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Town Hall
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5th January 2015

Dear Julian

**Amber Valley Borough Council
Corporate Peer Challenge – 18-20 November 2014**

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into Amber Valley Borough Council to deliver the recent corporate peer challenge as part of the LGA offer to support sector led improvement.

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Amber Valley were:

- Lead Peer: Charlie Adan, Chief Executive, Babergh and Mid Suffolk District Councils
- Member Peer: Cllr Alyson Barnes, Leader of Rossendale Borough Council (Labour)
- Member Peer: Cllr Duncan McGinty, Leader of Sedgemoor District Council (Conservative)
- Senior Officer: Peter Crofts, LGA Planning Associate
- Peer Challenge Manager: Darienne Law, LGA
- Shadowing role: Vicki Goddard, LGA .

Scope and focus of the peer challenge

You asked the peer team to provide an external 'health-check' of the organisation by considering the core components looked at by all corporate peer challenges:

1. Understanding of the local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?

2. 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?
3. Political and managerial leadership: Does the council have effective political and managerial leadership and is it a constructive partnership?
4. Governance and decision-making: Are effective governance and decision-making arrangements in place to respond to key challenges and manage change, transformation and disinvestment?
5. Organisational capacity: Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

In addition, the council identified an additional area Economic Development and Regeneration for the team to provide feedback on how your work on economic development is progressing.

Within this framework you asked us to comment on the on-going fitness for purpose and longer term sustainability of the organisation. We have endeavoured to do this.

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 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 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 Amber Valley, during which they:

- Spoke to more than 50 people including a range of council employees together with councillors and external partners and stakeholders.
- Gathered information and views from more than 20 meetings, and undertook additional research and reading.

This letter 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. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a

snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

Summary of feedback: overall observations and messages

There is a real energy and commitment to the borough and Amber Valley Borough Council (AVBC) from both members and employees. With the change in administration and the continued pressures on the financial resources available to the council it is vital that politicians and senior managers come together to shape and drive a shared future agenda

The change of political control in May 2014 means new relationships need to be built and managerial and political leaders need to develop trust and confidence in one another and consider whether the existing governance arrangements are the best for future requirements

AVBC needs a clear future vision and agreed priorities to best deploy your reduced capacity and resources. This should then drive the refresh of your plans and strategies.

This may require the council to rethink its role and purpose. The evidence base to inform your decisions about priorities and to seek external investment will need to be improved and in many cases developed.

You have a good track record of sound financial management achieving your savings targets and delivering a balanced budget and a robust approach to your medium term financial planning. The financial challenge is a game changer for local government, AVBC is no exception. The council now needs to agree long term sustainable plans to establish what kind of council you want to be, what the future community needs are, where you can add the most value within your new financial envelope address the budget position over the longer term. There are opportunities in delivering through collaboration and further exploring the sharing of services or management, income generation, working smarter and streamlining customer access.

Employees are loyal and motivated, the organisational culture and morale is described as positive, there is a 'family feeling' and a clear commitment to delivering good customer centred services. Employees have adapted and taken on new roles and look to support each other, they are also facing increasing job pressures and there is a need to develop solutions that enable them to work smarter and not harder and ensure these are delivered across all services.

Effective communications and investment in new and different skills alongside the need to effectively manage change is a challenge for all council and organisation undergoing change and AVBC is no different.

There is huge potential for economic growth in AVBC you are seen as a “sleeping giant” in Derbyshire and the commitment to the combined authority may help to drive economic development and ensure the giant is awoken. In preparation for this there is a lot to do to secure your core strategy, translate your growth ambitions into an effective economic strategy, which is evidence based, and adequately resourced.

Summary of feedback: current performance, ability and capacity to deliver future ambitions

Understanding of local context and priority setting

There is a new political leadership that has lots of energy and is very keen to make a difference. The leadership has the basis of a clear vision but need help to develop and articulate it. The new administration is looking to set out its vision for the area and establish its priorities for the council. This will require difficult decisions to be made about current priorities and key projects due to the continuing challenging financial position.

Many of the council’s strategies and plans are due for refresh, the management team have some thoughts and ideas about future strategies and heads of service are tuned into the bigger picture and are connecting with partners. However, members and officers need to understand and share local context more quickly and build a shared common vision and narrative. This is particularly crucial for employees and partners to co-plan the best future services and approaches to address local needs.

The team heard that the council instinctively knows its communities and what they need. However, there seems to be a limited use of, and reference to, an evidence base defining community needs/demographics. In order to inform the discussion and decisions on future priorities and assist in any possible bids for government funding consideration should be given to producing a state of the borough (Joint Strategic Needs Assessment (JSNA) at borough level) including local community and service user profiling and a local economic assessment.

The council should develop more meaningful engagement with communities and partners to involve them in their strategic development, using already well established arrangements.

The council has achieved some good local outcomes – green flag, street cleaning, town improvements and has generally good relationships with its partners. The reputation of the council and its satisfaction levels are currently improving. The council is seen as a good partner and is seen as making a difference to the lives of residents by working creatively with partners. There is an opportunity for the council to build on the existing pride in the borough and through more effective engagement to ensure communities own their future.

The council should now develop a new vision and strategies aligned to political priorities and then refresh its plans and service strategies. It can then re-focus all its resources and efforts on achieving outcomes for communities, which are rooted in evidence and developed with those communities.

In setting a new vision and defining a new corporate plan it will be important to:

- revisit what sort of council it wants to be – how the council's role will need to change and adapt e.g. will it be a council who does a smaller number of things really well and what type of operating model will it have to deliver that
- create a narrative about what AVBC and AV the place, and its communities will be like in future as a result of the council working in new ways and in new relationships with partners. A useful tool might be to think about what it could be like in 2020-25 if successful and write a narrative describing that?
- set out a clear and unambiguous set of priorities,
- align its reducing resources to the resulting priorities, and determine an exit strategy for the non-priority areas,
- ensure direct linkages between the evidence of need and demand and the reduced corporate priorities,
- plan for reengagement with the people of Amber Valley in the light of the financial circumstances and the need for the council to change its role.

Financial planning and viability

Alongside all local authorities Amber Valley faces increased financial pressure due to the economic downturn and reduction in central government funding. Financial resilience will be essential for local authorities so that they can continue to deliver cost-effective services.

The council has started to tackle these challenges, has been successful in delivering its financial savings targets, receiving from your external auditors an unqualified VFM conclusion and a judgement of having proper arrangements in place to secure financial resilience. There is good financial management and control at the council. Budget pressures and risks are identified and accounted for in the medium term financial plan (MTFP) and updates. For the past couple of years the council has made significant contributions to general reserves (after drawing from them in the past) and regularly reviews its budget lines and balances and is currently undertaking a review of earmarked reserves.

You have been successful at meeting the financial challenge so far by making efficiency savings, charging for services where possible, reviewing staffing and strict vacancy control, looking to make the best use of your office buildings.

The identification of further savings is imperative and this will be more challenging in the future as the options for further savings become more difficult to identify. There are still some areas of untapped potential e.g. working smarter and streamlining customer access, delivering through collaboration and further exploring the sharing of services or management.

To make the council financially resilient in the medium term, it is vital that the recent change in administration and the implementation of new policies and arrangements to support the new administration does not place the delivery of the budget and savings at risk. The options under consideration may need to change to reflect the new priorities and the evidence base, but the need to address the budget position as a matter of urgency needs to be maintained.

The leadership challenge is to gain political consensus on a reduced number of priorities align these to the reducing resources and look to commence implementation and move quickly to realise the savings. A single programme incorporating transformation activities as well as all income and savings proposals should ensure all change activity is sighted and successfully communicated and managed.

In setting future priorities and in order to address the anticipated budget deficit it will be important to:

- test resource allocations against your priority areas. It may be worth considering one of the resource prioritisation tools that are available to help you with this.
- explore the opportunity for transformation programmes being accelerated including asset rationalisation, customer service channel shift, agile working etc.
- revisit and reinvigorate shared service opportunities with neighbouring authorities and agencies,
- ensure appropriate consultation, risk assessment and mitigations are undertaken to ensure safe decision making.
- consider developing a more creative investment strategy review existing assets and use reserves/capital receipts to invest in new sources of revenue income. Councils such as Eastleigh and Hammersmith may provide useful case studies.

Political and Managerial Leadership

Evidence from sector led improvement is that high performing councils have highly effective leadership (political and managerial) and relationships between politicians and officers are constructive. The change of political control in May 2014 means new

relationships need to be built and managerial and political leaders need to develop trust and confidence in one another.

There are strong relationships between heads of service and their teams; working corporately on cross cutting activities and making connections within and beyond the organisation. The workable relationship between the Leader and Leader of Opposition is positive but there is some evidence that inter party politics could be improved; the divide between the controlling group and the opposition is often referred to and may be perceived as a barrier to building strong constructive relationships between the new Cabinet and senior management team. The relationships between executive directors and assistant directors and Cabinet members need building quickly given the challenges facing the council. External facilitation support to assist this process may be helpful.

The new political leadership has real energy and lots of ideas for the future. There is a real desire to understand more about the context in which they are working - both within and beyond the council. The "vision" needs developing and should focus on both the outcomes for communities the council is aiming to improve and the medium to long-term future sustainability of the council. The appetite for doing new things and taking risks is growing in the political leadership. However, the Cabinet needs to build as a team so the political leadership have a strong compelling coherent narrative about the place and its communities, how it will fulfil its place in Derbyshire and the wider area, now and in the future. What will Amber Valley be like in 2020-25 if they succeed?

A lot of really good things are happening in the council that complement the emerging political vision. Senior managers are building relationships and working with Cabinet members to understand the agenda and check "fit". There is evidence that relationships of trust and confidence are developing as a result. The challenge will be how existing business plans and budgets are flexed in order to meet the Cabinet's agenda. Senior management is empowering and open and approachable. The flat structure means managers and employees have a lot of autonomy within financial controls.

There is less certainty about whether all the activity underway in the organisation is wholly aligned with the political vision and whether these are the best way to optimise resources, achieve outcomes and deliver priorities for communities in Amber Valley.

The Senior Management Team and the Cabinet need to develop a strong clear narrative together; explaining their vision, the outcomes for communities that will

demonstrate success and the purpose and type of organisation AVBC needs to be in order to be successful going forward. Cabinet and senior leaders need to be able to articulate their strategic goals consistently. The political leaders want to be bold and ambitious and do things differently but need help defining what that means and to feel that their senior officers are supporting them fully. The managerial leadership are very focused on balancing the budget and in the absence of a clear plan from the Cabinet which they can implement, seem to feel a bit adrift and lacking leadership. Senior managers are very focused on finding more "cuts", less confident about being able to find income and unable (possibly due to lack of organisational capacity) to take risks and develop a new business operating model that will create a sustainable future. This mismatch of focus is a source of tension.

That said, there is much on which to build. In order to create a more transformational leadership approach; that will be able to drive the changes the political leadership are wanting to achieve, both the Cabinet and senior managers need to commit significant time and effort to form themselves into a collaborative leadership team. As part of this work it will be important to consider what do they as senior leaders do, and how do they need to "be" as leaders in order to be successful and what part do they need others to play for the whole organisation to be successful? How do they as leaders encourage others to play their full part?

Governance and decision-making

The council has elections by thirds and has adopted a strong leader model, with the leader appointing cabinet members and assigning 'portfolio' responsibilities. The elections in May 14 have brought about a change in political leadership and a new Leader and new Cabinet.

At its heart, good governance is about the right people, doing the right things, for the right reasons, at the right time and in the right way. The success of governance arrangements in any place can be achieved by working out what is "right" for that place. It is likely that the governance arrangements operating currently in the Amber Valley Borough Council need to be reviewed to ensure they are still right for the current circumstances and fit for the future challenges it will face.

There is some understanding of risk, Internal Audit is good and confident, and scrutiny has a clear work programme. There is a willingness to make decisions in a timely manner and an openness to interact with public, members and officers. There is also evidence of collaborative working with partners and communities e.g. meetings held in communities "have your say".

The council receives a relatively low number of complaints about the behaviour of members, and has adopted a local code of conduct following the national changes to standards regime.

However, elected members need to be better informed, trained and equipped to do their various roles: community leader, ward members, strategic leaders and decision makers. Clear, consistent performance management information needs to be given to members to ensure that they are doing this as effectively as possible. This would also help focus and channel member challenge.

The Peer Team saw some evidence that there may be an over reliance on formal process. The informal interactions that allow relationships to develop and common purpose to be established are more limited and the interactions both within formal and informal governance systems may not always be of the right type.

The Peer Team heard that AVBC often advises partners of 'done deals' at the end of the decision-making process, rather than working with others to jointly discuss and decide on approaches. This has particular bearing on partners, whose funding is agreed on an annual basis, impacting critically on staffing arrangements. However, day to day communications and liaison with partner organisations is generally good, although less so with the local town and parish councils.

There may be risks in governance and decision making due to a lack of systematic guidance and the processes for ensuring that guidance can be given in a timely manner. The team was left with a question about where is the "guardian of council conscience"? It is recommended that the council builds its legal and governance capacity and reviews its governance arrangements to ensure they are fit for future purpose.

Organisational capacity

There is a very strong commitment from members and employees to the organisation and the communities it serves. The culture and morale is described as positive, there is a 'family feeling' and a clear commitment to delivering good customer centred services.

Employees are clearly committed to AVBC, many have worked at the council for years and turnover is low. The 'flat' structure has ensured operational decisions have been delegated to lower levels of staff, who are trusted to, want to, and do, what is required proactively. Employees are involved in regular service planning and team meetings with assistant and speak well of the open, supportive working culture throughout AVBC.

Teams work well together and with senior managers, seeking opportunities to support, help each other and combine work. The team heard of examples of work together to deliver joint outcomes e.g. in health, community safety and tackling deprivation.

Employee performance management works effectively at the *team* level, many teams undertake regular 1:1s, appraisals (the system is simpler now) and team meetings. Training is identified and organised by individuals and managers, with some teams organising training sessions with other councils to keep costs down. Some employees have been retrained to take up other posts. AVBC's 'golden thread' could be more effective, there is currently no corporate strategy, process or records on workforce and performance management, e.g. 1:1s, appraisals and team meetings. So AVBC has no corporate picture of employees, as individuals and teams, and whether performance is improving. This uncertainty can affect individual employee motivation and may be a cause of duplication or gaps.

It is clear that capacity is stretched, staff are 'keeping afloat' with day to day activities but do not have time to forward plan, consider future priorities, change their ways of working and perform corporate activities on top of addressing ad hoc and emergency situation, and managing and communicating with employees. Any staff sickness can cause major issues. AVBC needs more qualified staff; management and members recognise this but do not necessarily appreciate the impacts on a day to day basis.

Key corporate management functions and resources have been removed in previous savings rounds e.g. communications. There is a limited corporate budget for training and no strategy for workforce/organisational development. As a result, there is no corporate approach to staff skills development, at a time of significant change for the council. There is a need to unlock and create corporate capacity to drive change across the council and provide staff with the opportunities and IT transformation solutions to be able to work smarter.

Employee representation is through the unions (Unison, GMB, UCATT and Unite), not staff representatives. There is a visible but not heavy union presence, e.g. via noticeboards at AVBC, and HR and the unions work together as required, e.g. to discuss service reviews and individuals' issues.

The picture for communications is mixed. The employee survey is well received, acted upon, with actions reported back to employees. Dave, the intranet, is spoken well of 70% of respondents, to the most recent employee survey, believe it has improved communication within the council. The Cascade briefings were popular but have since been stopped. Rumour is a current key mechanism and employees are particularly concerned about how service reviews are (not) chosen, and further job losses.

Employees and partners are calling for more official signposting of information and promotion of AVBC developments for themselves, residents and the public. This

suggests that there is a need to refresh your approach to communications – so employees and partners feel, and are, involved and empowered on an ongoing basis.

The recent Leader and Cabinet's briefing with employees was well received (although the message that a pay rise depended on generating income was not) – councillors have invited comments from employees and the Leader has asked HR to set up a staff suggestion scheme, particularly to receive income generation ideas.

Member development is another area for consideration. The new administration is enthusiastic, has a lot of ideas and wants to progress but has yet to articulate its vision. Some members are new and have overpromised what they can deliver to constituents, in part due to misunderstanding (the limits of) their role as ward councillors and council wide strategic leaders. Training to date has been ad hoc and an induction process has been suggested as a useful starting point to develop all members. This could be led by the democratic services team.

Without a clear corporate vision, direction and up to date aligned strategies, it's difficult to plan for the organisation's capacity requirements, e.g. workforce and skills. The work on the new vision and priorities will need to drive the planning for new skills, structures and organisational culture and capacity will need to change and develop to meet future challenges; there is a need to manage change effectively in the context of a more strategic approach to corporate workforce planning, widening the current approach to look at, for example,

- a framework to consider options for future service delivery and clarity of why services are up for review: e.g. in-house, shared services, stopping, voluntary sector or joint ventures;
- clarity of what will need to be done differently , how behaviours will need to change at all levels, to support the new ways of working;
- new leadership, management and employee skills to support new ways of working;
- a support programme to assist employees through change as options and decisions get increasingly difficult and ways of working are further changed;
- enable employees to unlock their capacity to consider more strategic, longer-term and managerial aspects of their work as well as their day to day activities by looking at the increased use of technology and reducing duplication in processes
- workforce development including a skills audit in order to: identify possible key capacity and skills gaps across the organisation,

Economic Growth and Regeneration

You asked the Peer Team to give particular consideration to economic development and regeneration. The council recognises that economic growth will need to be a major priority for the council, and understands the need to work in partnership with other agencies in order to achieve these economic ambitions. Its importance is reflected in the current corporate strategy and the 2005 - 2015 regeneration strategy.

These documents are fast becoming out of date and we heard from employees and partners that there is a pressing need to develop a focused and resourced action plan to support the council's economic development ambitions. We understand that work on an employment review is not due to start until the core strategy is approved and may not be adopted until at least 2016. These documents do not need to be sequential and this timetable should be reviewed to see if there are resources to bring this forward. The LGA runs an Economic Growth Adviser Programme which can provide bespoke support for local authorities who want to improve their performance in this area.

The recent restructuring of the Community Planning and Regeneration team has been a very positive move and places economic development at the heart of the planning process. The review of the Development Management function is an opportunity to streamline performance and support growth proposals. This needs to be agreed, resourced and acted upon urgently.

As one of its main priorities, the council should ensure that sufficient resources are made available to encourage and promote growth and development in Amber Valley.

The council could use development related resources such as the New Homes Bonus, and over-achieved income, to support improvements in spatial planning and development management, deliver process improvements to the planning and economic development function and bring forward the evidence base for its future economic development strategy.

Work on a Community Infrastructure Levy (CIL) could be pursued in conjunction with adjoining local authorities. The LGA's Planning Advisory Service publication: "Developer Payments - Community Infrastructure Levy, S.106 Agreements & Viability" (April 2014) may be a useful reference.

The council should ensure that it is represented fully within key local economic partnerships, particularly the LEP, in order to ensure growth in Amber Valley is encouraged as much as possible. Assisted Area status for 6 wards will present opportunities for tackling deprivation

The team was advised by representatives of town councils that they need more support from AVBC on town centre issues and in the preparation of neighbourhood

plans. Whilst some support has been provided, the adoption of neighbourhood plans can help to compliment and provide consistency with the council's core strategy as well as provide a blueprint for future growth.

There are some useful partnerships around economic development and town centres, most notably Belper Vision Group to achieve the National Market Town High Street Award. Although the team heard and read of the partnership arrangements that support the economic development function, many of these have been in existence for some time and need reviewing so that priority can be given to those that achieve the most positive outcomes for the council.

Although a complex problem, skills are an important issue in parts of the borough and it will be important to build on recent Amber Valley Business Network achievements with funding agencies such as the LEP and Derbyshire County Council to invest in skills programmes in the borough.

AVBC is working with the other 9 authorities in Derbyshire to develop a prospective Combined Authority (D2) for economic development. If the bid to Government is successful this could help the council to promote growth in Amber Valley, which is currently seen as a “sleeping giant” with much potential.

A combined authority would mean that councils could work as one democratically accountable body around the key areas of economic development, regeneration and transport to create a stronger basis for bidding for Government and EU money.

In preparation for this which may take a couple of year to be fully functional there is a need to

- secure the adoption of the Core Strategy as an utmost priority so that the council can secure the right level and quality of growth and investment so that Amber Valley realises its potential.
- develop your knowledge and research into the potential for economic growth, to provide a robust evidence base for a dynamic economic strategy and to secure investment.
- consider how best to "punch above its weight" to secure support for economic development initiatives within the Borough

Key suggestions and ideas for consideration

1. Develop a clear and simple vision that can be easily articulated to members, customers, partners and employees about what the council will be like in the future, what is expected of them and what is in it for them to be part of that journey.

2. Fundamentally review your corporate plan, the type of council you want to be and your future priorities in line with your financial challenges. You may want to develop and agree a clear operating model to guide future priorities and focus.
3. Produce a state of the borough evidence base including local community and service user profiling and a local economic assessment to inform the discussion and decisions on future priorities, and assist in any possible bids for external funding.
4. Cabinet and senior managers need to commit significant time and effort to form themselves into a collaborative leadership team and to create a more transformational leadership approach; that will be able to drive the changes required.
5. Reviews your current governance arrangements to ensure they are fit for future purpose and that you have an appropriate level of legal and governance capacity, to ensure there is an effective “guardian of council conscience”.
6. Unlock and create corporate capacity to drive change across the council and provide employees with the opportunities and IT transformation solutions to be able to work smarter.
7. Create a single, comprehensive overall transformation programme, guided by the type of council you want to be, with realistic income and savings options for the medium term, which have been risk assessed and fully address the financial challenges you face
8. Refresh your approach to communications – so employees and partners feel, and are, involved and empowered on an ongoing basis
9. Ensure the earliest possible adoption of key strategic plans, ie Core Strategy, Employment Review CIL etc to take forward the council's economic development agenda
10. Develop your knowledge and research into the potential for economic growth, to provide a robust evidence base for a dynamic economic strategy and to secure investment

The peer team developed some key recommendations for you to consider. These are based on what we saw, heard and read. Drawing on our experience of the sector and knowledge of local government improvement, the following are things we think will help you to make best use of your skills and experience, deliver some quick wins, and develop the strengths you will need to see your change agenda through:

We have attached a set of slides that summarise the above feedback. The slides are the ones used by the peer team to present its feedback at the end of the onsite visit. We will provide signposting to examples of the above and other information that will help inform your thinking.

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership before determining how the council wishes to take things forward. As part of the peer challenge process, there is an offer of continued activity to support this. In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge to date. We will endeavour to signpost you to other sources of information and examples of practice and thinking.

I thought it helpful to provide contact details for Mark Edgell who, as you know, is our Principal Adviser for the East Midlands, Yorkshire and Humber. Mark can be contacted via email at mark.edgell@local.gov.uk or tel. 07747 636 910. He is the main contact between your authority and the Local Government Association. Hopefully this provides you with a convenient route of access to the Local Government Association, its resources and any further support.

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

Darienne

Darienne Law
Peer Challenge Manager
On behalf of the peer challenge team