


# LGA Corporate Peer Challenge

Chesterfield Borough Council

18<sup>th</sup>-20<sup>th</sup> October 2021

Feedback report





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# 1. Executive summary

Chesterfield Borough Council (CBC) is a forward-thinking, dynamic council, well regarded as an employer by their staff. It is a regional and national voice for both itself and other councils in Derbyshire. It has been successful in securing funding from a variety of sources including the Sheffield City Region. Statutory, voluntary sector and business partners recognise the value of working with CBC, and it was evident to the peer team that the localised approach to partnership working is positive.

Throughout the pandemic, the Council has continued to pursue its growth agenda and Council Plan, whilst working with Local Resilience Forum (LRF) partners on the pandemic response. It has also been successful in continuing to provide its normal services whenever and wherever possible within national rules and guidelines.

CBC took early decisions in relation to the deployment of its staffing resources at the onset of the pandemic. Staff were redeployed from closed services (such as culture and leisure facilities) to services that needed more capacity (such as the crematorium and customer services) and also to support partners with food and medicine deliveries, testing facilities and community response. The pandemic meant that development of a strategic organisational development programme, which the peer challenge had originally planned to feed into, took a back seat. The peer team recognise and support the work now being progressed to develop the strategic organisational development programme. The peer team recommend that the programme is developed to include reflection on the lessons learned through the pandemic.

The peer team was supposed to be on site in the early stages of delivery of the council's Information Communications Technology (ICT) programme to inform the strategic organisational development programme. However, the peer challenge was subsequently postponed several times due to the Covid 19 pandemic. Whilst the ICT programme was already underway when the pandemic struck, like many organisations, this was successfully accelerated to facilitate home working and alternative service delivery channels. Although successful, it was not necessarily implemented with the full technology support and processes required to ensure it maximised efficiency. Staff stated this still needs to be addressed as some elements

of their systems do not talk to each other and there are differences between working practices across the different services. Staff also felt that some in leadership roles (councillors and senior officers) do not understand that an ICT programme will not deliver all the savings expected on its own. It requires people, processes and structural changes to run alongside.

CBC's narrative regarding the need for, and the purpose, objectives, and outcomes of its strategic organisational development programme needs to be re-formed, owned, planned, and communicated internally and externally. For example, the peer team heard terminology such as "change programme" "transformation programme" "organisational design" used interchangeably and inconsistently by staff. It is therefore important to ensure there is understanding of the need for, and the purpose and objectives. This then needs to be translated into long-term sustainable plans.

Key factors for success are already in place: a committed, energetic workforce accustomed to change, political commitment, and a focus on supporting communities and local businesses. Due to the continuing uncertain external environment, there is now an opportunity to make the big decisions, regarding the shape and scale of the organisation and how it will benefit the borough's communities. It is important to ensure robust and transparent processes are in place to support the making of well-planned decisions as soon as possible. This includes ensuring that all members understand that finances need to be driven by a clear and strong Medium-Term Financial Strategy, plus other clear strategic plans: Asset Management, Organisational Development, and Social Investment delivering outcomes for communities over several years. There were recent financial decisions made, which were driven by a challenging short-term budget position which is not sustainable.

The Council is very successful in securing funding and developing schemes to match those, predominantly short-term, opportunities. It would be helpful to both staff and external partners to see how those schemes link back to the overall narrative and aims of the strategic organisational development programme. The peer team suggest that, like many other councils, CBC should look eight to ten years ahead to put it on a stable and sustainable financial footing. The changing and emerging financial and economic risks (particularly around property/income and the strategic organisational development programme) should not be underestimated and should

be recognised by councillors as well as officers.

The Council needs to further strengthen and improve its already robust governance and 'joined up' leadership arrangements. The peer team heard that the roles of Executive Directors and Service Directors were not always understood. Staff and Service Directors shared uncertainty about the Executive Directors' roles in driving priorities in service areas. Staff also shared examples of behavioural inconsistencies at Service Director level, including some behaviours that were not being challenged by their peers. There was also a staff perception that management decisions did not always involve the statutory officers.

The pandemic and the financial uncertainty that it has driven is a significant moment for local government and Chesterfield is no exception. There was clear evidence that the impact has been felt significantly by staff at all levels of the organisation. It would be good practice to regularly check with staff how they are coping (for example, a bi-monthly temperature check survey) to ensure that the Council is supporting staff appropriately. This will also help the organisation to plan for any forthcoming changes.

## 2. Key recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

### 2.1. Recommendation 1

Continue to establish and communicate to councillors and staff a clear understanding of the Council's financial position and priorities, including the implications of the Asset Management Plan. Develop a Medium-Term efficiency strategy for CLT to implement and be accountable for. This needs to be progressed at pace to enhance efficiency and productivity going forward.

### 2.2. Recommendation 2

Evaluate and understand the learning and impact of the Covid 19-response (the accelerated and fast paced digital transformation, overall change of pace, resource realignment, direct and immediate staff communication.) Pause, reflect, and plan a clear organisational development programme and timetable highlighting the drivers and benefits to be realised. Align the programme to those drivers for change.

### **2.3. Recommendation 3**

Communicate effectively about the future organisational requirements with all stakeholders, particularly staff and Members. Conversations of this nature will build trust, increase knowledge, and support the effective implementation of the new ways of working.

### **2.4. Recommendation 4**

Consider significant decisions regarding structures, capacity, and finances in the light of the uncertainties of the current landscape reflecting on heightened risk and focusing on property and income generation, which are ongoing challenges to your organisation. This includes the economic climate, an increase in homeworking across the economy, and post-Brexit uncertainties. Investment plans could all be affected by these changes.

### **2.5. Recommendation 5**

Develop a social investment plan / approach which includes measurable targets on areas such as deprivation and improving outcomes for vulnerable communities to ensure that no-one is left behind as Chesterfield's economy grows.

### **2.6. Recommendation 6**

Recognise that following the prolonged and continuing impact of the pandemic your staff are, like many others, suffering from fatigue and therefore highly likely to impact upon your capacity to deliver. Ensure that CBC has robust, sustainable resources in place to deliver across the life of the transformation programme (project and programme management, organisation/job redesign, staff consultation, change management).

### **2.7. Recommendation 7**

Recognise and relaunch your visible leadership to engage, consult and deliver, identifying structural, financial, and community benefits for Chesterfield. As well as the Chief Executive and Leader, this should be reinforced and supported by the wider leadership team.

## **3. Summary of the peer challenge approach**

### **3.1. The peer team:**

Peer challenges are delivered by experienced elected member and officer peers.

The make-up of the peer team reflected the focus of the peer challenge and peers were selected on the basis of their relevant expertise. The peers were:

- Allen Graham, former Chief Executive at Rushcliffe Borough Council
- Councillor David Ellesmere, Leader of Ipswich Borough Council
- Sarah King, Corporate Director and S151 Officer, Eastleigh Borough Council
- Kirstin Stevely, Social Inclusion Officer, North Tyneside Council
- Sam Davey, LGA Associate, specialising in Business Transformation and Organisational Design

### 3.2. Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Understanding of local place and priority setting** - Are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? How well does the council understand its local context and place and how has that been used to inform a clear vision and set of priorities? How well is the Council achieving against those ambitions?
2. **Leadership of Place** - Does the council provide effective local leadership? Are there good relationships with partner organisations and local communities? Does the council provide effective leadership of the borough, within, but also beyond, the Council's boundaries and the wider place (such as Derbyshire, D2N2 The East Midlands) through its elected members, officers and constructive relationships and partnerships with external stakeholders? Are councillors carrying out their roles as community leaders effectively, acting as catalysts and facilitators to build capacity and resilience in the community (and so reduce the dependence and hence demand on public services)?
3. **Organisational leadership and governance** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny? Is there effective political and managerial leadership supported by good

governance? Are decision-making arrangements fleet of foot, responsive to key challenges and opportunities and do they enable change and transformation to be successfully implemented? Are elected and officer roles clearly defined and relationships constructive? Is the way the Council operates its Leader and Cabinet model fit for purpose? Is scrutiny effective? Are the values being lived? Is the culture one where colleagues across the Council feel empowered and where good customer service is an outcome

4. **Financial planning and viability** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges? Does the council have a financial plan in place to ensure long term sustainability and is there evidence that it is being implemented successfully? How aware is it of its costs compared to similar councils? Is the Council maximising appropriate sharing and “commercial” opportunities to enable reinvestment in services and to contribute further to self-sufficiency?
5. **Capacity to deliver** - Is the organisation able to support delivery of local priorities? Does the council have the capacity to improve? Is there sufficient corporate capacity and is it aligned with priorities? Does the council influence, enable and leverage external capacity to focus on agreed outcomes? For example, is the way the Council works in different partnerships, particularly with public sector bodies, driving efficiency but protecting core deliverables? Is the Council making the most of new technology? Will ICT transformation drive a cultural shift, reduce human resource demands, and transform the customer interface?

In addition to these questions, you asked the peer team to provide feedback on:

1. Organisational Development
2. Finance
3. ICT Transformation Programme
4. Community Development

These themes have largely been incorporated into the main body of the report, with an additional section on ICT and Business transformation and one on Community Engagement.



### 3.3. The peer challenge process

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

The peer team prepared 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 three days at Chesterfield, during which they:

- Gathered information and views from around 30 meetings, in addition to further research and reading.
- Spoke to more than 70 people including a range of council staff together with members and external stakeholders.
- collectively spent nearly 330 hours on the peer challenge, the equivalent of one person spending nearly 10 weeks in the council.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members. By its nature, a peer challenge is a snapshot in time, and the team recognises that things will have progressed since the onsite work took place.

## 4. Feedback

### 4.1. Understanding local place and priority setting

Chesterfield BC's leadership, staff and partnerships understand the needs of its place, the challenges, and the opportunities. Through its political and organisational leadership, it leads, communicates, and influences others to support its ambitious and passionate growth and transformation agenda. It has been successful in recent funding bids including £2.4M LEP funding towards HS2 related infrastructure and the announcement post peer challenge of £19.8M from the Government's Levelling Up Fund to contribute towards regenerating the town centre which demonstrates this strength.

The Council has been pursuing and implementing projects and initiatives in line with local priorities and the Council Plan. Economic growth (one of the Council's priorities) is a long-term journey, and some outcomes (such as addressing health inequalities and improving the employment rates amongst young people) have not

yet been realised. The peer team encourage the Council to strengthen its good work by ensuring that measurable outcomes and targets are regularly reviewed to reflect the changing demographics and evaluated for effectiveness.

#### **4.2. Leadership of Place**

Chesterfield BC demonstrates visible evidence of its successful partnership working and received wide-spread praise from its partners. Its regional and sub-regional position is firmly established in the Vision Derbyshire initiative (with other Derbyshire district councils and the County Council), and in the D2N2 LEP.

The Chesterfield BC brand is recognised, trusted, and embraced to maximise its 'can do' attitude. However, the diverse impacts of the pandemic on different communities need to be reflected upon and adjustments made to provide the required energy to maintain the Council's ambition to "put its communities first". During the last two years it has rightly focused on supporting the community and protecting vulnerable people.

Some partners expressed concern that they only engaged with the Leader or the Chief Executive and would welcome seeing more of the Executive Directors and other senior managers. It would be worth exploring this further to see if this is something that needs to be addressed.

#### **4.3. Organisational Leadership and Governance**

Chesterfield BC is a strongly led, ambitious council with good member/officer relationships and a demanding culture for results and success.

Member and officer leadership have protected the staff from the financial and economic reality of the risks facing the organisation as a result of the pandemic and subsequent events. However, mature conversations are necessary about the future direction of the Council. In the absence of concrete messages and plans, rumours are starting to circulate around potential cuts to jobs and restructures. Staff assume that restructuring is likely but have little idea about when and how it will happen. They said that they would like this to be more openly discussed. There was also evidence that councillors need to be made aware of the need for structural change, and how this might provide a different shape to the organisation.

There is confusion amongst staff about the different management roles within the leadership team, particularly between Service Directors and Executive Directors, and the management level of the Service Director - Finance and Monitoring Officer. This confusion was well illustrated by inconsistent use of job titles by staff, and comments about being unsure where line management responsibilities lie. Clarifying, or re-

stating, the roles and input of the statutory officers when making key decisions may help this, and it would be worth considering how the visibility of the Executive Directors could be improved.

The team suggest that CBC builds on the goodwill and commitment strengthened by work during the pandemic which assisted in developing a wider corporate culture. The leadership team of CBC need to ensure they corporately involve staff in both communications and developing strategies going forward.

#### **4.4. Financial planning and viability**

The Council has a good track record in managing financial performance and growth. The Council consistently operates within set budgets and had built up a reasonable level of reserves pre-pandemic. The Covid 19 pandemic, alongside other changes in the economic landscape, has had a negative impact on the Council's finances and this has resulted in a need to consider at pace how to address an emerging in-year budget gap. Councillors do not always appear to fully understand the different risks (financial, corporate, or otherwise) in decisions. This may not be widespread, but work could be done to explore whether councillors need further support to improve their understanding of risks and decision making.

The Finance Team is being led by a recently appointed S151 Officer who has the benefit of a stable and experienced team. The External Auditor complimented the team over the preparation of the statement of accounts and related processes. Across the Council there have been significant improvements in internal controls and processes over a number of years, with the Internal Audit opinions on all areas being substantial or reasonable in 2020/21, which is an impressive improvement.

The External Auditor will be offering an unqualified opinion on the 2020/21 statement of accounts, although there is a recognised need to focus on the financial challenges ahead.

To maintain a stable financial position the Council needs to develop a robust and comprehensive Medium-Term Financial Strategy (MTFS) which needs to be strategically led. It will need to include consideration of all potential impacts, incorporating a comprehensive Asset Management Plan which determines the financial impact of maintaining the existing property portfolio and how the related costs will be mitigated. The MTFS needs to reflect the financial impact of other council strategies. For example, the Council has declared, like many councils, a Climate Emergency. The MTFS should therefore include how climate issues affect long-term financial planning, for example future procurement and investment strategies.

CBC needs to regularly review the adequacy of reserves and reconsideration of risks in the light of the changing landscape. It also needs to ensure and demonstrate that income generating activities, including the property portfolio, have rigorous governance and scrutiny arrangements to ensure that all risks are identified and included in the MTFS.

The Section (S151) 151 Officer demonstrated a clear understanding of the risks and issues and the appropriate steps to take to be able to ensure that stability is achieved into the medium term. Many of the issues identified by the team were already on the S151 Officer's plans. It will be important moving forward that the S151 Officer is transparently involved, especially in relation to existing and future investments. The team identified that the Council should improve the integration of financial expertise at an early stage in the development of strategies and emerging projects and programmes so that they can influence and guide as appropriate the decision-making processes. This should also support a whole life costing approach to projects and full inclusion of all emerging financial impacts in the MTFS.

The Peer Challenge team saw no evidence that the Council has over-exposed its borrowing requirement. However, there is a heightened risk particularly around the property portfolio and the emerging costs from a comprehensive asset management plan. This will put pressure on the General Fund coupled with increasing interest rates. The efficiency strategy needs to be enhanced with the development of a detailed efficiency plan. These risks have been identified and acknowledged.

CBC should consider replicating the good practice approach of Business Partnering (currently used by HR) in the Finance Team to enable more effective management accounting support across the organisation. Establishing this may identify improvements to accessing financial data to inform reporting and will further develop and empower budget managers who should hold financial accountability. The finance team may need to develop the skills of existing staff in order to follow this approach.

#### **4.5. Capacity to deliver**

Chesterfield has a committed and talented workforce who are passionate about making a difference. But there was evidence that front line staff are, like with other councils, fatigued and becoming increasingly anxious about what the future might hold. Changes due to the pandemic have delayed the organisational development programme. The speed of ICT implementation, which was understandably accelerated at the beginning of the pandemic has resulted in solutions being

technology-led and this has resulted in temporary fixes by some managers. The apparent focus on ICT requirements for working patterns has left staff concerned about the future shape of the organisation.

The “one council, one team” approach was largely embraced and welcomed during the pandemic. All members and staff have been on an unusual journey and naturally there is a question now being asked: “What does the future look like?”, coupled with an acknowledgement that “We cannot go back to the way things were”.

However, the team heard that management behaviour about the new, more flexible ways of working, is inconsistent and leads to staff concerns. For example, where managers of formerly office-based teams have different approaches to flexible and hybrid working, how will hybrid working be monitored, objectives set, and performance reviewed? There is potential to harness new ways of working to transform the purpose and effectiveness of the organisation both internally and within the borough’s communities.

Staff reported that some managers’ competency and behaviour was not being addressed by senior officers and were worried that this does not reflect the Council’s ‘one council, one team’ approach that has been appreciated.

The team did not see a strategic recruitment and retention strategy, nor a specific talent management strategy but there is a good track record of apprenticeships and a ‘grow your own’ approach. More work could be done to demonstrate how this work ensures that CBC continues to spot and nurture talented staff and support their development. A greater clarity of roles between HR and Organisational Development would help ensure that CBC manages the nationally volatile recruitment situation carefully and proactively. This will help minimise future turnover of staff. Use the flexibility developed particularly during the pandemic to support the transformation of the organisation.

#### **4.6. Organisational Development and ICT Transformation**

CBC has a desire to transform its operating model and by doing so achieve both efficiency savings and improve its ability to deliver services to the community it serves. At the time of the peer challenge, CBC had recently adopted an Organisational Development Strategy.

It has recognised that the implementation of modern and fit-for-purpose ICT is a key enabler. To this end, the Council decided in 2018 to bring its ICT service in-house and has subsequently made significant investments in its enabling technologies. These decisions have proved to have been far-sighted and have enabled the Council to respond swiftly and successfully to the challenges of the pandemic by enabling

staff to safely adopt new ways of collaborative and flexible working.

The Council has also identified the need to rationalise its transformation activities by creating a programme of its current and planned projects, managed via a central Programme Management Office. CBC's leadership knows it needs clear, streamlined, and effective governance with appropriate oversight. This needs to provide a clear and transparent single view of cost, risk, deliverables, progress against plan and ultimately, benefits realisation. A Project Office Manager and Head of Organisational Development have recently been appointed and will need to ensure that governance and oversight are satisfactorily addressed for all projects and programmes. However, the outcome targets for the change programme are longer-term than the contracts of some of the key officers involved. This is likely to have an impact on the successful delivery of programmes.

The overall size, scale, shape, and scope of the programme have not yet been fully agreed, but a clear steer has been given regarding the primary areas of focus, which consist of:

- Customer access/digital
- Business transformation of key services, including housing, revenues and benefits, customer services, certain environmental services, and the centralisation/rationalisation of corporate services (e.g., marketing)
- Asset utilisation/optimisation

At the time of the peer challenge, the wider organisation had little or no understanding of the Organisational Development Strategy. Staff reported they had little access to the Strategy and the Council's financial position relating to it, although the team understood that several different communications approaches had been taken. This has led to the proliferation of rumour and the potential for uncertainty and destabilisation within the workforce. This is not an unexpected or unusual response to the introduction of a major transformation programme, but the team recommend that CBC's leadership recognise and are mindful of this and take the opportunity to provide clear, unambiguous, and positive messaging regarding the strategic organisational development programme to all stakeholders as soon as possible.

This does not mean that the potential for headcount reduction should in any way be concealed, but that the Leadership builds upon the loyalty of its workforce and the clear passion for excellence that has been so unequivocally demonstrated during the pandemic. By communicating openly and unambiguously about both the current challenges and opportunities, CBC can share a clear narrative relating to the

transformation journey, aimed at bringing those staff they wish to engage, support, and retain with them whilst also providing a clear and explicit rationale behind the changes needed to successfully design and implement the new operating model.

In addition, the peer team have a series of recommendations to support the successful delivery of its programme of change:

- 1) Scope all aspects of the programme in detail, identifying the required activities, deliverables, benefits, costs, resources, and risks associated with each project and workstream. Do this at individual project level before building the overarching programme.
- 2) Once the individual projects have been scoped, develop an overarching and prioritised plan which includes an awareness of the dependencies between each project/workstream within the programme.
- 3) Ensure that all enabling and supporting resources required to deliver the programme are in place. This includes HR resources to support staff consultation, job redesign, redeployment, and the management of change.
- 4) Ensure all projects have clear executive sponsorship and that the executive sponsor is engaged and actively involved in high level risk and issue management.
- 5) Ensure all projects have a supporting business case. This could use the treasury five case model which ensure the strategic, economic, financial, management and commercial cases have been made. The business case should include an initial assessment of risk and high-level assumptions regarding both benefits and benefits realisation.
- 6) Ensure an effective process of change control is adopted to limit scope-creep and to ensure the individual projects/workstreams continue to remain on track.
- 7) Develop a clear and simple reporting dashboard to provide accurate and up-to date management information regarding project progress, risk and issue management and key messages for stakeholders.
- 8) As an aid to staff retention and to help maintain pace, consider the introduction of both targets and incentives related to programme delivery.

#### **4.7. Community Development / wellbeing**

The Council has strong partnerships with voluntary and community organisations, for example, the Chesterfield Strategic Community Wellbeing Coordination Group has been a success.

The focus of the Community Recovery Approach is clear and targeted. Key Voluntary and Community Sector (VCS) partners feel that the Council's values are evident, which gives a clear steer and encourages VCS partners to prioritise and reach out to deprived communities. One partner used the word 'exemplary' to describe the Council's record of supporting their VCS agencies.

The Council's vision on doing the best for the communities of the Borough is clear, but VCS partners are worried that the needs of some communities are not being met. There is a recognition from VCS partners that the scale of the problem around social mobility and youth unemployment is great.

The Council needs to identify its role and partners' roles to ensure sustainable support for communities. For example, VCS partners are uncertain about future funding and worried about having to be reactive rather than proactive.

The funding of partnerships has been determined on an annual basis. The team recommend that the Council consider a three-year funding approach driven by a social investment plan to ensure outcomes are aligned to the priorities of the authority, for example, increasing uptake of benefits, supporting skills development or reduction in youth unemployment. Sustainable support could be in the form of premises, or access to council services, not just in the form of direct funding. The team suggest that CBC considers a different approach to support, on a more wrap around sustainable footing.

There are some excellent examples of the Council listening to communities, such as work in Holme Hall to engage with residents, and working with Blend to speak to young people. However, this level of understanding was not consistent across the Council. Not all service areas understand their impact on communities, particularly where they may not deal directly with the public. The Council as a whole should look at how it can best ensure that more of the council are able to hear the voice of communities.

The Decision-Making Accountability (DMA) model newly adopted in Housing is an excellent example of where internal engagement has helped staff to learn from each other, and subsequently improved how the service delivers its work to maximise community benefits. Plans to roll this model out across the Council could help identify and promote integrated and cross-organisational working, which ultimately should maximise community benefits.

Although there has been a lot of excellent work done over many years to address issues such as the skills gap, mental health and youth unemployment, the team heard concerns that these interventions have not yet led to tangible improvements



for communities, especially in areas of third generation worklessness where aspirations are low. Many of the jobs created by the council and its influence have reportedly been higher skilled jobs attracting people from outside the area. The Council needs to regularly understand the barriers preventing communities from accessing new opportunities and be prepared to change its approach.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss, and reflect on these findings.

Both the peer team and LGA are keen to build on the relationships formed through the peer challenge. The CPC process includes a six-month check-in meeting. This will be a short, facilitated session which creates space for the council's senior leadership to update peers on its progress against the action plan and discuss next steps.

In the meantime, Mark Edgell, Principal Adviser for East Midlands, is the main contact between your authority and the Local Government Association. He is available to discuss any further support the council requires.

[Mark.edgell@local.gov.uk](mailto:Mark.edgell@local.gov.uk).