

Corporate Peer Challenge

Winchester City Council

7 – 9 February 2017

Feedback Report

1. Executive Summary

The view of the Corporate Peer Challenge peer team is that Winchester is well placed strategically and surrounded by opportunities. It has excellent transport links with frequent direct rail services to London, and easy road access to major airports and south coast ports. It is well placed to exploit these connections to grow the local economy and to take advantage of the City's heritage.

The new Council Strategy provides strategic direction and many of the prerequisites for success are in place - the council has a strong financial base and comparatively high levels of reserves (which puts it in a relatively strong financial position compared to many councils); partners are supportive and keen for Winchester City Council (WCC) to realise its ambitions; and staff feel engaged and valued.

But WCC is not without its challenges. The adverse Judicial Review in relation to the longstanding Silver Hill (now Central Winchester Regeneration) project along with the stalled Station Road approach project appear to have dented the council's confidence and caused significant reputational damage locally. At the same time the legitimate voice of articulate and well informed local groups is not yet balanced by a full understanding of the broader views of the community. Perhaps as a result of these factors, WCC is seen by its neighbours as having become rather cautious and introspective.

However the advent of the new senior leadership team (Cllr Horrill and Laura Taylor as Leader and Chief Executive respectively) provides the opportunity for a fresh start. It is clear they are keen to support each other in providing leadership for the area and the council. The council's relatively healthy position (above) combined with notable achievements in some key areas provides a strong platform to move forward – and the fact that the next set of local elections are not until May 2018 also provides the space to do so.

Aspects of the way the council organises itself are not helping and need to be addressed if WCC is to have the best chance of success. The development and articulation of an evidenced-based narrative for the district and the council's aims for it, would provide a strong sense of direction from which staff and partners could draw confidence. The council's decision-making processes seem cumbersome and complex and scrutiny could be making a more positive contribution. A more consistent approach to managing the business would help to ensure messages and changes are embedded.

We hope that the remainder of this report and our key recommendations will be helpful to the council as it considers the way forward. The peer team is optimistic for the council's future. Many of the fundamentals are already in place and there is strong support for WCC to succeed.

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.

The following are the Corporate Peer Challenge team's key recommendations to the council:

- **Clearly articulate a vision and strategic narrative** for the district and for the council. This will give confidence to partners, residents and staff and can be used to prioritise activity.
- **Develop an evidence-based approach to the council's understanding of the views and needs of the whole community.** This will help balance strong local opinion and reinforce the decision-making process.
- **Review political and partnership structures and forums including the operation and role of the Overview & Scrutiny Committee** to ensure that they can perform their roles effectively.
- **Develop a shared understanding of the financial challenges ahead.** The council is currently in a healthy financial position but action is required to ensure the financial challenges and risks are well understood across the organisation and that the council has a diverse approach to balancing its budget in the medium-term and is not solely reliant on a small number of major projects.
- **Review the way in which the business is managed** – to ensure that core policies and processes are understood and consistently applied.
- **Be clear about how WCC is approaching transformation, entrepreneurialism and digital** – ensure ambitions are understood by members and staff and supported with appropriate skills and technology.
- **Clarify roles, responsibilities and accountabilities.** Staff structures seem confusing and, whilst they support effective service delivery, they inhibit collaborative and 'horizontal' working.
- **Strengthen programme and project management.** The council's Programme and Project Management Office needs to be suitably placed within the organisation and empowered to deliver and hold others to account.
- **Use the new People Strategy/Workforce Plan to address concerns that the council has the capacity but lacks the skills to deliver,** alongside new approaches to pay and reward, to ensure the council can attract the right people and to blend internal and external expertise.

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 WCC's requirements and the focus of the

peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with Winchester City Council.

The peers who delivered the peer challenge at Winchester City Council were:

- William Benson, Chief Executive, Tunbridge Wells BC
- Cllr Neil Clarke, Leader, Rushcliffe BC
- Cllr Chris White, Leader Lib Dem Group, St Albans City and District Council and Hertfordshire CC
- Tracy Morrison, Director of Resources, Fylde BC
- Allison Westray-Chapman, Joint Assistant Director of Economic Growth, Bolsover and North East Derbyshire District Councils
- Nick Easton, LGA Peer Challenge Manager.

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. 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

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth 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 current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge every 4 to 5 years. Winchester City Council had its first Corporate Peer Challenge in 2013.

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 3 days onsite at Winchester, during which they:

- Spoke to more than 100 people including a range of council staff together with councillors, external partners, stakeholders and the public.
- Gathered information and views from more than 35 meetings and additional research and reading.
- Collectively spent more than 160 hours to determine their findings – the equivalent of one person spending more than 4½ weeks in Winchester.

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 the on-site visit on 9th February. In presenting feedback, the team 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 WCC is already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

Winchester is well placed strategically and surrounded by opportunities. It has excellent transport links with frequent direct rail services to London, and easy road access to Heathrow, Gatwick and Southampton airports, plus ferry services from Portsmouth and Southampton. It is well placed to exploit these connections to grow the local economy and to take advantage of the City's heritage.

Winchester covers a large rural district of some 250 sq miles within Hampshire, with the population concentrated within Winchester itself, geographically situated towards the north west of the district, as well as a number smaller market towns throughout the remainder of the district. The differing circumstances between the City and market towns are well understood.

Winchester City Council's (WCC) new strategy "A Blueprint for Winchester's Future", sets out an over-arching vision ".....to maintain and enhance Winchester by working together to give everyone positive opportunities for their future". The strategy provides a coherent and focussed set of priorities that reflect and strike a balance between the changing

national context within which local government operates and the opportunities and needs of the whole district.

In addition the Council is in a strong position to meet its growth needs now that the Planning Inspectorate is satisfied that the Local Plan is sound. We also came across some good examples of the council engaging locally, such as liaison with parish councils during the development of the local plan and with local advice agencies. Importantly all the partners and local people we spoke to were keen for WCC to make the most of its opportunities. The LEP, in particular, sees Winchester as a focal point for delivering growth in Hampshire.

Whilst the council's new strategy articulates an overarching vision there was little evidence that this was well understood outside the council or of what it means for the district. We think there would be advantage in developing an evidenced-based narrative that tells a convincing story, clearly describing WCC's ambition for the area and how it sees it developing over the next 10 to 20 years. This narrative could form the basis on which Winchester could begin to play a more strategic and influential role in the sub-region and beyond. It would also provide welcome clarity and reassurance for key local and regional partners (a point made by the earlier Corporate Peer Challenge in 2013) and could be used internally to prioritise projects and services to attract inward investment to the area.

As well as looking "up and out" we are also aware that the council is currently reviewing how it can improve consultation and engagement locally in the light of the Communications Audit recently carried out for the council by the LGA. An important part of this work will be to find ways to make better use of empirical evidence to reinforce decision-making and ensure decisions are widely and soundly based. Winchester has a number of articulate and well-informed local groups. These voices need to be balanced with more empirical evidence, such as that derived from a regular borough wide survey and insight into local communities and their needs, to ensure that a fully representative set of views is heard.

In a similar vein the peer challenge team is of the view that there would be merit in reviewing engagement mechanisms with town centre groups such as businesses, residents and others. It is helpful to identify and prioritise key local groups that the council wishes to consult with and in doing so, to be clear about the parameters. Whilst there was no evidence of non-engagement in the more rural areas, we heard that parishes would welcome more regular structured engagement (such as quarterly meetings with parish Chairmen) and that the Hampshire Association of Local Councils would be a willing partner to assist in this.

Whether engaging regionally or locally it is important that the council takes the opportunity to explain the significant challenges it is having to deal with. Reductions in local government funding, funding reforms, planning policy changes, housing reforms and growth pressures all combine to shape the context within which the council operates – its opportunities, challenges and scope for manoeuvre. The more this is understood by partners, community groups and residents then the more likely the council's priorities and projects are to be accepted.

In this context it would also be helpful to think about developing mechanisms to brief councillors and staff on the opportunities and implication of national policy developments for Winchester, so that they are able to speak effectively on the council's behalf.

4.2 Leadership of Place

Shortly before the peer challenge team arrived the council appointed a new Leader and Chief Executive. It is clear that they have already established a good working relationship and are keen to work together and support each other in providing leadership to the area and organisation. One example of this is their initiation of a series of introductory meetings with neighbours, partners, parishes, businesses and community groups. The existence of strong political and managerial leadership is a pre-requisite for moving forward and we found a lot of support for this new leadership team and hope for their success.

Although the council has suffered as a result of the failure of a couple of major local projects there have also been some good examples of the council delivering major schemes which are important contributors to the development of the place and from which it should draw encouragement. These include the development of the residential community, retail, leisure and business park at Whiteley and the Chesil Street scheme providing 52 extra-care flats for elderly residents, approved despite some local opposition.

The council has also been successful in facilitating the creation of two, now well established, Business Improvement Districts as mechanisms for directly involving local businesses in local activities and providing the opportunity for the business community and council to work together to improve the local trading environment. Both BIDs were positive about their relationships with the council and spoke highly of it.

Whilst discussions on the devolution agenda may have been difficult, we heard that there is now an opportunity for WCC to reset relationships with its neighbouring district councils and Hampshire County Council – particularly in areas such as public health, transport and economic development. The M3 LEP and other stakeholders also see huge opportunities for Winchester in terms of growth and economic development, attracting new investment into the area.

However it is clear from our discussions with neighbouring authorities and partners that WCC is currently perceived as being rather cautious and introspective – and this needs to change if the council is to realise the opportunities before it. For the peer challenge team this involves the following key ingredients:

- a clear vision and narrative for the area that is owned politically, promoted and understood externally, and embedded internally;
- courage, politically and managerially, to balance the passionate views of local voices with the leadership required to achieve key outcomes for the district;
- improved prioritisation to focus capacity and attention on the biggest opportunities.

Significantly, in light of the opportunities WCC has, the LEP and local businesses told us that the council's representation was not always at the right level of seniority, giving a misleading impression (or misunderstanding) of the potential importance of the contribution they can help make to the district. Local businesses and the LEP would appreciate the council undertaking a review of its approach to engaging with business.

This relates to our final observation that, in terms of the council's senior management structure, the Chief Executive appears to have a significant number of direct reports. This could constrain the opportunities she has to play an outward-facing role, supporting the Leader in the articulation of the council's vision for the area and forging refreshed partnerships with neighbouring councils, partners and the business community.

4.3 Organisational leadership and governance

At the time of the team's visit WCC was in the final stages of agreeing a Council Strategy for 2017-2020 setting out five strategic themes, reflected in the cabinet portfolios, and a range of specific actions in each case feeding down into more detailed portfolio plans. Progress against portfolio plans is monitored by the Corporate Management Team, the Performance Management Team, senior managers and Portfolio Holders.

Apart from some specific instances, member/officer relationships are generally good and both the members and staff that we encountered were positive and friendly. We also heard from staff that managers are supportive and personable. We welcome the private space that has recently been created to enable cabinet members and senior staff to work together to give strategic direction to the council's activities. We hope that it will provide an opportunity to strengthen relationships further and also to manage the smooth and efficient flow of business through the decision-making process.

Whilst we heard that approaches for collaborative working have been rebuffed by WCC in the past we are conscious that the council currently has a number of shared service or partnership arrangements to support service delivery. This includes IT services with Test Valley Borough Council, joint environmental service arrangements with East Hampshire BC and joint work with Hampshire CC to deliver Museum services across Hampshire. Further opportunities to generate savings through shared services will arise – including the renewal of the environmental services arrangement in 2019.

We found a perception amongst the partners we spoke to that the council has become introspective and risk averse. Evidence of excessive caution in the day to day running of the council is illustrated by over-lengthy council meetings, elaborate sign-off arrangements for reports for relatively minor member decisions which could be made under an Officers Scheme of Delegation and examples of member involvement in operational matters such as the Personnel Committee reviewing the number of full time equivalent officers. The advantages of an executive form of governance enabling the council to be more fleet of foot in decision-making are not being fully taken advantage of.

At the same time decision-making processes themselves are complex, cumbersome and lengthy and not helped by the processes that support them. We heard for example that the housing budget went through four different member fora – the housing cabinet sub-committee, cabinet, overview and scrutiny and full council – before it could be approved. The way cabinet works – the structure of the agenda and length of meetings – along with extensive use of sub-committees, is far in excess of the arrangements members of the peer team are familiar with. The requirement and processes involved to ensure every committee report and portfolio holder decision notice is reviewed, checked and signed off

(by the Monitoring Officer and Head of Finance) for both legal and financial content also creates a bottleneck and causes delay.

WCC should consider whether, in the wake of the failure of some key projects the pendulum has swung too far in the direction of excessive caution. A review of the decision-making structures and processes (also recommended as a result of the Corporate Peer Challenge in 2013) alongside the scheme of delegation could be used to send out some important signals about those high level matters that require senior level sign off and where officers are otherwise authorised and empowered to act. Effective managerial oversight of the decision-making process should ensure full analysis of the options and resourcing implications and that members have had an early opportunity to input. A robust overview and scrutiny function would give confidence that a more streamlined decision-making process was effective.

However, we heard concerns about the effectiveness and tone of scrutiny. The Overview and Scrutiny Committee has a remit to maintain an overview of the discharge of the council's executive functions, and has the right to scrutinise any executive decision made by the cabinet or by council officers, or to review the council's policy making decision-making processes. In practice it provides scrutiny of decisions part way through the process – after cabinet but before they are submitted to council for approval. We are aware that the scrutiny function is currently under review and in this context there are opportunities to explore whether scrutiny can make a more constructive contribution. Consideration should be given to whether and how decisions should be “pre-scrutinised” for example by providing a greater emphasis on policy development and/or reviewing policies/decisions prior to their formal adoption. In addition it may also be helpful to explore how other councils with a similar political balance organise their scrutiny activity.

Finally there may also be an opportunity to review the current approach to performance management. Whilst there is a regular cycle of reporting on financial plans and service performance to the Performance Management Team and twice yearly to Overview and Scrutiny on progress towards the portfolio plans, these arrangements do not seem to provide managers with the information they need to manage services effectively – the poor performance that we heard about regarding answering phones did not appear to show up in any performance reports or dashboards.

4.4 Financial planning and viability

WCC is currently in a relatively strong financial position compared to many councils. It has a strong financial base with comparatively high levels of reserves and was able to achieve some areas of significant underspend in service costs for 15/16. And whilst the council undertook a change and transformation programme some years ago it does not feel as if, compared to elsewhere, the council has yet had to make any really tough decisions. A range of easily identifiable opportunities for savings still exists.

That is not to say the council is complacent. WCC is clearly aware of the financial challenges it faces and the need to become self-sufficient and independent of Revenue Support Grant by 2019. It recognises the need to grow sustainable sources of income and to change the way it works if it is to protect services to its communities. Delivering an

entrepreneurial approach lies at the heart of the council's new strategy for 2017-2020 and there are plans to adopt an outcomes based budgeting process for 2018/19.

However there is a danger that the council's strong financial position, combined with consistent underspends, leads to an underestimation of the challenges ahead. The loss of Revenue Support Grant and the reduction in the New Homes Bonus, which has been built into the base budget, along with potential rises in inflation and interest rates, present considerable challenges. We are not sure how widely this is acknowledged and think it would be wise to ensure that there is a common understanding amongst the council's political and managerial leadership of the council's financial position and the challenges it faces.

The council's Medium Term Financial Strategy places considerable reliance on generating income through leases and rental income derived from a small number of major projects. This places a heavy reliance on the capital programme but it is not clear to the peer review team that the programme will be sustainable in the medium term given the levels of prudential borrowing required and the likelihood of inflation and interest rate rises. Although other options such as developing a more commercial approach, growing the local economy and efficiency savings are acknowledged, they are not yet being pursued with equal vigour – doing so would put the council in a much stronger position to balance the budget and protect services.

The scale of the council's ambitions also suggests it might be prudent to review the approach to managing risk and to financial reporting. The risk register does not appear to be universally owned outside the Audit Committee, does not prioritise risk and some of the proposed mitigations do not appear to be sufficiently robust. There is also an opportunity to align reporting of project milestones, risk, performance, complaints, etc with the quarterly financial management reports to give a more holistic picture and enable patterns and trends to be identified.

Finally, in the view of the peer challenge team, there is a range of other more specific questions that it would be helpful for WCC to consider:

- Can WCC do more to identify opportunities to secure additional funding from other parts of the public sector, such as LEPs, the Homes and Communities Agency, or elsewhere?
- Does the Estates team appropriately balance its role of day to day asset maintenance against its role in sweating the assets through development or disposal?
- Does the council's pay and reward strategy support the council's ambition that staff will be "inspired and motivated" to work for the council and with residents in the way envisaged by the Council Strategy?

4.5 Capacity to deliver

WCC is seen as a good organisation to work for. Staff expressed a range of positive views – that colleagues and managers are approachable and helpful; that they feel valued and have the freedom and flexibility to get on and do the job (including for example creating informal opportunities to share learning with colleagues in neighbouring councils) and that they appreciate the continuing training opportunities provided through the Aspire

programme. Staff also appreciate a willingness by managers to “walk the floor” and engage with them. These positive attitudes are reflected in the high level of positive responses to the latest “Best Companies” survey and improved scores in all but one of the eight workplace engagement factors.

The 1Team approach, which provides opportunities for staff to be seconded to priority areas as the need arises, is viewed positively as a means of personal development and could be built on as part of a more comprehensive approach to talent management. Staff spoke positively of other benefits, including the use of volunteering days, subject to business needs. The apprenticeship programme has continued to grow, with apprentices offered employment or continuing to further education.

Clarity about the council’s values, the sort of organisation the council wants to be, and how the council then describes that in a way that staff understand (e.g. commissioning, entrepreneurial/commercial, enabling, etc) would help to strengthen and reinforce staff commitment.

The recent difficulties surrounding some of the major projects have demanded considerable attention from senior staff but, despite that, there is a strong sense that day to day services (such as housing, planning and waste) have continued to perform well - and this was reinforced by the feedback we received from the citizens’ focus group.

At the same time management appears diffuse and to be devolved to a large number of Assistant Directors (ADs) and Service Heads. It is ADs who have the key relationship with Portfolio leads, supporting them in the delivery of their portfolio plans. Whilst this “down the line” approach to delivery seems operationally to work well there is also a sense that it can inhibit cross team or horizontal working and the ability to drive strategic direction or secure consistency of approach. That WCC needs to “get a grip” was a message we heard from a number of the people we spoke to.

We also heard differing views about whether WCC has the capacity and skills to deliver its ambitions. Although there was no shortage of examples of buying in expertise where needed, in-house provision might be an alternative option if it is always a similar set of skills that is being bought in. The development of the new workforce strategy should provide an opportunity to address this issue alongside consideration of new approaches to pay and reward, to ensure WCC can attract the right people to support the type of organisation the council wants to become as it moves forward.

Whilst the council has introduced internal project management capacity, the emphasis is on the major ‘flagship’ projects and some other projects are managed elsewhere within the council. We think there may be benefit in bringing all projects under one empowered Programme Management Office including key transformational projects such as digital and systems thinking (if that is the council’s preferred approach). This will help ensure a clear distinction between projects of a strategic or operational nature and that those projects which contribute directly to corporate priorities are progressed.

There is an ambition to embrace the digital agenda and for all services to be online by 2019. In the meantime, whilst front line staff are keen to provide the best possible customer experience, there is a feeling that current ways of working and IT support

systems could be improved. This is especially the case for staff working off site who appear frustrated by the lack of tablets, mobiles, etc which it is felt would help them provide a better service and could also unlock additional capacity for WCC. There seemed little awareness of the council's 'IT strategy 2016-19' and what its implementation might mean for staff. Neither does outdated office accommodation support collaborative working or help staff feel valued - but we are aware of plans to review this as part of the capital investment programme.

Finally, we heard that corporate policies do not always appear to be applied consistently. One example of this is the variable completion rates on staff appraisals. Appraisals can be a key mechanism for engaging staff, improving performance and reinforcing organisational messages and the process could therefore benefit from review to ensure consistency. Another example would be WCC's approach to transformation. Systems thinking has been used as an approach in some areas but we heard differing views about whether this is the Council's preferred methodology and staff universally are not clear about what it entails and what is expected of them. The importance of ensuring staff buy-in to the transformation journey was identified by the earlier Corporate Peer Challenge in 2013.

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. Heather Wills, Principal Adviser is the main contact between the authority and the Local Government Association (LGA). Her contact details are: Email heather.wills@local.gov.uk Mobile: 07770 701188

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 2022.