range

of approaches to ensure the strategy does not become over-reliant on one approach. This will help ensure the strategy remains resilient and sustainable, and reduces risk.

The Council has developed an extensive democratic decision-making system that is resource intensive and therefore is not efficiently or effectively serving the needs of the whole organisation. There is scope to streamline structures, modernise practice and re-focus the roles of councillors so that they are better positioned and supported to provide more timely and effective challenge and contribution to key decision-making, strategic policy development and organisational transformation. In terms of supporting and enabling good corporate governance more generally, the Council needs to ensure work is continually completed to update a range of protocols and policies.

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. **Further develop and widen the 'Customer' priority of the Corporate Plan so as to articulate what the Cannock Chase District Council of the future will look like.** This is required to provide a forward looking vision and narrative to enable staff and other stakeholders to understand how the organisation will evolve and develop to remain fit for the future.
2. **Consider broadening and further diversifying the financial strategy so it becomes multi-stranded and adaptable to increase resilience and reduce risk.** Draw on learning and practice from other councils and the wider public sector to inform this and resist the temptation to reject current thinking due to past experiences. Get a better understanding about what is possible in terms of commercialisation, digitalisation and transformation so that the organisation is able to explore and exploit these further.
3. **Continue to utilise informal and formal relationships to maximise influence and leverage, as part of the Council's 'leadership of place' role.** Continue to play an active role in partnerships utilising your strengths, experience and leadership to make every contact count in the informal relationships and dialogue the Council is involved in. Be clear on what the Council's offer is as well as what it's 'asks' are and be prepared to maximise resources available to secure deeper partnerships.
4. **Review the current democratic decision-making arrangements - including Overview & Scrutiny - to better enable councillors to have a timely and proportionate opportunity to inform, influence and challenge decision-making and policy development.** Consider how the arrangements can better utilise resources, support and enable the balance between policy development, holding to account and the increasingly important community roles of councillors. In doing this, engage councillors and draw on recent national research. The Local

Government Association (LGA) and others including the Centre for Public Scrutiny (CfPS) will also be well positioned to provide further support and guidance.

5. **Move at pace to finish the work started on governance, assurance and corporate policies.** There are several plans and protocols scheduled for updating that will help underpin good governance and a corporate culture, including Financial Regulations, Code of Conduct, Code of Governance, and Information Governance. These need to be progressed and implementation supported by briefings and training activity so that new protocols are embedded into day-to-day management practice.
6. **Consider how the corporate leadership, organisational capacity and capabilities need to develop further to ensure that the Council has the skills and resources aligned to deliver future priorities.** Ensure that the Leadership Team works as a corporate team supporting the strategic development of both organisations (Cannock Chase and Stafford) with equal commitment and enthusiasm.
7. **Draw on the learning from both within the organisation and wider local government sector to support continued improvement and development.** The Local Government Association (LGA) is well positioned to provide further support and signposting through its sector-led improvement offer.

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 the Council's requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with the Council. The peers who delivered the peer challenge at Cannock Chase District Council were:

- Allen Graham – Chief Executive, Rushcliffe Borough Council
- Councillor Tom Beattie (Labour) – Leader, Corby Borough Council
- Councillor Elaine Atkinson OBE (Conservative) – Councillor, Poole Borough Council
- Tricia Marshall – Director of Resources, Canterbury City Council
- Paul Wilson – Deputy Chief Executive, Derbyshire Dales District Council
- Paul Clarke – Programme Manager, Local Government Association (LGA)
- Mae Wilson – National Graduate Development Programme (*Shadowing Role*)

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. 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. 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?
4. 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?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the Council influence, enable and leverage external capacity to focus on agreed outcomes?

In addressing these questions the peer team were asked to give due consideration to the financial and policy landscape for Cannock Chase and its future role as service provider and community leader.

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 focus. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing an extensive 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 the Council, during which they:

- Spoke to more than 60 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings and additional research and reading.
- Collectively spent more than 180 hours to determine their findings – the equivalent of one person spending more than 5 weeks in Cannock Chase District Council.

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 (13th-15th September 2016). In presenting feedback to the Council, 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 the Council is already addressing and progressing.

4. Feedback

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?

The Council has an excellent understanding of the local context and the complex challenges facing the district. The Corporate Plan 2015-2019 is informed by a comprehensive analysis of the District's needs including the District Needs Analysis which draws on a range of data, statistics and information. The mission and priorities articulated in the Plan which focus on better jobs and skills, more housing, better health outcomes, and cleaner and safer communities all appear relevant in light of that evidence base. The managerial and political leadership appreciate the role the Council has beyond delivering its statutory services, and the outcomes it is striving to contribute to in terms of jobs and skills, better health outcomes, and safer communities make sense given the multifaceted and interrelated issues of deprivation, poor health and crime.

The Council remains committed to engagement and consultation as a means by which to supplement its understanding of the local context, determine priorities, and assess the impact of its service delivery. Having reduced or ceased universal and generic approaches including community forums and the citizen's panel, it is prudently adopting a more proportionate, targeted and topic based approach to citizen engagement. The Council is utilising online channels such as the 'Your Community, Your Voice' website, and also trying new and innovative approaches such as the animated video as part of the budget consultation. It continues to tap into County Council and Police consultation exercises and surveys, and remains keen to use its relationships with an array of community groups and parish and town councils as means by which to regularly seek citizen views and feedback.

As pressures on budgets inevitably continues, there will be an increasing need to ensure the Corporate Plan provides a consistent and constant basis for decision-making and resource allocation. Balancing the budget in the short term has clearly been the pressing priority for the Council. The development of a Financial Recovery Plan at pace has been essential and the focus on identifying immediate savings is understandable. There is a risk, however, that some proposals have not been fully worked through in terms of their longer term impact on the deliverability of corporate priorities and outcomes. For example, the proposed reduction in resources for economic development and benefits processing. The Council will need to be careful that decisions are informed by the strategic priorities and outcomes being sought, not driven purely by a savings target. Linking key decisions and policy development clearly to the Corporate Plan will help

councillors, as accountable decision-makers, to own, advocate and explain the tough decisions to residents and other stakeholders.

There is also scope for the Corporate Plan to be enhanced to convey the vision and narrative of how the Council as an organisation needs to develop and evolve to meet the ongoing challenges. The 'Customer' objective of delivering council services that are customer centred and making the best use of resources is sound, and the supporting Priority Development Plan (PDP) sets out actions that will increase digitalisation. However the objective could be expanded further to convey how the Council will be developed to remain fit for the future, and provide an overall plan of the organisational transformation and workforce development required. There is an acknowledgement and acceptance amongst senior managers, councillors and staff that the Council is unlikely to remain the same size and shape in the future, and that it will need to further embrace new ways of working. So this is likely to be a helpful addition that provides further clarity to staff and other stakeholders about the direction of travel for the organisation.

We also posed the question of whether there is sufficient clarity regarding a vision of what Cannock Chase as a place will look like in say 5 years' time. The Corporate Plan, and its supporting PDPs, along with the Local Partnership Plan priorities provide a good summary of the key projects, initiatives and activities being planned and progressed against some overall objectives. But there is scope to go further in terms of providing an overall narrative and description about the future district and how quality of life will have fundamentally changed and improved as a result of the planned activity. We noted that not all actions and projects have specific or measurable outcomes, which may make it difficult to demonstrate impact and the return on the investment made.

Leadership of Place: Does the Council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?

There is a good understanding of the importance of using the Council's democratic mandate and its 'leadership of place' role to get the best for the district. The Council is clearly determined to represent, advocate and champion the place and its needs. There is a desire to ensure the district and its communities receive its fair share of funding and resources, including from other public sector organisations. The Council has shown a willingness to challenge funding allocations objectively and backed up with evidence (e.g. drugs and alcohol services), to make the case for additional funding such as the one (albeit unsuccessful) made to Government for Transitional funding to mitigate the interim impact of the closure of Rugeley Power Station.

A well-developed awareness and appreciation of the key challenges and opportunities facing the district, including its key assets as a place (such as strong transport infrastructure and connectivity), and its positioning and economic function within the wider sub-region and region, is determining the Council's involvement in strategic partnerships. The Council continues to participate in two Local Economic Partnerships (LEPs), which it has done since 2010, and has recently become a non-constituent member of the West Midlands Combined Authority (WMCA). There is a sensible appreciation by the political and managerial leadership that this may not remain

sustainable, or indeed mutually compatible, and the position is rightly being kept under review.

The Council works constructively through various partnerships with external organisations and agencies, both strategically and operationally, to deliver priorities and outcomes – such as the community safety partnership with Staffordshire Police and other agencies. Partners clearly respect the Council and see it as a committed and effective partner, and recognise and value the Council's engagement and involvement. It has also sought to establish multi-stakeholder dialogue to address emerging issues facing the district, such as the 'taskforce' set up with ENGIE and other key partners to consider the redevelopment the Power Station site.

There was an abundance of positive feedback from those we spoke to, and particular praise for the Managing Director and Leader who have clearly formed some meaningful and effective relationships based on mutual respect and early engagement about the big issues and challenges facing the Council and district. These relationships will be essential as the Council looks more to the additional expertise and resources that public, private and voluntary sector partners can contribute to help develop and deliver solutions. The Council already appreciates the importance of making evidence-based cases and is clearly participating in formal partnership meetings. It also needs ensure to maximise the opportunities beyond these, and make every contact count by using the 'soft' channels and 'behind the scenes' activity including lobbying, stakeholder mapping, and relationship management. In doing this the Council will need to be clear on what its 'offer' is as well as what the 'asks' are.

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?

The Council has responded prudently to the austerity challenge to date and as a result has maintained a stable financial position. It has achieved a balanced budget during this period by continuing to reduce management and administration costs, sharing services and management with Stafford Borough Council, entering a long term partnership for the provision of leisure and culture services, and outsourcing waste collection. These approaches have combined to reduce the base budget by more than £2million. The Council has also increased its income and funding through the leasing of civic centre office space to various public bodies. All of this has enabled the Council to remain committed to its established principles of no cuts to frontline services, Council Tax increases only when absolutely necessary and compulsory redundancies to be avoided if at all possible.

However, recent events have presented a major new financial challenge to the Council. The closure of Rugeley Power Station has led to the loss of £700,000 business rates income during 2016/17. This combined with the effect of the loss of Revenue Support Grant (RSG) and the likely reduction in New Homes Bonus funding means the Council is facing its most difficult financial challenge for many years – the scale of which should not to be underestimated. It is significant. On top of the immediate deficit identified, there is a projected budget gap of £2.15 million in 2018/19 and an ongoing deficit of £1.6 million

from 2019/20 onwards. The Council has a good understanding of the challenge and has responded accordingly through the development of a Financial Recovery Plan (FRP).

Given the severity and immediacy of the challenge, the FRP is understandably focussed on developing a range of proposals and options to balance the budget in the short term. Our role was not to provide an in-depth or technical assessment of proposals in terms of their robustness and realism. But our observation is that the Plan sets out a comprehensive and extensive set of proposals, many of which are in line with what other councils are pursuing – including capitalisation of revenue costs, removing underspent budgets, service reductions, reducing grants to other organisations, increasing fees and charges, and staff redundancies. Proposals have clearly been developed through a systematic process including engagement with service managers and cabinet members, and there is a commitment from the Leader and Managing Director to take an open and transparent approach to decision making. At the time of the Peer Challenge the Council was finalising proposals for Cabinet consideration (22nd September 2016) and a six-week period of public consultation.

The implementation of the FRP will involve some tough and unpopular decisions. Proposals (if approved following consultation) will impact on both organisational capacity and service users. It will be critical there is collective responsibility to stay committed, maintain momentum and drive through the proposals to ensure they deliver the projected savings. Robust monitoring, regular risk management and proactive communication by the Leadership Team and Cabinet will need to be part of this, as inevitably not all proposals will realise their projected savings, or deliver within the intended timescales. There will also be a need to monitor the impact of proposals, particularly in light of delivery against the Corporate Plan. There are several proposals within the FRP – some of which we have cited already – that (in theory at least) have the potential to adversely impact on the ability of the Council to deliver against its priorities.

The FRP is rightly designed to put the Council back on a sound financial footing. Moving forward it will be important there is a strong alignment and linkage between the longer term financial strategy and Corporate Plan so that future change and transformation is informed and shaped by the strategic priorities and outcomes. We heard some suggestion from officers and councillors that the Corporate Plan priorities need to be reviewed in light of the new financial situation. We suggest this debate starts from the premise of ‘how can the Council best contribute to the priority outcomes with diminishing resources’ rather than ‘what do we stop or do less of to plug the budget deficit?’ As one person said: ‘start with the outcomes’.

Business rates growth has clearly been an effective element of your financial strategy to date, and has served the Council and district well - over a third of the Council’s funding is currently provided by business rates, and the proposed Mill Green Outlet Village is set to mitigate about 73% of the loss from the power station. However, we questioned whether there is a risk of becoming over dependent and reliant on this approach - particularly given the impact of recent events, the uncertainty about the future system for the retention of rates, and the fact that a large proportion of business rates currently come from a small number of major businesses, some of which are global companies.

Many councils are adopting a more diverse range of approaches as part of their financial strategies in order to spread risk, increase resilience, and ensure sustainability. The Council has already successfully exploited tried and tested approaches, such as shared services and outsourcing, and might be able to further exploit them to drive out further efficiencies, increase resilience and capacity. In addition to these, an increasing number of councils are adopting various forms of commercialisation as a means by which to save money or generate revenue. There is a growing body of practice and examples from across the public sector, including asset investment strategies, trading companies, property management, and customer insight. There is a range of information and case studies on the [LGA website](#). Digitalisation, channel shift and demand management also feature prominently as part of some councils' overall transformation plans. None of these are easy, or indeed without risk, but a strategy that is more multi-faceted may provide a more resilient and sustainable approach for Cannock Chase moving forward.

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?

The Managing Director and Leader are well respected and highly regarded by staff across the organisation. Many people we met spoke very positively of both, and cited improved communications as notable outcome of their leadership. As a result, staff have a good awareness of the scale of the financial challenge facing the Council and understand the imperative for further change. Regular and ongoing communication about how the Council is responding to the challenge will obviously be important so that staff continue to be engaged. There was evidence that suggested an inconsistent approach being deployed by different managers, resulting in a fragmented leadership model and confusion amongst staff.

Relationships between councillors and officers appear positive and based on mutual respect. Conduct and standards were described as generally good with very few councillor related complaints, and none in the last few years that have needed to be escalated to formal channels. We encourage the Council to stay focussed on ensuring this remains an embedded part of the culture. Given the political composition of the Council, and the number of opposition members, it is important that there is a clarity about access to information outside of the formal decision-making structures of Shadow Cabinet and Scrutiny. As decisions get more challenging over the next few weeks, months and years, it will be essential that all councillors feel informed and involved in the debate and understand the rationale behind key decisions.

The Council appears to have an extensive democratic decision-making system. In comparison to many other district councils, structures appear broad in terms of the number of committees, number of committee positions and the average number of positions per member (approx. 4 per member). This structure may not be most efficiently serving the needs of the organisation, particularly in terms of the officer resource required to service the meetings. It also potentially puts the emphasis on committee roles rather than on community roles at a time when there is arguably an increasing need for councillors to be 'advocates', 'stewards of place' and 'catalysts' within their localities. There is scope to review and rationalise structures further and in doing so re-balance the role of the

Cannock Chase councillor. In doing this, it will be prudent to engage councillors and draw on research – such as ['The 21st Century Councillor'](#) - and practice from the sector about how councillor roles are evolving.

Some aspects of the current set-up appear traditional. Six standing Scrutiny Committees, for example, is arguably an out-dated way of structuring the Overview and Scrutiny (O&S) function. We appreciate the Council has only recently reviewed and refreshed the role of O&S, and is 'still finding its feet'. And we recognise there is not necessarily a correlation between the effectiveness of scrutiny and how it is structured. However, we saw little evidence of the current arrangement supporting or enabling the balance between policy development and holding to account that was a key driver for reviewing the function. There is a risk that arrangements will encourage a de facto committee system alongside a Leader and Cabinet model, and the emerging Scrutiny Committee work programmes seem to reinforce this. Agendas to date and items planned mainly comprise of updates and presentations about services and functions, and there is little involvement in policy development or pre-decision scrutiny.

In terms of supporting and enabling good corporate governance across the organisation there are several things we encourage the Council to remain focussed on. The arrangements regarding a nominated Senior Information Risk Owner (SIRO) need to be clarified. And there are planned updates to a range of policies and protocols that need completing (including Code of Governance, Employee Code of Conduct, Financial Regulations, and Information Governance framework). We also heard of examples where corporate policies and procedures – such as sickness management – are not always applied consistently. This is perhaps inevitable given the number of managers that are shared with Stafford Borough Council, and we know you are looking at harmonising a number of policies and procedures.

The above will be important as you continue to embed a corporate and consistent culture across the organisation. Another important facet will be ensuring the Leadership Team provides strong corporate leadership as well as robust service management. There is an inherent risk, we think, in the shared services model you have adopted that Heads of Service see themselves as responsible for the delivery of a service against a service level agreement or set of standards, rather than contributing to the strategic leadership of each organisation. We pose this as an observation on the model given your intention to extend shared services arrangements further. But it is worth noting that some of our conversations and experiences onsite suggest elements of this mind set may be starting to appear.

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 Council has positive and energetic staff committed to doing their best for the Council and district. The Cabinet clearly value the workforce. Officers we engaged with suggested morale in the organisation has improved markedly over the past year or so - partly as a result of the improved communications and staff engagement already mentioned. There is, however, a need to regularly test this and monitor the various organisational health indicators - such as sickness levels which are currently above the

local government average and appear to be rising slightly. This will be particularly important as the Council implements its FRP which has an extensive set of proposals that will need capacity to implement. We saw little evidence of this being considered as one of the impacts of such a big savings programme. This may need revisiting once you are clearer on what is to be taken forward post consultation.

The Council knows it will not have all of the skills and capacity within its workforce to develop and deliver the range of activities that will most effectively deliver the priorities for the district. There is a growing acceptance of the need to utilise external expertise and specialist support, and some examples of this happening – including the work with Public Sector Plc on asset management. The Council will need to ensure it has the skills and capacity it requires allocated to its most critical projects, such as Mill Green, to ensure successful delivery.

We questioned whether the Council is maximising opportunities to leverage the capacity and willingness of others to make a contribution to strategic priorities and outcomes. Notwithstanding the excellent working relationships with an array of partners, and good examples of working with community groups such as Friends of Hednesford Park, there is undoubtedly scope to explore and exploit further opportunities such as parish and town councils who seem positioned to contribute more. Councillors have an important role in harnessing community capacity and it is important the development of their roles is seen as part of any future transformation of the organisation.

The latter ideally needs to be considered further and articulated through the Corporate Plan – as mentioned earlier in the report. Staff are ready to contribute to change. But they will need more of a vision and narrative of how the Council as an organisation is to evolve, and understand the organisational transformation and workforce development required to get there. The Council is clear on what it wants to deliver in terms of outcomes, but needs to set out how it will go about achieving those in the future. If the direction of travel is to deliver less through direct service provision, and enable and influence more through commissioning and partnerships then the organisational mind set and skills to do this will be very different from a traditional service delivery organisation.

There are of course examples of all of this already at Cannock Chase and it will be essential that learning from success is shared across both organisations (Cannock Chase and Stafford). For example, the Council evidently has an excellent strategic partnership arrangement regarding leisure. Are the critical success factors from that being collated and shared with others involved in long term contracts and strategic partnering arrangements? Has the learning from the Rugeley Power Station experience been collated and considered, and has it informed the approach to strategic risk management?

There is also an abundance of learning available from other councils and the wider public sector. The LGA can help signpost to this, and is well positioned to provide further support as part of its sector-led improvement offer.

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. Helen Murray, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are: Email helen.murray@local.gov.uk and Tel. 07884 312235

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

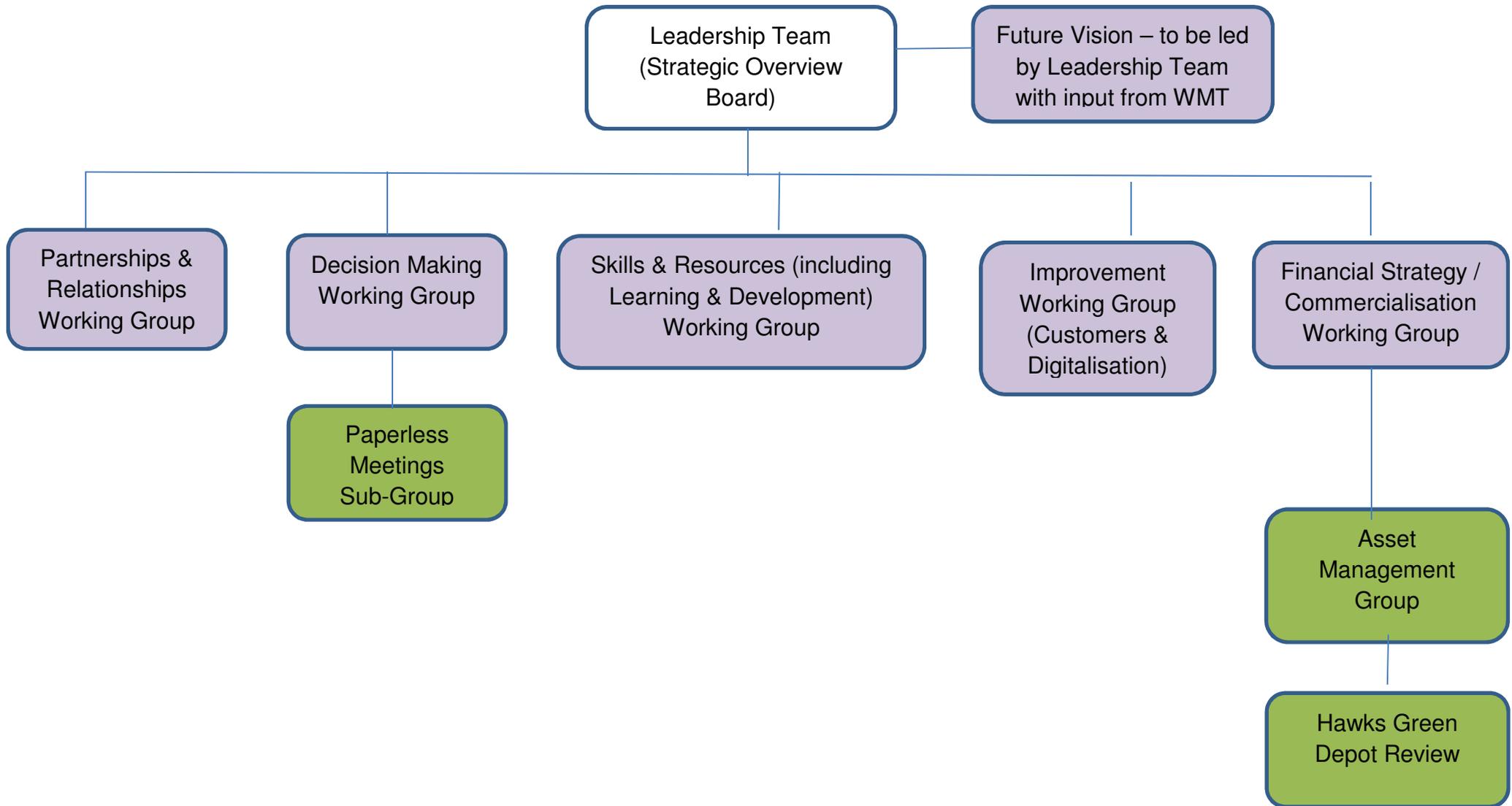
The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version 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 Cannock Chase District Council will commission their next Peer Challenge before September 2021.

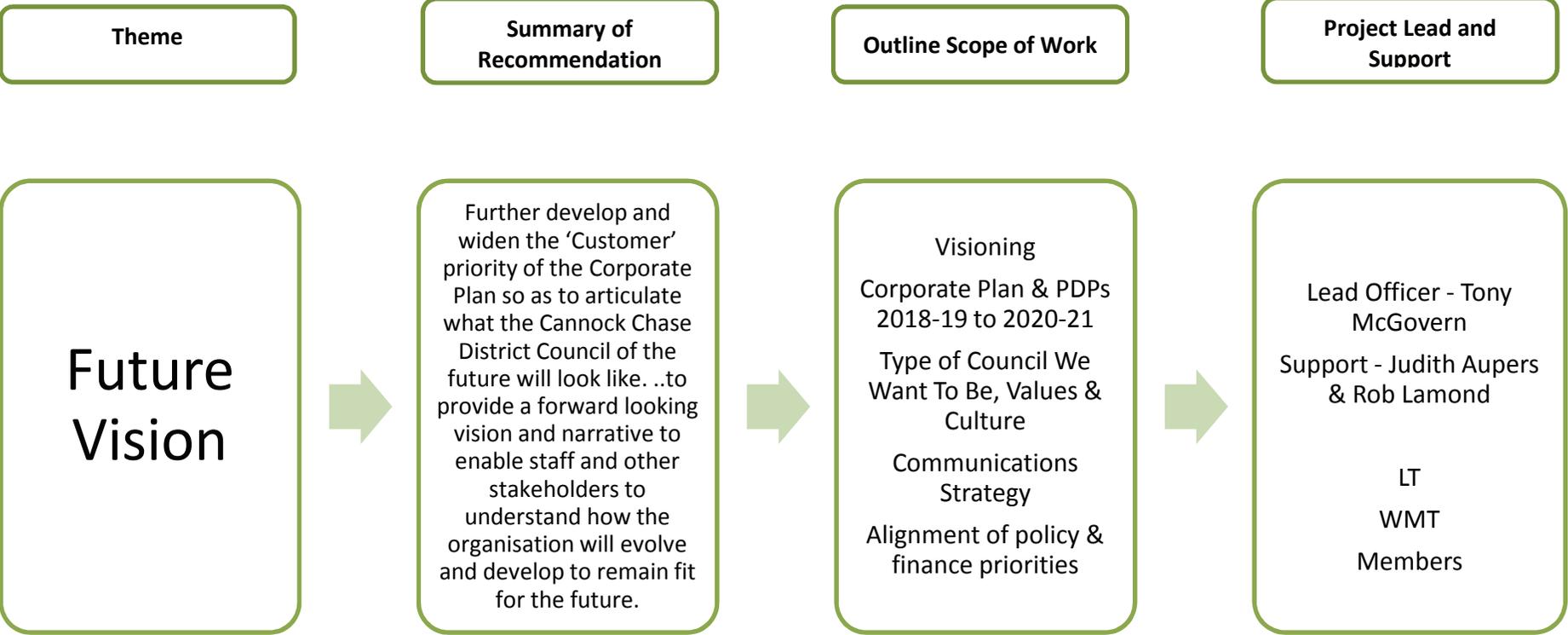
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PEER REVIEW – PROJECT STRUCTURE

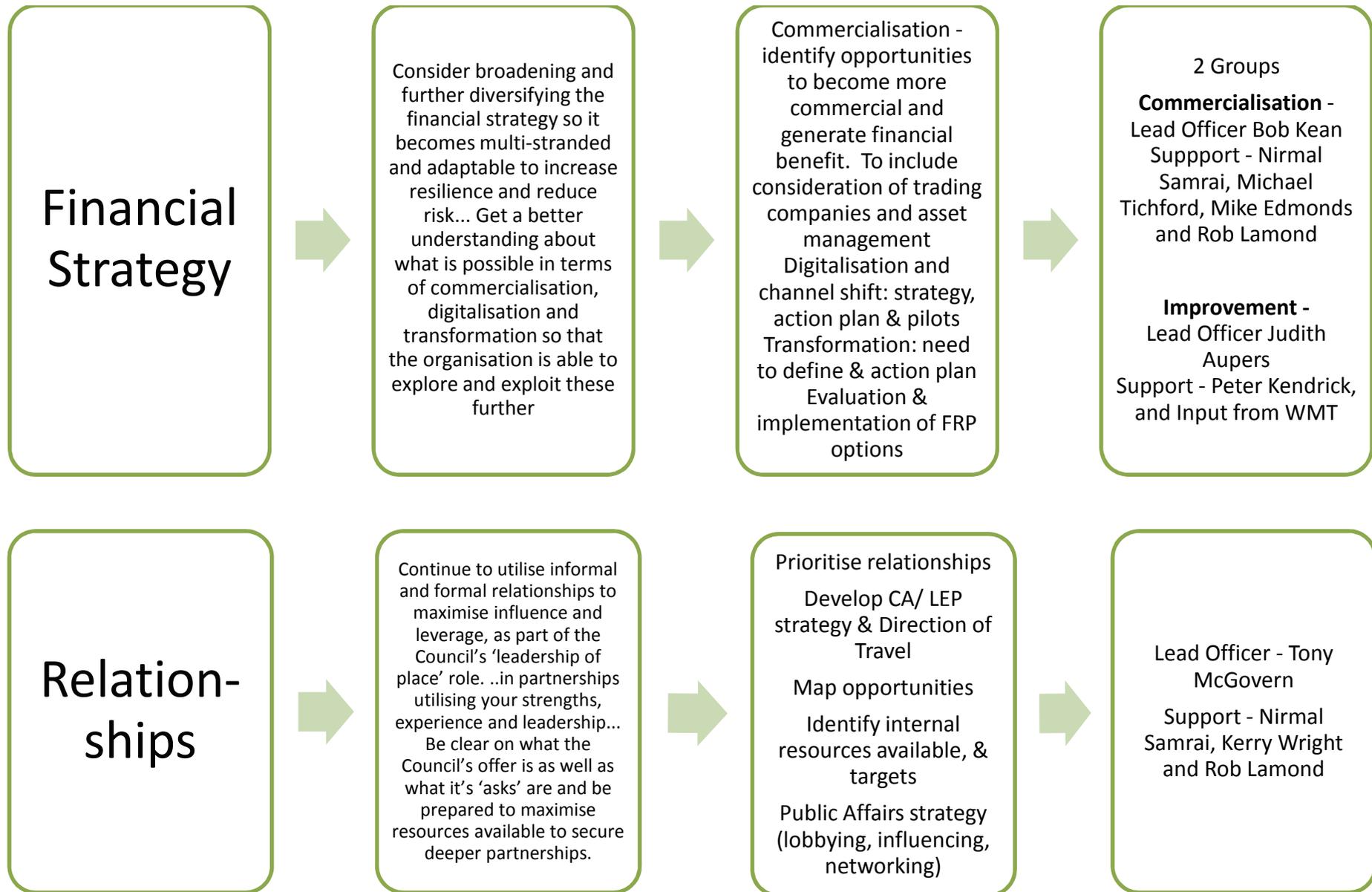


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Peer Review Improvement Plan



Peer Review Improvement Plan



Peer Review Improvement Plan



Peer Review Improvement Plan

