

Mick Burrows
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County Hall
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Dear Mick

Nottinghamshire County 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 Nottinghamshire County Council to deliver the recent peer challenge. We were made to feel very welcome and the openness with which both politicians and all staff approached the challenge is to be commended.

You asked the peer team to look at strategic planning and performance management and assess whether the impact of changes are understood and managed effectively and how the 'one council' vision can be made a reality. You also requested the team to look at transformation and change management, including the improvement programme and project management, and assess the achievements made to date and offer insight on the future improvement. In addition the peer team considered the ability and capacity of the council to deliver its future ambitions by briefly looking at:

- Understanding the local context and priority setting
- Financial planning and viability
- Leadership and governance
- Capacity to deliver

It should be noted that the scope of the peer challenge was internally focused so we did not meet with any strategic partners. However, the suggestions we offer for your consideration do have an impact on partnerships as they will be critical to you in achieving your aspirations for the future in terms of building capacity, innovation and sharing of risk.

At the initial meeting with yourself and the Leader you also asked us to look at Adult Services. We did therefore meet with a considerable number of their staff and attend working meetings and we are grateful for their patience and co-operation.

This letter provides a summary of the peer team's feedback. The feedback has been informed by peers experience and knowledge of local government. They have drawn on this to reflect on the information and views shared by the people they met, the things they saw and the material they read. In presenting feedback to you, they have done so as fellow local government professionals and practitioners.

We hope the feedback provided will help stimulate further debate and thinking about cultural change and the improvement programme and how these should develop and evolve.

Overall message

The County Council has made a very good start to a significant change programme and has put the right building blocks in place that will facilitate that change. However there is much more to do and it needs to be done at pace.

The council enjoys strong political direction and an inclusive management style and relationships between members and officers is respectful and constructive. In proceeding the political and managerial leadership of the council will need to strike the right balance between decisiveness and inclusivity.

The council enjoys committed, experienced and capable staff. Equally members are committed to both Nottinghamshire and the council. The council needs in future to be more outward facing in order to ensure that is learning from the experiences of other councils and other public service providers.

The council has a strategy, it monitors performance and it has a sound budget. These processes are not sufficiently integrated. In future it needs to integrate its approach to strategic prioritisation and allocate resources based on those priorities alongside robust performance management. A strong customer focus is required as a part of all of these processes.

The 'one council' message has been well communicated with good ownership from politicians, senior and middle management but more work is needed to embed this throughout the organisation.

You are making good progress – celebrate your successes and be proud of your achievements to date.

Leadership

Nottinghamshire County Council (NCC) has set out an ambitious programme of ongoing change and transformation underpinned by strategic plan priorities aimed at delivering high quality, affordable services for residents. Additionally the Council seeks to be an effective and efficient organisation. The current administration, when elected in 2009, generated an ambitious manifesto for change, including plans to deliver better value for money and a radical overhaul of the council's governance process. An improvement programme was put in place and has delivered savings of £186m over four years. The

council has made a good start and the right building blocks have been put in place to deliver further change. There is still much to do, and at pace, to deliver transformational change and to meet the ongoing financial constraints that the council will undoubtedly face.

The political and managerial leadership of the Council works well together. The Leader is seen as a strong and determined individual who is respected and acknowledged for being a key instigator and driver of change in the organisation. Other executive members are respected by officers for their knowledge of and interest in their respective service areas. Members and officers throughout the organisation refer to the mutual respect that defines the quality of member and officer relations. The Chief Executive is inclusive, open and highly respected by staff and politicians for his focus on supporting the change determined by politicians and for his management of the staff of the council. The Corporate Leadership Team (CLT) is viewed as a team and is seen to enthusiastically promote change. CLT is now starting to work with the wider managerial leadership of the organisation to embed a culture of leadership, accountability, performance management and customer focus throughout the council.

Leadership is a shared endeavour within the political cadre and is shared with the officers of a council. It will be important that politicians ensure that the momentum for change continues beyond the local elections in May 2013, given the scale of the financial challenges ahead. This includes working to ensure that the new committee system creates a corporate awareness amongst members as well as topic and area specialisms. Some members have reservations with regard to the transparency of the decision-making process and in particular the opportunity to debate strategic policy issues prior to committee meetings. These issues will need to be fully considered when the review of the operation of the new committee system takes place.

The managerial leadership of the council need to retain the inclusivity they have fostered, and alongside that, ensure that decisions are made speedily in order that the pace of change is not just maintained but increased. Challenge from the corporate centre to directorates should be encouraged and management need to feel able to constructively challenge outside their service and professional expertise and this needs to be embraced by all..

The messaging by the CLT and the Chief Executive to staff needs to ensure that colleagues are aware of the comparative benchmark data around cost, performance and customer feedback. This will help to ensure that the organisation and its staff are realistic about its position in relation to other councils. Additionally wider management needs to be more pro-active, shape change, be creative and innovative in seeking improvements, that is, doing things differently and doing different things. We know you are ready and willing to make this change.

Strategic and financial planning

The council has a good strategic plan though it is not embedded in customer feedback nor performance management. The strategic plan identifies priorities and the council is currently sufficiently resourced to deliver these priorities. However, the priority of economic development and growth whilst being well articulated would benefit from the demonstration of clearer evidence and transparency regarding the allocation of the councils resources to the priority and the performance and outcomes delivered as a direct result of the County Council's intervention. In doing this the Council will need ensure that it has the necessary expertise to harness its financial muscle and unique position to instigate and take advantage of opportunities to promote economic development.

In determining corporate priorities from May 2013 – May 2017 the council, and politicians in particular, need to lead discussions based on customer feedback, customer insight, performance benchmarking and cost information, demographic and demand information, the economy of Nottinghamshire and the East Midlands, and the council's future resource envelope. This will enable the council and its partners to deliver real changes and transformation. Matching resources to the ambitions articulated in the strategic plan will be a challenge for the council. There needs to be political agreement on what 'good' and/or 'good enough' looks like.

Sustaining the resourcing of priorities will be an important test for the council's budget planning for 2013/14 and beyond. This will require the development of an understanding of which services are run cost effectively in terms of level of spend and their priorities against those where there are opportunities to obtain further efficiencies.

Once priorities have been determined, resources need to be aligned to them and delivery plans put in place with clear officer and political accountabilities. It will be important to strike the right balance between strategic and operational priorities, with investment being used effectively to deliver change. . Additionally the CLT should focus corporately on priorities and allow directorates to manage operational improvements as a part of the usual business of the council.

As part of its strategic planning the council will need to determine what the future operating model for the organisation looks like in terms of the optimal mix of delivery models, for example shared services, social enterprises, outsourced services and co-operatives. Once agreed this will need a robust communication strategy to be developed ensuring that all partners understand their roles and accountabilities. The council has just started the discussion around what type of council Nottinghamshire wants to be in the future which will presumably determine the future operating model. This dialogue needs to be continued. Flowing from this a commissioning strategy and action plan will be required. Indeed a joint commissioning strategy with strategic partners, such as health and the voluntary and community sector should be considered.

Once the strategy is determined the council will need to determine how procurement is to be undertaken. Procurement is at present a transactional function and needs to move quickly from category management purchasing to a strategic procurement role with a

focus on supplier development. The function needs to move away from traditional price management to a cost and demand management approach looking at the added value from the supply chain and ambitious targets for savings should be set and should also be attainable.

The council is sound financially with the foundations for modernised financial management currently being established. There is a good example in Children's Services of how the council clearly articulates priorities and allocates resources for improvement which resulted in the lifting of the safeguarding intervention notice. There is also a clear elected member overview of the budget process ensuring flexibility and re-prioritisation of resources as evidenced by the additional funding of £2m to highways service. However, a greater focus is needed on activity based costing to inform prioritisation and outcomes. Currently finance does not appear to be fully integrated into all managerial decision-making. A review of base budgets needs to be undertaken with urgency to address the significant reductions post 2014. The CLT needs to ensure that this matter is addressed and that financial planning and management is fully integrated into their discussions and decisions.

As a part of the modernisation of financial management middle managers are empowered to manage their own budgets in terms of financial reporting and forecasting. However, this is not yet happening on a consistent basis and leadership with accountability needs to be further embedded across all levels. This will be particularly important in Children's and Adults Services going forward. Benchmarking needs a greater level of sophistication across the council to drive efficiencies and a more outward looking perspective will greatly assist. So the council should continue with recent visits to authorities like Staffordshire and Essex County Councils to compare and contrast work practices.

Performance management

The council is keen to foster a strong performance management culture across the organisation. It is also very self aware with regard to its capability around performance management. In moving this agenda forward it will be essential to ensure that Members and CLT are able to challenge the organisation to determine the service levels and costs that are required. In order to do this members need to be provided with performance information which enables the council to manage performance rather than just monitoring it. This is important as there does not currently appear to be consistency with regard to performance management across the council and data is not being used to inform or shape outcomes nor is it aligned to priorities. The council should integrate customer insight, customer feedback, costs, quality, resources and performance. This will enable it to manage outcomes rather than monitor data and will also facilitate the allocation of resources required. The Adult Social Care Directorate is considering introducing a much fuller performance management system. The council as a whole should consider such a system in order to be able to properly compare and contrast performance and cost across the council.

To enable this a stronger drive from the corporate centre of the council is needed and a rationalisation of the numerous performance systems across the council. There is an

opportunity to better integrate corporate services with directorates in regard to performance management. Constructive challenge across departments and between the centre and departments would also enable greater innovation and more collaborative working. This piece of work needs to be undertaken with real urgency in order to support the council's political leadership in making the correct strategic choices regarding the future of the County and the council.

Transformational change

As a part of the change agenda the council has developed a vision of One Council in order to promote corporate working and reduce the possibilities for silo working. This vision has been well communicated. It is owned by both members and managers across the council. But more work is needed to embed the vision throughout the organisation, including work on staff and stakeholder engagement, so that at the frontline and team manager levels they are able to articulate what it means for them in their role. In doing this the council will need to raise awareness with regards to innovations and the transformational changes that have been made in other councils and across the public sector more widely. To date NCC has made significant changes and needs to build on these to deliver transformation. An ambitious transformation programme now needs to be established to meet future service efficiencies. It must be delivered at a fast pace, and effectively communicated so that everyone understands the scale of the future challenges.

It is clear that the Improvement Programme Board has helped to drive change and performance management. The focus to date has been on change, improvement and business as usual. The council now needs to determine what is truly transformational and to establish a programme board with relevant governance around it. This needs to include a significant focus on the high spending areas such as Children's and Adults Services and the consultancy reports and recommendations (eg. KPMG) should be considered and implemented where appropriate to achieve transformational change in these areas.

The creation of a programme office with project streams to support and deliver change is very positive, though established projects now need to be mainstreamed. The council should be ambitious whilst being realistic in identifying areas for improvement and delivering change. A sharper focus is needed in achieving and delivering efficiencies and benefits. Customer engagement (e.g. "You asked for, we delivered") also needs to be built on to ensure the improvements that the council are making are understood by customers, communities as well as the council. Ensure the customer is at the heart of the Improvement Programme.

Capacity

As the scale of change increases, programme, project and performance management will need to become more robust to utilise organisational capacity as effectively as possible. In doing this robust project planning, including benefits management, needs to be undertaken. An investment in the development of programme management skills will

yield a positive return, ensuring sharp outcomes are secured and costs controlled through the improvement programme.

Likewise, the scheduling, sequencing and inter-dependencies between projects will need to be effectively managed and communicated to staff, partners and local communities. The council will need to assign specific responsibilities and tasks and introduce clear targets for savings and outcomes and to ensure there is a means by which to regularly monitor and challenge progress. Effective benefits management will be required linked to all projects and programmes to ensure agreed efficiencies are delivered. At this stage there will be scope to do more to demonstrate how success is measured.

IT infrastructure is not sufficiently robust to support this change. The peer team heard many stories of old and outdated laptops and software programmes, poor connectivity and delays in responding to IT support. This needs to be addressed in parallel with the increased pace around flexible working.

The council has rightly invested in modernising business systems and the new Business Management System (BMS) has started to deliver an integrated service offer across the authority with a self-service focus across finance, human resources and procurement. Frontline staff and middle managers reported problems with the BMS support. Delays in response times from support team and the lack of appropriate training were a common theme and it may be that further investment in the BMS support function is required to facilitate the benefits from the system. Additionally the system was introduced quickly and without business process streamlining exercise to cut out waste and speed up transactions. This is now urgently required across all directorates to optimise business processes and build capacity across the current staff resource.

The staff we engaged with during the peer challenge came across as capable, experienced and competent. They were also loyal, committed and dedicated to the changing organisation. We heard about and saw evidence that the de-layering of management has enabled more agile decision-making and effective communication.

The council needs to invest in its pool of talent and develop succession planning for the future. The newly introduced competency based framework is well regarded by staff and this should be used going forward to inform performance. We suggest that using this tool and identifying and developing the performance capabilities of existing talent should be a priority for the council.

As this work progresses it is likely that increasingly the council will need to secure more commercial skills if opportunities for joint ventures and commercial arrangements with new partners are a part of the delivery chain that the council wishes to establish. Additionally there is potential to further explore and develop income generation and commercial trading. There may be an opportunity for the council to commercialise a number of its internal services to drive new externally based income streams. In parallel an asset rationalisation plan, under the governance of the improvement programme, could ensure most effective use of existing assets and reduce revenue costs for

ongoing maintenance aligned to developments in new ways of working (flexible working).

This will require Human Resource policies, procedures and processes that are capable of supporting a modern organisation as you move to the next phase of your transformation. Some staff commented specifically on the delay in recruitment for certain agreed posts and wanted a quicker, more efficient process to avoid backlogs. Sickness absence, capability and performance management are examples of HR policies that need to be reviewed.

The Council has developed some effective partnership working in pursuit of its policy priorities and aims, and now needs to develop its work around collaboration across the public sector, to further strengthen its capacity.

Suggestions for consideration

Based on the peer team's findings it is suggested that the council considers the following actions. These should help the council to improve the effectiveness and capacity to deliver its future ambitions and objectives through the strategic plan and the improvement programme:

1. Develop and implement an integrated approach to strategic planning, financial investment, resource planning and performance management with immediacy. Finance must be fully integrated into all managerial decision-making with a review of base budgets undertaken on an urgent basis to address significant reductions post 2014 and ensure resourcing of corporate priorities can be sustained. A stronger drive from the corporate centre is also required to implement a cohesive organisational performance management culture to facilitate more constructive challenge across departments in order to support the political leadership in making strategic choices regarding the future of the county and the council.
2. Encourage leadership at all levels in the organisation so that middle managers are accountable for managing their own service areas, including the ability to constructively challenge outside of their service and professional expertise, in a joint approach to transformational change.
3. Establish and resource a transformation programme, alongside change and improvement and clearly define the future operating model for the council underpinned by a robust communication strategy and stakeholder management plan.
4. Customer engagement needs to be further improved to ensure the improvements being made are fully understood by customers and communities and that their views are being taken into account in shaping future service delivery. The council should integrate customer insight, customer feedback, costs, quality assurance and performance in order to manage outcomes rather than monitoring data as it

does at present. The customer must be placed at the heart of everything the council does.

5. Ensure sufficient focus and capacity in order to deliver your stated priority of 'economic development and growth' and take advantage of all opportunities to promote economic development.
6. Invest in more dedicated resource for BMS support on an urgent basis to realise the benefits of an integrated system earlier.
7. There is an immediate priority to forge much closer working relationships across the public sector (district councils, police, health, third sector etc) in order to build capacity and source innovative solutions in delivering future transformational change. In some cases this will require mature conversations with partners for future joint benefit and a requirement to forget any historical legacy. This will require the council to be more outward facing in order to learn from the experiences of others.
8. Ensure you continue to invest in programme and project management skills as the scale of change increases. Effective benefits management will be essential in linking projects and programmes to ensure agreed efficiencies are delivered with sharp outcomes secured.
9. Invest in talent development through workforce and organisational development strategies to develop change managers for the future, including a formal succession plan, and ensure you continue to celebrate success.
10. Clearly articulate a commissioning and procurement strategy and enhance the skills and competences within these functions to ensure the right calibre of commercial acumen in developing robust business cases and management of large projects (particularly contract management skills).

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

Next steps

The council will undoubtedly wish to reflect on these findings and suggestions made before determining how it wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. If the council wishes to discuss in greater detail how this might be utilised please contact me to arrange the detail of such activity.

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. Mark Edgell, Principal Adviser (East Midlands) is the main contact between your authority and the Local Government Association. Mark can be contacted via email at mark.edgell@local.gov.uk (Telephone

07747 636910) and can provide access to our resources and any further support. For instance you might wish to consider an Adults Social Care peer challenge and Mark can talk to you about this.

The LGA 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. In particular, please pass on our thanks to Colin Shepherd and Matthew Garrard for the sterling support and assistance in organising the challenge and the onsite visit.

Yours sincerely

Peter Rentell

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On behalf of the peer challenge team:

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Appendix 1 – feedback slides from presentation

Appendix 2 – signposting note