

Nick Carter
Chief Executive
West Berkshire Council
Council Offices
Market Street
Newbury RG14 5LD

13th August 2014

Dear Nick

**West Berkshire Council
Corporate Peer Challenge – 1st to 4th July 2014**

On behalf of the peer team, I would like to say what a pleasure and privilege it was to be invited into West Berkshire 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 West Berkshire were:

- Jo Farrar, Chief Executive – Bath & North East Somerset Council
- Councillor Roger Phillips, Cabinet member for Enterprise & Culture – Herefordshire Council
- Nicola Perry, Head of Policy & Performance – Luton Borough Council
- Zoe Glacken, National Management Trainee - LGA
- David Armin, LGA peer challenge manager.

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?

Within this framework you asked us to give particular attention to how well prepared the council is to meet future challenges by considering the following issues:

- Are you ensuring that your reduced resources are fully aligned to strategic priorities?
- How well are you set-up politically, managerially and in terms of staff employment to address the future challenges?
- Do you enable sufficient innovation and creativity, and are you sufficiently outward-looking to meet these challenges?
- Is scrutiny effective and adding value to your governance structures?
- Are you taking partners and the community with you?

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused 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 four days onsite in West Berkshire, during which they:

- Spoke to more than 70 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 25 meetings and additional research and reading.
- Collectively spent more than 220 hours to determine their findings – the equivalent of one person spending more than six weeks in the council.

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 (1st to 4th July

2014). In presenting feedback to you, we 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

West Berkshire is a council which benefits from solid, well respected leadership and is a trusted partner among other councils across Berkshire and key partners locally including the police, further education and the Thames Valley Berkshire LEP – one person spoke of ‘Team West Berkshire’. The Chief Executive is experienced and respected within the council and externally. The Leader, who has held this position since 2012, provides articulate political leadership and a vision for the future and, with the Executive, is ambitious for the council and West Berkshire and has ideas to take this forward. The senior management team has mainly been with the council for some time – like many staff across the organisation. The council ‘grows its own’ talent which provides significant organisational memory and a commitment to the authority, despite the on-going financial challenges which the council is facing. A number of staff referred to a friendly and supportive culture but one that can rise to a challenge, although it is now feeling strained as resources have to be reduced. Members are challenging the organisation to do things differently in the light of an uncertain future.

The council has a track record of sound financial management and has been able to secure the necessary savings to date – some £26 million over the four years to 2013-14 – in a measured way, which gives confidence in its ability to deliver the further £15 million savings it anticipates will be required up to 2016-17. It has strong governance arrangements, processes and procedures which enable it to manage crises well – perhaps best demonstrated in its response to the flooding earlier this year which has been widely praised.

The council shows a good understanding of place – of the location, communication links and businesses based in West Berkshire and of its communities and their ability to help themselves and others. Parish planning processes are well established and widespread – 48 out of 63 parishes have these in place (over 75% of parishes). There is a good awareness of the performance challenges facing the council and the area. Educational attainment is poorer than would be expected for an affluent area, with children from deprived backgrounds doing significantly worse than the national average. The Council has responded to this and is working with schools and other partners to tackle the issues. The leadership is committed to making a difference in this area.

Despite being home to a number of major employers in high tech industries, the Council recognises that a skills gap is developing. The Thames Valley Berkshire

City Deal is focused on this challenge, in particular on 16 to 24 year olds in employment but without formal qualifications. The Council has also placed importance on business retention. Demand for housing and affordable housing remains a challenge.

Although the Council has shown some real strengths, there may be difficulties in meeting the challenges of the future. The emphasis on processes and established ways of doing things, and a 'West Berkshire way' shared by long serving staff, can make it difficult to embrace change and new ways of working and respond flexibly to new problems. We noted perceptions that decision making can take a long time and some staff felt that their ideas and suggestions are not listened to. The council needs to do more to clearly support staff who are working to bring about change. We believe you may need to create more space for strategic and creative thinking. You have rationalised the senior management structure to release significant savings, but the structure of Chief Executive and two Corporate Directors (with 13 Heads of Service reporting to these most senior managers) is limiting your capacity to determine how to respond to future challenges. The Chief Executive is in effect also the corporate director for central services and as such has line reports for up to 14 people. We suggest that this must limit the scope to find space for strategic thinking and makes it more difficult for him to provide the interface between the political leadership of the authority and the council's officers. You may wish to consider how you can create more opportunities for strategic and creative thinking and planning.

While you are confident you can deliver the savings anticipated to be necessary over the next three years, we are less sure of the Council's ability to manage a more significant financial challenge, should this arise, as this would require a more flexible and creative response. One potential risk area, in common with other councils, is adult social care. West Berkshire is one of a few councils whose threshold for social care has been set at Critical. Therefore, implementation of the Care Bill may give rise to significantly greater demand for support and place more pressure on the Council's resources if central government offers less financial support than is currently anticipated. Working on a 'plan B' now, to develop more radical solutions and prepare for integrated working, would mean that the council was better placed to deal with such eventualities and could deliver better services and release resources for other priorities should those eventualities not arise. The importance of successful integration of health and social care services through implementation of the Better Care Fund highlights the importance of good relations with health. We acknowledge that the health economy and geography across Berkshire is complex (the two Clinical Commissioning Groups are not coterminous, one includes Reading for example), but the Council should continue to work to strengthen relationships with health and to ensure that your Health and Wellbeing Board is effective.

Overlaid across these challenges is the need to ensure members and officers work effectively together. We sense that members are frustrated and have a perception that officers are not delivering their priorities in the way they feel best and are therefore identifying solutions to the problems they want to tackle. Officers are not clear what members want them to achieve and why - and experience this member involvement in some instances as inappropriate, with too much interest in the detail of implementation. The resolution of these issues will require clear and consistent communication of what members want to achieve for West Berkshire; the development of a shared narrative with senior officers; and a common understanding of the complimentary but distinct roles of members and officers. Members and officers are both real assets for West Berkshire, it is essential to create an environment where members are confident that the priorities they set will be delivered; and where officers are accountable for delivery and have the freedom to manage this. Your shared narrative needs to be clear about priorities; that finances will continue to be challenging and flexible solutions to problems will be supported – while retaining the benefits of strong processes and governance arrangements.

To conclude, West Berkshire is a strong authority which has been managed well given recent financial challenges. The development of a strong narrative will allow the council to celebrate successes and share experiences and achievements more generally. Alongside this you should invest more time in learning from elsewhere to open up the 'West Berkshire way'.

We discuss aspects of these key issues and some other matters in more detail in the remainder of this letter and suggest some potential solutions for your consideration.

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

Understanding of local context and priority setting

As noted above, the council has a good understanding of place – of its communities and of the opportunities presented by West Berkshire's location on key road and rail links, and proximity to Heathrow and the M4 / Thames Valley corridor to London. Your strategic and businesses planning processes are informed by an analysis of trends in demography and performance which help you to set targets and develop service plans to deliver the council's priorities. Such analysis and comparison of projected performance against target provides the opportunity for you to both understand the challenges which the council faces and performance manage delivery.

You recognise that you have a largely articulate and capable local population with a high level of engagement with voluntary activities. Through your Strategic Plan you intend to harness this to help people to help themselves and others, so that the council's resources can be targeted at the more vulnerable people in the district. This understanding of place informs your contribution to partnership working. You are seen to be influential in the Thames Valley Berkshire LEP where you have helped secure a focus on issues of concern to West Berkshire – such as tackling the skills gap to help secure employment opportunities for local people in high tech industries through the recent City Deal – whilst also developing the partnership itself.

At the heart of your planning processes is a four year strategic plan which is subject to an annual review. The Council Strategy 2014-18 sets your broad direction – with the detail of what is to be achieved sitting in the service delivery plans which together provide the Council's delivery plan. These service delivery plans provide a great deal of numerical detail of the service targets to be delivered but with relatively little narrative about how these will be achieved. We suggest this can make the council's and services' actual priorities a little difficult to discern and may contribute to the uncertainty we found in some quarters about how priorities are being re-aligned in the light of the continuing need to make savings. The 'Golden Thread' from personal objectives, through to service plans and then the Council Strategy could be more apparent. The major refresh of your Strategic Plan for 2015-19 gives you an important opportunity to be clearer about your priorities and to enable you to target resources in key areas should the financial environment become more challenging. This prioritisation will be an important element in developing a shared narrative for members and senior officers.

The parish planning process is well established, assisted by guidance and support from the council, and relationships with parish and town councils are generally good. However, there remains a perception that the council is Newbury and Thatcham-centric and that you could use the parish planning process, the annual conference and other meetings with local councils across West Berkshire to strengthen engagement.

As noted previously, you will need to work hard to strengthen your relationships with health, to provide the basis for successful integration of health and social care which should enable both better outcomes for service users and carers and deliver savings. We know you are taking a programme management approach to oversee the changes in social care, utilising the experience the council is developing in project and programme management. We encourage you to take a cross-council approach to this work and ensure that its significance is understood. Some councils have given a leading role in such work to their Chief Financial Officer, alongside their Director of Adult Social Care, to make a clear statement of its corporate significance and in recognition of the potential impact on the authorities' finances.

Financial planning and viability

The council has a track record of strong financial management which has enabled it to consistently spend within overall directorate budgets, limiting the use of reserves to support revenue spending. You have delivered savings of around £26 million in the four years to 2013-14 using Controlled Expenditure Limits (CELs) for Directorate and service budgets which set cash limits that managers must operate within. Many members come from organisations which give them a good understanding of financial management. The section 151 officer maintains a record of significant financial risks, including deficits which may arise from falling rolls at a secondary school, the provision of special educational needs and disabilities services and children's services reforms, along with cost pressures in adult social care, and considers that the general fund reserves of £7.5 million are adequate for 2014-15.

Savings of approximately £5 million per annum are required to achieve a net budget requirement of £126 million in 2016-17 without use of reserves. Your track record of delivering savings through the CEL process gives confidence that this can be achieved. The plan is that £2 million per annum will come from Communities directorate; £1 million from Resources and £2 million from Environment. Within Communities, £1.5 million is envisaged to come from 'Plan A' that is looking to release efficiency savings from transformation in adult social care including greater integration and new ways of working. This initiative should be supported as a potential exemplar of how more radical approaches may deliver savings while protecting or improving outcomes. If insufficient savings are delivered in this way we understand the CEL process will kick-in. This seems a prudent approach.

However, we are less convinced of your ability to deliver a higher level of savings than anticipated should this be required – for example as a result of rising adult social care costs. You could do more to proactively plan for and prepare people for such an eventuality. Your success in managing budget cuts to date may be causing people to underestimate the potential challenges which may lie ahead through the continuing central government constraints on public expenditure, notwithstanding the prospects for economic growth. This is understood at senior levels but we found less consistent messages elsewhere. We found evidence of capacity, goodwill and an enthusiasm to work with the council among the parish and voluntary sector representatives we spoke to. But there may be a need for more proactive messaging about the potential reductions in council services and funding which may lie ahead, if communities are to take on more responsibilities as part of your strategy to empower people and communities and helping people to help each other. Parish Plans already provide a starting point for promoting community resilience and self-help. We heard from the voluntary sector that they would welcome a stronger corporate relationship with the council, which could be facilitated by the appointment of a voluntary sector champion.

The council has used procurement, including contract renegotiation where appropriate, alongside effective financial management as key elements in its approach to delivering increased efficiency. However, we feel that your procurement resources are thin and approach to this and commissioning is fragmented. We think more could be done to increase capacity here.

The council is piloting a form of zero based budgeting (ZBB) in Highways & Transportation, with a view to rolling it out across the council in a four year programme. Our understanding is that you are using ZBB to look at outcomes in relation to costs and in particular to assess a priority level (1 to 5) and acceptable service standard (gold, silver, bronze) through political decision. As such, it has the potential to be a useful tool to confirm priorities for resource allocation. But it is also an example of where political and managerial understanding and expectations appear to be mismatched. You should clarify the purpose of the exercise so that it can be used to good effect and benefits to the organisation can then be properly assessed.

Political and Managerial Leadership

The council benefits from experienced and well respected officer leadership. The political leadership is bringing new perspectives and an ability to shape and effectively communicate the council's priorities. You demonstrate a commitment to leadership development – for example the Collaborative Leadership programme intended to promote cross-functional working which was commented on favourably by many officers. The Chief Executive's all-staff briefings are valued, and a number we met would like to see similar arrangements, along with team meetings, held more consistently within their service areas.

We noted a lack of common understanding and consistent messages between members and officers during our visit and suggest this is one of the key issues facing the Council. A number of people pointed to a clash of private and public sector cultures, with members becoming frustrated at the time they perceive it takes to get things done, leading to them to seek to impose what officers see as private sector solutions alien to the public sector, and to intervene with junior officers when engagement at a senior level would be more appropriate. We heard from a number of officers that they feel that members tend to focus on detail, rather than give praise and thanks for what has been achieved, and that such recognition is as valued as financial incentives. Members are properly seeking to set the strategic direction, but the organisation may need development to adjust to a more politically assertive leadership.

Members and officers should invest time to understand better their respective roles and perspectives, strengthen informal dialogue and develop a common language which allows members to determine priorities and objectives and for officers to

develop and implement solutions to deliver these. You may wish to consider the Member Development Charter approach as part of a range of political and managerial leadership development activities to help achieve this common understanding. You need to be prepared to make increasingly difficult choices as budget pressures continue to bite, and a dialogue between members and senior officers should help to develop a common message around these challenges.

We feel that you could celebrate and share your successes more. The council's website has recently been refreshed, to give enhanced transactional functionality. There is scope to include more prominent and up-front coverage of good news stories and details of the Council's achievements and to encourage the local media to cover similar stories.

Governance and decision-making

The Council has good processes and procedures, which allow it to get things done when they need to be done – such as in its responses to emergencies such as the recent flooding. However, we also heard that in more routine situations these processes can make it more difficult to get a decision, with issues going up and down the line. We found a perception that strong central control has led to risk aversion among officers.

The council has a number of fora that provide the opportunity for dialogue between officers and members for the development of policy and strategy and the exploration of issues prior to formal decision making. At officer level there are several programme boards which look at the development and implementation of different aspects of council strategy. These are potentially very useful if they are used to develop the shared understanding of member and officer roles and common priorities referred to previously and to improve communication between officers and members. But you may wish to consider if these can be rationalised to make better use of strategic leaders' time and permit more opportunity for strategic thinking in practice. You have preferred to take a pragmatic approach based on specific programme / project management arrangements for particular initiatives. But you may wish to consider a single over-arching programme management board to manage change. This could signal the importance of transformation to meet future challenges, foster cross-functional working, reduce the risk of a silo approach and make better use of senior people's time.

We heard of examples where task and finish scrutiny reviews, such as of Domestic abuse and Flooding response, where officers and members work together had added value. But in general we sensed a frustration with scrutiny – that it takes time without relevance to the council's priorities, dwelt on minor issues (such as recruitment to specific posts which could be dealt with by officers) and is increasingly adversarial. The council has reduced the number of commissions,

retaining only the Overview & Scrutiny Management Commission. There is more attention to post-decision scrutiny and call-in, less to policy development and pre-decision scrutiny which may be more constructive. A work programme of policy development reviews, linked to the council's strategic priorities, could add value and enable more engagement of backbench members with strategy development. We found that non-executive members felt disengaged from policy making. A more valued role for scrutiny, along with other briefing arrangements including cross-party leaders briefings could tackle this sense of disengagement. There are opportunities to increase partnership scrutiny. There may be a case to bring back a dedicated Health scrutiny commission, given the importance of developing relationships with and influencing health agendas. More externally focused scrutiny may also be less adversarial.

Capacity

As noted in our key messages, you benefit from many capable officers and members with a real commitment to West Berkshire. The headline messages from your 2013 staff survey remain positive (eg. 67% proud to work for the organisation and 65% would recommend the council as a good place to work). You need to ensure an environment in which this goodwill continues to flourish. The council's capacity is augmented with effective partnerships with many other agencies and local communities. You have shown an ability to see through major and at times difficult change – such as the Timelord flexible working project which will have affected almost all staff to a greater or lesser extent. This enabled you to rationalise your premises and make home working available to many staff. But we heard that the benefits of this may not yet have been fully realised and further investment in ICT would help to deliver this, such as the availability of the 'Openscape' software to give both 'free' and 'fixed' workers access to the same availability information, ensuring that staff should be equally available to customers (internal and external) whether they happen to be working from home or the office.

You have a number of examples of innovation – such as the transfer of your countryside service to the Berkshire Wildlife Trust and the 'First Care' 24 hour nurse-led help line introduced in Social Care to help manage sickness absence and reduce the need to call on agency staff. We found staff with suggestions for improvement – to simplify forms for example to reduce work arising from queries back from service users; invest to save examples and training up staff interested in working in areas where there are skill shortages. But we also heard that many staff did not believe that such suggestions would be listened to. You need to demonstrate that such suggestions will be listened to and good ideas acted upon. Showcasing successful examples would demonstrate a new approach and encourage more innovation (Bath & North East Somerset's '10 in 100' programme illustrates a possible approach).

Staff recognise that training and development opportunities are available and lack of budget is rarely the reason for not being able to access such support. The principle of regular appraisal is supported and found to be of value. But there is a fear that appraisal is becoming too 'tick box', not acknowledging what matters to staff or enabling them to access the right development opportunities. Some feel that the 'human touch' is lacking as the organisation places a premium on process and procedure. The prospect of a form of performance related pay is not seen to motivate staff – thanks and recognition are seen as more important, along with regular team meetings; availability of managers and understanding a consistent and relevant message about the council's direction. Human Resources management was one area where a number of people felt that members were becoming too involved in the detail of implementation rather than setting the strategic direction.

You have skill shortages in some key areas, such as children's social care, but recognise these and are taking action to address them, including consideration of recruitment and retention incentives. There is a sense that capacity is stretched in some key areas (which is not unusual in authorities of a similar size to West Berkshire) which may raise resilience issues in some specialist areas such as community safety that could risk instances of service failure. Clearer priorities, and some difficult decisions about what you will no longer do, may enable you to retain capacity in some key areas. We heard that the appetite for shared services across Berkshire authorities is limited; based mainly on opportunistic partnerships of the willing. One constraint referred to was a reluctance to give up control, so you look to share services where West Berkshire continues to provide the service. Shared services are certainly not a panacea, but are being taken up by an increasing number of authorities to enhance capacity and resilience whilst reducing costs. You may need to be more willing to relinquish direct control if West Berkshire is to reap more of these benefits. You are to provide financial, legal and administrative support to Berkshire Fire & Rescue on a trading basis and you may wish to consider further opportunities for income generation, including investing in your capacity to do so. Following the peer challenge we provided you with some information about Luton Traded Services, the trading arm of Luton Borough Council. Other councils that are successfully trading services as part of an income generation strategy include Oxford City.

Key suggestions and ideas for consideration

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 deliver your priorities and meet the challenges ahead:

1. Develop a consistent, shared narrative across the member and officer leadership of the council to describe the future direction and priorities and reflect this in your Council Strategy 2015-19
2. Consider opportunities for joint 'top team' development for the political and managerial leadership of the council and achieve a common understanding of the roles of members and officers
3. Consider how to release more time for strategic thinking, and planning in particular for the Chief Executive and other senior officers, including assessing the value of different elements of your formal and informal meeting structures
4. Consider the establishment of a single programme board to direct all major transformation activity across the council. This could replace some of your current arrangements.
5. Review of your Overview & Scrutiny arrangements, including opportunities for more pre-decision scrutiny and policy development aligned to council priorities, the use of informal 'task & finish' groups and strengthening partnership scrutiny, including of health
6. Create an environment which fosters more innovation and consider mechanisms to encourage staff to make suggestions, support their implementation and showcase success. Be prepared to invest more time in learning from elsewhere
7. Continue to pay attention to strengthening your relationships with the health sector to support the integration of health and social care and ensure the effectiveness of your Health and Wellbeing Board
8. Consider opportunities for more income generation, including the structures and systems to support this
9. Demonstrate that you value staff – acknowledge their contribution and celebrate their successes and those of the council more, in West Berkshire and with the sector more generally.

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

Next steps

You will undoubtedly wish to reflect on these findings and suggestions made with your senior managerial and political leadership 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 include contact details for Mona Sehgal who, as you know, is our Principal Adviser (South East). Mona can be contacted via email at mona.sehgal@local.gov.uk (or tel. 07795 291006). She 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 in future. Once again, many thanks to you and your colleagues for inviting the peer challenge and to everyone involved for their participation.
Yours sincerely,

David Armin

Peer Challenge Manager
On behalf of the peer challenge team